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## PRESS RELEASE

### TELECOM ITALIA S.p.A. ANNOUNCES TENDER OFFERS

Rome, 6 July 2012

Telecom Italia S.p.A. (the Company) hereby announces that it is inviting eligible Noteholders of its €650,000,000 6.75 per cent. Notes due 2013 (the March 2013 Notes), €500,000,000 Floating Rate Notes due 2013 (the July 2013 Notes), €500,000,000 7.875 per cent. Notes due 2014 (the January 2014 Notes) and €750,000,000 4.75 per cent. Notes due 2014 (the May 2014 Notes and together with the March 2013 Notes and the January 2014 Notes, the Fixed Rate Notes and together with the July 2013 Notes, the Notes and each a Series) to tender their Notes for purchase by the Company for cash in the order of priority outlined in the table below (the Offers).

The Offers are made on the terms and subject to the conditions set out in the tender offer memorandum dated 6 July 2012 (the Tender Offer Memorandum) prepared in connection with the Offers, and is subject to the offer and distribution restrictions set out below. Capitalised terms used in this announcement and not otherwise defined have the meanings ascribed to them in the Tender Offer Memorandum.

| Order of Priority | Notes              | ISIN         | Outstanding Nominal Amount | Benchmark Rate                 | Purchase Spread/<br>Fixed Purchase Price | Amount subject to the relevant Offer             |
|-------------------|--------------------|--------------|----------------------------|--------------------------------|--|--|
| 1                 | January 2014 Notes | XS0409510590 | €500,000,000               | January 2014 Interpolated Rate | 161 bps                                  | Any and all                                      |
| 2                 | July 2013 Notes    | XS0312208407 | €500,000,000               | N/A                            | 99.50%                                   | Subject as set out under Order of Priority below |
| 3                 | March 2013 Notes   | XS0418509146 | €645,000,000               | 8 months EURIBOR Rate          | 82 bps                                   | Subject as set out under Order of Priority below |
| 4                 | May 2014 Notes     | XS0254905846 | €673,000,000               | May 2014 Interpolated Rate     | 229 bps                                  | Subject as set out under Order of Priority below |

#### Rationale and Background for the Offers

The Offers are being made as part of the Company's balance sheet management and are aimed at pro-actively managing its forthcoming debt maturities. Furthermore, the Offers provide a degree of liquidity to those Noteholders whose Notes are accepted in the Offers.

## Details of the Offers

### **Maximum Acceptance Amount**

The Company proposes to accept for purchase pursuant to the Offers up to €500,000,000 in aggregate nominal amount of the Notes (the Maximum Acceptance Amount), although the Company reserves the right, in its sole discretion and for any reason, to change the Maximum Acceptance Amount or to accept less than or more than the Maximum Acceptance Amount for purchase pursuant to the Offers. The Company will determine the allocation of the amount accepted for purchase pursuant to the Offers among each Series in the priority set out below under "Order of Priority", provided that the aggregate nominal amount of Notes that the Company will accept for purchase shall not exceed the Maximum Acceptance Amount. For the avoidance of doubt, the Company reserves the right to accept more or less or none, of the Notes of any Series as compared to the other Series.

### **Order of Priority**

The Company will accept valid tenders of Notes for purchase up to the Maximum Acceptance Amount in accordance with the following order of priority:

- 1 Any and all tenders of the January 2014 Notes will be accepted for purchase first.
- 2 Tenders of the July 2013 Notes will be accepted for purchase second in a nominal amount up to the Maximum Acceptance Amount less the aggregate nominal amount of January 2014 Notes validly tendered and accepted.
- 3 Tenders of the March 2013 Notes will be accepted for purchase third in a nominal amount up to the Maximum Acceptance Amount less the aggregate nominal amount of January 2014 Notes and July 2013 Notes validly tendered and accepted.
- 4 Tenders of the May 2014 Notes will be accepted for purchase fourth in a nominal amount, up to the Maximum Acceptance Amount less the aggregate nominal amount of January 2014 Notes, July 2013 Notes and March 2013 Notes validly tendered and accepted.

### **Purchase Prices**

The Company will pay for each Series of Notes accepted by it for purchase a price (the relevant Purchase Price) and the relevant Accrued Interest Payment. The Purchase Price in respect of (i) each Series of Fixed Rate Notes accepted for purchase will be determined at or around 2:00 p.m. (CET) (the Pricing Time) on 13 July 2012 (subject to the right of the Company to extend, re-open, amend and/or terminate any Offer) (the Pricing Date) in the manner described in the Tender Offer Memorandum by reference to the sum (each such sum, the relevant Purchase Yield) of (a) the relevant Purchase Spread and (b) the relevant Benchmark Rate for such Series (as set out in the above table); and (ii) the July 2013 Notes will be 99.50%, i.e. €49,750 for each €50,000 in nominal amount of the July 2013 Notes accepted for purchase.

