SHAREHOLDERS' MEETING

- **APRIL 5, 2005 - first call extraordinary and ordinary business**
- **APRIL 6, 2005 - second call extraordinary business**
- **APRIL 7, 2005 - third call extraordinary business and second call ordinary business**

EXTRAORDINARY BUSINESS

- **Approval of the merger plan of Telecom Italia Mobile S.p.A. into Telecom Italia S.p.A. - related and consequent resolutions**

ORDINARY BUSINESS

- **Financial statements for the year ended 31 December 2004 - related and consequent resolutions**
- **Expansion of the Board of Directors - resolutions**
  - ✓ **to redetermine the number of directors**
  - ✓ **to redetermine the total annual remuneration of the Board**
  - ✓ **to appoint two directors**

CURRICULA VITAE

- **Marco De Benedetti**
- **Enzo Grilli**

The Telecom Italia securities referred to herein that will be issued in connection with the merger described herein have not been, and are not intended to be, registered under the U.S. Securities Act of 1933 (the Securities Act) and may not be offered or sold, directly or indirectly, into the United States except pursuant to an applicable exemption. The Telecom Italia securities are intended to be made available within the United States in connection with the merger pursuant to an exemption from the registration requirements of the Securities Act.
The merger described herein relates to the securities of two foreign (non-U.S.) companies. The merger in which TIM ordinary shares and savings shares will be converted into Telecom Italia shares is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, will be prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.
It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since Telecom Italia and TIM are located in Italy, and some or all of their officers and directors may be residents of Italy or other foreign countries. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.
You should be aware that Telecom Italia may purchase securities of TIM otherwise than under the merger, such as in open market or privately negotiated purchases. Disclosure of such purchases will be made in accordance with, and to the extent required by, Telecom Italia's disclosure obligations under Italian law.

March 4, 2005

APPROVAL OF THE MERGER PLAN OF TELECOM ITALIA MOBILE S.P.A. INTO TELECOM ITALIA S.P.A. - RELATED AND CONSEQUENT RESOLUTIONS

Proposal

The meeting of ordinary shareholders of Telecom Italia S.p.A. (the Absorbing Company),

- having seen the plan for the merger by incorporation into Telecom Italia S.p.A. of Tim S.p.A. (the Company to be Absorbed) filed with the Milan and Turin Company Registers on 25 January 2005 (the Merger Plan);
- having examined the Directors' Reports on the merger transaction (the Merger);
- having taken note of the balance sheets at 30 September 2004 of the companies participating in the Merger;
- having taken note of the reports on the fairness of the exchange ratios prepared by the auditing firms Mazars & Guerard S.p.A. for Telecom Italia and Reconta Ernst & Young S.p.A. for Tim;
- having taken note of the timely filing of the documentation required under applicable law;
- having taken note of the Board of Auditors' attestation that the present share capital is fully paid up;

resolves

1. to approve the Merger Plan and consequently to proceed - with the accounting and tax effects starting on 1 January of the year in which the Merger becomes effective, as provided for in the Merger Plan - with the merger by incorporation of Tim into Telecom Italia on the basis of the following exchange ratios:
    - 1.73 Telecom Italia ordinary shares with a par value of €0.55 each for every Tim ordinary share with a par value of €0.06;

- 2.36 Telecom Italia savings shares with a par value of €0.55 each for every Tim savings share with a par value of €0.06;

