

FINAL TERMS

19 October 2011

TELECOM ITALIA S.p.A.

**Issue of €750,000,000 7.00% Notes due 20 January 2017
under the €20,000,000,000
Euro Medium Term Note Programme**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the EMTN Programme Prospectus dated 22 July 2011, the supplement to the EMTN Programme Prospectus dated 13 September 2011 and the supplement to the EMTN Programme Prospectus dated 5 October 2011 (together, the "**Supplements**") which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the EMTN Programme Prospectus as so supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the EMTN Programme Prospectus and the Supplement. The EMTN Programme Prospectus and the Supplements are available for viewing at www.telecomitalia.it and www.bourse.lu and copies may be obtained free of charge from the Issuer at its registered office. In addition, the EMTN Programme Prospectus and the Supplements will be available from the specified office of each of the Paying Agents.

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| 1 | Issuer: | Telecom Italia S.p.A. |
| 2 | (a) Series Number: | 28 |
| | (b) Tranche Number: | 1 |
| 3 | Specified Currency or Currencies: | Euro ("€") |
| 4 | Aggregate Nominal Amount of Notes admitted to trading: | |
| | (a) Series: | €750,000,000 |
| | (b) Tranche: | €750,000,000 |
| 5 | Issue Price: | 99.406 per cent. of the Aggregate Nominal Amount |
| 6 | (a) Specified Denomination: | €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000 or below €100,000 |
| | (b) Calculation Amount: | €1,000 |
| 7 | (a) Issue Date: | 20 October 2011 |
| | (b) Interest Commencement Date: | Issue Date |
| 8 | Maturity Date: | 20 January 2017 |
| 9 | Interest Basis: | 7.00 per cent. Fixed Rate |

(further particulars specified below)

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| 10 | Redemption/Payment Basis: | Redemption at par |
| 11 | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable |
| 12 | Put/Call Options: | Not Applicable |
| 13 | Date of Board approval for issuance of Notes obtained: | 31 March 2011 |
| 14 | Method of distribution: | Syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 15 | Fixed Rate Note Provisions: | Applicable |
| (a) | Rate(s) of Interest: | 7.00 per cent. per annum payable annually in arrear |
| (b) | Interest Payment Date(s): | 20 January in each year from and including 20 January 2012 up to and including the Maturity Date. There will be a short first interest coupon for the period starting from, and including, the Issue Date to, but excluding, 20 January 2012 (the " Short First Interest Period "). |
| (c) | Fixed Coupon Amount(s): <i>(Applicable to Notes in definitive form.)</i> | €70.00 per Calculation Amount. |
| (d) | Broken Amount(s): <i>(Applicable to Notes in definitive form.)</i> | €17.64 per Calculation Amount payable on 20 January 2012 in respect of the Short First Interest Period. |
| (e) | Day Count Fraction: | Actual/Actual (ICMA) |
| (f) | Determination Date(s): | 20 January in each year |
| (g) | Other terms relating to the method of calculating interest for Fixed Rate Notes: | None |
| 16 | Floating Rate Note Provisions: | Not Applicable |
| 17 | Zero Coupon Note Provisions: | Not Applicable |
| 18 | Index Linked Interest Note Provisions: | Not Applicable |
| 19 | Dual Currency Interest Note Provisions: | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 20 | Issuer Call: | Not Applicable |
| 21 | Investor Put: | Not Applicable |
| 22 | Final Redemption Amount: | €1,000 per Calculation Amount |

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| 23 | Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.5: <i>Redemption and Purchase – Early Redemption Amounts</i>): | As set out in the Conditions |
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GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 24 | Form of Notes: | |
| | (a) Form: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| | (b) New Global Note: | Yes |
| 25 | Additional Financial Centre(s) or other special provisions relating to Payment Days: | London |
| 26 | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 27 | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 28 | Details relating to Instalment Notes: | Not Applicable |
| 29 | Redenomination applicable: | Redenomination not applicable |
| 30 | Other final terms: | Not Applicable |

DISTRIBUTION

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| 31 | (a) If syndicated, names of Joint Lead Managers: | Deutsche Bank AG, London Branch BNP Paribas Banco Bilbao Vizcaya Argentaria, S.A. Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Banca IMI S.p.A. Mediobanca - Banca di Credito Finanziario S.p.A. |
| | (b) Date of the Subscription | 19 October 2011 |

Agreement:

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| (c) | Stabilising Manager(s) (if any): | Deutsche Bank AG, London Branch |
| 32 | If non-syndicated, name of relevant Dealer: | Not Applicable |
| 33 | Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: | TEFRA D |
| 34 | Additional selling restrictions: | Not Applicable |

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Bourse de Luxembourg of the Notes described herein pursuant to the €20,000,000,000 Euro Medium Term Note Programme of Telecom Italia S.p.A. and Telecom Italia Finance S.A.

Telecom Italia S.p.A., with registered office at Milan (Italy), Piazza degli Affari 2, registered at the Company Register in Milan with number 00488410010.

Share capital at the Issue Date €10,693,628,019.25.

Reserves at the Issue Date €13,916,199,264.73.

Issue approved by the Issuer's Board of Directors on 31 March 2011, registered at the Company Register in Milan on 7 April 2011.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Final Terms.

Signed on behalf of the Issuer:

By: 

Duly authorised

Signed in London in my presence:

By: 

Solicitor, Linklaters LLP

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Bourse de Luxembourg with effect from 20 October 2011.
- (ii) Estimate of total expenses related to admission to trading: €3,820

2 RATINGS

The Notes to be issued have been rated:

Standard & Poor's Credit Market Services
France: BBB (negative)

Moody's Investors Service España, S.A.: Baa2
(negative)

Fitch Ratings Ltd.: BBB (negative)

Such credit rating agencies are established in the European Union and have applied for registration under Regulation (EU) No 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

4 YIELD

Indication of yield: 7.15 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5 OPERATIONAL INFORMATION

- (i) ISIN Code: XS0693940511
- (ii) Common Code: 069394051
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment

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| (v) | Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| (vi) | Intended to be held in a manner which would allow Eurosystem eligibility: | Yes Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. |