

# **TELECOM ITALIA S.p.A. SHAREHOLDERS' MEETING 15 MAY 2012 EXPLANATORY REPORTS**

## **Ordinary session**

- Financial statements as at 31 December 2011 – approval of the documentation on the financial statements – related and consequent resolutions and distribution of 2010 profits carried forward
- Report on remuneration - related resolutions
- Appointment of two Directors
- Appointment of Board of Auditors – related and consequent resolutions
- *Long Term Incentive Plan 2012* - related and consequent resolutions

## **Extraordinary session**

- Authorization to increase share capital for payment and free of charge for a total sum of 15,000,000 euros at the service of the *Long Term Incentive Plan 2012* - related and consequent resolutions
- Amendment of Articles 9 and 17 of the Bylaws – related and consequent resolutions.

# Financial statements as at 31 December 2011 - approval of the documentation on the financial statements - related and consequent resolutions and distribution of 2010 profits carried forward

Dear Shareholders,

The draft financial statements submitted for the approval of the Shareholders' Meeting show a net loss of 3,571,256,823.96 euros.

This result is essentially the effect of the write-down of goodwill allocated to Core Domestic, in turn mainly determined by the trend of the reference parameters of the financial markets and by the general deterioration of the macroeconomic scenario. In comparable terms – excluding the impact deriving from the write-down of the goodwill and the other non-recurring items – the Company's profit in 2011 would have been 1.8 billion euros. The impairment loss does not have financial consequences and therefore it does not change the deleveraging action already announced to the market. In any case the loss is fully offset by the amount of the company shareholders' equity, positive at 31 December 2011 by over 20.5 billion euros.

This circumstance, together with the positive revenues outlook resulting from the industrial plan 2012-2014, nevertheless make it possible to propose the payment of a dividend in the form of the distribution of the available reserves, although – with due caution – with a lower pay-out compared to the dividend payout of recent years.

In particular the following is proposed:

- loss coverage for 924,241,957.15 euros by using tax-deferred reserves and for the remaining 2,647,014,866.81 euros by means of the corresponding withdrawal of Profits carried forward from the years 2007 and earlier;
- the provision in the retained profits designated “Plans pursuant to Article 2349 of the Civil Code” of 8,003,325 euros, by means of the corresponding withdrawal of Profits carried forward from the years 2007 and earlier, to service the capital increases to be deliberated on by the allocation of profits to be achieved under the *Long Term Incentive Plan 2011* approved by the Shareholders' Meeting of 12 April 2011;
- the distribution of an extraordinary dividend amounting to 0.043 euros per ordinary share and 0.054 euros per savings share therefore recognizing, in accordance with art. 6.5 of the Company's By-laws, the increased dividend on savings shares, provided for in the bylaws for an amount equal to 2% of the par value of the share, with a withdrawal from the profits of the year 2010 carried forward.

The amount of the total dividend distributed, without prejudice to the unit amount just indicated, will vary depending on the number of treasury shares in the Company's portfolio, as of today 37,672,014 ordinary shares. The amounts for dividends will be payable as of this coming 24 May 2012, while the coupon date will be 21 May 2012.

It should be pointed out that, in relation to the incorporation of Telecom Italia Audit & Compliance Services S.c.a r.l. into Telecom Italia, effective from 1 January 2012, it is proposed that the financial statements of the incorporated company should be approved together with financial statements of Telecom Italia (incorporating company).

In view of all this, the Board of Directors submits for your approval the following

## Proposed Resolution

The Shareholders' Meeting of Telecom Italia S.p.A.,

- having examined the annual financial report of Telecom Italia S.p.A. and the financial statements of Telecom Italia Audit & Compliance Services S.c.a r.l.;
- having taken note of the reports by the Board of Auditors and by the audit firm PricewaterhouseCoopers S.p.A.;
- taking into account the incorporation of Telecom Italia Audit & Compliance Services S.c.a r.l. into Telecom Italia S.p.A. (effective from 1 January 2012);
- having considered that the overall number of shares with regular entitlement on the proposed coupon date will be equal to 13,387,717,360 ordinary shares and 6,026,120,661 savings shares;

- in view of the authority given to the Board of Directors to increase the share capital by allocating profits, as stated in Article 5 of the Bylaws;
- in view of the authority of the Shareholders' Meeting, in the event of a lack or insufficient net profits resulting from the financial statements to meet the property rights attributed to the savings shares, to meet them by distributing the available reserves, resulting in the exclusion of the mechanism to carry over in the two subsequent years the entitlement to the preference dividend not received by the distribution of profits, as stated in Article 6 of the Bylaws;

#### resolves

1. to approve the financial statements for the year of Telecom Italia S.p.A. and the financial statements of Telecom Italia Audit & Compliance Services S.c.a r.l. (incorporated with effect from 1 January 2012)
2. to cover the loss for the year of Telecom Italia S.p.A. (equal to 3,571,256,823.96 euros),
  - a. for 924,241,957.15 euros by using the following reserves:
 