2. to increase the share capital by up to €1,420,690,865.55 through the issuance of up to 2,291,344,587 ordinary shares and up to 291,729,714 savings shares, with a par value of €0.55 each and normal entitlement to the rights pertaining thereto, for the exchange of Tim ordinary and savings shares held at the effective date of the Merger by shareholders other than Telecom Italia, who will be provided with a service to handle any fractions of shares, at market prices and at no cost in terms of expenses, stamp duty or commissions, that will permit the number of newly issued shares to which they are entitled to be rounded up or down to the nearest whole number;
3. to amend Article 5 of the bylaws accordingly by introducing a new paragraph to the effect that:
   The shareholders' meeting held on [-]approved an increase in the share capital of up to €1,420,690,865.55 through the issuance of up to 2,291,344,587 ordinary shares and up to 291,729,714 savings shares, with a par value of €0.55 each and normal entitlement to the rights pertaining thereto, for the merger by incorporation of Tim S.p.A.;
4. to increase the share capital - for Tim's outstanding stock option plans, to the extent they are still effective, taking into account the exchange ratio planned for Tim ordinary shareholders in connection with the Merger and with effect from the effective date of the Merger - by up to €38,655,832.60 through the issuance of up to 70,283,332 ordinary shares with a par value of €0.55 per share, divided into the following tranches:
   (i) an increase of up to €11,705,656.05 for the exercise of stock options already granted by Tim under its "2000-2002 Stock-Option Plans", to be implemented by 31 December 2008 through the issuance of up to 21,283,011 Telecom Italia ordinary shares with a par value of €0.55 per share to be offered to the holders of the above-mentioned stock options on the basis of the exchange ratio adopted for Tim ordinary shares for purposes of the Merger at a price of €6.42 for each option held (i.e. €3.710983 for each newly issued share);

(ii) an increase of up to €1,132,285 for the exercise of stock options already granted by Tim under its "2001-2003 Stock-Option Plans", to be implemented by 31 December 2005 through the issuance of up to 2,058,700 Telecom Italia ordinary shares with a par value of €0.55 per share to be offered to the holders of the above-mentioned stock options on the basis of the exchange ratio adopted for Tim ordinary shares for purposes of the Merger at a price of €8.671 for each option held (i.e. €5.012139 for each newly issued share);

(iii) an increase of up to €474,798.50 for the exercise of stock options already granted by Tim under its "2001-2003 Supplementary Plans", to be implemented by 31 December 2005 through the issuance of up to 863,270 Telecom Italia ordinary shares with a par value of €0.55 per share to be offered to the holders of the above-mentioned stock options on the basis of the exchange ratio adopted for Tim ordinary shares for purposes of the Merger at a price of €7.526 for each option held (i.e. €4.350289 for each newly issued share);

(iv) an increase of up to €22,150,920 for the exercise of stock options already granted by Tim under its "2002-2003 Stock-Option Plans", to be implemented by 31 December 2008 through the issuance of up to 40,274,400 Telecom Italia ordinary shares with a par value of €0.55 per share to be offered to the holders of the above-mentioned stock options on the basis of the exchange ratio adopted for Tim ordinary shares for purposes of the Merger at a price of €5.67 for each option held (i.e. €3.277457 for each newly issued share);

(v) an increase of up to €3,192,173.05 for the exercise of stock options already granted by Tim under its "2003-2005 Stock-Option Plans", to be implemented through the issuance of up to a total of 5,803,951 shares with a par value of €0.55 per share, 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. The shares will be offered to the holders of the above-mentioned stock options on the basis of the exchange ratio adopted for Tim ordinary shares for purposes of the Merger at a price of €5.07 for each option held (i.e. €2.930636 for each newly issued share).

5. to further amend, with effect from the effective date of the Merger, Article 5 of the bylaws as formulated in the text attached to the Merger Plan and that is by inserting after the fourth paragraph the following new fifth paragraph:

The shareholders' meeting held on [-] also approved an increase in the share capital of up to €38,655,832.60 through the issuance of up to 70,283,332 ordinary shares with a par value of €0.55 per share, divided into the following tranches:

