



LONG TERM INCENTIVE PLAN 2011

INFORMATION DOCUMENT

PURSUANT TO ART. 84-BIS OF THE ISSUER REGULATIONS

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Telecom Italia S.p.A.
Registered Office in Milan at Piazza degli Affari no. 2
General Administration and Secondary Office in Rome at Corso d'Italia no. 41
Share capital Euro 10,688,746,056.45 fully paid up
Taxpayer Identification/VAT Code and Milan Register of Companies
registration number 00488410010
A.E.E. registration number IT08020000000799

This translation is merely for the purposes of comprehension by non-Italian readers,
in the event of dispute the Italian text shall prevail.

INTRODUCTION

With this information document (the “Information Document”) Telecom Italia S.p.A. (with registered office in Milan, at 2 Piazza degli Affari, tax code and registration number in the Milan Company Register 00488410010, registration number in the A.E.E. Register (Index of Manufacturers of Electric and Electronic Equipment) IT08020000000799, also referred to as “Telecom Italia”, the “Company” and the “Issuer”) fulfils the requirements for compensation plans involving the award of financial instruments with reference to the “Long Term Incentive Plan 2011” (the “Plan”).

The plan is an initiative to provide long term incentives that, for the first time in Telecom Italia, covers the Senior Executives, Top Management and selected managers (the “Selected Executives” as specified below) in relation to the achievement of specific pre-established three-year performance objectives that are identical for the three categories of beneficiaries.

This opportunity derives from

- the renewal, by the next Shareholders’ Meeting, of the Board of Directors, with the consequent – and subsequent – appointment of new Senior Executives (assuming that the Shareholders’ Meeting appoints the new Board to serve for three-years and that the Board appoints the Senior Executives until their mandates are revoked, as is the usual practice);
- the expiration during the 2011 financial year of the Performance Share Granting Plan 2008-2011, approved by the ordinary Shareholders’ Meeting of 16 April 2007 and designed for strategic managers in Telecom Italia or subsidiary companies who as such did not have access to the “Long Term Incentive Plan 2010-2015” approved by the ordinary Shareholders’ Meeting of 29 April 2010.

The new initiative replicates the underlying logic of last year’s LTI plan, while involving a broader swathe of management and applying a rolling mechanism, that normally, and subject to approval of the Board’s recommendation by the shareholders on each occasion – will trigger a new incentive cycle each year, with parameters linked to the timeframe of the company strategic planning.

The incentive plan for the Senior Executives is an exception, and based on a “lump sum” reflecting the standard duration of their term of office.

The aim is to strengthen the link between management pay and both business performance as defined in the 2011-2013 industrial plan (“absolute performance”: weighting 35%) and increased value against a peer group (“relative performance”: weighting 65%).

The level of performance over the three-year incentive period affects the level of the benefit that, at the end of the period,

- is, for Selected Executives, a cash bonus commensurate at target level to up to 30% of current gross annual remuneration, with the option of investing 50% of the accrued bonus in ordinary shares of the Company at market price (and in any case not below par value), and the free assignment of matching shares (provided certain conditions are met) to the matched by the issuer after two years, applying a ratio of one free share for each paid share;

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- is, for the Top Management, a bonus commensurate at target level to up to 60% of current gross annual remuneration, 50% in cash and 50% in non transferable rights to the free assignment of shares of equivalent market value (based on the price at the time the three year performance will be assessed, and it being understood that – if the market value should be lower than the par value, the par value will be used);
- is represented by the following elements for the Senior Executives (to whom this single incentive measure applies for the entire three-years of their term of office): (i) a bonus (at target level) of up to 150% of their fixed annual remuneration, as established by the Board of Directors, at the recommendation of the Nomination and Remuneration Committee, pursuant to article 2389, subsection 3, of the Italian Civil Code, and (ii) a number of shares of market value (at the moment the right is assigned, i.e. at the moment the Senior Executive becomes eligible for the Plan) equal to the bonus payable in cash.

DEFINITIONS

Share/Shares – the ordinary shares of Telecom Italia, with a par value of €0.55 each. The Shares are traded on the MTA electronic share market organised and operated by Borsa Italiana S.p.A.

Matching Share/Shares – the Shares that may be assigned to Beneficiaries who have retained possession of the Subscribed Shares for the whole of the twenty four months following their subscription.

Beneficiary/Beneficiaries – the beneficiaries of the Plan among the Senior Executives, Selected Executives and Top Management, identified by the Board of Directors of the Issuer.

Selected Executives – the selected part of the Group executives to be determined by the Board of Directors of Telecom Italia, taking account of the role of the individual beneficiaries within the organisation and their strategic potential.

Telecom Italia Group or the Group – Telecom Italia and the companies it controls directly and indirectly.

Key Managers - persons performing executive functions and managers having regular access to sensitive information and authorized to take management decisions that can influence the development and prospects of the Issuer, pursuant to Article 152-sexies, subsection 1(c)-(c.2) of the Issuer Regulations; in the case of Telecom Italia these persons coincide with those persons classified as key managers for the purposes of IAS 24 (“Related party disclosures”) or as executive officers when applying US rules and regulations.