- Reserve for capital grants	602,258,804.46	euros
- Reserve pursuant to Article 1, subsection 469 Law no. 266/2005 / pursuant to Article 14 of Law 342/2000	315,842,090.55	euros
- Reserve pursuant to Article 74 of Presidential Decree 917/86	5,749,710.12	euros
- Reserve pursuant to Article 13 of Legislative Decree 124/93	391,352.02	euros
  - b. for 2,647,014,866.81 euros by withdrawing Profits carried forward from 2007 and earlier;
3. to pay the Shareholders a total dividend calculated on the basis of the following amounts, which will be applied to the number of ordinary and savings shares that they own (thus excluding the treasury shares in the Company's portfolio) on the coupon date of said dividend:
  - 0.043 euros for each ordinary share,
  - 0.054 euros for each savings share,
 withdrawn from the profit for the year 2010 carried forward, gross of the withholdings prescribed by law;
4. to allocate to the reserve designated "Plans pursuant to Article 2349 of the Civil Code" the sum of of 8,003,325 euros, taken from the Profits carried forward from the years 2007 and earlier, to service the capital increases to be deliberated on by the allocation of profits to be achieved under the *Long Term Incentive Plan* 2011 approved by the Shareholders' Meeting of 12 April 2011;
5. to authorise the Board of Directors - and on its behalf its Chairman - to ascertain in due course, on the basis of the actual number of shares for which dividends are paid, the amount of the 2010 profits distributed already carried forward;
6. to make the dividend payable starting on 24 May 2012, with a coupon date of 21 May 2012.

## Remuneration report – resolution on the first section

Dear Shareholders,

Pursuant to article 123-ter of Legislative Decree no. 58 of 24 February 1998, a remuneration report has been prepared for the first time for the Shareholders' Meeting on 15 May 2012. This document, made available to the public in the same ways as the financial report documentation, is divided into two sections:

- the first illustrates the Company's policy regarding the remuneration of members of the administrative bodies, general managers and managers with strategic responsibilities, and the procedures used for its adoption and implementation, with reference to the 2012 financial year;
- the second provides a report on the items that make up the remuneration of the parties mentioned above, with an analytical explanation of the remuneration paid to them in the 2011 financial year.

You are called on to express your opinion of the first section of the report, with a resolution that is not legally binding.

In view of all this, the Board of Directors submits for your approval the following

### Proposed Resolution

The Shareholders' Meeting of Telecom Italia S.p.A.,

- given the applicable legal provisions regarding the remuneration report;
- having acknowledged the non-binding nature of the deliberation required,

### resolves

to approve the first section of the remuneration report.

## Appointment of two Directors

Dear Shareholders,

After the resignation of Director Ferdinando Beccalli Falco (6 June 2011) and the termination of the service of Director Francesco Profumo as a consequence of his appointment as a Government Minister (16 November 2011), the Board of Directors accepted the proposals of the Appointments and Remuneration Committee and coopted Directors Lucia Calvosa and Massimo Egidi, both independent, in its meetings of 4 August and 1 December 2011 respectively. Both will remain in office until the Shareholders' Meeting.

Since the slate voting mechanism does not apply to this case, the By-Laws requiring it only in case of the renewal of the entire board, we propose that you appoint Lucia Calvosa and Massimo Egidi (whose *curricula vitae* are attached) as Directors of the Company for the remaining duration of the mandate of the current Board of Directors, and hence until approval of the financial statements for the year at 31 December 2013.

In view of all this, the Board of Directors submits for your approval the following

### Proposed Resolution

The Shareholders' Meeting of Telecom Italia S.p.A.,

- given that Ferdinando Beccalli Falco and Francesco Profumo have ceased to serve as Directors;
- taking account of the fact that the mandate of the current Board of Directors will expire with approval of the financial statements for the year at 31 December 2013 (as resolved by the Shareholders' Meeting of 12 April 2011),

### resolves

to appoint Lucia Calvosa and Massimo Egidi Directors of the company, with expiry of their mandate with that of the serving Directors and hence until approval of the financial statements at 31 December 2013.

### **Curriculum vitae Lucia Calvosa**

Born in Rome on 26 June 1961.

Graduated in jurisprudence at Pisa in the academic year 1982/3 with a grade of 110 out of 110 *cum laude*.

She is ordinary professor of commercial law in the Faculty of Economics at the University of Pisa.

In the Faculty of Economics at Pisa, in addition to teaching Commercial Law and Bankruptcy Law in the Faculty of Economics, she also taught Private Law and Banking Law for some years.

She was appointed to Chair the degree course in Economics and Commerce and served two terms of office. She chairs the Scientific Teaching Committee of her regional professional association of chartered accountants (Associazione Ordine Dottori Commercialisti dell'Alto Tirreno) and is a member of the Board of academic tutors for postgraduate research in Italian and international commercial law at Cattolica University in Milan.

She has undertaken research and studies at the Institut für ausländisches und internationales Privat- und Wirtschaftsrecht of the University of Heidelberg.

She has attended many Italian and international Conferences as speaker and participant.

As well as a number of pieces in leading legal reviews and collections of writings, she has published three monographs (La clausola di riscatto nella società per azioni, Milano, 1995; La partecipazione eccedente e i limiti al diritto di voto, Milano, 1999; Fondo patrimoniale e fallimento, Milano, 2003).

She is co-author of some of the most widely-used and accredited manuals of commercial disciplines currently in circulation.

In 2005 she was awarded the Ordine del Cherubino, the highest academic honour bestowed by the University of Pisa.

She has been a member of the Pisa professional association of lawyers since 1987, and of the professional association of appeal lawyers since 1999. She is a practising lawyer, focusing on specialist judicial and extra-judicial issues, particularly in the field of company law and bankruptcy.

Since 2005 she has been a member of the Board of Directors of the Fondazione Teatro di Pisa, and of the

Board of Directors of the Fondazione Arpa. Since 2009 she has been a member of the Board of Directors of the Pisa Chamber of Commerce.

In 2008 she was appointed a member of the Fondazione Cassa di Risparmio di San Miniato and of the Fondazione Cassa di Risparmio di Pisa.

