

TELECOM ITALIA S.P.A.
SPECIAL MEETING OF THE HOLDERS OF TELECOM ITALIA SAVINGS SHARES

Milan - 25, 26 and 27 October 2004

Report of the common representative

Ladies and gentlemen,

You have been called to this special meeting of holders of Telecom Italia savings shares in view of the imminent expiration of the mandate of the common representative appointed on 31 October 2001.

You are therefore invited to appoint a common representative, decide on the duration of the mandate and the related remuneration and examine the report on the use of the reserve for the expenses necessary to safeguard the common interests of the holders of savings shares – established in a resolution adopted on 21 June 1999 pursuant to Article 146.1c) of Legislative Decree 58/1998 – with reference to the period subsequent to the special meeting held last year on 9 June 2003.

As regards the appointment of the common representative, the law states that the person chosen does not have to be a shareholder and may be a legal person authorized to provide investment services or a trust company. The maximum duration of the mandate is three financial years.

As regards the utilization of the reserve, in the last seventeen months withdrawals were made to pay the common representative's fee (as previously agreed, this amounted to 70 million lire) and professional fees totaling 16,156.80 euros for legal advice on the occasion of the special meeting held on 9 June 2003, which was called at the request of one of the holders of savings shares (UBS AG). Consequently, the reserve amounts at present to 2,086,519.10 euros, which appears sufficient in relation to the foreseeable future expenses to safeguard the common interests of the holders of savings shares.

The initial sum of 5 billion lire (equivalent to 2,582,284.50 euros) was made available – as required by law – by Telecom Italia, which to date has not exercised its

right to recover the advance from the profits due to holders of savings shares in excess of the minimum amount guaranteed. The remaining amount of the reserve is held by Telecom Italia, which includes it in its financial statements as a memorandum item.

For the sake of completeness, I inform you that the amount of my fee for the third year in the position of common representative will have to be withdrawn from the reserve. There are no other payables since Telecom Italia has borne the cost of the organization of the special meeting of June 2003 referred to above and of this special meeting.

In view of the nature of the items on the agenda, the special meeting will approve the resolutions with the favourable vote of savings shares representing at least 20 per cent of that class of shares at the first call and 10 per cent at the second call. At the third call the resolutions will be approved with the majority of the votes of those present, regardless of the percentage of savings shares represented in the meeting.

The common representative

Professor Carlo Pasteris