

**Supplement to the Report of the Board of Statutory Auditors to the
shareholders' meeting of Telecom Italia S.p.A. pursuant to Article 153 of
Legislative Decree 58/1998 requested by Consob (under Article 114.5 of
Legislative Decree 58/1998) with a letter dated April 3, 2009**

1. With a fax transmitted last Friday, April 3, 2009, Ref. no. DEM/9030785, Consob sent Telecom Italia's Board of Statutory Auditors the following letter: "In your report dated March 20, 2009, drawn up pursuant to Article 153.1 of Legislative Decree 58/1998, with reference to the "Security" affair and the Company's entry in the register of persons under investigation, it is stated that *'...we engaged two independent experts to assist us in analyzing the notice of the completion of the investigations referred to above and the abundant documentation filed with the proceedings. We also asked the experts to make a careful examination of the documentation in order to inform us of any facts or elements that we had not already considered in our earlier activity (...). Upon completing this activity, we established a methodological procedure (...) with a view to the possibility of its being carried out under the new mandate of the Board of Statutory Auditors'*. In light of the above, pursuant to Article 114.5 of Legislative Decree 58/1998, we invite you to supplement the report filed for submittal, pursuant to Article 153.1 of Legislative Decree 58/1998, to the shareholders' meeting called on April 7 and 8, 2009 to approve the Company's financial statements for the year ended December 31, 2008 by including adequate information on the engagement awarded to the two above-mentioned experts, the activity they performed and the results thereof. In the same report we are also required to give our final assessments of the results of the above-mentioned investigations and, more generally, of the evolution of the "Security" affair in 2008.. Lastly, during the shareholders' meeting the Chairman of the Board of Statutory Auditors must read the information contained in the report prepared pursuant to Article 153 of Legislative Decree 58/1998 that is the subject of this request.

In compliance with Consob's request, we have supplemented the report drawn up pursuant to Article 153 of Legislative Decree 58/1998 as follows:

2. In the first place it should be noted that over time we have provided ample and detailed information (to Consob and the shareholders) on the activities we have performed with reference to the so-called "Security" affair and the matter of the security of the network and the management of traffic data: in Part 2 of our report to the 2006 annual shareholders' meeting pursuant to Article 153 of Legislative Decree 58/1998, in our "Comments on the half-yearly report for the six months ending on June 30, 2007", and in the second part of point 13 of our report to the 2007 annual shareholders' meeting pursuant to Article 153 of Legislative Decree 58/1998. We therefore refer you to these documents for more detailed knowledge of the action taken by the control body in relation to the matters addressed here.

3. As regards the evolution of the so-called "Security" affair, in addition to what we shall say about the court proceedings, we reiterate what we have already stated regarding our activity in the report dated March 20, 2009 submitted pursuant to Article 153.1 of Legislative Decree 58/1998: in fact, now that the period of exceptional measures to cope with the emergency is over, we have turned our attention to the structural aspects of compliance and internal control and, in the light of experience, agreed with the Internal Control and Corporate Governance Committee on the need for a review – currently under way – of the organizational logic that provides the basis for safeguarding the legal and IT components of compliance, aware that effective governance of these aspects is of strategic importance in order to ensure the efficiency and fairness of business and reporting processes.

4. On September 19, 2008 we engaged two legal experts "to assist us in analyzing the notice of the completion of the investigations pursuant to Article 415-bis of the Code of Criminal Procedure of the Milan magistracy in relation to the so-called 'Tavaroli Affair' and in the analysis of the acts deposited, with special reference to the Legislative Decree 231/2001 organizational model".

Having identified the scope and content of the functions and powers of the Board of Statutory Auditors, the legal experts, acting in coordination with the other governing bodies and the Company's structures and addressing its organizational arrangements and in particular the organizational model adopted pursuant to and for the purposes of Legislative Decree 231/2001, started by analyzing our procès-verbaux for the years 2006, 2007 and 2008, which show our activity in relation to the so-called "Security" affair.

On the basis of their examination of this documentation, the legal experts concluded that we had: scrupulously followed the evolution of the affair in the light of the information that progressively became available with the aim of identifying any inadequacies in the Company's organizational structure or shortcomings in the internal control system; constantly verified that the heads of the various segments made the necessary changes; and further checked – with the support of legal consultants, officials and auditors engaged to provide specific advice, reports and audits – the efficiency and effectiveness of the measures implemented.

5. As for the documents deposited with the notice of the conclusion of the preliminary investigations (which are an extraordinary quantity contained in some 200 box files) and the subsequent request for the accused to be sent for trial, we note that the charges against individuals do not concern persons who were directors of the Company at the time of the events in question.

The charges brought against the Company in relation to the model of organization and control under Legislative Decree 231/2001 could lead to its being liable only if the shortcomings referred to in the charges are found to have existed at the time of the events in question and only in the event of proof of the conduct of which the individuals are accused and of it having been undertaken in the interest of or in view of a more generic advantage to the Company.

In light of the above, the legal experts suggested that we continue our activity of verifying the adequacy of the 231 Organizational Model and its actual and effective implementation, paying particular attention to the criticisms made of

the model, to determine, without prejudice to the question whether they were grounded at the time of the events in question, whether they can be completely excluded today.

Following an initial division of the documentation deposited (we repeat, about 200 box files containing more than 160,000 pages), the legal experts advised us to make a selection of the documents that could be important in relation to the control functions assigned to the statutory auditors.

6. Upon completion of this activity, we asked the legal experts to make a preliminary summary examination – currently under way – of the vast documentation deposited in order to show us what might provide a useful indication for additional checks, with special reference to the organizational aspects and the adequacy of the administrative and accounting structure, the internal control system and the 231 Organizational Model.

7. To conclude, at the end of the investigations carried out (without prejudice to the assessments made in our previous reports to the shareholders' meeting) and bearing in mind that the criminal trial is currently at an early stage and that the examination of the documentation is currently under way, we believe that the examination and selection of the documentation deposited in the trial referred to above must be continued in order to identify any operational or procedural anomalies that would require the assessment of possible measures to be taken and further interventions concerning the organizational arrangements and the 231 Organizational Model.

Milan, April 8, 2009

Chairman of the
Board of Statutory Auditors