From June 2008 to April 2011 she was Chairman of the Cassa di Risparmio di San Miniato S.p.A., a publicly-owned bank with 88 branches distributed essentially throughout Tuscany. In this capacity she also held other offices, such as, for example, membership of the national committee of banks (Comitato delle Società Bancarie) and served on the board of the Italian banking association, ABI (Associazione Bancaria Italiana).

In February 2010 she was awarded a Unesco medal for "having contributed, with the publication of *Monumenta*, to highlighting and raising awareness of an important episode in Italian artistic culture in the spirit of Unesco".

### ***Curriculum vitae Massimo Egidi***

Born in Turin on 1 December 1942, he is professor of economics at LUISS Guido Carli University in Rome. He has also been Rector of the University since 2005.

His university career started in Turin, at the Politecnico and the Faculty of Political Sciences at the University (1965-86). He then moved to Trento (1987-2004) and finally to Rome (2005 to the present day). He was Rector of the University of Trento from 1996 to 2004. He is currently Chairman of the Bruno Kessler Foundation in Trento.

He has taken part in the activities of the European University Association (EUA), the association of European Universities which performs a leading role in creating a European space for research and education. He has been representative of the conference of Italian rectors in the EUA, with mandates on the subjects of university governance, the relationship between research and industry, technology transfer and policies for research and innovation.

Following on from his part in the European debate on reform of the university system (the "Bologna process"), he is the author of publications in the field of policies for higher education.

He is also a member of the Italo-French University and a founder member of the Italo-German University, of which he is currently President pro tempore.

In the course of his academic and research activity he has been visiting fellow at Washington University of St Louis (1975), visiting Professor at the Center for Research on Management at the Graduate Business School, University of California at Berkeley (1993); visiting scholar at IIASA, Laxenburg – Austria (1994), at Stanford University (2003) and at Santa Fe Institute, and more recently in Paris at the École Polytechnique, the École Normale Supérieure and the Collège de France.

He has been invited speaker at more than a hundred conferences and seminars in Europe and the United States. He is the author of more than 50 scientific publications on subjects in behavioural economics, theory of organisation and organisational learning and decision theory, within the line of scientific enquiry developed by Herbert Simon (Nobel Prize 1980) from the 1950s onwards, which is now broadly known as the "bounded rationality" approach.

A parallel line consists of his collaboration with Reinhardt Selten (Nobel Prize 1994), again on the subject of bounded rationality, and the research which he has carried on in the last few years in the field of behavioural economics.

He is Co-Chairman with Jean Paul Fitoussi of the Herbert Simon Society and Director, with Axel Leijonhufvud, of the Laboratory of Experimental and Computational Economics (CEEL, Trento). He is also a member of a number of scientific and academic committees, among them the Scientific Committee of ESNIE (the European School on New Institutional Economics), the Université de Paris X, and of the Doctorate in Economics at Sciences Po (Paris). He is associate editor of a number of reviews, Italian and foreign, among them *Industrial and Corporate Change*, and *Mind and Society*. He was responsible for the National Research 2009-13 Programme in the field of Economics and Social Sciences. He is a member by right of the Scientific Committee of Confindustria

## **Appointment of Board of Auditors – related and consequent resolutions**

Dear Shareholders,

The mandate of the Board of Auditors appointed by the Shareholders' Meeting of 8 April 2009 concludes with approval of the financial statements for the year at 31 December 2011.

In order to renew the control body, the Shareholders' Meeting is called on

- to appoint five standing Auditors and four alternate Auditors (using a slate voting system),
- to appoint one of the Auditors elected from the minority slate as Chairman of the Board of Auditors and
- to determine the annual fee for this office.

Under the current regulations, renewal takes place on the basis of slates filed at the Company's offices at least twenty-five days before the date fixed for the Shareholders' Meeting, submitted by holders of voting rights who own a total of at least 0.5% of the ordinary shares, or other proportion required by Consob. By Resolution no. 18083 of 25 January 2012, Consob fixed this percentage for Telecom Italia at 1%.

The Board of Directors therefore invites the Shareholders to formulate proposals and submit slates of candidates in the ways and within the periods of time specified in the applicable regulations. Regarding the remuneration to be granted to the Auditors, the Board points out that it is in favour of the opportunity offered by law no. 183 of 12 November 2011 for the Board of Auditors to act as supervisory body pursuant to article 6 of Legislative Decree no. 231 of 8 June 2001. Such responsibilities will therefore be assigned to the Board of Auditors that the Shareholders' Meeting of 5 May 2012 is called on to appoint.

It should be noted that the application of the principle of gender equality contained in article 148 of Legislative Decree no. 58 of 24 February 1998 does not apply to the renewal of the Board of Auditors to be resolved by the Shareholders' Meeting of 15 May 2012: in this respect you are invited to refer to the report explaining the proposed modification of articles 9 and 17 of the Bylaws.

In view of all of the above, the Board of Directors

**invites the Shareholders' Meeting**

to pass the resolutions required of it for the appointment of the Board of Auditors.

## Long Term Incentive Plan 2012 - related and consequent resolutions

Dear Shareholders,

Pursuant to Art. 114-bis of Legislative Decree no. 58 of 24 February 1998, the Board of Directors submits the "Long Term Incentive Plan 2011" (the "LTI 2012 Plan") for your approval.

This initiative is in line with the rolling mechanism explained in advance at the launch of the analogous *Long Term Incentive Plan 2011* (the "LTI Plan 2011"). This mechanism will normally trigger a new incentive cycle each year (and subject to the approval of the shareholders), with parameters linked to the time frame of the Company's strategic planning for Top Management and selected managers ("the Selected Executives") who achieve these objectives. So the LTI Plan 2012 proposes the same aims and structure as the analogous LTI Plan 2011 submitted to the Shareholders' Meeting of 12 April 2011.

