

PRESS RELEASE

TELECOM ITALIA BOARD OF DIRECTORS ILLUSTRATES AND APPROVES THE UPDATE TO THE 2013-2015 THREE-YEAR PLAN

Milan, 8 February 2013

The Telecom Italia Board of Directors, chaired by Franco Bernabè, approved the update to the Group's 2013-2015 Plan.

The 2012 results, in line with key guidance, confirm the Group's healthy cash generation and steady debt reduction. In addition, in order to contribute to the financing of technology development plans in fixed / mobile telephony in Italy and mobile telephony in Brazil, identified as the Group's three key growth areas, for the three-year period 2013 – 2015 we intend to extend and accelerate a policy of cost reductions.

The 3-year plan foresees a therefore reinforcement of the balance sheet to support technology development and at the same time defend the Group's financial position.

The Board of Directors has therefore approved the following measures:

- ▶ The start of an issuance program of 'hybrid' subordinated debt securities for an amount up to €3 billion over a period of 18-24 months.
- ▶ The distribution of dividends for a total amount of €450 million per annum over the lifetime of the plan.

Guidance for the 2013 – 2015 plan is as follows:

2013 Group targets*

- ▶ Revenues stable YoY
- ▶ Reduction in EBITDA to low-single digit percentage
- ▶ Adjusted net financial position less than €27 billion

2015 Group targets*

- ▶ Low-single digit average annual growth (CAGR) in revenues and EBITDA
- ▶ Cumulated capital expenditure of around €16 billion over three years;
- ▶ Ratio of Adjusted net financial position to Reported EBITDA less than 2 times in 2015.

() Revenue and EBITDA targets are to be understood as organic (at constant perimeter and exchange rates, and excluding non organic income and expenses), unless otherwise specified. The*

above targets as well as the net financial position are exclusive of any acquisitions of frequencies in Latin America.

Note that this release contains forward-looking statements about the Group's intentions, beliefs and current expectations with regard to its financial results and other aspects of operations and strategies. Readers should not place undue reliance on such forward-looking statements, as final results may differ significantly from those contained in the statements owing to a number of factors, the majority of which are beyond the Group's control.

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