

**Minutes of an extraordinary shareholders' meeting  
of a listed company  
REPUBLIC OF ITALY**

In the year 2009 (two thousand and nine),  
on the 7th (seventh) day  
of the month of May,  
at the house at Piazza degli Affari no. 2, Milan.

The following appeared before me, **Piergaetano Marchetti**, a notary in Milan,  
member of the Milan College of Notaries:

- **Gabriele Galateri di Genola**, born in Rome on 11 January 1947, domiciled  
for the purposes of office at Piazza degli Affari no. 2, Milan, of whose personal  
identity I am certain, declaring that he was acting as Chairman of the Board  
of Directors and in the interests of the listed joint stock company:

**"Telecom Italia S.p.A."**

whose registered address is Piazza degli Affari no. 2, Milan, share capital  
10,673,803,873.70 Euros, entry number in the Milan Business Register and  
taxpayer's code: 00488410010, entry number in the Milan Economic and  
Administrative Index: 1580695;

he asked me to record the proceedings, as regards the extraordinary part of  
the agenda, of the Shareholders' Meeting of the said Company, which was  
held at Viale Toscana no. 3, Rozzano (Milan) on

**8 April 2009**

following the notice of convening detailed below, to discuss and vote on the  
Agenda which is itself reproduced below.

In compliance with this request, I give notice that the record of the said  
shareholders' meeting, as regards the extraordinary part of the agenda, is as  
stated below, the ordinary part being the subject of separate minutes.

Dr Gabriele Galateri di Genola chaired the meeting, and first of all (at 7:21  
pm) charged me the notary with taking the minutes and repeated the  
announcements, insofar as they were relevant, which had been publicly made  
and are stated below:

- the Shareholders' Meeting was called to discuss and vote on the following:

**Agenda**

**Ordinary session**  
(Omission)

**Extraordinary session**

*Mandates to increase the share capital and to issue convertible bonds;  
amendment of Article 5 of the Company Bylaws (capital); related and  
consequent resolutions;*

- the notice convening the Shareholders' Meeting was published in the Official  
Gazette of the Italian Republic – Part 2, no. 26, of 5 March 2009, and also in  
the following dailies: La Repubblica, Il Corriere della Sera, Il Sole 24 Ore,  
Finanza & Mercati and the *Financial Times*;

- no request has reached the Company for additions to the Agenda, pursuant  
to law;

- on 6 and 7 April 2009 the Shareholders' Meeting [which had been called respectively on first call (extraordinary part) and on first call (ordinary part) and second call (extraordinary part)] was not quorate, as per the official notarised minutes of the events;
- as stated in the declaration filed on 10 February 2009, the share capital is 10,673,803,873.70 Euros, divided into 19,406,916,134 shares with a par value of 0.55 Euro each, of which 13,380,795,473 are ordinary shares and 6,026,120,661 are savings shares;
- as of today's date, the Company holds 37,672,014 of its own ordinary shares. In addition, 124,544,373 Telecom Italia ordinary shares are held by its subsidiary Telecom Italia Finance S.A.

Since the Bylaws provide that the right to vote may be exercised by post, the Chairman of the Board of Auditors delivered to the Chairman the voting slips which had arrived within the time-limit. In total the number of slips which proved to be in order and valid for the purposes of the proper constitution of the Shareholders' Meeting was two, representing a total of 15,250 ordinary shares.

The Chairman furthermore announced and gave notice that:

- the documentation relating to the various matters on the agenda was published in accordance with the applicable regulations, and had also been made available on the Company's website;
- the following documents, among other things, had been distributed at the entrance:
  - the printed binder containing the financial statements for 2008 (including the various resolutions proposed and the associated explanatory reports);
  - the annual report on corporate governance;
  - a binder containing the slates of the candidates for the office of Statutory Auditor, and the curriculum vitae of each one;
- according to the figures in the possession of the Company, the following held shares with voting rights amounting to more than 2% of the ordinary capital:
  - *Telco S.p.A.*, with a direct holding, by way of ownership, corresponding to 24.503% of the capital with voting rights;
  - *Findim Group S.A.*, with a direct holding, by way of ownership, corresponding to 5.007% of the capital with voting rights;
  - *Brandes Investment Partners LP*, with a holding in the capacity of savings manager corresponding to 4.024% of the capital with voting rights;
  - *Alliance Bernstein LP*, with a holding in the capacity of savings manager corresponding to 2.069% of the capital with voting rights;
  - *Barclays Global Investors UK Holdings Ltd*, with a holding in the capacity of savings manager corresponding to 2.033% of the capital with voting rights;
- as regards shareholder agreements with significance for Telecom Italia in terms of Article 122 of Legislative Decree 58/1998, notices were published in the national press containing extracts from the agreement signed on 28 April 2007 between the shareholders of the relative majority stockholder Telco S.p.A. (Intesa San Paolo S.p.A., Mediobanca S.p.A., Sintonia S.A., companies belonging to the Generali Group and Telefónica S.A.), and its subsequent amendments; the description of the elements of the above-mentioned pacts was contained in the annual report on corporate governance;
- at the beginning of the proceedings the following were present:
  - the Directors Franco Bernabè (Chief Executive Officer), Elio Catania, Jean Paul Fitoussi, Julio Linares, Aldo Minucci, Luigi Zingales;

- all the statutory auditors;
- Avvocato Francesco Pensato, common representative of the holders of bonds relating to the following loans:
  - “Telecom Italia 1.5% 2001-2010 convertible with premium upon redemption”;
  - “Telecom Italia 2002-2022 Floating Rate bonds, Open Special series, reserved for subscription by employees of the Telecom Italia Group, in service or retired”;
  - “Telecom Italia S.p.A. 750,000,000 Euros 4.50 per cent. Notes due 2011”;
  - “Telecom Italia S.p.A. 1,250,000,000 Euros 5.375 per cent. Notes due 2019”;
- representatives of the external auditors, as well as financial experts and analysts and staff engaged in the proceedings of the Meeting.

The Chairman also:

- as per the Regulations for the Shareholders’ Meeting, set 15 minutes as the maximum length of speeches during the course of the discussion, stating that this solution had been shown last year to be effective for ensuring that the proceedings took place in an orderly fashion, and for that reason was being repeated on this occasion;
- he stated that voting would take place separately on the various matters;
- he pointed out that the operations of recording attendances and counting the votes were being performed with the aid of a remote unit known as a “Televoter” and suitable computer software.

At the Chairman’s request, I, the notary, with the aid of some slides, explained the use of the Televoter, making the following points:

- each participant has received a Televoter, which has his/her identifying data associated with it: the Televoter’s computer software combines together the votes which each person at the Meeting holds. The Televoter is a device for strictly personal use, which each shareholder is asked to carry throughout the duration of the meeting, since it also functions as an identifying pass for access to the premises where the meeting is held.
- there are five keys on the Televoter, and alongside each one there is an indication of what vote it represents. In order from top to bottom, the keys are used for abstaining, for casting a vote against, and for casting a vote in favour. The three keys marked In Favour 1, In Favour 2 and In Favour 3 are equivalent;
- the instructions for the use of the Televoter are anyway printed in the leaflet which was handed to shareholders on entry, and the Company’s auxiliary staff, identified by a special badge, are available for clarification;
- during the course of the proceedings, the opening of voting will be announced, and the subject of the vote will be specified each time. While voting is open, the Televoters are enabled and each person can cast their vote. They can alter the choice that they have made, up to the moment when voting is closed, which will be announced: the system records the last vote cast; in order for the Televoter to function properly, it is obviously important to use it from the hall;
- the fact that a vote has been recorded is shown by a green lamp lighting up at the top left corner of the device. If the lamp turns red, it means that the vote has not been recorded by the computer software. Participants are therefore recommended to always check the colour that the lamp is showing after each time that a key is pressed;
- in any case, as mentioned above, the auxiliary staff are available if any help is needed, and there is also a booth at the back of the hall marked

“ASSISTED VOTING”. This booth is particularly for the use of delegates who intend to cast a variety of votes on behalf of the various shares that they represent;

– in all cases, as is normal practice, the details of the voting will be reported in the minutes.