Reference Panel – the group of the ten leading European telecoms companies in terms of capitalisation, within which the positioning of the share performance of Telecom Italia is measured: Vodafone, Telefonica, Deutsche Telekom, France Telecom, Teliasonera, Telenor, Telecom Italia, KPN, Swisscom and British Telecom or other telecoms companies as determined by the Board of Directors of the Company at the recommendation of the Nomination and Remuneration Committee if some of the aforementioned operators should no longer qualify due to unforeseen events.

Top Management – the human resources occupying positions of strategic importance in the Telecom Italia business organisation, employees with management contracts or collaborators of Telecom Italia or its subsidiaries.

Senior Executives – the Chief Executive Officers of Telecom Italia as identified by the Board of Directors that the ordinary Shareholders’ Meeting called for 9 and 12 April 2011 is called on to renew.

1. BENEFICIARIES OF THE PLAN

1.1 Names of the Beneficiaries of the Plan by virtue of their membership of the Board of Directors of the Issuer or the Issuer's controlling companies or subsidiaries

The Beneficiaries of the Plan include those Senior Executives of the Company who have been attributed powers that the new Board of Directors will define after its appointment by the Shareholders' Meeting called for 9,11 and 12 April 2011.

Some of the remaining Beneficiaries identified from among the Top Management and Executives considered strategic may hold office in the governing bodies of subsidiaries of the Issuer; nevertheless, in no case will participation in the Plan be correlated with the circumstance that the Beneficiary is a member of the Board of Directors of a subsidiary of the Issuer.

This provision is not applicable in relation to the governing bodies of the companies controlling the Issuer, since the Issuer is not subject to any control (nor are the current members of the Board of Directors of the reference shareholder, Telco S.p.A., among the Beneficiaries).

1.2 Categories of employees or collaborators of the Issuer or the controlling or subsidiary companies of the Issuer

The individual Beneficiaries will in due course be identified by the Board of Directors of Telecom Italia from amongst the Senior Executives, Selected Executives and Top Management.

1.3 Names of the Beneficiaries belonging to the following groups:

a) persons performing executive functions in the Issuer, pursuant to Article 152-sexies, subsection 1 (c) – of the Issuer Regulations

Not applicable. Currently there are no subjects in the Issuer performing the role of General Manager.

b) persons performing executive functions in a subsidiary of the Issuer if the book value of the holding represents more than fifty percent of the total balance sheet assets of the Issuer, for the purposes of Article 152-sexies, subsection 1 c) - c.3 of the Issuer Regulations

Not applicable.

c) natural persons controlling the Issuer who are employees or collaborators of the Issuer

Not applicable.

1.4 Description and indication of number, divided by category:

- a) of the managers having regular access to sensitive information and authorised to take management decisions that can influence the development and future prospects of the Issuer, pursuant to Article 152-sexies, subsection 1 c) - c.2 of the Issuer Regulations**

The Beneficiaries of the Plan will include the new Senior Executives of the company. The Board of Directors shall decide which of the Key Managers pro tempore of Telecom Italia are to be involved as Beneficiaries (Top Management category).

- b) of the managers having access to sensitive information and authorised to take management decisions that can influence the development and future prospects of a subsidiary of the Issuer, if the book value of the holding represents more than fifty percent of the total balance sheet assets of the Issuer, for the purposes of Article 152-sexies, subsection 1 c) - c.3 of the Issuer Regulations**

Not applicable.

- c) of any other categories of employees or collaborators for whom different Plan characteristics have been provided**

The Plan provides different characteristics for the Senior Executives, the Top Management and the Selected Executives, as more fully described in the remainder of the Information Document.

- d) of the persons indicated in indents a) and/or b) for whom different strike prices are provided**

Not applicable.

2. REASONS FOR THE ADOPTION OF THE PLAN

2.1 Objectives it was intended to achieve by adoption of the Plan

The LTI Plan 2011 intends to promote the alignment of the interests of the management with those of the shareholders, by participation by the Beneficiaries in the opportunity and risk to the value of the Company, which should have positive effects in terms of growth in share value, and at the same time to improve the competitiveness of the management remuneration package with the provision of a long term component, as is common market practice. Moreover, the time reference of the incentive period corresponds to the time period used for strategic planning, and therefore commits the Beneficiaries – in principle – to the pursuit of the development policies announced to the market.

The proposed ratios of the fixed and equity-based components of remuneration vary according to the category of Beneficiaries, and to the inclusion of some personnel in the initiative with a rolling mechanism only (as specified above,

only the Top Management and Selected Executives may expect similar benefits to be assigned on an annual basis, as part of the new LTI cycles).

2.2 Key variables, including performance indicators, considered for the purpose of the application of the Plan

The Plan provides for Beneficiaries to be awarded a bonus that, at the end of the three-year incentive period 2011-2013, will vary identically according to the achievement of the related Total Shareholder Return and Free Cash Flow, as follows.

