Safe Harbour

These presentations contain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company and the Group.

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those projected or implied in the forward looking statements as a result of various factors.

Forward-looking information is based on certain key assumptions which we believe to be reasonable as of the date hereof, but forward looking information by its nature involves risks and uncertainties, which are outside our control, and could significantly affect expected results.

Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telecom Italia S.p.A. undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telecom Italia S.p.A. business or acquisition strategy or planned capital expenditures or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission.
Agenda

- The Transformation Journey: 1Q 2010 Main Achievements
  - Reverse Revenues Trend:
    - Mobile Business
  - Fixed Business
  - Integrated Approach Opportunities
  - Excellence in Customer Satisfaction
  - Cash Cost Rationalization & Operating Model
Domestic Market: The Transformation Journey - 1Q 2010 Main Achievements

**Mobile**
- "Value for Money" Proposition
- Impaired by Repricing
- Repositioning
- Market Share Recovery
- Gross adds rebound
- Outgoing traffic growth
- Consolidation of Mobile Broadband Leadership

**Fixed**
- Restore Regulatory Dialogue
- Market Positioning Consolidation
- Leverage on Flexibility
- Positive Line Losses Trend
- Push on ULL win-backs
- Growth of BB Customers with flat offers
Domestic Revenues: On the Right Track

Euro mln, Organic Data

Domestic Revenues by Technology

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>1Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>5,354</td>
<td>4,974</td>
</tr>
<tr>
<td>Mobile</td>
<td>2,059</td>
<td>1,907</td>
</tr>
<tr>
<td>Wireline</td>
<td>3,674</td>
<td>3,498</td>
</tr>
<tr>
<td>Elim &amp; Adj</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Domestic Revenues by Customer Segment

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>1Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>5,354</td>
<td>4,974</td>
</tr>
<tr>
<td>TI Sparkle &amp; Nat. Wholesale</td>
<td>910</td>
<td>905</td>
</tr>
<tr>
<td>Top</td>
<td>893</td>
<td>829</td>
</tr>
<tr>
<td>Business</td>
<td>967</td>
<td>890</td>
</tr>
<tr>
<td>Consumer</td>
<td>2,697</td>
<td>2,440</td>
</tr>
<tr>
<td>Elim, Adj &amp; Others</td>
<td>1Q09</td>
<td>1Q10</td>
</tr>
</tbody>
</table>

% yoy change

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q09</td>
<td>2Q09</td>
</tr>
<tr>
<td>Mobile</td>
<td>-7.4%</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Wireline</td>
<td>-4.8%</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Domestic</td>
<td>-5%</td>
<td>-5%</td>
</tr>
<tr>
<td>TI Sparkle &amp; Nat. Wholesale</td>
<td>-0.5%</td>
<td></td>
</tr>
<tr>
<td>Top</td>
<td>-7.2%</td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>-8.0%</td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>-9.5%</td>
<td></td>
</tr>
<tr>
<td>Elim, Adj &amp; Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FY09 -7%
The Transformation Journey: 1Q 2010 Main Achievements

Reverse Revenues Trend:
  Mobile Business
  Fixed Business
  Integrated Approach Opportunities

Excellence in Customer Satisfaction

Cash Cost Rationalization & Operating Model
# Reverse Revenues Trend - Domestic Mobile Revenues

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>1Q10</th>
<th>Δ% YoY</th>
<th>Δ% 4Q 09/08</th>
<th>Change vs. 4Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>2,059</td>
<td>1,907</td>
<td>(7.4)</td>
<td>(19.3)</td>
<td>+12 p.p.</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>1,993</td>
<td>1,850</td>
<td>(7.2)</td>
<td>(12.9)</td>
<td>+6 p.p.</td>
</tr>
<tr>
<td>o/w Outgoing Voice</td>
<td>1,154</td>
<td>991</td>
<td>(14.1)</td>
<td>(14.6)</td>
<td>flat</td>
</tr>
<tr>
<td>o/w VAS</td>
<td>471</td>
<td>510</td>
<td>+8.3</td>
<td>(10.6)</td>
<td>+19 p.p.</td>
</tr>
<tr>
<td>o/w Incoming</td>
<td>304</td>
<td>287</td>
<td>(5.6)</td>
<td>(5.6)</td>
<td>flat</td>
</tr>
<tr>
<td><strong>Handsets</strong></td>
<td>66</td>
<td>58</td>
<td>(12.1)</td>
<td>(59.4)</td>
<td></td>
</tr>
</tbody>
</table>