The Chairman then:

- said, before proceeding to deal with the subjects on the agenda, that shareholders who intended to address the meeting could prebook at the desk in front of the dais, and when they were called to speak should do so from the rostrum which had been set up for the purpose, rather than making speeches from the floor;

- he informed the meeting that recording equipment was being used in order to facilitate minute-taking, and that there was also a simultaneous translation service from Italian to English and vice versa (headphones were available at the entrance to the hall). The personal data gathered by means of the recording process and also during accreditation for participation in the proceedings would be used for the purposes of the proper conduct of the meeting and for minute-taking. All data would be treated in accordance with the regulations on privacy;

- he reminded the meeting that audio and video recording of the meeting by shareholders was not permitted.

Having delivered the above reminders, the Chairman:

- announced that the number of shares represented was 5,325,534,282, entitling the holders to a similar number of votes, equivalent to 39.80% of the ordinary shares, and that the meeting was therefore validly constituted for extraordinary session;

- he reminded the meeting that the proposal essentially comprised the renewal of the mandates in favour of the Board of Directors, for a period of five years from the current date, conferring on the Board the following power:

(i) to increase the share capital against cash, with a maximum total nominal countervalue of 880,000,000 Euros, by issuing a maximum of 1,600,000,000 ordinary shares with a par value of 0.55 Euro each, to be offered in option to the rights holders, or some or all of the shares to be offered by subscription to employees of the Company or its subsidiaries, option rights being excluded in this case, and

(ii) to issue bonds convertible into ordinary shares, to be offered in option to the rights holders, for a maximum nominal amount of one billion Euros, Article 5 of the Company Bylaws to be amended accordingly;

- he announced that, as in the case of the documentation on the matters on the agenda of the Ordinary session, there would not be a reading of the explanatory report or of the proposal to amend the Bylaws, which had already been published in compliance with the applicable regulations and were to be found in the binder containing the financial statements. A copy of the Directors' report on the single item on the agenda for the extraordinary session is attached to the present document as Appendix A;

- he asked shareholders who intended to address the meeting to go to the front of the dais to prebook: when they were called to speak, they should move to the microphone on the right of the Chair;

- he urged that speeches should be kept to the point under consideration, and should be limited to the maximum permitted length, which had been set at fifteen minutes.

Shareholder D'Atri asked first of all who represented the stockholder Telco: having identified him, Mr D'Atri strongly criticised him for having taken part in the voting for the Board of Auditors without thinking fit to contribute to the debate at the shareholders' meeting; he hoped that his criticisms would be relayed to Telco's legal representative.

He considered that, in the absence of further clarification and of a declaration of strategic objectives, the proposal on the agenda could be interpreted as a proposal to arrive at an increase in share capital, presented in the minimalising form of the renewal of a mandate. He asked the Chairman to say whether within the next six months the mandate would actually be used.

The Chairman Dr Galateri, referring to the Report accompanying the proposal, stressed that it was simply a matter of the renewal of a mandate with which the Company was equipping itself, like many listed companies, merely for reasons of operational flexibility. There was no intention – at the moment – of using the mandate, either within six months or in the longer term.

Mr D'Atri continued his speech by asking how the two mandates – to increase the share capital and to issue bonds - fitted together, and then whether they were alternatives or could be combined.

Shareholder Cattaneo asked whether it was in effect a deferred increase in capital that was being proposed, and what was the intended use of the new liquidity: was it reduction of the debt or something else? He reminded the meeting that the Borsa penalises capital increases, and this meant that the proposed resolution could threaten a further fall in the share price. If there was no intention to use the mandate, he did not understand why the subject should not be put off until some time in the future. He thought in any case that if liquidity was needed, it would be preferable to use bonds rather than an increase in capital.

The Chairman Dr Galateri repeated that it was completely standard practice to have a mandate to issue shares or bonds if necessary, a mandate which if anything would empower but not oblige the Board to put it into effect. Mandates normally have the legal duration of five years; the existing mandate had reached its expiry date and was now simply being renewed. He also stated that as regards bonds, the mandate had been rounded to one billion.

Shareholder Lombardi, too, expressed the concern that the proposed mandate was in fact a “masked” increase in share capital, and he suggested that if there was no intention to implement it, the resolution should be deferred. It was anyway essential that it should be declared with transparency what was the intended use of any possible exercise of the mandate; the shareholders would certainly be prepared to accept exceptional needs, such as for example renewing the telephone cable in the large cities, which was now more than forty years old.