The relative Total Shareholder Return (TSR) of Telecom Italia determines 65% of the target bonus. The parameter measures the positioning of the Telecom Italia TSR, calculated by hypothesising that Share dividends in the Incentive Period are reinvested, in the list of TSRs of the members of the Reference Panel. The value is calculated using the formula:

$$TSR_T = \frac{P_1 \text{ (Share price at the end of the period)} - P_0 \text{ (Share price at the start of the period)} + \text{(Reinvested dividends)}}{P_0 \text{ (Share price at the start of the period)}}$$

where:

T: Years of the plan 1 January 2011 - 31 December 2013,

P₀: Share price at the start of the period: Mean of the official prices of the share in the October – December quarter 2010 equal to €1.0183

P₁: Share price at the end of the period: Mean of the official prices of the share in the October – December quarter 2013, to two decimal places.

The objective provides different levels to achieve, depending on the position of the Telecom Italia TSR in the list of TSRs of the companies on the Reference Panel, to which a different percentage of the associated bonus corresponds (as specified above: 65% of the target bonus), from a minimum of 40% if Telecom Italia is in 7th place to a maximum of 150% if it is in first place (100% in 4th place).

The Free Cash Flow accumulated in the 2011-2013 three-year period determines 35% of the target premium. The parameter measures the Free Cash Flow available for the payment of dividends and paying down debt, and will be calculated as a cumulative value for the 2011-2013 period, using the following formula:

Operating Free Cash Flow = Ebitda – Capex +/- change in working capital and operating funds) – Financial Investments + disposals – net financial charges – taxes -/+ cash used (produced) by assets earmarked for sale (or Discontinued Operations)

To better represent the true dynamics of the debt and of the financial flows generated by operations, we believe that an “adjusted” measure of cash flow should be used, which excludes from the debts, and consequently from the cash

flow, the merely accounting and non-monetary effects created by the valuation of the derivatives and the related financial liabilities/assets at fair value.

The bonus associated with the Free Cash Flow objective (as indicated above: 35% of the target bonus) will be paid according to the level of performance achieved over the three-years:

- 100% of the bonus if the objective of the Industrial Plan 2011-2013 is achieved;
- 150% of the bonus in the case of overperformance equating to 110% (or more) of the value provided in the Industrial Plan 2011-2013;
- 80% of the bonus if the minimum value, set at 95% of the value provided in the Industrial Plan 2011-2013 is achieved.

The pay-out in case of performance levels that are between those listed above will be calculated by linear interpolation.

2.3 Factors involved in determining the amount of remuneration based on financial instruments

Given the different weightings of the Beneficiaries inside the business organisation, and the different ways in which the bonus will be paid, in terms of the categories of beneficiaries of the initiative in rolling form, the three-year target pay opportunity may be up to 30% of the fixed component of their remuneration for the Selected Executives and up to 60% of the fixed remuneration for the Top Management.

In any case, for the Selected Executives, the size of the compensation based on financial instruments depends on the size of the bonus, which for this type of Beneficiaries provides an option to invest 50% of the bonus actually paid to them in Shares that are the object of the Offer reserved for this purpose, with the opportunity of free matching shares granted by the Company if the employment continues and the Shares are retained for the two subsequent years.

While for the Top Management the proposed mechanism provides for the granting of non-transferable rights to ordinary shares with a total market value, at the moment they are allocated, equal to the cash bonus (50% of the bonus earned) at the end of the three-year incentive period, to be allocated free of charge two years later.

In both cases the investment (and/or prospective) component is designed to secure retention, and to provide a further incentive for the market performance of the Share in the two years following the first three-years of the incentive period. This is optional for Selected Executives and mandatory for Top Management and Senior Executives, according to the position of the Beneficiary inside the business organisation.

The number of shares subject to the performance parameters to be attributed to the Senior Executives is based on benchmarking of the remuneration packages received by persons holding similar top positions in comparable companies.

2.4 Reasons for adopting compensation plans based on financial instruments not issued by the Issuer.

Not applicable: the Plan is based on the allocation and/or subscription by payment of Shares issued by Telecom Italia.

2.5 Evaluation of significant tax and accounting implications that have influenced the design of the Plan

There were no significant tax and accounting implications that influenced the design of the plan.

2.6 Any support for the Plan from the special Fund for encouraging employee ownership of firms, pursuant to Article 4, subsection 112 of Law no. 350 of 24 December 2003

The Plan does not receive support from the special Fund for encouraging employee ownership of firms, pursuant to Article 4, subsection 112 of Law no. 350 of 24 December 2003.