- **Stabilized:** price reduction; volumes rebound
- **Reversed:** strong success of Internet Key bundle
- **Stabilized:** MTR impact, benefiting from ITX cost reduction
- **Resized:** strong focus on Internet key and 3G handsets

**Δ**: Change compared to the previous quarter 4Q09.
## TELECOM ITALIA GROUP
### 1Q 2010 Results

### Reverse Revenues Trend - Domestic Mobile: Main Evidences

<table>
<thead>
<tr>
<th>Objectives</th>
<th>KPI’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB Value protection</td>
<td><strong>Customer Base Calling</strong> - Change yoy ('000)</td>
</tr>
<tr>
<td>Market Share &amp; Usage increase</td>
<td>1Q09</td>
</tr>
<tr>
<td>Mobile BB leadership consolidation</td>
<td>-762</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><em>Tutto Compreso</em> Gross Adds ('000)*</th>
<th>TimX Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan10</td>
<td>2.3X</td>
</tr>
<tr>
<td>Mar10</td>
<td>-4.6%</td>
</tr>
</tbody>
</table>

(*) pre-paid & post-paid

<table>
<thead>
<tr>
<th>BB Users ('000)</th>
<th>Interactive Revenues (Mln €)</th>
<th>Browsing Revenues (Mln €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,809</td>
<td>232</td>
<td>157</td>
</tr>
<tr>
<td>5,054</td>
<td>+29.3%</td>
<td>+38.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>1Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outgoing traffic Trend – Change yoy</td>
<td>1Q09</td>
<td>2Q09</td>
</tr>
<tr>
<td>1Q10</td>
<td>stabilized</td>
<td>flat</td>
</tr>
</tbody>
</table>

Reverse Revenues Trend - Domestic Mobile: Main Evidences
Agenda

- The Transformation Journey: 1Q 2010 Main Achievements
  
  - Reverse Revenues Trend:
    - Mobile Business
    - Fixed Business
    - Integrated Approach Opportunities
  
  - Excellence in Customer Satisfaction
  
  - Cash Cost Rationalization & Operating Model
**Reverse Revenues Trend - Domestic Wireline Revenues**

*Euro mln, Organic Data, %*

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>1Q10</th>
<th>Δ%YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>3,674</td>
<td>3,498</td>
<td>(4.8)</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>3,543</td>
<td>3,406</td>
<td>(3.9)</td>
</tr>
<tr>
<td><strong>Voice</strong></td>
<td>1,744</td>
<td>1,551</td>
<td>(11.1)</td>
</tr>
<tr>
<td><strong>Internet</strong></td>
<td>402</td>
<td>432</td>
<td>+7.5</td>
</tr>
<tr>
<td><strong>Business Data</strong></td>
<td>320</td>
<td>294</td>
<td>(8.1)</td>
</tr>
<tr>
<td><strong>Wholesale</strong></td>
<td>1,007</td>
<td>1,035</td>
<td>+2.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>689</td>
<td>749</td>
<td>+8.7</td>
</tr>
<tr>
<td>International</td>
<td>318</td>
<td>286</td>
<td>(10.1)</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>70</td>
<td>94</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Handsets</strong></td>
<td>131</td>
<td>92</td>
<td>(29.8)</td>
</tr>
</tbody>
</table>

**BB Services** +8.9%

**ICT Services** +0.8%
TELECOM ITALIA GROUP
1Q 2010 Results

Reverse Revenues Trend - Domestic Fixed: Retail and Wholesale Dynamics

Euro mln, Organic Data, %

Total Fixed Revenues

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>1Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td>TI Wholesale</td>
<td>3,674</td>
<td>3,498</td>
</tr>
</tbody>
</table>

Lower OLO growth/Reduced Push on Low Margin Itz Revenues

National Wholesale Revenues % Change YoY

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>2Q09</th>
<th>3Q09</th>
<th>4Q09</th>
<th>1Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17.2</td>
<td>19.8</td>
<td>16.3</td>
<td>14.4</td>
<td>8.7</td>
</tr>
</tbody>
</table>

