

PRESS RELEASE

TELECOM ITALIA: TIM PARTECIPACOES ACQUIRES AES ATIMUS FOR 700 MILLION EURO

Milan, 8 July 2011

Telecom Italia Group reinforces its presence in Brazil.

TIM Participações S.A., through its subsidiary TIM Celular S.A., today signed an agreement for the acquisition of AES Atimus Group (in effect 100% of Eletropaulo Telecomunicações Ltda and AES Communications Rio de Janeiro S.A.) from Companhia Brasileira de Energia. The group is a telecommunications infrastructure operator in the states of San Paolo and Rio de Janeiro, the most densely populated and wealthiest regions of the country which generate 27% of national GDP.

AES Atimus is the owner of a 5,500 km fibre optic network covering all 21 towns that make up the urban conglomeration of San Paolo and Rio de Janeiro. The group reported revenues in 2010 of 211 million reais with an EBITDA margin of 63%, and represents a vital asset enabling TIM Brasil to reinforce its competitive position. The deal has an enterprise value of 1.6 billion reais, or roughly €700 million and is expected to close by Q4 2011 once the company and the competent authorities have given their approval.

The infrastructure covered by today's agreement will enable TIM Participações to:

- reinforce development of its mobile network thanks to fibre optic connections (so-called backhauling) between transmission stations, allowing it to extend and accelerate mobile broadband services;
- benefit from synergies through the internalisation of AES' access infrastructure, avoiding the need to rent connections from third party operators.

AES Atimus' fibre infrastructure will integrate perfectly with that of Intelig (essentially backbone based), acquired in 2009, facilitating the rapid growth of the company's offering and selectively exploit many of the opportunities that will arise from convergence in the Brazilian market.

The deal will deliver possible synergies in terms of opex and capex worth 1 billion reais over three years.

This is the first acquisition of this size by the Telecom Italia Group in the last years.

Today's deal will have no impact on the deleveraging plan presented to the financial community last February.



The operation will be presented by the Executive Chairman of Telecom Italia, Franco Bernabè and by the CFO, Andrea Mangoni in a press conference scheduled for 14.30 in Milan at Telecom Italia's offices in Piazza Affari 2. Also taking part in the meeting via link with Brazil will be the CEO of TIM Brasil, Luca Luciani.

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