



FINANCE

Telecom Italia Finance, Société Anonyme (the "Issuer")
€1,300,000,000 6.125 per cent. Guaranteed Subordinated Mandatory Convertible Bonds due
2016
(the "Bonds")

US Restricted Global Certificate (ISIN No: XS0994794005)
Regulation S Global Certificate (ISIN No. XS0994433240)

Physical Settlement Notice

January 22, 2014

The Issuer hereby gives notice to the Trustee and to the Bondholders pursuant to Condition 9.1(b) of the Bonds that the Shareholder Resolutions were duly passed at the general meeting of the Shareholders of the Issuer on December 20, 2013 and were registered with the Companies Register of Milan in accordance with Article 2436 of the Italian Civil Code on January 22, 2014.

Accordingly, in respect of any Conversion of Bonds pursuant to Condition 6 of the Bonds where the relevant Delivery Date falls after the date of this Notice, the Issuer or the Guarantor will (subject to Conditions 7.7, 7.8 and 9.2, and without prejudice to the Issuer's and Guarantor's obligation to pay accrued interest, Arrears of Interest and/or Make-whole Amount, as applicable, in connection with such conversion pursuant to the Conditions of the Bonds) deliver Ordinary Shares in respect of such conversion.

Capitalised terms used in this notice but not defined herein shall have the meanings given to them in the terms and conditions of the Bonds.

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