1. *an increase of up to €11,705,656.05 for the "2000-2002 Stock-Option Plans", to be implemented by 31 December 2008 through the issuance of up to 21,283,011 ordinary shares with a par value of €0.55 per share to be offered for subscription at a price of €6.42 for each option held (i.e. €3.710983 for each newly issued share);*
2. *an increase of up to €1,132,285 for the "2001-2003 Stock-Option Plans", to be implemented by 31 December 2005 through the issuance of up to 2,058,700 ordinary shares with a par value of €0.55 per share to be offered for subscription at a price of €8.671 for each option held (i.e. €5.012139 for each newly issued share);*
3. *an increase of up to €474,798.50 for the "2001-2003 Supplementary Plans", to be implemented by 31 December 2005 through the issuance of up to 863,270 ordinary shares with a par value of €0.55 per share to be offered for subscription at a price of €7.526 for each option held (i.e. €4.350289 for each newly issued share);*
4. *an increase of up to €22,150,920 for "2002-2003 Stock-Option Plans", to be implemented by 31 December 2008 through the issuance of up to 40,274,400 ordinary shares with a par value of €0.55 per share to be offered for subscription at a price of €5.67 for each option held (i.e. €3.277457 for each newly issued share);*
5. *an increase of up to €3,192,173.05 for the "2003-2005 Stock-Option Plans", 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 through the issuance of up to a total of 5,803,951 shares with a par value of €0.55 per share to be offered for subscription at a price of €5.07 for each option held (i.e. €2.930636 for each newly issued share);*

6. to grant severally to the Chairman, the Deputy Chairman and each of the Managing Directors the powers needed:

(a) to complete all the formalities required for the resolutions adopted to obtain all the necessary authorizations, with the right to introduce into such resolutions, the Merger Plan and the bylaws of the Absorbing Company annexed thereto any amendments, additions or deletions that may be requested on the occasion of filings with the Company Register;
(b) to execute, *inter alia* by having ad hoc recourse to attorneys or agents, in conformity with the resolution of point 1, the public merger deed and any other act serving to recognize, supplement or amend that should prove necessary or desirable, defining every condition, clause, time limit and procedure thereof in conformity with and in implementation of the Merger Plan;
(c) to complete and amend when executing the merger deed the numbers contained in Article 5 of the bylaws of the Absorbing Company in accordance with the principles and criteria described above and in relation to the number of shares that will be issued for the Merger;
(d) to make any amendments to the terms and conditions of Tim's stock-option plans referred to in point 4 rendered necessary by the change described in the subscription ratio, with special reference to the rounding down of the number of shares that can be subscribed for when options are exercised;
(e) to make, as and when necessary, the changes to Article 5 of the bylaws of the Absorbing Company consequent on the implementation of the increases in capital referred to above, and to that end to complete all the formalities and publish all the notices required by law;
(f) to do - *inter alia* by having ad hoc recourse to attorneys or agents - whatever else may be necessary for and conducive to the complete implementation of the foregoing resolutions, authorizing entries, transcriptions, annotations, amendments and corrections in public registers and every other competent seat.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 - RELATED AND CONSEQUENT RESOLUTIONS

Dear shareholders,

The draft financial statements submitted for your approval show net income of € 2,134,847,901.71, which permits last year's dividend policy to be improved on. Accordingly, we propose the distribution of a dividend per ordinary share of € 0.1093 (+5% with respect to the dividend distributed in May 2004) and a dividend per savings share of € 0.1203.

The total amount of dividends distributed will depend on the number of shares with dividend entitlement outstanding on the dividend payment day, excluding treasury shares and taking into account shares that could be subscribed for in connection with capital increases pursuant to Article 5 of the bylaws and actually issued by that date.

The proposed allocation of net income includes the setting aside in a special reserve of € 103,083,000.00 in connection with investment plans presented by the Company in 2004 with applications for financial support under Law 488/1992. In this respect it should be noted that the contribution of equity by the Company serves to maintain the support granted by the Ministry for Productive Activities.

Lastly, in approving the draft financial statements, the Meeting is invited to take note of the reclassification of the shareholders' equity item "miscellaneous reserves", partly to replenish in Telecom Italia's balance sheet the reserves subject to restrictions previously present in the balance sheet of IT Telecom S.p.A. (merged into Telecom Italia with effect for accounting purposes from 1 January 2004) and partly to supplement the legal reserve, so that it will continue to exceed the legal minimum requirement following the potential increase in the Company's capital as a consequence of capital increases pursuant to Article 5 of the bylaws.

