



PRESS RELEASE

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TELECOM ITALIA ISSUED A 5-YEAR BOND FOR 1 BILLION EURO THE COMPANY IS FUNDING WELL BELOW ITS AVERAGE COST OF DEBT

The amount and quality of the orders allowed raising more funds at a lower yield than indicated by initial guidance

Milan, 13 September 2012

Telecom Italia successfully issued a Euro 1 billion fixed rate bond offered to institutional investors.

The great quality of the orders book confirms the market's positive attitude towards Telecom Italia's credit and an increased confidence towards Italy in general, allowing the company to price the issue at a lower yield than the initial guidance.

With today's transaction Telecom Italia refinanced on the capital markets Euro 2.5 billion since the beginning of the year: a 3-year issue with a yield to maturity of 4.74% and a 6-year issue at 6.18% (both in June 2012), which, including today's issuance at 4.57% yield, brings the weighted average cost of 2012 capital market funding at 5.1%, below its average cost of debt (5.4% at the end of June 2012).

Details are:

Issuer: Telecom Italia S.p.A.

Amount: Euro 1 billion

Settlement date: 20 September 2012

Maturity: 20 September 2017

Coupon: 4.50%

Issue price: 99.693%

Redemption price: 100%

The actual yield to maturity is 4.57%, corresponding to a yield of 355 basis points above the reference rate (mid swap).

The notes will be issued under the Group's Euro 20 billion EMTN programme and will be listed on the Luxembourg Stock Exchange.

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