3. APPROVAL PROCEDURE AND CALENDAR FOR THE AWARD OF THE FINANCIAL INSTRUMENTS

3.1 Scope of the powers and functions delegated by the Shareholders' Meeting to the Board of Directors for the implementation of the Plan

The Plan is subject to the approval of the Shareholders' Meeting called for 9 and 12 April 2011, which will also be asked to approve a proposal to attribute the following powers to the Board of Directors:

- authorisation to serve the Plan with treasury shares, where the solutions described below are not available and with the possibility of requesting authorisation for the purchase of additional treasury shares at a later date;
- power to increase the share capital (i) by payment to serve the voluntary investment of 50% of the accrued bonus permitted to Selected Executives, reserving Shares to be issued for a total maximum sum (including share premium), of euro 5,000,000 to the corresponding employee Beneficiaries, and (ii) free of charge, by the allocation of profits (or retained profits) to a maximum of euro 5,000,000 to subscribers of the reserved increased in capital referred to in the preceding paragraph, with the issue of a sufficient number of shares to allocate a matching Share for each subscribed Share, in accordance with the conditions laid down in this document;
- power to increase the share capital free of charge, by allocating profits (or retained profits) to the employee Beneficiaries who qualify as Top

Management to a maximum of euro 5,500,000, with the issue of a sufficient number of shares to serve the stock rights granted at the time the three-year performance is assessed, in accordance with the conditions laid down in this document.

It will also be proposed that all the powers necessary or appropriate to implement the Plan, making any amendment and/or supplement that might be necessary, also in order to comply with all applicable legal provisions, be attributed to the Board of Directors. In particular, but not limited to, powers are to be attributed in order to: (i) identify the beneficiaries and define the limits and arrangements for the long term incentive plan; (ii) establish all terms and conditions for the execution of the Plan; (iii) draw up and approve the rules for the initiative, as well as to amend and/or supplement them; (iv) make any amendments necessary to the terms and conditions of the Plan if the applicable law should change, or if extraordinary events that might influence the Plan itself should occur.

3.2 Information on the persons charged with administering the Plan and their functions and duties

The Board of Directors, in exercising the powers and mandates granted to it by the Shareholders' Meeting, may decide to delegate all or part of the activities of managing and administering the Plan.

3.3 Procedures for revising the Plan, including with regard to any changes in the underlying objectives

No special procedures for revising the Plan are envisaged.

The Board of Directors will still be able to make any amendments to the terms and conditions of the Plan required by changes in the applicable law or extraordinary events that might influence it.

3.4 Description of how the availability and allocation of the financial instruments on which the Plan is based were established

With reference to Beneficiaries in the categories Senior Executive and Top Management who are not employees of Telecom Italia or another company controlled by Telecom Italia, the equity component of the Plan will be served by Company treasury shares (or, in their absence, in cash for an equivalent amount). The Board of Directors reserves the right to ask for specific authorisation to proceed to make buy-backs, where the number of shares available to the Company is insufficient for the purpose.

The Plan provides the following for the Selected Executives:

- at the end of the three-year incentive period, the Beneficiaries will be granted the option of investing 50% of their accrued bonus in Shares from a specific

increase in capital reserved to them, subject to their achievement of pre-established performance parameters for the three-year period 2011-2013;

- the persons subscribing to the reserved capital increase referred to above, who retain the Shares thus subscribed for two years, will then be allocated free shares pursuant to article 2349 of the Italian Civil Code, in the proportion of one matching Share for every Share subscribed, subject to the continuation of their employment in Telecom Italia Group companies.

The Plan provides the following for the Top Management:

- at the end of the three-year incentive period, the granting of non-transferable rights to the Beneficiaries for the free allocation, two years later, of ordinary shares of total equivalent market value (based on the moment the three-year performance will be assessed, and it being understood that – if the market value should be lower than the par value, the par value will be used) to the part of the bonus paid in cash;
- at the end of the subsequent two year period, the issue of the number of free Shares required to satisfy the rights specified above, subject to the continuation of their employment relationship with Telecom Italia Group companies, by allocation of profits pursuant to article 2349 of the Italian Civil Code.

3.5 Role played by each director in determining the characteristics of the Plan; any conflict of interest involving the directors concerned

In defining the proposed Plan to submit to the Shareholders' Meeting called for 9 and 12 April 2011, the Board of Directors concurred with the conclusions reached by the Nomination and Remuneration Committee of the Company.

The Chairman and Chief Executive Officer (that is, the serving Senior Executives) did not vote on the resolution.

At the date of this document the members of the Board of Directors of Telecom Italia were: Gabriele Galateri di Genola (Chairman), Franco Bernabé (Chief Executive Officer), César Alierta Izuel, Paolo Baratta, Tarak Ben Ammar, Roland Berger, Elio Cosimo Catania, Jean Paul Fitoussi, Julio Linares López, Gaetano Miccichè, Aldo Minucci, Renato Pagliaro, Mauro Sentinelli, and Luigi Zingales. The members of the Nomination and Remuneration Committee were Elio Cosimo Catania (Chairman), Aldo Minucci and Luigi Zingales.

3.6 Steps in the approval of the Plan

The Nomination and Remuneration Committee concluded the process of defining the terms and conditions of execution of the Plan in its meeting of 24 February 2011, and resolved to submit it to the Board of Directors of the Issuer for approval on the same day.

The Board of Directors of the Issuer held on the same date resolved to submit the Plan (and the amendments to the company by-laws required for its implementation) to the Shareholders' Meeting for approval.

