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PRESS RELEASE

TELECOM ITALIA S.p.A. ANNOUNCES TENDER OFFERS

Milan, 12 January 2015

Telecom Italia S.p.A. (the **Company**) hereby announces that it is inviting eligible Noteholders of its €750,000,000 4.625 per cent. Notes due 2015 (the **2015 Notes**); €1,000,000,000 5.125 per cent. Notes due 2016 (the **2016 Notes**); €1,000,000,000 7.00 per cent. Notes due 2017 (the **January 2017 Notes**); and €1,000,000,000 4.500 per cent. Notes due 2017 (the **September 2017 Notes** and, together with the 2015 Notes, the January 2016 Notes and the January 2017 Notes, the **Notes** and each a **Series**) to tender their Notes for purchase by the Company for cash (such invitation, the **Offers** and each an **Offer**).

The Offers are made on the terms and subject to the conditions set out in the tender offer memorandum dated 12 January 2015 (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.

| Notes | ISIN | Outstanding Nominal Amount | Benchmark Rate | Purchase Spread | Purchase Price | Maximum Acceptance Amount |
|----------------------|--------------|----------------------------|---|-----------------|-----------------------------------|---|
| 2015 Notes | XS0794393040 | €577,701,000 | N/A | N/A | 101.65 per cent. | |
| 2016 Notes | XS0583059448 | €771,550,000 | 2016 Notes Interpolated Mid-Swap Rate | 35 bps | As determined on the Pricing Date | An amount to be determined and announced by the Company as set out herein |
| January 2017 Notes | XS0693940511 | €1,000,000,000 | January 2017 Notes Interpolated Mid-Swap Rate | 88 bps | As determined on the Pricing Date | |
| September 2017 Notes | XS0831389985 | €1,000,000,000 | September 2017 Notes Interpolated Mid-Swap Rate | 110 bps | As determined on the Pricing Date | |

Rationale and Background for the Offers

The Company intends to issue a series of Euro-denominated notes (the **New Notes**) under its €20,000,000,000 Euro Medium Term Note Programme. Part of the consideration for the New Notes will be used to fund the payment of the Purchase Price and/or the Accrued Interest Payments for Notes accepted for purchase in the Offers. This will allow the Company to refinance its debt maturities in advance, taking advantage of current favourable market conditions and lengthening its debt maturity profile. 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 a maximum tender amount of Notes which the Company will determine, in its sole discretion, as soon as reasonably practicable following the pricing of the New 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 announce the Maximum Acceptance Amount as soon as reasonably practicable following pricing of the New Notes (which is expected to occur on the date hereof).

The Company will determine the allocation of the amount accepted for purchase pursuant to the Offers among each Series (the **Series Acceptance Amounts**) in its sole discretion, provided that the Company will set each Series Acceptance Amount at a level which will ensure 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 (by an amount which may or may not be significant), or none, of the Notes of any Series as compared to the other Series.

New Issue Condition

The Company intends to issue the New Notes. Whether the Company will accept for purchase any of the Notes validly tendered in the Offers is subject to the successful completion (in the determination of the Company) of the issue of the New Notes (the **New Issue Condition**). Notes which have not been successfully submitted and accepted for tender pursuant to the Offers will remain outstanding after the Settlement Date.

Purchase Prices

Purchase Price for the 2015 Notes

The Company will pay, for the 2015 Notes accepted by it for purchase pursuant to the Offers, a price (the relevant **Purchase Price**) of 101.65 per cent., i.e. €101,650 for each €100,000 in nominal amount of the 2015 Notes accepted by it for purchase pursuant to the Offer for the 2015 Notes.

Purchase Prices for the 2016 Notes, the January 2017 Notes and the September 2017 Notes

The Company will pay, for each of the 2016 Notes, the January 2017 Notes, and the September 2017 Notes accepted by it for purchase pursuant to the Offers, a price (the relevant **Purchase Price**, expressed as a percentage and rounded to the third decimal place, with 0.0005 being rounded upwards) to be determined at or around 11:00 a.m. (CET) (the **Pricing Time**) on 21 January 2015 (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 each Series (each as set out in the above table).

