

PRESS RELEASE

TELECOM ITALIA: AGREEMENT SIGNED WITH THE BOLIVIAN GOVERNMENT ON ENTEL

The understanding settles all legal actions between the parties with a US\$100 million compensation in favour of ETI and begins a new season of commercial collaboration

Rome, 8 November 2010

Telecom Italia hereby informs that on 5 November an agreement was signed between ETI (Euro Telecom International NV) - controlled by Telecom Italia Group - the Bolivian Government and the telecommunications operator Entel Bolivia, ending the controversy that arose in 2007 following the expropriation of the stake hold by ETI in Entel Bolivia.

Based on international agreements aimed at protecting foreign investments, ETI had started an international arbitration against the Bolivian State, claiming reparation for the expropriation. The proceeding was to have entered the debate stage within this month. On the basis of a Supreme Decree issued by the President of the Bolivian Republic and the payment of US\$100 million to ETI, a transaction has instead been signed providing for the dismissal by both parties of any further claims and for the immediate closure of all legal proceedings.

The amount received by ETI both compensates Telecom Italia Group for the value of its lost stake and covers all expenses so far sustained in connection with the legal activities undertaken, thus definitively avoiding the time consuming procedures necessary for reaching a favourable result in arbitration.

The agreement will have a positive effect on Telecom Italia's Consolidated Profit and Loss Statement of around €30 million.

Commercial relations between Entel Bolivia and Telecom Italia will in any event continue. The negotiations concluded with a commitment by Entel Bolivia to acquire international wholesale services from Telecom Italia Sparkle Group through multi-year commercial contracts valued at US\$16 million that will be underwritten by the parties within the next few days.

**Telecom Italia
Press Office**

+39 06 3688 2610

<http://www.telecomitalia.it/media>

**Telecom Italia
Investor Relations**

+39 06 3688 3113

<http://www.telecomitalia.it/investorrelations>