International Wholesale Revenues % Change YoY

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>2Q09</th>
<th>3Q09</th>
<th>4Q09</th>
<th>1Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.3</td>
<td>-5.2</td>
<td>-8.4</td>
<td>-12.6</td>
<td>-10.1</td>
</tr>
</tbody>
</table>

Retail Services Revenues

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>1Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,494</td>
<td>2,321</td>
</tr>
</tbody>
</table>

Retail Fixed Revenues

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>1Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,625</td>
<td>2,413</td>
</tr>
</tbody>
</table>
**Reverse Revenues Trend - Domestic Fixed: TI Access Performance**

### Telecom Italia Retail Access Evolution & Line Losses

<table>
<thead>
<tr>
<th></th>
<th>1Q09</th>
<th>2Q09</th>
<th>3Q09</th>
<th>4Q09</th>
<th>1Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td>TI Access</td>
<td>16,972</td>
<td>16,621</td>
<td>16,358</td>
<td>16,097</td>
<td>15,901</td>
</tr>
<tr>
<td>Line losses</td>
<td>-380</td>
<td>-351</td>
<td>-263</td>
<td>-260</td>
<td>-196</td>
</tr>
</tbody>
</table>

### Key Highlights

- Lowest line losses level since first quarter 2009 through successful retention activities
- Decreasing Trend on wholesale products such as Wholesale Line Rental and Naked

### OLO Access Growth (TI Wholesale)

- **ULL**
  - 1Q09: 162
  - 2Q09: 133
  - 3Q09: 87
  - 4Q09: 145
  - 1Q10: 93

- **Naked**
  - 1Q09: 112
  - 2Q09: 105
  - 3Q09: 68
  - 4Q09: 81
  - 1Q10: 57

- **WLR**
  - 1Q09: 122
  - 2Q09: 108
  - 3Q09: 56
  - 4Q09: 42
  - 1Q10: 25

**Reverse Revenues Trend**

- **Domestic Fixed: TI Access**
TELECOM ITALIA GROUP
1Q 2010 Results

Reverse Revenues Trend - Domestic Fixed: Focus on Broadband

TI Retail Broadband Accesses

<table>
<thead>
<tr>
<th>Year</th>
<th>Free</th>
<th>Flat (%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q09</td>
<td>6,843</td>
<td>79%</td>
<td>6,921</td>
</tr>
<tr>
<td>2Q09</td>
<td>6,859</td>
<td>81%</td>
<td>6,971</td>
</tr>
<tr>
<td>3Q09</td>
<td>7,000</td>
<td>83%</td>
<td>7,071</td>
</tr>
<tr>
<td>4Q09</td>
<td>7,000</td>
<td>84%</td>
<td>7,071</td>
</tr>
</tbody>
</table>

Broadband ARPU

<table>
<thead>
<tr>
<th>Year</th>
<th>Euro/month/line</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q09</td>
<td>18.3</td>
</tr>
<tr>
<td>1Q10</td>
<td>18.7</td>
</tr>
</tbody>
</table>

Market Share Broadband

<table>
<thead>
<tr>
<th>Year</th>
<th>Market share on Net Adds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q09</td>
<td>59.4%</td>
</tr>
<tr>
<td>4Q09</td>
<td>56.9%</td>
</tr>
<tr>
<td>1Q10</td>
<td>56.4%</td>
</tr>
</tbody>
</table>

Broadband Services Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Euro mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q09</td>
<td>392</td>
</tr>
<tr>
<td>1Q10</td>
<td>427</td>
</tr>
</tbody>
</table>
Agenda

- The Transformation Journey: 1Q 2010 Main Achievements
  - Reverse Revenues Trend:
    - Mobile Business
    - Fixed Business
  - Integrated Approach Opportunities
    - Excellence in Customer Satisfaction
    - Cash Cost Rationalization & Operating Model
Reverse Revenues Trend - Business Main Achievements in 1Q10

Key Activities

- Improved TI positioning based on Impresa Semplice brand and higher Quality of Service

- Increased commercial effort to improve share of BB services on Win-back and new customers

- BB Churn reduction due to higher Quality of Service

- Launch of new convergent offer (17k acquisitions in the first four months)