The Purchase Price in respect of each of the 2016 Notes, the January 2017 Notes, and the September 2017 Notes will be determined at the Pricing Time on the Pricing Date as described in the Tender Offer Memorandum in accordance with market convention, and is intended to reflect a yield to maturity of each applicable Series on the Settlement Date equal to the relevant Purchase Yield. Specifically, the Purchase Price for each of the 2016 Notes, the January 2017 Notes and the September 2017 Notes will equal (a) the value of all remaining payments of principal and interest on each such Series up to and including the relevant maturity date of such Series, discounted to the Settlement Date at a discount rate equal to the relevant Purchase Yield, minus (b) the relevant Accrued Interest. See “*Accrued Interest*” below.

The calculation of the relevant Purchase Yield and Purchase Price in respect of each of the 2016 Notes, the January 2017 Notes and the September 2017 Notes, and of the Accrued Interest for the Notes of each Series will be made by the Dealer Managers on behalf of the Company, and such calculations will be final and binding on the Noteholders, absent manifest error.

Accrued Interest

The Company will also pay Accrued Interest in respect of Notes accepted for purchase pursuant to the relevant Offer (the **Accrued Interest Payment**).

Scaling

If the Company accepts Notes of any Series for purchase pursuant to the relevant Offer and the aggregate nominal amount of the Notes of such Series validly tendered in the relevant Offer exceeds the Series Acceptance Amount for that Series, the Company intends to accept such Notes on a *pro rata* basis such that the aggregate nominal amount of the Notes of such Series accepted for purchase pursuant to the relevant Offer is no greater than such Series Acceptance Amount.

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 20 January 2015.

Tender Instructions will be irrevocable except in the limited circumstances described in the Tender Offer Memorandum.

Tender Instructions must be submitted in respect of a minimum nominal amount of Notes of no less than €50,000 in respect of the 2016 Notes and €100,000 in respect of the 2015 Notes, the January 2017 Notes and the September 2017 Notes, being the minimum denomination of each Series, and in respect of the 2015 Notes, the January 2017 Notes and the September 2017 Notes may thereafter be submitted in integral multiples of €1,000 in excess of the relevant minimum denomination.

Expected Transaction Timeline

| <u>Events</u> | <u>Times and Dates</u> |
|---|--|
| Commencement of the Offers | 12 January 2015 |
| Pricing of the New Notes | Expected to be on 12 January 2015 |
| Announcement of the Maximum Acceptance Amount | As soon as reasonably practicable after pricing of the New Notes |
| Expiration Deadline | 5.00 p.m. (CET) on 20 January 2015 |
| Pricing Date and Pricing Time | At or around 11.00 a.m. (CET) on 21 January 2015 |
| Announcement of final Offer Results and Pricing | As soon as reasonably practicable after the Pricing Time on the Pricing Date |
| Expected Settlement Date | 23 January 2015 |

*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, Crédit Agricole Corporate and Investment Bank and Société Générale, are the Dealer Managers for the Offers.

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

SOLE STRUCTURING ADVISOR AND GLOBAL COORDINATOR

Société Générale
10 Bishops Square
E1 6EG London
United Kingdom

Attention: Liability Management - DCM
Telephone: +44 20 7676 7579
Email: liability.management@sgcib.com

THE DEALER MANAGERS

BNP PARIBAS
10 Harewood Avenue
London NW1 6AA
United Kingdom

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

Crédit Agricole Corporate and Investment Bank
Broadwalk House
5 Appold Street
EC2A 2DA London
United Kingdom

Attention: Cyril Chatelain
Telephone: +44 207 214 7440
Email: liability.management@ca-cib.com

Société Générale
10 Bishops Square
E1 6EG London
United Kingdom

Attention: Liability Management - DCM
Telephone: +44 20 7676 7579
Email: liability.management@sgcib.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

Lucid Issuer Services Limited
Leroy House
436 Essex Road
London N1 3QP
United Kingdom

Attention: Paul Kamminga
Telephone: +44 20 7704 0880
Email: telecomitalia@lucid-is.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 or to or for the account or benefit of, U.S. Persons (within the meaning of Regulation S under the United States Securities Act of 1933, as amended (**Regulation S**)). 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. 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 for purchase 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, the Offers 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 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 Offers, 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, §1, 1° and 6 of the Belgian Law of 1 April 2007 on public takeover bids (the **Belgian Takeover Law**) 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 (i) to "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 (as amended from time to time), acting on their own account or (ii) in any circumstances set out in Article 6, §4 of the Belgian Takeover Law. Insofar as Belgium is concerned, 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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