The Shareholders' Meeting has been called by the Board of Directors for 9 April 2011 in first call, ordinary and extraordinary sessions, 11 April 2011 in second call, extraordinary session, 12 April 2011 in second call, ordinary session, and in third call, extraordinary session.

3.7 Date of the decision taken by the competent body concerning the award of the financial instruments and any proposal made to such body by the remuneration committee, if any

See section 3.6

3.8 Market price on the above-mentioned dates of the financial instruments on which the Plan is based, if traded on regulated markets

The official price of the Shares on the Borsa Italiana S.p.A. electronic share market on 24 February 2011 was €1.0426 .

3.9 Time limits and procedures considered by the Issuer in identifying the calendar for the award of the financial instruments in implementing the Plan, of the possible coincidence between (i) such award or any decisions taken in this respect by the remuneration committee and (ii) the dissemination of any relevant information pursuant to article 114, subsection 1 of the CFL

On 24 February 2011 Telecom Italia issued a press release announcing the 2010 financial results.

It is expected that the resolutions necessary to implement the Plan (including the definition of the Regulations) may be taken by the Board of Directors in the meeting already scheduled for 5 May 2011 to examine the financial report at 31 March 2011.

4. CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS AWARDED

4.1 Description of how the Plan is structured

The first phase of the plan is the granting to the Beneficiaries (in 2011) the right to receive a sum in cash quantified for each person in terms of a percentage of their fixed annual retribution, and actually paid out (in 2014) in a variable way, depending on their achievement of pre-established performance in the three-year period 2011-2013.

The Beneficiaries will then be awarded an equity component commensurate with the size of the bonus:

- for the Selected Executives, in 2014, in terms of the option to invest 50% of their accrued bonus in Shares (to be subscribed at market value, and in any event never below par value), with the opportunity of the free assignment of matching shares (in 2016 and provided certain specific conditions are fulfilled), at a ratio of one matching share for every subscribed one. The allocation of the matching Shares is not correlated with performance indicators;
- for the Top Management, in terms of the right to the free allocation (in 2016 and provided certain specific conditions are met) of ordinary shares of total equivalent market value (based on the price at the time the rights will be granted, which means the moment the three-year performance will be assessed, and it being understood that – if the market value should be lower than the par value, the par value will be used) to the part of the bonus paid in cash;
- for the Senior Executives, in 2014, in terms of the allocation of Shares subject to a two-year contractual lock-up provision.

4.2 Indication of the period of actual implementation of the Plan, with reference also to any different cycles envisaged

The Plan envisages a first period for the ascertainment (in 2014) of the level of achievement of the performance objectives for the three-year period 2011-2013, which dictates the amount of the bonus, in the form articulated for the various categories of Beneficiaries.

The subsequent two-year period:

- for the Selected Executives, corresponds (if the Beneficiary avails him- or herself of the investment option) to the minimum investment period for access to the free allocation of matching shares;
- for the Top Management, represents the vesting period for the free allocation of shares, the number of which to be calculated at the end of the three-year incentive period;
- for the Senior Executives, is the contractual lock-up time for the shares received free of charge at the end of the three-year incentive period, based on the quantities pre-established on entry to the Plan.

The Board of Directors reserves the right to launch new long term incentive plans each year, for the Selected Executives and the Top Management (but not including the Senior Executives) corresponding to the new strategic planning cycles, defining the beneficiaries and conditions on each occasion.

4.3 Expiration of the Plan

See section 4.2

4.4 Maximum number of Shares involved in the Plan awarded in each fiscal year in relation to the persons individually identified or to the categories specified

At the moment it is not possible to indicate the number of Shares involved in the Plan.

In particular, the reference for the shares to be allocated to the new Senior Executives in 2014 is not currently available, since the parameter of the fixed remuneration, which will be attributed by the Board of Directors appointed by the Shareholders' Meeting called for 9 and 12 April 2011 is not known.

However, the maximum number of shares that might be issued free of charge for allocation to the Top Management in 2016 is 10,000,000, while the maximum amount of the increase in share capital by payment reserved to the Selected Executives in 2014 is 9,090,909 paid shares, which will be followed by the issue free of charge of an identical maximum number of matching shares in 2016, when the specific conditions have been met. It should also be noted that the numbers of shares indicated represent the theoretical maximum quantities, calculated applying the par value (rather than the market value) of the share as denominator to the theoretical maximum bonus that might be received by the Beneficiaries.

4.5 Plan implementing procedures and clauses, specifying if the actual allocation of the Shares is dependent on conditions being met, or on the achievement of specific results, including performance results

The Plan provides for the bonus awarded to the Beneficiaries to vary according to the extent to which they reach pre-established performance objectives for the three-year period 2011-2013. Specifically:

- ✓ payment of 65% of the bonus will be correlated with the position of the Total Shareholder Return of Telecom Italia in the three-year incentive period in relation to the companies in the Reference Panel, with the bonus awarded varying between 40% and 150% of this value, depending on the positioning of Telecom Italia among its peers;
- ✓ payment of 35% of the bonus will be correlated with an absolute performance indicator represented by the cumulative Free Cash Flow in the three-year incentive period, with bonus awarded varying between 80% and 150% of this amount, depending on the extent to which the cumulative Free Cash Flow target indicated in the 2011-2013 Industrial Plan was achieved.