Accordingly, the Board of Directors invites you to approve the following

Resolution

The Shareholders' Meeting of Telecom Italia S.p.A.,

- having examined the Company's financial statements for the year ended 31 December 2004;
- having seen the Board of Directors' report on operations;
- having taken note of the reports of the Board of Auditors and the independent auditors, Reconta Ernst & Young S.p.A.;
- considering that the total number of shares with dividend entitlement at the proposed dividend payment date will be equal to a maximum of 11,701,139,181 ordinary shares and 5,795,921,069 savings shares, net of 1,272,014 treasury ordinary shares in the Company's portfolio and taking into account the shares that could be subscribed for by that date under Article 5 of the bylaws;
- taking into account the requests for financial support presented by the Company in 2004 under Law 488/1992, which require €103,083,000.00 of the Company's equity to be set aside for investment programmes totaling €113,500,000.00;

resolves

1. to approve the Board of Directors' report on operations, the balance sheet, the statement of income and the notes to the statutory financial statements of Telecom Italia S.p.A. for the year ended 31 December 2004, which record net income of € 2,134,847,901.71 and the reclassification of the shareholders' equity item "miscellaneous reserves" by means of the transfer of
   - ✓ € 118,806,738.27 to the legal reserve; and
   - ✓ € 205,543.95 (which came from the tax deferred reserves in the financial statements of the merged company IT Telecom S.p.A.) to the reserve set up under Article 13 of Legislative Decree 124/1993;
2. with regard to the net income for the year,
   a. to allocate up to € 1,976,183,809.32 to the distribution of dividends to shareholders, calculated on the basis of the following amounts per share, which will be applied to the ordinary and savings shares that they own (excluding the treasury shares in the Company's portfolio) on the ex dividend day:
      - ✓ € 0.1093 per ordinary share,

- ✓ € 0.1203 per savings share,

  gross of the withholdings required by law. It is to be understood that net income not distributed as dividends will be allocated to retained earnings;

b. to allocate €103,083,000.00 to the reserve under Law 488/1992 for the whole duration of the programmes receiving financial support, of which:
   - ✓ €30,897,000.00 for project no. 12836-13 (Puglia region),
   - ✓ €6,888,000.00 for project no. 82333-12 (Sardinia region),
   - ✓ €32,280,000.00 for project no. 82337-12 (Sicily region),
   - ✓ €33,018,000.00 for project no. 82336-12 (Campania region);

c. to carry forward the remaining amount (equal to € 55,581,092.39);

3. to authorize the Board of Directors - and on its behalf its Chairman and the Managing Director, Carlo Buora - to determine in due course, on the basis of the actual number of shares for which dividends are paid, the amount of net income distributed to shareholders and the amount carried forward as retained earnings.

4. to pay the above dividends starting on 21 April 2005, ex dividend on 18 April 2005.

Expansion of the Board of Directors - resolutions

- **to redetermine the number of directors**
- **to redetermine the total annual remuneration of the Board**
- **to appoint two directors**

Dear shareholders,

The merger of Tim into Telecom Italia, submitted for your approval in the Extraordinary Meeting, makes it desirable to propose an extension of the Board of Directors of the "new" Telecom Italia to include proven experience, competence and professionalism in the management of the mobile telephony business.

To this end, two members of Tim's Board of Directors have been selected who have performed different functions in the management of that company since respectively 1999 and 2001: Marco De Benedetti (Managing Director) and Enzo Grilli (director).

Mr. De Benedetti is an executive director and Professor Grilli a director who qualifies as independent on the basis of the requirements laid down in the Self-Regulatory Code.

The appointment of Professor Grilli (after increasing the total number of directors from 19 to 21) also results in the independent directors continuing to be in a majority on the Board.

It should be noted that the proposed resolution to extend the Board of Directors does not provide for the application of the slate system for electing directors, which the bylaws require to be used only in the case of the renewal of the entire Board.

