

FINAL TERMS

19 September 2012

TELECOM ITALIA S.p.A.

**Issue of €1,000,000,000 4.500% Notes due 20 September 2017
under the €20,000,000,000**

Euro Medium Term Note Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the EMTN Programme Prospectus dated 26 June 2012 and the supplement to the EMTN Programme Prospectus dated 12 September 2012 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in a Relevant Member State. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the EMTN Programme Prospectus as so supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the EMTN Programme Prospectus and the Supplement. The EMTN Programme Prospectus and the Supplement are available for viewing at www.telecomitalia.it and www.bourse.lu and copies may be obtained free of charge from the Issuer at its registered office. In addition, the EMTN Programme Prospectus and the Supplement will be available from the specified office of each of the Paying Agents.

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| 1 | Issuer: | Telecom Italia S.p.A. |
| 2 | (a) Series Number: | 31 |
| | (b) Tranche Number: | 1 |
| 3 | Specified Currency or Currencies: | Euro ("€") |
| 4 | Aggregate Nominal Amount of Notes admitted to trading: | |
| | (a) Series: | €1,000,000,000 |
| | (b) Tranche: | €1,000,000,000 |
| 5 | Issue Price: | 99.693 per cent. of the Aggregate Nominal Amount |
| 6 | (a) Specified Denomination: | €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000 or below €100,000 |
| | (b) Calculation Amount: | €1,000 |
| 7 | (a) Issue Date: | 20 September 2012 |
| | (b) Interest Commencement Date: | Issue Date |
| 8 | Maturity Date: | 20 September 2017 |

9	Interest Basis:	4.500 per cent. per annum Fixed Rate (further particulars specified below)
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	Date of Board approval for issuance of Notes obtained:	19 January 2012
14	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15	Fixed Rate Note Provisions:	Applicable
	(a) Rate(s) of Interest:	4.500 per cent. per annum payable annually in arrear
	(b) Interest Payment Date(s):	20 September in each year from and including 20 September 2013 up to and including the Maturity Date.
	(c) Fixed Coupon Amount(s): <i>(Applicable to Notes in definitive form.)</i>	€45.00 per Calculation Amount.
	(d) Broken Amount(s): <i>(Applicable to Notes in definitive form.)</i>	Not Applicable
	(e) Day Count Fraction:	Actual/Actual (ICMA)
	(f) Determination Date(s):	20 September in each year
	(g) Other terms relating to the method of calculating interest for Fixed Rate Notes:	None
16	Floating Rate Note Provisions:	Not Applicable
17	Zero Coupon Note Provisions:	Not Applicable
18	Index Linked Interest Note Provisions:	Not Applicable
19	Dual Currency Interest Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20	Issuer Call:	Not Applicable
21	Investor Put:	Not Applicable
22	Final Redemption Amount:	€1,000 per Calculation Amount
23	Early Redemption Amount	As set out in the Conditions

payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition "*Redemption and Purchase – Early Redemption Amounts*");

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 24 | Form of Notes: | |
| | (a) Form: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| | (b) New Global Note: | Yes |
| 25 | Additional Financial Centre(s) or other special provisions relating to Payment Days: | Not Applicable |
| 26 | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 27 | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 28 | Details relating to Instalment Notes: | Not Applicable |
| 29 | Redenomination applicable: | Redenomination not applicable |
| 30 | Other final terms: | Not Applicable |

DISTRIBUTION

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| 31 | (a) If syndicated, names of Joint Lead Managers: | Banco Bilbao Vizcaya Argentaria, S.A.
Deutsche Bank AG, London Branch
HSBC Bank plc
ING Bank N.V.
Mitsubishi UFJ Securities International plc
NATIXIS |
| | (b) Date of the Subscription Agreement: | 19 September 2012 |

	(c) Stabilising Manager(s) (if any):	Not Applicable
32	If non-syndicated, name of relevant Dealer:	Not Applicable
33	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	TEFRA D
34	Additional selling restrictions:	Not Applicable

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Bourse de Luxembourg of the Notes described herein pursuant to the €20,000,000,000 Euro Medium Term Note Programme of Telecom Italia S.p.A. and Telecom Italia Finance S.A.

Telecom Italia S.p.A., with registered office at Milan (Italy), Piazza degli Affari 2, registered at the Company Register in Milan with number 00488410010.

Share capital at the Issue Date €10,693,628,019.25

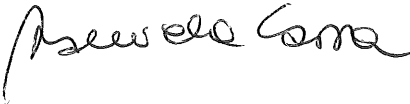
Reserves at the Issue Date €8,898,999,037.62

Issue approved by the Issuer's Board of Directors on 19 January 2012, registered at the Company Register in Milan on 19 January 2012.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: 

Duly authorised

Manuela Carra

Attorney-in-Fact

Signed in London in my presence:

By: 

Solicitor, Linklaters LLP

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Bourse de Luxembourg with effect from 20 September 2012.
- (ii) Estimate of total expenses related to admission to trading: €3,250

2 RATINGS

The Notes to be issued have been rated:

Standard & Poor's Credit Market Services France S.A.S.: BBB (negative)

Moody's Investors Service España, S.A.: Baa2 (negative)

Fitch Ratings Ltd.: BBB (negative)

Such credit rating agencies are established in the European Union and are registered under Regulation (EU) No 1060/2009 (as amended).

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

4 YIELD

Indication of yield: 4.570 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5 OPERATIONAL INFORMATION

- (i) ISIN Code: XS0831389985
- (ii) Common Code: 083138998
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: Yes
- Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.