The purpose is to strengthen the link between management remuneration and, on the one hand, growth in shareholder value, expressed as Total Shareholder Return against a peer group ("relative performance": weighting 65% of the target bonus), and on the other, the performance of the company as defined in the 2012-2014 industrial plan in terms of Free Cash Flow accumulated over the lifetime of the plan ("absolute performance": weighting 35% of the target bonus).

The bonus

- is, for Selected Executives, a cash bonus equal at target to 30% of 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 after two years, applying a ratio of one free share for each paid share, in the event that the employment relationship and ownership of the shares subscribed have been maintained;
- is, for the Top Management, a bonus equal at target to 60% of gross annual remuneration, 50% in cash and 50% in non transferable rights to the free assignment after two years of shares of equivalent market value (based on the price at the time the three year performance is assessed, and it being understood that – if the market value should be lower than the par value, the par value will be used), subject to maintenance of the employment relationship with the Group;

Regarding the total size of the bonus, the cash component for Selected Executives is equal to a maximum of 11,000,000 euros, substantially similar to the provisions of the LTI Plan 2011 (which provided a maximum cash component of 10,000,000 euros, of which 9,789,300 euros was actually assigned). Regarding the Top Management, given the current organisational arrangements, the Board of Directors requests the allocation of a maximum of 4,000,000 euros for cash payments for the achievement of the LTI Plan 2012, compared to a maximum cash-out of 5.5 million euros for the LTI Plan 2011, although only 3,256,200 euros was actually assigned. The equity component, subject to clarification of the ways whereby the rights attributed to the intended recipients of the initiative will be satisfied, will be commensurate to the cash components, in the terms described above.

The performance objectives envisage several levels of achievement, to which different pay-outs apply.

Depending on the positioning of the TSR of Telecom Italia in the ranking of TSRs of the companies on the Reference Panel (composed of Vodafone, Telefónica, Deutsche Telekom, France Télécom, Teliasonera, Telenor, KPN, Swisscom, BT, Telecom Italia), the percentage of the bonus associated with it (as specified above: 65% of the target bonus) to be paid will vary from a minimum of 40%, if the Telecom TSR is in seventh place, to a maximum of 150% if it is in first place (100% if positioned in fourth place). The bonus associated with the Free Cash Flow objective (as indicated above: 35% of the target bonus) will vary as follows:

- 100% of the bonus if the objective of the 2012-2014 plan is achieved;
- 150% of the bonus in the case of overperformance equating to 110% (or more) of the value provided in the plan;
- 80% of the bonus if the minimum value is achieved, set at 95% of the value provided in the plan.

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

To service the LTI Plan 2012, the scheme provides for mandates to increase the share capital for cash and/or free of charge, proposed to the Shareholders' Meeting in an extraordinary session (with a maximum theoretical dilution of 0.14% of the total share capital and 0.20% of ordinary shares only at 31 December 2011) and, residually, where necessary, the use of the treasury shares in the Company's portfolio always with the possibility of satisfying the assigned rights by payment of an equivalent. The Board of Directors therefore also asks the



Shareholders' Meeting for authorisation to dispose of the aforementioned treasury shares.

The Board of Directors invites you to see the information document for an analytical explanation of the initiative, and submits for your approval the following

#### **Proposed Resolution**

The Shareholders' Meeting of Telecom Italia S.p.A.,

- having examined the explanatory report of the Board of Directors,
- having examined the information document made available to the public in accordance with the applicable regulations,

#### **resolves**

- to approve the "2012 Long-Term Incentive Plan" in the general terms described above and detailed in the information document published in accordance with the applicable regulations;
- to confer on the Board of Directors any powers necessary or expedient for implementing the 2012 Long-Term Incentive Plan, making any changes and/or additions to it that prove necessary for the implementation of what has been resolved, including for the purposes of compliance with any applicable regulatory provision, including authorisation to assign ordinary treasury shares in the Company portfolio free of charge.

## **Authorization to increase share capital for payment and free of charge for a total sum of 15,000,000 euros at the service of the Long Term Incentive Plan 2012 - related and consequent resolutions.**

Dear Shareholders,

An incentive plan based on financial instruments was placed before the ordinary Shareholders' meeting; it proposed that the beneficiaries of the plan would have the right to subscribe ordinary Telecom Italia shares for cash and/or receive ordinary Telecom Italia shares free of charge, according to their category. In particular, the *Long Term Incentive Plan 2012* provides

- for one category of employees (so-called Selected Executives), the offer of subscribing to ordinary shares in the Company, for cash, for a maximum total sum of 5,500,000 euros (including share premium) reserved to the employees who are beneficiaries of the initiative, with the subsequent free assignment of ordinary shares to those subscribing to the reserved increase in capital according to a ratio of one free share for each share subscribed for cash, provided that certain pre-established conditions are met;
- for another category of employees (so-called Top Management), the free assignment of ordinary shares for a maximum total of 4,000,000 euros.