Shareholder Costa declared that the small shareholders had confidence in the management, in the prospects for development, and in the spirit of continuity with a great company which had generated revenue, development and work. It was therefore to be hoped that this confidence would not be betrayed, and that the Company would not find itself in five years' time in the same state as Alitalia. He repeated that there was a need for greater clarity about the future, and for governance which would re-establish esprit de corps

and close relations with the workforce. He appreciated the gesture of those who had reduced their own earnings and urged others to follow their example. He put forward the suggestion that the revenue from these reductions could be put into a policy for the future of the children of employees.

In order to dispel any doubt over the significance of exercising the existing mandates, the Chairman Dr Galateri read out the explanatory Report to the proposals on the agenda (attached to these minutes as Appendix A), from which it became clear that the proposal was not indeed the prelude to an increase in share capital.

Mr Lombardi proposed using part of the money set aside for severance pay for an issue in favour of the employees (who, in his opinion, on the basis of a survey which had been carried out, would seem to be in favour), with the aim of creating a stabilising effect, in line with the 1998 precedent, which had been successful.

The Chairman declared that the Board was aware of this issue, and that the proposed scenario should be among the initiatives to be kept under consideration.

Mr D'Atri took the floor again to repeat that there were elements in the proposed resolution which needed clarification, such as the limit on the increase in capital, and whether the conversion ratio for the bonds could be other than 1:1.

He criticised the shareholder Telco and the funds, for not taking clear positions at the shareholders' meeting, and warned them that this was not the response that the market expected. The Chairman himself, in Mr Atri's opinion, continued to perform his role just like twenty years ago, not understanding that times have changed and more precise responses were demanded, as was also demonstrated by what was happening in the United States. It was understandable that for transparency it was possible to make use of a large range of sources of information, since these days the press was not to be fully trusted, being afraid of a drop in advertising.

He invited Telco not to vote for a proposal which in his view was not transparent, and hoped that, if the Bank of Italy was present, this invitation would also be communicated to the Treasury. It was the credibility of the country that was at stake, observed Mr D'Atri. For this reason he made a last appeal for greater clarity.

Mr Cattaneo declared that, because it would be unacceptable for the 25% represented by the majority shareholder to impose its will on the remaining 75% of the shareholders, he was opposed to any sort of increase in capital, present or future, and was in favour only of bond issues if anything. He did not consider it a feasible proposal to pay a part of the managers' remuneration into a fund in favour of the employees' children; it would be acceptable however, to use the money set aside for severance pay for the purchase of shares, with the dual objective of securing the loyalty of the managers and advantaging them if, as the management believed, the shares appreciated in the future.

Shareholder Perinotto declared that he was opposed to a mandate, which he described as "poison for the market", to massively increase the share capital,

when resorting to such increases had hitherto, on the contrary, been ruled out, including at a shareholders' meeting. He recalled having previously asked, but without receiving an answer, whether, if the intended use of the mandate was to reduce the debt, an injection of foreign funds had been considered. He invited the majority shareholder to explain its strategy for respecting the interests of the small shareholders, who could not accept being left free to give vent to their opinions in the shareholders' meeting, while the decisions were taken elsewhere. He hoped that the management would take account of the dangerous effects which the proposal under discussion might have on the market.

Mr Costa repeated the request for greater transparency with regard to the Company's plans, which would have the effect of reassuring the workforce and restoring the faith in the future which everyone needed.

Shareholder Mancuso asked whether, in the current situation of crisis and recession, and given the way the stock market was going, it was not possible to defer the proposal to the next shareholders' meeting.

