GRUPPO TELECOM ITALIA
9M ’08 Results
Milan, November 7th, 2008

Telecom Italia Group
9M ’08 Highlights

FRANCO BERNABE’
These presentations contain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company.

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors. Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telecom Italia Spa undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telecom Italia Spa business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company’s Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission.
# 9M Results fully on track to meet 2008 Guidance

<table>
<thead>
<tr>
<th></th>
<th>9M 2008</th>
<th>Δ yoy</th>
<th>Target 2008</th>
<th>2008 FY Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues (*)</td>
<td>22.4 bln €</td>
<td>-3.0%</td>
<td>30.4 – 30.5 bln €</td>
<td>✓</td>
</tr>
<tr>
<td>EBITDA margin (*)</td>
<td>39.9%</td>
<td>-1.3pp</td>
<td>~ 38.0%</td>
<td>✓</td>
</tr>
<tr>
<td>Capex</td>
<td>4.0 bln €</td>
<td>+0.4 bln €</td>
<td>~ 5.4 bln €</td>
<td>✓</td>
</tr>
<tr>
<td>Net Debt/EBITDA</td>
<td>n.m.</td>
<td>n.m.</td>
<td>&lt; 3.0x</td>
<td>✓</td>
</tr>
</tbody>
</table>

(*) Organic: assuming perimeter excluding TI France (since 1st January 08) and Entel Bolivia (since 1st April 08), 2008 exchange rate and excluding non recurring restructuring.
Decreased organic revenue erosion trend, mainly driven by domestic recovery: -1.5% in 3Q08, -3.6% in 2Q08, -4.0% in 1Q08. Increase in organic revenues recorded in September (+0.8% YoY)

- Domestic Business:
  - Strong reduction in fixed access losses (-355k in 3Q08 from -659K in 2Q08), confirmed BB ARPU rebound recording best performance in the last 6 quarters
  - Successful completion of mobile repricing, with no impact on churn or usage while enhancing ARPU rebound (20.5 € in 3Q08), doubled our mobile broadband lines reaching 2 million

- In Brazil and Germany: progressive signs of turnaround from value growth strategy

Continued recovery of organic EBITDA margin trend: 41.0% in 3Q08 vs. 38.1% in 2Q08 and vs. 40.8% in 1Q08. Group reached 39.9% organic EBITDA margin for the 9 months 08

- Domestic Business side: increase to 46.9% in 3Q08 (44.2% in 2Q08)

- International Activities:
  - Brazil posted a record 24.7% EBITDA margin in 3Q08, returned to net income positive
  - Hansenet stepped up margin to 23.5% in 3Q08 (+4.7 p.p. QoQ)

Sound cash flow generation in 3Q08 with Operating FCF/Sales ratio of 23%, +14.4 p.p. QoQ.
## Lean Company: 9M ’08 Results

### IT Rationalization and Integration
- **€ 110 mln capex saving on IT** (fully on track with our 2008 target); mainly driven by rationalization of BSS/OSS & IT Infrastructure organization and a review of sourcing models, processes and capital allocation priorities.

### E2E Process Re-engineering
- **Commercial Cost:** **€ 100 mln opex savings** YoY thanks to the first benefits of new commercial “customer-centric” organization and on the selection of the most suitable commercial channels to strengthen our value growth strategy.
- **Open Access Restructuring:** **€ 37 mln cash cost saving** YTD thanks to leaner Delivery and Assurance Processes and Technical Quality Improvement.

### Organization Restructuring
- **Personnel Rightsizing Plan** agreement signed with Trade Unions (Sept. 19th): 1,400 lay-off by the end of 2008.

### G&A
- **Lean organization** drives efficiency on G&A, consultancy and other administrative opex: **- € 28 mln YoY**.
Closing of Public Consultation on TI proposed undertakings (Sept. 29th) and submission of Telecom Italia undertakings final proposal on key access markets (Oct. 29th). The final proposal does not deal with NGN services. The AGCOM analysis aimed at assessing TI undertakings may be concluded in December 2008. An addition of remedies, considered mandatory by AGCOM, might be necessary.

LLU monthly rental fee increase: on October 23th TI sent 2009 Reference Unbundling Offer to AGCOM. This proposal increases LLU monthly rental fee from 7.64 €/month (2008 price) to 9.39 €/month. AGCOM might consider compliance with the “margin squeeze”, given the proposed increase of the telephone monthly rental fee for Telecom Italia consumers.

On October 30th, TI asked AGCOM to increase the telephone monthly rental fee for Telecom Italia consumers (+1.26 €/month).

AGCOM completed the Public Consultation on Mobile Termination Rate. The provision outline defining the glide path (2009-2011) was put before the European Commission last October 10th.

The new data protection and privacy regulation concerning the use of commercial databases, and the improved capability to deal with the requests for customers migration will eliminate the existing competitive asymmetry that favours our competitors.