To service the incentive plan we therefore ask you to approve the assignment to the Board of Directors of powers to increase the share capital as indicated below, pursuant to article 2443 of the Italian Civil Code for a period of five years:

- power to increase the share capital, (i) for cash, by the issue of new ordinary shares of 0.55 euros par value each, with dividend entitlement, by a maximum amount of 5,500,000 euros, excluding the right of pre-emption pursuant to article 2441, subsection 8, of the Italian Civil Code, and of article 134, subsection 2, of Legislative Decree no. 58/1998, to be reserved to some of the employees who are beneficiaries of the *Long Term Incentive Plan 2012* as previously identified by the Board of Directors of the Company, and then, subsequently (ii) for a maximum amount of 5,500,000 euros by assignment of the corresponding maximum amount of profits or retained profits pursuant to article 2349 of the Italian Civil Code, with the issue of a sufficient number of ordinary shares for the assignment of one free share for every paid share subscribed, as above, subject to the terms and conditions and by the methods specified in the *Long Term Incentive Plan 2012*.
- power to increase the share capital by a maximum amount of 4,000,000 euros by assignment of the corresponding maximum amount of profits or retained profits pursuant to article 2349 of the Italian Civil Code, with the issue of ordinary shares reserved to some of the employees who are beneficiaries of the *Long Term Incentive Plan 2012* as previously identified by the Board of Directors of the Company, subject to the terms and conditions and by the methods specified for the initiative.

In relation to the increase in capital for cash, the right to determine the amount of the share premium for the new shares to be issued at market price (calculated as the average of the official prices of Telecom Italia ordinary shares in the 30 days preceding the moment of reference on the electronic share market organised and operated by Borsa Italiana S.p.A.) and in any event at no less than par value, shall be attributed to the Board of Directors. Regarding the share issues to be carried out by allocation of the profits, the power to identify, in due course, the profits and/or retained profits to be used for this purpose, shall be assigned to the Board of Directors, with a mandate to make the appropriate changes to the accounts consequent on the issue operations, in accordance with the legal provisions and the accounting principles that are applicable in each case.

It should be noted that, regarding the proposed resolutions (which result in a maximum theoretical dilution of 0.14% of the total share capital and 0.20% of ordinary shares only at 31 December 2011), shareholders who do not support these proposals do not have the right of withdrawal.

The proposed resolution for the shareholders' meeting is reproduced below, with a comparison of the current form of article 5 and the revised version incorporating the proposed amendments.

In view of all this, the Board of Directors submits for your approval the following

### Proposed Resolution

The Shareholders' Meeting of Telecom Italia S.p.A.,

- having examined the explanatory report of the Board of Directors,
- given the statement by the Board of Auditors that the current share capital has been fully paid in

#### resolves

- to grant the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years as of the date of this resolution, the authority to increase the share capital as follows:
  - (i) for cash, by the issue of new ordinary shares of 0.55 euros par value each, with regular dividend entitlement, up to a maximum amount of 5,500,000 euros, excluding the right of pre-emption pursuant to article 2441, subsection 8, of the Italian Civil Code, and of article 134, subsection 2, of Legislative Decree no. 58/1998, to be reserved for a part of the employees who are beneficiaries of the “*Long Term Incentive Plan 2012*” as previously identified by the Board of Directors of the Company, and then, subsequently (ii) for a maximum amount of a further 5,500,000 euros by allocation of the corresponding maximum amount of profits or retained profits pursuant to article 2349 of the Italian Civil Code, by the issue of a sufficient number of ordinary shares for the allocation of one free share for every paid share subscribed, as above, subject to the terms and conditions and by the methods specified in the “*Long Term Incentive Plan 2012*”.
  - by a maximum amount of 4,000,000 euros by allocation of the corresponding maximum amount of profits or retained profits pursuant to article 2349 of the Italian Civil Code, with the issue of ordinary shares reserved to some of the employees who are beneficiaries of the “*Long Term Incentive Plan 2012*” as previously identified by the Board of Directors of the Company, subject to the terms and conditions and by the methods specified in the “*Long Term Incentive Plan 2012*”.

Regarding the increase in capital for cash, the Board of Directors shall establish the share issue price (inclusive of the share premium) in accordance with the provisions of the “*Long Term Incentive Plan 2012*”, and shall also set the period of time within which they may be subscribed, providing that, if the resolved increase should not be fully subscribed within said period of time, the share capital shall be understood to have been increased by an amount equal to the subscriptions received up until that date. Regarding the increases in capital to be made available by allocation of the profits, the Board of Directors shall have the right to proceed to properly identify the profits and/or retained profits according to the last properly approved financial statements to be used for this purpose, with a mandate to make the appropriate changes to the accounts consequent on the issue operations, in accordance with the legal provisions and the accounting principles that are applicable in each case.

- to amend article 5 of the bylaws as follows:

CURRENT TEXT	PROPOSED TEXT
5.1 - The subscribed and fully paid-up share capital shall be equal to 10,693,628,019.25 euros, divided into 13,416,839,374 ordinary shares with a par value of 0.55 euros each and 6,026,120,661 savings shares with a par value of 0.55 euros each.	Unchanged.
5.2 - In resolutions to increase the share capital by issuing shares for cash, the right of pre-emption may be excluded for up to a maximum of ten per cent of the previously existing capital, provided the issue price corresponds to the market value of the shares and this is confirmed in a report prepared by the firm appointed as accounts auditor.	Unchanged.
5.3 - The allotment of profits to employees of the Company or subsidiary companies shall be allowed, in the legal terms and manner, by means of the	Unchanged.