As no-one else asked to speak, the Chairman declared the discussion closed on the only item on the agenda for the extraordinary session, and proceeded with the voting operations. He therefore:

- asked shareholders who did not intend to take part in the vote to notify the auxiliary staff in the hall of the fact, so that the corresponding shares would not be taken into account in the voting process for the purposes of calculating the quorum;
- he stated that, as demonstrated in the slideshow which had been projected, shareholders could cast their votes by pressing the key corresponding to their choice of vote, and reminded them that all three of the keys marked respectively In Favour 1, In Favour 2 and In Favour 3 had the identical effect of casting a vote in favour of the motion which was being put to the vote; he emphasised that, in order for the Televoter to function properly, shareholders must be in the hall when using it. He said that the hall staff were available to provide technical support, and that for any necessity which might arise there was also the ASSISTED VOTING booth at the back of the hall;
- he announced that for the purposes of the resolution the number of shares represented was 5,313,139,976, entitling the holders to a similar number of votes, equivalent to 39.71% of the total number of ordinary shares;

The Chairman then declared voting open at 7:59 pm on the proposed resolution presented by the Board of Directors, transcribed below (indicating the proposed text just of the single Article which it was proposed to amend):  
*"The Extraordinary Shareholders' Meeting of Telecom Italia S.p.A.*

### **Resolves**

- 1. to revoke the existing mandates to increase the share capital and to issue convertible bonds, which were conferred on the Board of Directors by the Extraordinary Shareholders' Meeting on 6 (sixth) May 2004 (two thousand and four);*
- 2. to assign to the Board of Directors, in accordance with Articles 2443 and 2420-ter of the Civil Code, the power:*

to increase the share capital against cash, with a maximum total nominal countervalue of 880,000,000 (eight hundred million) Euros, by issuing, with or without a share premium, on one or more occasions, within a period of five years from the date of the present resolution, a maximum of 1,600,000,000 (one million six hundred thousand) ordinary shares with a par value of 0.55 (zero point five five) Euros each, to be offered in option to the rights holders, or some or all of the shares to be offered by subscription to employees of the Company or its subsidiaries, with the exclusion of option rights in accordance with the combined provisions of Article 2441, last paragraph, of the Civil Code, and Article 134, paragraph 2, of Legislative Decree no. 58/1998;

to issue on one or more occasions, within a period of five years from the date of the present resolution, bonds convertible into ordinary shares, to be offered in option to the rights holders, for a maximum nominal amount of one billion Euros;

3. to amend Article 5 (five) of the Company Bylaws accordingly, as per the text set forth below:

*“5.1 - The subscribed and paid-up share capital shall be 10,673,803,873.70 Euros, divided into 13,380,795,473 ordinary shares with a par value of 0.55 Euro each and 6,026,120,661 savings shares with a par value of 0.55 Euro each.*

*5.2 - In resolutions to increase the share capital by issuing shares for cash, the right of pre-emption may be excluded for a maximum of ten per cent of the previously existing capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed in a report prepared by the firm appointed to audit the accounts.*

*5.3 - The Shareholders' Meeting of 26 May 2003, reiterating, updating and, where necessary, renewing earlier resolutions of the Shareholders' Meeting and the Board of Directors, resolved to increase the share capital by a maximum of 624,936,779.50 Euros (125,744,378.10 Euros at 31 December 2008), by means of the issue, divisible into tranches, of a maximum of 1,136,248,690 (228,626,142 at 31 December 2008) ordinary shares with a par value of 0.55 Euro each, to be reserved irrevocably and exclusively for the conversion of the Loan “Olivetti 1.5% 2001-2010 convertible with premium upon redemption” (now the Loan “Telecom Italia 1.5% 2001-2010 convertible with premium upon redemption”), on the basis of 0.471553 ordinary shares for each bond presented for conversion.*

*5.4 - The Shareholders' Meeting of 26 May 2003 also resolved to increase the share capital by a maximum total of 183,386,986.75 Euros (25,079,090.30 Euros at 31 December 2008), by means of the issue of a maximum of 333,430,885 (45,598,346 at 31 December 2008) ordinary shares with a par value of 0.55 Euro each, divided into the following residual tranches, all divisible:*

*1. a tranche of a maximum of 21,422,652.90 Euros (7,352,687.65 Euros at 31 December 2008) for the exercise of the “Top 2002 Stock Option Plan”, to be implemented by 28 February 2010 by means of the issue of a maximum of 38,950,278 (13,368,523 at 31 December 2008) shares with a par value of 0.55 Euro each, to be subscribed at a total price of 9.203 Euros per option held (i.e. at a price of 2.788052 Euros for each newly-issued share);*

*2. a tranche of a maximum of 50,268,799.90 Euros (17,726,402.65 Euros at 31 December 2008) for the exercise of the “2002 Stock Option Plan”, to be implemented by 31 March 2008 for the first lot, by 31 March*



2009 for the second lot and by 31 March 2010 for the third lot by means of the issue of a maximum total of 91,397,818 (32,229,823 at 31 December 2008) shares with a par value of 0.55 Euro each, to be subscribed at a total expected price for the different options of respectively 9.665 Euros and 7.952 Euros per option held (i.e. at a price for the different options of respectively 2.928015 Euros and 2.409061 Euros for each newly-issued share).