### **Scaling**

If the Company decides to accept valid tenders of the January 2014 Notes for purchase, it will accept for purchase all of the January 2014 Notes that are validly tendered, with no *pro rata* scaling. Thereafter the Company will accept valid tenders of the July 2013 Notes, the March 2013 Notes and the May 2014 Notes, in accordance with the Order of Priority, until the aggregate nominal amount of all Notes accepted pursuant to the Offers reaches the Maximum Acceptance Amount. *Pro rata* scaling

may apply to the July 2013 Notes, the March 2013 Notes or the May 2014 Notes as described in the Tender Offer Memorandum.

## **Tender Instructions**

In order to participate in, and be eligible to receive the relevant Purchase Price pursuant to an Offer, Noteholders must validly tender their Notes by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is received by the Tender Agent by 5.00 p.m. (CET) on 12 July 2012. Tender Instructions will be irrevocable except in the limited circumstances described in the Tender Offer Memorandum.

Tender Instructions in respect of any Series must be submitted in respect of a minimum nominal amount of Notes of the relevant Series of no less than €50,000, being the minimum denomination of each Series, and in respect of the March 2013 Notes and the January 2014 Notes, may thereafter be submitted in integral multiples of €1,000 in excess of €50,000.

## **Expected Transaction Timeline**

| <b><u>Events</u></b>                            | <b><u>Times and Dates</u></b>  |
|---|--|
| Commencement of the Offers                      | 6 July 2012  |
| Expiration Deadline                             | 5.00 p.m. (CET) on 12 July 2012  |
| Announcement of indicative Offer Results        | At or around 11.00 a.m. (CET) on 13 July 2012                                |
| Pricing Date and Pricing Time                   | At or around 2.00 p.m. (CET) on 13 July 2012                                 |
| Announcement of final Offer Results and Pricing | As soon as reasonably practicable after the Pricing Time on the Pricing Date |
| Settlement Date                                 | 17 July 2012   |

*The above times and dates are subject to the right of the Company to extend, re-open, amend and/or terminate any of the Offers (subject to applicable law and as provided in the Tender Offer Memorandum). Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Notes when such intermediary would need to receive instructions from a Noteholder in order for that Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, an Offer, before the deadlines specified in the Tender Offer Memorandum. The deadlines set by any such intermediary and each Clearing System for the submission of Tender Instructions may be earlier than the relevant deadlines specified above.*

## **Further Information**

A complete description of the terms and conditions of the Offers is set out in the Tender Offer Memorandum. BNP Paribas, Citigroup Global Markets Limited and Merrill Lynch International are the Dealer Managers for the Offers.

Questions and requests for assistance in connection with the Offers may be directed to:

**SOLE STRUCTURING ADVISOR**

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Attention: Liability Management Group  
Telephone: +44 (0)20 7986 8969  
Email: [liabilitymanagement.europe@citi.com](mailto:liabilitymanagement.europe@citi.com)

## THE DEALER MANAGERS

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

Attention: Liability Management Group  
Telephone: +44 (0) 20 7595 8668  
Email: liability.management@bnpparibas.com

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Attention: Liability Management Group  
Telephone: +44 (0)20 7986 8969  
Email: liabilitymanagement.europe@citi.com

### **Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

Attention: John Cavanagh / Tommaso Gros-Pietro  
Telephone: +44 207 995 3715 / +44 207 995 2324  
Email: john.m.cavanagh@baml.com / tommaso.gros-pietro@baml.com

Questions and requests for assistance in connection with the delivery of Tender Instructions including requests for a copy of the Tender Offer Memorandum may be directed to:

## THE TENDER AGENT

**Citibank N.A.**  
13th Floor  
Citigroup Centre  
Canary Wharf  
London E14 5LB  
United Kingdom

Telephone: +44 (0)20 7508 3867  
Attention: Exchange Team – Agency & Trust  
Email: exchange.gats@citi.com

Each Noteholder is solely responsible for making its own independent appraisal of all matters as such Noteholder deems appropriate (including those relating to the relevant Offer(s)) and each Noteholder must make its own decision as to whether to tender any or all of its Notes for purchase pursuant to such Offer(s).