See section 2.2 for details of the performance metrics and parameters.

4.6 Information on any restrictions on the availability of the Shares

The Shares in the Plan will rank *pari passu*.

A two-year contractual lock-up is provided only for those Shares allocated to the Senior Executives. The shares are to be deposited with the Company.

4.7 Description of any resolutive conditions which apply in relation to the allocation Shares under the Plan in the event that the Beneficiaries engage in hedging transactions which enable them to neutralise any prohibitions on the sale of financial instruments allocated to them, including those in the form of options, or financial instruments deriving from the exercise of such options

Not applicable/not envisaged.

4.8 Description of the effects produced by the termination of employment

In all cases, the granting of a bonus at the end of the incentive period is dependant on the employee's maintaining the same position, or an equivalent or superior position, for the entire three-year period, and the Board of Directors (or any person or persons delegated to manage the Plan) will have the right to cancel the participation of an individual in the Plan.

The right to the free allocation of the Matching Shares for the Selected Executives at the end of the two-year investment period

- depends on the number of Shares subscribed and retained uninterruptedly at the Issuer throughout the same period;
- lapses in case of death or termination of the employment/collaboration of the Beneficiary by or with the Company for any reason (or by or with companies directly or indirectly controlled by the latter, even if the company is not the same Group company by which the individual was employed, or with which it collaborated in any way, at the end of the three-year incentive period).

The right to the free allocation of shares promised to the Top Management lapses if, before the expiry of the two year period, the employment/collaboration with the Company (or by or with a company directly or indirectly controlled by the latter, even if the company is not the same Group company by which the individual was employed, or with which it collaborated, at the end of the three-year incentive period) is terminated

- by resignation or dismissal for just cause or justified subjective grounds;
- by exit from the perimeter of the company or business unit for which the Beneficiary works;

and hence the right (which should be satisfied by the Company by transfer of own shares or equivalent) is maintained in the case of retirement as a result of reaching the age limit, consensual termination of the relationship or if the Beneficiary has died.

4.9 Indication of any other grounds for annulling the Plan

The Board of Directors will have the right to make any amendments to the terms and conditions of the Plan required by changes in the applicable law or extraordinary events that might influence it.

4.10 Reasons for an option for the Company to “repurchase” the financial instruments underlying the Plan, introduced pursuant to Article 2357 et seq. of the Italian Civil Code, and related description

Not applicable: no provision is made for an option for the Company to “repurchase” the Shares that underlie the Plan.

4.11 Any loans or other credit facilities that are to be granted for the subscription of the Shares pursuant to Article 2358, subsection 3 of the Italian Civil Code

Not applicable: no provision is made for credit facilities pursuant to Article 2358, subsection 3 of the Italian Civil Code for the subscription of the Shares that are the object of the option to purchase reserved for the Selected Executives.

4.12 Indication of the cost the Company is expected to incur at the time of the allocation of the shares, as may be determined on the basis of predefined terms and condition, in total and for each financial instrument in the Plan.

At the date of this document, it is not possible to indicate the exact amount of the expected cost of the Long Term Incentive Plan 2011 for the issuer, for the following reasons:

- as far as the Selected Executives are concerned, this cost depends on the degree to which they achieve the three-year performance parameters (2011-2013) and on their exercising their right to invest 50% of their accrued bonus in shares, and hence the consequent number of Matching Shares assigned at the end of the subsequent two year period to those Beneficiaries who retain the subscribed Shares and maintain their employment relationship with Telecom Italia Group companies.
- for the Top Management, this cost depends on the degree to which they achieve the three-year performance parameters (2011-2013), and for the 50% of the bonus that is represented by free share assignment rights, also depends on maintenance of their employment relationship with Telecom Italia Group companies;
- as for the Senior Executives, this cost depends on the degree to which they achieve the three-year performance parameters (2011-2013) and the maximum size of the bonus determined as illustrated above.

Pursuant to IFRS 2 (Share-based payments), the Company and, where applicable, each subsidiary company, for the part pertaining to them:

- will recognise a pro-rata temporis liability for the duration of the accrual period, with a counter-entry among Personnel Costs, for the component of

the Plan corresponding to the right of the Beneficiaries of the Long Term Incentive Plan 2011 to receive cash bonuses;

- will determine the net equity component of the Plan (Long Term Incentive Plan 2011) corresponding to the right to receive free shares for the Senior Executives and Top Management, and Matching Shares for the Selected Executives. This expense will be recognised pro-rata temporis in the profit and loss account separated throughout the accrual period with an item in Personnel Costs as a counter-entry to a net equity reserve.