Key Evidence

<table>
<thead>
<tr>
<th>Net adds ('000 lines)</th>
<th>Fixed</th>
<th>Mobile*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q09</td>
<td>-78</td>
<td>-52</td>
</tr>
<tr>
<td>4Q09</td>
<td>-44</td>
<td>-50</td>
</tr>
<tr>
<td>1Q10</td>
<td>-25</td>
<td>-24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Broadband Net adds ('000 lines)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
</tr>
<tr>
<td>1Q09</td>
</tr>
<tr>
<td>4Q09</td>
</tr>
<tr>
<td>1Q10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction Index (out of 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q09</td>
</tr>
<tr>
<td>1Q10</td>
</tr>
</tbody>
</table>

* Human
Agenda

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- Excellence in Customer Satisfaction
- Cash Cost Rationalization & Operating Model
**Excellence in Customer Satisfaction and Advertising Awareness**

**Key Activities**

- TIM ramps up to the top in Spontaneous Advertising Awareness

- Relevant increase in Fixed Customer Satisfaction Index, thanks to growing offering appeal, improvement in caring, customer relationship management and technical quality

- TIM outperforms each competitor in terms of both broadband coverage and throughput

**Key Evidence**

- **Spontaneous Advertising Awareness**
  - TIM vs. Vodafone, Wind, H3G
  - Chart showing trends from 2007 to 2010

- **Customer Satisfaction Index – Fixed**
  - Consumer and Business Customers
  - 1Q09: 63.2
  - 1Q10: 65.6

- **Mobile Broadband Throughput**
  - HSPA - Main Cities 4Q09
  - Downlink
  - Uplink
  - TIM +35%
  - TIM +45%
Agenda

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- Excellence in Customer Satisfaction
- Cash Cost Rationalization & Operating Model
Domestic: EBITDA Analysis

Euro mln, Organic Data, %

1Q09 1Q10

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Interconnection</th>
<th>Handset*</th>
<th>Cust. Care &amp; Other Comm.* &amp; Acq. Costs*</th>
<th>Advertising</th>
<th>Fixed Costs**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,538</td>
<td>-380</td>
<td>+100</td>
<td>+38</td>
<td>+22</td>
<td>-21</td>
</tr>
</tbody>
</table>

Total:

-77M€, -3.0%

1. Focusing on on-net traffic and MTR impact
2. Completing revenues mix re-engineering
3. Boost on Advertising and Acquisition offset by efficiency on other Commercial Cost
4. Progressing on efficiency programs

(*) Marketing & Sales  (***) Includes Industrial+Personnel+G&A+Other
## Progress on Domestic Efficiency Plan

**Euro mln, Organic Data, %**

<table>
<thead>
<tr>
<th>Delta Cash Cost 1Q10 vs 1Q09</th>
<th>Δ ITX</th>
<th>Δ Vol. Driven</th>
<th>Δ Efficiency</th>
<th>Δ ITX</th>
<th>Δ Vol. Driven</th>
<th>Δ Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1Q10 ’10 vs ’09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Opex</td>
<td>2,513</td>
<td>-303</td>
<td>-100</td>
<td>-62</td>
<td>-141</td>
<td>-2</td>
</tr>
<tr>
<td>ITX</td>
<td>703</td>
<td>-100</td>
<td>-100</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mktg &amp; Sales</td>
<td>583</td>
<td>-38</td>
<td>-</td>
<td>-18</td>
<td>-20</td>
<td>-</td>
</tr>
<tr>
<td>Industrial</td>
<td>243</td>
<td>-13</td>
<td>-</td>
<td>-10</td>
<td>-3</td>
<td>-</td>
</tr>
<tr>
<td>Personnel</td>
<td>834</td>
<td>-40</td>
<td>-</td>
<td>-4</td>
<td>-36</td>
<td>-</td>
</tr>
<tr>
<td>G&amp;A &amp; Other</td>
<td>151</td>
<td>-112</td>
<td>-</td>
<td>-30</td>
<td>-82</td>
<td>-</td>
</tr>
<tr>
<td>Total Capex</td>
<td>752</td>
<td>-81</td>
<td>-</td>
<td>+14</td>
<td>-95</td>
<td>-75</td>
</tr>
<tr>
<td>Total Cash Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-236</td>
</tr>
</tbody>
</table>

**26% of FY10 Target**