None of the Dealer Managers, the Tender Agent or any of their respective directors, officers, employees, agents or affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Company, the Notes or the Offers contained in this announcement or in the Tender Offer Memorandum. None of the Dealer Managers, the Tender Agent or any of their respective directors, officers, employees, agents or affiliates is acting for any Noteholder, or will be responsible to any Noteholder for providing any protections which would be afforded to its clients or for providing advice in relation to the Offers, and accordingly none of the Dealer Managers, the Tender Agent or any of their respective directors, officers, employees, agents or affiliates assumes any responsibility for any failure by the Company to disclose information with regard to the Company or the Notes which is material in the context of the Offers and which is not otherwise publicly available.

None of the Dealer Managers, the Tender Agent, the Company or any of their respective directors, officers, employees, agents or affiliates make any representation or recommendation whatsoever regarding the Offers, or any recommendation as to whether Noteholders should tender Notes in the Offers.

#### **Disclaimer**

This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Offers. If any Noteholder is in any doubt as to the contents of this announcement or the Tender Offer Memorandum or the action it should take, it is recommended to seek its own financial and legal advice, including in respect of any tax consequences, immediately from its stockbroker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser.

#### **Offer and Distribution Restrictions**

Neither this announcement nor the Tender Offer Memorandum constitutes an invitation to participate in the Offers in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this announcement and the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession either this announcement or the Tender Offer Memorandum comes are required by each of the Company, the Dealer Managers and the Tender Agent to inform themselves about, and to observe, any such restrictions.

#### **United States**

The Offers are not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Notes may not be tendered in the Offers by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States, as defined in Regulation S of the United States Securities Act of 1933, as amended. Accordingly, copies of the Tender Offer Memorandum and any other documents or materials relating to the Offers are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States. Any purported tender of Notes in an Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by a person located or resident in the United States or from within the United States or from any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each holder of Notes participating in an Offer will represent that it is not located in the United States and it is not participating in such Offer from the United States, or that it is acting on a non-discretionary basis for a principal that is located outside the United States that is not giving an order to participate in such Offer from the United States. For the purposes of this and the above paragraph, United States means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

#### **Italy**

None of the Offers, the Tender Offer Memorandum or any other documents or materials relating to the Offers have been or will be submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* (CONSOB) pursuant to Italian laws and regulations.

The Offers are being carried out in the Republic of Italy (Italy) as exempted offers pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Any holder or beneficial owner of the Notes may tender their Notes in the Offers through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act,

CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Notes or the Tender Offer Memorandum.

### **United Kingdom**

The communication of the Tender Offer Memorandum and any other documents or material relating to the Offers have not been made and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons within the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or within Article 43 of the Order, or to other persons to whom it may lawfully be made in accordance with the Order.

### **France**

The Offers are not being made, directly or indirectly, to the public in the Republic of France (France). Neither the Tender Offer Memorandum nor any other document or material relating to the Offers has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, in each case acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code Monétaire et Financier*, are eligible to participate in the Offers. The Tender Offer Memorandum has not been and will not be submitted for clearance to nor approved by the *Autorité des Marchés Financiers*.

### **Belgium**

Neither the Tender Offer Memorandum nor any other documents or materials relating to the Offers have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (*Autorité des services et marchés financiers / Autoriteit financiële diensten en markten*) and, accordingly, the Offers may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids as amended or replaced from time to time. Accordingly, the Offers may not be advertised and the Offers will not be extended, and neither the Tender Offer Memorandum nor any other documents or materials relating to the Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than "qualified investors" in the sense of Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on their own account. The Tender Offer Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offers. Accordingly, the information contained in the Tender Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

### **General**

Neither this announcement nor the Tender Offer Memorandum constitutes an offer to buy or the solicitation of an offer to sell Notes (and tenders of Notes will not be accepted from Noteholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Offers to be made by a licensed broker or dealer or similar and any of the Dealer Managers and their respective affiliates is such a licensed broker or dealer or similar in any such jurisdiction, such Offers shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Company in such jurisdiction.

In addition to the representations referred to above in respect of the United States, each Noteholder participating in an Offer will also be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in the Tender Offer Memorandum. Any tender of Notes for purchase pursuant to an Offer from a Noteholder that is unable to make these representations may be rejected. Each of the Company, the Dealer Managers and the Tender Agent reserves the right, in its absolute discretion (and without prejudice to the relevant Noteholder's responsibility for the representations made by it), to investigate, in relation to any tender of Notes for

purchase pursuant to any Offer, whether any such representation given by a Noteholder is correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representation is not correct, such tender may be rejected.

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