These expenses recognised among the Personnel Costs may be deducted for IRES (corporation tax) purposes by the Company and, where applicable, by each subsidiary company with registered offices in Italy, for the portion pertaining to it.

A sum corresponding to the profits or retained profits assigned by the controlling company to its employees in the resolution to increase the capital without payment will also be deductible for IRES purposes by the Company and, where applicable, by each subsidiary company with registered offices in Italy for the portion pertaining to it. So there will be less tax expense on profits or retained profits earmarked for this purpose.

Telecom Italia will guarantee the administration of the Plan as part of the current activities of its corporate structures, with no additional costs for the Company.

4.13 Indication of any capital dilution effects caused by the Plan

The Plan does not cause dilution effects in relation to the rights destined to be satisfied by the use of the Company's treasury shares, or in cash.

The issue of the maximum theoretical number of shares in the increases in share capital, which it is proposed that the Shareholders' Meeting entitle the Board of Directors to resolve, would determine a dilution of 0.21% in the ordinary share capital of the Issuer at the date of this Information Document (of which 0.14% to the benefit of the Selected Executives and 0.07% to the benefit of the Top Management).

4.14 Any restrictions on the exercise of voting right or the attribution of property rights

Not envisaged.

4.15 If the shares are not traded on regulated markets, provide all the information needed to properly assess the value attributed to them.

Not applicable: both the Subscribed Shares and the Matching Shares will be traded on the MTA electronic share market organised and operated by Borsa Italiana S.p.A.

REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS

Table 1 of model 7 of Annex 3A of the Regulation 11971/1999

Date 10/03/2011

Name or category	Position	BOX 1						
		Financial instruments other than options (e.g. stock grants)						
		Section 2						
		Newly assigned instruments based on the decision of the Board of Directors on proposal by the shareholders' meeting						
		Date of shareholders' meeting resolution	Description of the instrument	Number of financial instruments assigned for each person or category by the BoD or the competent body	Date of assignment by the BoD or the competent body	Purchase price of the instrument, if applicable	Market price as the date of assignment	End of the restriction on the sale of the instruments

TELECOM ITALIA - 2011 LONG TERM INCENTIVE PLAN

Executive Directors		N.A.	Allotment of Telecom Italia ordinary Shares free of charge with a two years <i>lock-up</i>	N.A.	N.A.	N.A.	N.A.	N.A.
Top Management		N.A.	Allotment of Telecom Italia ordinary Shares free of charge with a two years <i>lock-up</i> subject to performance parameters	N.A. (*)	N.A.	N.A.	N.A.	N.A.
Selected Management		N.A.	Subscription of Telecom Italia ordinary Shares subject to performance parameters with deferred free allotment subject to keeping subscribed shares	N.A. (**)	N.A.	N.A. (***)	N.A.	N.A.

Notes

(*) The maximum number of ordinary Shares that can be allotted free of charge to the Top Management on 2016 is 10,000,000.

(**) The maximum share capital increase for cash reserved to Selected Management on 2014 is 9,090,909 ordinary Shares, to which may be added on 2016 an allotment free of charge of an equivalent number of ordinary Shares.

(***) The ordinary Shares subscription price will be the market price for the ordinary Share (anyway not below the par value).

REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS

Table 1 of model 7 of Annex 3A of the Regulation 11971/1999

Date 10/03/2011

Name or category	Position	BOX 1						
		Financial instruments other than options (e.g. stock grants)						
		Section 1						
		Instruments relating to currently valid schemes approved on the basis of previous shareholders' meeting resolutions						
		Date of shareholders' meeting resolution	Description of the instrument	Number of instruments assigned by the competent body	Date of assignment by the competent body	Purchase price of the instruments if applicable	Market price as the date of assignment	End of the restriction on the sale of the instruments

TELECOM ITALIA - "2010-2014 BROAD-BASED SHARE OWNERSHIP PLAN"

<i>Key Managers</i>	N.A.	29/04/2010	Deferred allotment of Telecom Italia ordinary Shares free of charge subject to keeping subscribed shares and the employment with Telecom Italia Group companies	2,380 (*)	N.A. (*)	-	N.A.	-
Telecom Italia Group Employees	N.A.	29/04/2010	Deferred allotment of Telecom Italia ordinary Shares free of charge subject to keeping subscribed shares and the employment with Telecom Italia Group companies	8,913,062 (*)	N.A. (*)	-	N.A.	-

TELECOM ITALIA - "2010-2015 LONG TERM INCENTIVE PLAN"

Telecom Italia Group Management	N.A.	29/04/2010	Subscription of Telecom Italia ordinary Shares subject to performance targets with deferred free allotment subject to keeping subscribed shares	N.A. (**)	Board of Directors /appropriate body 29/07/2010	N.A. (***)	1.00768	-
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Notes

(*) After the offering of subscription reserved to the employees on July 29 2010, 27,056,139 ordinary Shares were issued, for a subscription price of 0,84 Euro each. Subscribers who have kept subscribed shares for one year, subject to maintaining status as employees, will then be allotted Telecom Italia ordinary shares free of charge in the ratio of 1 share for every 3 shares subscribed. The allotment will take place once the prerequisites for subscribers of the reserved capital increase to benefit from matching are met. As of the date of this informational document a maximum of 8,915,442 Telecom Italia ordinary shares free of charge could still be allotted.