<p>issuance of shares pursuant to paragraph one of Article 2349 of the Italian Civil Code.</p>	
<p>5.4 - For five years starting from 29 April 2010 the Directors may increase the share capital as follows:</p> <ul style="list-style-type: none"> <li>- to service the “<i>Long-Term Incentive Plan 2010-2015</i>,” as approved by the Company Shareholders’ Meeting of 29 April 2010 (i) by the issue for cash of new ordinary shares with a par value of 0.55 euros each, with regular dividend entitlement, in the maximum amount of 5,000,000 euros, excluding the right of pre-emption pursuant to Art. 2441, paragraph 8, of the Italian Civil Code, and Art. 134, paragraph 2, of Legislative Decree no. 58/1998, to be offered by subscription to employee beneficiaries of the “<i>Long-Term Incentive Plan 2010-2015</i>”, and subsequently (ii) up to a maximum amount of 5,000,000 euros by the allocation of the corresponding maximum amount of profits pursuant to Art. 2349 of the Civil Code, by the issue of new ordinary shares with a par value of 0.55 euros each, with dividend entitlement, in the number necessary for the allocation of one free share for every share subscribed for cash, as described above, by employee beneficiaries of the “<i>Long-Term Incentive Plan 2010-2015</i>,” subject to the terms and conditions and by the methods specified therein.</li> </ul> <p>With respect to the capital increase for cash, the Board of Directors shall establish the share issue price (inclusive of the share premium) in accordance with the provisions of the “<i>Long-Term Incentive Plan 2010-2015</i>” and shall also set the period of time within which they may be subscribed, providing that, if the resolved increase is not fully subscribed within that time limit, the capital will be increased by an amount equal to the subscriptions received up to such time.</p>	<p style="text-align: center;">Unchanged.</p>
<p>5.5 - For five years starting from 12 April 2011 the Directors may increase the share capital to service the “<i>Long Term Incentive Plan 2011</i>” as follows, as approved by the Meeting of the Shareholders’ of the Company of that date:</p> <ul style="list-style-type: none"> <li>- (i) for cash, by the issue of new ordinary shares of 0.55 euros par value each, with regular dividend entitlement, up to a maximum amount of 5,000,000 euros, excluding the right of pre-emption pursuant to article 2441, subsection 8, of the Italian Civil Code, and of article 134, subsection 2, of Legislative Decree no. 58/1998, to be reserved for a part of the employees who are beneficiaries of the “<i>Long Term Incentive Plan 2011</i>” as previously identified by the Board of Directors of the Company, and then, subsequently (ii) for a maximum amount of 5,000,000 euros by allocation of the corresponding maximum amount of profits or retained profits pursuant to article 2349 of the Italian Civil Code, by the issue of a sufficient number of ordinary shares for the allocation of one free share for every paid share subscribed, as above, subject to the terms and conditions and by the methods specified in the “<i>Long Term</i></li> </ul>	<p style="text-align: center;">Unchanged.</p>

<p>– by a maximum amount of 5,500,000 euros by allocation of the corresponding maximum amount of profits or retained profits pursuant to article 2349 of the Italian Civil Code, with the issue of ordinary shares reserved to some of the employees who are beneficiaries of the “<i>Long Term Incentive Plan 2011</i>” as previously identified by the Board of Directors of the Company, subject to the terms and conditions and by the methods specified in the “<i>Long Term Incentive Plan 2011</i>”</p> <p>Regarding the increase in capital for cash, the Board of Directors shall establish the share issue price (inclusive of the share premium) in accordance with the provisions of the “<i>Long Term Incentive Plan 2011</i>”, and shall also set the period of time within which they may be subscribed, providing that, if the resolved increase should not be fully subscribed within said period of time, the share capital shall be understood to have been increased by an amount equal to the subscriptions received up until that date.</p>	
	<p><b>5.6 - For five years starting from 15 May 2012 the Directors may increase the share capital to service the “<i>Long Term Incentive Plan 2012</i>” as follows, as approved by the Meeting of the Shareholders’ of the Company of that date:</b></p> <ul style="list-style-type: none"> <li>- (i) for cash, by the issue of new ordinary shares of 0.55 euros par value each, with regular dividend entitlement, up to a maximum amount of 5,500,000 euros, excluding the right of pre-emption pursuant to article 2441, subsection 8, of the Italian Civil Code, and of article 134, subsection 2, of Legislative Decree no. 58/1998, to be reserved for a part of the employees who are beneficiaries of the “<i>Long Term Incentive Plan 2012</i>” as previously identified by the Board of Directors of the Company, and then, subsequently (ii) for a maximum amount of a further 5,500,000 euros by allocation of the corresponding maximum amount of profits or retained profits pursuant to article 2349 of the Italian Civil Code, by the issue of a sufficient number of ordinary shares for the allocation of one free share for every paid share subscribed, as above, subject to the terms and conditions and by the methods specified in the “<i>Long Term Incentive Plan 2012</i>”.</li> <li>- by a maximum amount of 4,000,000 euros by allocation of the corresponding maximum amount of profits or retained profits pursuant to article 2349 of the Italian Civil Code, with the issue of ordinary shares reserved to some of the employees who are beneficiaries of the “<i>Long Term Incentive Plan 2012</i>” as previously identified by the Board of Directors of the Company, subject to the terms and conditions and by the methods specified in the “<i>Long Term Incentive Plan 2012</i>”.</li> </ul> <p>Regarding the increase in capital for cash, the Board of Directors shall establish the share issue price (inclusive of the share premium) in accordance with</p>