As a consequence of the extension of the Board, it is also necessary to revise the amount of the directors' annual remuneration, previously determined by the Shareholders' Meeting held on 6 May 2004 (when the number of directors was fixed at 19) at €2.7 million gross, to be divided in accordance with the criteria adopted by the Board itself. At present these annually provide for:

- €114,000 to be paid to each director in office;
- an additional €63,000 to be paid to each of the four members of the Internal Control and Corporate Governance Committee (Guido Ferrarini, Francesco Denozza, Domenico De Sole and Marco Onado);

- an additional €52,000 to be paid to each of the three members of the Remuneration Committee (Luigi Fausti, Paolo Baratta and Pasquale Pistorio);
- an additional €20,000 to be paid to each of the three members of the Strategy Committee other than the Chairman of the Board and the Managing Director Carlo Buora (Domenico De Sole, Marco Onado and Pasquale Pistorio);
- an additional €20,000 to be paid to the director appointed to the Supervisory Panel set up under Legislative Decree 231/2001 (Guido Ferrarini).

In order to be able to pay the new directors consistently with the amounts indicated above and to leave a margin of flexibility for future organizational needs of the Board (it should be noted, for example, that the decision to set up a Strategy Committee was taken some months after the Board was seated), it is proposed that, pursuant to Article 2389, first paragraph, of the Italian Civil Code, the total annual gross amount of the directors' remuneration be increased from €2.7 million to €3 million.

Accordingly, the Board of Directors invites you to approve the following

Resolution

The Shareholders' Meeting of Telecom Italia S.p.A.,

- having seen the resolutions concerning the composition and remuneration of the Board of Directors adopted in the Shareholders' Meeting held on 6 May 2004;
- considering the applicable provisions of law and the bylaws;

resolves

1. to fix the number of directors at 21;
2. to fix, exclusively for the second and third years of the present Board's mandate, the maximum total annual gross amount of the directors' remuneration, pursuant to Article 2389, first paragraph, of the Italian Civil Code, at €3,000,000, to be divided in accordance with the criteria adopted by the Board itself;
3. to appoint Marco De Benedetti and Enzo Grilli to the Company's Board of Directors for the duration of the present Board's mandate, that is for two years terminating on

the date of the Shareholders' Meeting called to approve the financial statements for the year ending on 31 December 2006.

CURRICULUM VITAE

MARCO EDOARDO DE BENEDETTI

Born in Turin in 1962.

From 1987 to 1989, he worked for Wasserstein, Perrella & Co., a merchant bank in New York, in the Mergers & Acquisitions Dept.

In 1990, he joined Olivetti as assistant to the Chief Executive Officer of Olivetti System & Networks; he was subsequently appointed Marketing and Services Group Director.

In 1992 he was appointed General Manager of Olivetti Portugal.

In 1994 he was appointed Chief Executive Officer of Olivetti Telemedia, the Group company dealing with telecommunications and multi-media services. He was subsequently appointed Chairman of Olivetti Telemedia.

In October 1996, he was appointed Chairman of Infostrada S.p.A. and, in December 1997, he was also appointed Chief Executive Officer.

In March 1998 he also assumed the position of manager of the telecommunications strategies within the Olivetti Group.

In July 1999 he was appointed Chief Executive Officer of Tim S.p.A.

CURRICULUM VITAE

ENZO GRILLI

Born in Casarza Ligure (Genoa) in 1943.

He teaches International Economics at the Bologna Center of John Hopkins University.

From 1993 to 1996 he was Executive Director of the World Bank, where he previously worked as Head Economist and Director of Development Policies.

From 1997 to 1999 he was Executive Director of the International Monetary Fund.

He has been Member of the Board of Directors of Tim S.p.A. since 2001.

Currently, he is also Director of Generali S.p.A. and Impregilo S.p.A.

Mr. Grilli satisfies the conditions laid down in Telecom Italia's Self-Regulatory Code to qualify as independent.