(**) The number of ordinary Shares which can be subscribed, for a total maximum equivalent value (including premium) of Euro 4,377,000, with determination of the subscription price under the responsibility of the Board of Directors, to which may be added the number of ordinary Shares that may be allotted free of charge, for a total maximum equivalent value of Euro 4,377,000.

(***) The subscription price shall be determined under the responsibility of the Board of Directors based on the market value of the ordinary Share at the time of the Offering.

REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS

Table 1 of model 7 of Annex 3A of the Regulation 11971/1999

Date 10/03/2011

Name or category	Position	BOX 1						
		Financial instruments other than options (e.g. stock grants)						
		Section 1						
		Instruments relating to currently valid schemes approved on the basis of previous shareholders' meeting resolutions						
		Date of shareholders' meeting	Description of the instrument	Number of instruments assigned by the competent body	Date of assignment by the competent body	Purchase price of the instruments if applicable	Market price as the date of assignment	End of the restriction on the sale of the instruments

TELECOM ITALIA – “2008 PERFORMANCE SHARE GRANTING” PLAN FOR FREE ALLOTMENT OF ORDINARY SHARES

Members of the Board of Directors and Executive Managers of Telecom Italia S.p.A. subsidiaries								
Giovanni Stella	Head of Business Unit Media Executive Vice Chairman of Telecom Italia Media S.p.A.	16.04.2007	Telecom Italia ordinary Shares with deferred disbursement subject to performance targets	613,200	Board of directors/appropriate body 08.08.08 Compensation and nominating committee 05.08.08	=	1.120	=
Persons with management duties at Telecom Italia S.p.A.								
Oscar Cicchetti	Head of the Technology & Operations Department	16.04.2007	Telecom Italia ordinary Shares with deferred disbursement subject to performance targets	818,400	BoD/ab 08.08.08 Cnc 05.08.08	=	1.120	=
Key Managers and other employees								
<i>Key Managers</i>		16.04.2007	Telecom Italia ordinary Shares with deferred disbursement subject to performance targets	2,894,400	BoD/ab 01.01.10 BoD/ab 01.10.09 BoD/ab 16.09.08 BoD/ab 08.08.08 Cnc 05.08.08	=	1.09212 1.16862 1.080 1.120	=
Other employees		16.04.2007	Telecom Italia ordinary Shares with deferred disbursement subject to performance targets	5,899,800	BoD/ab 01.01.10 BoD/ab 01.10.09 BoD/ab 16.09.08 BoD/ab 08.08.08 Cnc 05.08.08	=	1.09212 1.16862 1.120	=
Total				10,225,800				

Notes

(*) Maximum number of Shares subject to allotment upon reaching Performance Targets (see Informational Document published on 9/08/2008)

(**) Official price of Telecom Italia ordinary shares shown on the MTA of Borsa Italiana S.p.A. on the Grant Date for the options or, if such date falls on a day when the stock exchange is closed, on the most recent day when the stock exchange was open.

REMUNERATION SCHEMES BASED ON FINANCIAL INSTRUMENTS

Table 1 of model 7 of Annex 3A of the Regulation 11971/1999

Date 10/03/2011

Name or category	Position	BOX 2							
		Options (option grants)							
		Section 1							
		Options relating to currently valid schemes approved on the basis of previous shareholders' meeting resolutions							
		Date of shareholders' meeting	Description of the instrument	Number of financial instruments underlying the options assigned but not subject to exercise	Number of financial instruments underlying the options subject to exercise but not exercised	Date of assignment by the competent body or the Board of Directors	Exercise price (*)	Market price of underlying financial instruments on grant date (**)	Option expiration

TELECOM ITALIA - 2008 TOP STOCK OPTION PLAN

Members of the Board of Directors of Telecom Italia S.p.A.									
Gabriele Galateri di Genola	Chairman of Telecom Italia S.p.A.	14.04.2008	Options on Telecom Italia ordinary shares with physical settlement	2,250,000	=	Board of directors/appropriate body 15.04.08	1.95	1.404	15.04.2014 (***)
Franco Bernabé	Managing director of Telecom Italia S.p.A.	14.04.2008	Options on Telecom Italia ordinary shares with physical settlement	6,300,000	=	Board of directors/appropriate body 15.04.08	1.95	1.404	15.04.2014 (***)
Total				8,550,000					

Notes

(*) Subscription price of Telecom Italia ordinary shares deriving from exercise of the Options.

(**) Official price of Telecom Italia ordinary shares as shown by the MTA of Borsa Italiana S.p.A. on the Grant Date for the options.

(***) In the case of Early Vesting, the period during which the Options may be exercised will have a three-year duration starting from the time of Early Vesting (see paragraph 4.2 of the Informational Document published on 28/03/2008).