	the provisions of the “ <i>Long Term Incentive Plan 2012</i> ”, and shall also set the period of time within which they may be subscribed, providing that, if the resolved increase should not be fully subscribed within said period of time, the share capital shall be understood to have been increased by an amount equal to the subscriptions received up until that date.
5.6 - For five years starting from 8 April 2009 the Directors may increase the share capital in one or more tranches by up to a maximum total amount of 880,000,000 euros by means of cash issues, with or without a share premium, of up to a maximum of 1,600,000,000 ordinary shares with a par value of 0.55 euros each (i) to be offered with the right of pre-emption to persons having entitlement, or, even if only for some of the shares, (ii) to be offered by subscription to employees of Telecom Italia S.p.A. or its subsidiaries with the exclusion of the right of pre-emption, pursuant to the combined effects of the last paragraph of Article 2441 of the Civil Code and Article 134(2) of Legislative Decree 58/1998.	Renumbered
5.7 - Resolutions to increase the share capital adopted by the Board of Directors in exercising the powers assigned above shall set the subscription price (including any share premium) and a time limit for the subscription of the shares; they may also provide, in the event that the increase approved is not fully subscribed within the time limit established for each issue, for the capital to be increased by an amount equal to the subscriptions received up to such time.	Renumbered
5.8 - The Board of Directors may issue, in one or more tranches and for up to a maximum of five years from 8 April 2009, bonds convertible into ordinary shares to be offered with the right of pre-emption to persons having entitlement, up to a maximum nominal amount of 1,000,000,000 euros.	Renumbered

- to confer on the Board of Directors, and, on behalf thereof, on the legal representatives *pro tempore* of the company, jointly or severally, all the powers necessary to:
  - make the variations required on a case by case basis to article 5 of the Company Bylaws that are consequent on the resolutions, and the execution and completion of the increases in share capital described above, and to that end meet all the obligations and ensure the advertising required by the regulations;
  - to complete all the necessary formalities for the adopted resolutions to be entered in the Business Register, accepting and introducing into said resolutions the modifications added or the suppression of non-substantial parts that might be requested by the competent authorities, as well as all the powers necessary for legal and regulatory compliance deriving from the resolutions adopted.

## Amendment of Articles 9 and 17 of the Bylaws – related and consequent resolutions.

Dear Shareholders,

regarding the legal provisions that have introduced the principle of gender balance in the Board of Directors and Board of Auditors of listed companies into national law (Law no. 120 of 12 July 2011, amending articles 147-ter and 148 of Legislative Decree no. 58 of 24 February 1998), you are called on to amend the articles of the Bylaws that regulate appointments to the two bodies.

The new regulations are mandatory for three periods of office from the first subsequent renewal one year after the regulations came into force (in August 2011) and require that one fifth of the persons appointed in the first period of office, and one third of those appointed for the following two periods of office be reserved for the less represented gender, rounding up fractions to the nearest whole number, as detailed by Consob in resolution no. 18079 of 20 January 2012 (new article 144-undecies of the Issuer Regulations).

However, the Board of Directors considers that, in composing the bodies of the Company, diversity of professional background, managerial experience and gender represents an opportunity and a value. It therefore proposes that an amendment to the requirements of the composition of the Board of Directors and the serving Board of Auditors be adopted, not limited to three periods of office only.

The proposed amendments prescribe that all slates susceptible to being called on to contribute to gender balance, according to the Consob resolution cited (i.e. all those slates that present three or more candidates), should have a gender ratio of at least 1:3 among the candidates (1:5 on the occasion of the first application for the Board of Directors and the Board of Auditors, respectively), with the residual responsibility of ensuring that the so-called majority slate respects the overall requirement in terms of the composition of either board. This will be obtained by forfeiting the appointment of the last of those persons elected from this slate who are of the more represented gender, and their replacement with the first unelected candidates of the less represented gender on the same slate, in the number needed to ensure the prescribed gender balance. Furthermore, should the slate mechanism fail, the Shareholders' Meeting retains the right to appoint members of a board by a subsequent vote, applying the legal majorities, so that the so-called gender diversity requirement may in any event be ensured in its composition.

Shareholders who do not agree with the proposal to approve the modifications do not have the right of withdrawal.

The proposed resolution of the shareholders' meeting is reproduced below, with a comparison of the relevant articles of the Bylaws in their current form and after incorporation of the proposed amendments.

In view of all this, the Board of Directors submits for your approval the following

### Proposed Resolution

The Shareholders' Meeting of Telecom Italia S.p.A.,

- having examined the explanatory report of the Board of Directors,

### resolves

- to amend articles 9 and 17 of the Bylaws of Telecom Italia S.p.A. in the text reproduced below, with indications of the amendments made.

CURRENT TEXT	PROPOSED AMENDMENT
<b>Article 9</b>	<b>Article 9</b>
9.1 - The Company shall be managed by a Board of Directors consisting of a number of members varying between seven and nineteen members. The Shareholders' Meeting shall establish the number of members of the Board of Directors, which shall remain unchanged until a different number is established.	9.1 - The Company shall be managed by a Board of Directors consisting of between seven and nineteen members, <b>at least one third of whom shall be of the less represented gender, rounding any fractions up to the next whole number.</b> The Shareholders' Meeting shall establish the number of members of the Board of Directors, which shall remain unchanged until a different number is established.