5.5 - The Shareholders' Meeting of 7 April 2005 also resolved to increase the share capital by a maximum total of 38,655,832.60 Euros (1,141,609.15 Euros at 31 December 2008), by means of the issue of a maximum of 70,283,332 (2,075,653 at 31 December 2008) shares with a par value of 0.55 Euro each, divided into several tranches, all divisible, of which there remains the tranche for a maximum of 3,192,173.05 Euros (1,141,609.15 Euros at 31 December 2008), for the exercise of the "2003-2005 Stock Option Plan", to be implemented by 31 December 2008 for the first lot, by 31 December 2009 for the second lot and by 31 December 2010 for the third lot, by means of the issue of a maximum total of 5,803,951 (2,075,653 at 31 December 2008) ordinary shares with a par value of 0.55 Euro each, to be subscribed at a total price of 5.07 Euros per option held (i.e. at a price of 2.930636 Euros for each newly-issued share).

5.6 The Directors are given the power for five years from 8 April 2009 to increase the share capital against cash on one or more occasions with a maximum total nominal countervalue of 880,000,000 Euros, by issuing, with or without a share premium, a maximum of 1,600,000,000 ordinary shares with a par value of 0.55 Euro each

(i) to be offered in option to the rights holders, or some or all of them  
(ii) to be offered for subscription to employees of Telecom Italia S.p.A. or its subsidiaries, with the exclusion of the right of pre-emption, in accordance with the combined provisions of Article 2441, last paragraph, of the Civil Code, and Article 134, paragraph 2, of Legislative Decree no. 58/1998.

5.7 - Resolutions to increase the share capital adopted by the Board of Directors in exercise of the powers assigned above shall set the subscription price (including any premium) and a specific time limit for the subscription of the shares; they may also provide, in the event that the increase approved is not fully subscribed within the time limit set for each issue, for the capital to be increased by an amount equal to the subscriptions received up to such time.

5.8 - The Board of Directors shall have the power, on one or more occasions and for five years commencing 8 April 2009, to issue bonds convertible into ordinary shares, to be offered in option to the rights holders, for a maximum nominal amount of 1,000,000,000 Euros.

4. to confer severally on the Company's legal representatives pro tempore the powers needed for making amendments from time to time to Article 5 of the Company Bylaws consequent on the execution of the capital increases provided for therein;

5. to confer severally on the Company's legal representatives pro tempore the powers needed for performing all the necessary formalities for the approved resolutions to be entered in the Business Register, accepting and making thereto any amendments, additions or deletions of a non-substantial nature that may be required by the competent authorities."

The Meeting approved the motion by a majority.

Against: 306,080,344 shares.

Abstaining: 14,273,038 shares.

In favour: the remaining 4,992,786,594 shares represented.

Full details are given in the Appendices.

The Chairman announced the result, and at 8:00 pm, all the items on the Agenda having been dealt with, declared the business of the Meeting concluded and thanked those who had attended.

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The Appearing Party asked me to attach the following to the present minutes:

- the Company Bylaws incorporating the amendments expressly approved by the Meeting, which are attached to the present document as **Appendix B**;
- the list of names of those who had attended the Meeting, with details of the votes, which are attached to the present document as **Appendix C**.

I have read out the present document to the Appearing Party who approved it, and he and I both signed it at five thirty pm; the reading of the Appendices was dispensed with at his express wish.

It consists of six sheets written using mechanical means by a person I trust and completed in my own hand, making twenty-two pages and part of a twenty-third as far as here.

Signed Gabriele Galateri di Genola

Signed Piergaetano Marchetti, notary