<p>9.2 - The Board of Directors shall be appointed, in accordance with the applicable laws and regulations, on the basis of slates presented by the shareholders or by the outgoing Board of Directors.</p>	<p>Unchanged.</p>
<p>9.3 - Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate on pain of ineligibility.</p>	<p>9.3 - Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate on pain of ineligibility. <b>Slates that contain three or more candidates must ensure that both genders are present, in such a way that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the nearest whole number.</b></p>
<p>9.4 - Slates may be submitted only by shareholders who alone or together with other shareholders hold a total number of shares representing at least 0.5% (or such other amount established by Consob regulations) of the share capital entitled to vote at the Ordinary Shareholders' Meeting .</p>	<p>Unchanged.</p>
<p>9.5 - Together with each slate, it is necessary to file individual candidates' acceptances of their candidacy and declarations in which they attest, on their own responsibility, that there are no grounds for ineligibility or incompatibility, and that they meet any requirements prescribed for the positions in question as well as any other piece of information requested by applicable law or regulation or the bylaws. Together with the declarations, a curriculum vitae shall be filed for each candidate setting out their main personal and professional data with an indication of the positions held in management and control bodies of other companies and of the grounds for their qualifying as independent in accordance with the criteria established by law and adopted by the Company. Any variations that might occur prior to the day the shareholders' meeting actually takes place must be promptly notified to the Company.</p>	<p>Unchanged.</p>
<p>9.6 - Each person entitled to vote may vote for only one slate.</p>	<p>Unchanged.</p>
<p>9.7 - The Board of Directors shall be elected as specified below:</p> <ol style="list-style-type: none"> <li>a) four-fifths of the Directors to be elected shall be chosen from the slate that obtains more votes (so-called Majority Slate) in the order they are listed on the slate; in the event of a fractional number, it shall be rounded down to the nearest whole number;</li> <li>b) without prejudice to compliance with the applicable laws and regulations concerning the limits to the link with the Majority Slate the remaining directors shall be taken from the other slates; to that end, the votes obtained by the various slates shall be divided successively by whole numbers from one up to the number of directors to be chosen. The quotients thus obtained shall be assigned to the candidates on each slate in the order</li> </ol>	<p>9.7 - The Board of Directors shall be elected as specified below:</p> <ol style="list-style-type: none"> <li>a) four-fifths of the Directors to be elected shall be chosen from the slate that obtains more votes (so-called Majority Slate) in the order they are listed on the slate; in the event of a fractional number, it shall be rounded down to the nearest whole number;</li> <li>b) without prejudice to compliance with the applicable laws and regulations concerning the limits to the link with the Majority Slate the remaining directors shall be taken from the other slates; to that end, the votes obtained by the various slates shall be divided successively by whole numbers from one up to the number of directors to be chosen. The quotients thus obtained shall be assigned to the candidates on each slate in the order</li> </ol>



<p>If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected any director or that has elected the smallest number of directors shall be elected.</p> <p>If none of such slates has yet elected a director or all of them have elected the same number of directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes shall be elected.</p>	<p>specified thereon. The quotients thus assigned to the candidates on the various slates shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected.</p> <p>If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected any director or that has elected the smallest number of directors shall be elected.</p> <p>If none of such slates has yet elected a director or all of them have elected the same number of directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes shall be elected.</p> <p><b>If the composition of the resulting board does not reflect gender balance, taking into account their ranking order on the slate, the necessary number of the last candidates of the more represented gender elected from the Majority Slate shall forfeit their post to ensure compliance with this requirement, and shall be replaced by the first candidates not elected from the same slate who are of the less represented gender. In the absence of candidates of the less represented gender on the Majority Slate in sufficient number to proceed with the replacement, the Shareholders' Meeting shall supplement the board with the majorities required by law, thus ensuring that the requirement is met.</b></p>
<p>9.8 - In appointing directors who for any reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting shall vote on the basis of the majorities required by law.</p>	<p>9.8 - In appointing directors who for any reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting shall vote on the basis of the majorities required by law, <b>ensuring that the requirements of the law and the Bylaws regarding the composition of the board are respected.</b></p>
<p>9.9 - If in the course of the fiscal year one or more vacancies occur on the Board, the procedure specified in Article 2386 of the Civil Code shall be followed.</p>	<p>9.9 - If in the course of the fiscal year one or more vacancies occur on the Board, the procedure specified in Article 2386 of the Civil Code shall be followed, <b>ensuring that the requirements of the law and the Bylaws regarding the composition of the board are respected.</b></p>
<p>9.10 - Should a majority of the seats on the Board of Directors become vacant for any cause or reason, the remaining directors shall be deemed to have resigned and they shall cease to hold office from the time the Board of Directors has been reconstituted by persons appointed by the Shareholders' Meeting.</p>	<p style="text-align: center;">Unchanged.</p>
	<p><b>9.11 - At the first renewal of the Board of Directors after the Shareholders' Meeting of 15 May 2012, the quota to be assigned to the less represented gender is limited to one fifth of the total; in the event of a fractional number, it shall be rounded up to the nearest whole number.</b></p>

CURRENT TEXT	PROPOSED AMENDMENT
<b>Article 17</b>	<b>Article 17</b>
17.1 - The Board of Auditors shall consist of five standing auditors. The Shareholders' Meeting shall also appoint four alternates.	17.1 - The Board of Auditors shall consist of five standing auditors, <b>including least two from the less represented gender</b> . The Shareholders' Meeting shall also appoint four alternates, <b>two of each gender</b> .
17.2 - For the purposes of Article 1, paragraph 2, letters b) and c) of the regulation referred to in Justice Minister Decree no. 162 of 30 March 2000, the following sectors of activity and matters shall be considered closely linked to those of the Company: telecommunications, information technology, online systems, electronics and multimedia technology, and matters related to private and administrative law, economics and business administration.	Unchanged.
17.3 - The appointment of the Board of Auditors shall be in compliance with the applicable laws and regulations on the basis of slates presented by shareholders.	Unchanged.
17.4 - Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate on pain of ineligibility.	Unchanged.
17.5 - Only shareholders who alone or together with other shareholders hold a total number of shares representing at least 0.5% (or such other amount established by Consob regulations for the presentation of slates for the appointment of the Board of Directors) of the voting share capital, may submit slates.	Unchanged.
17.6 - Together with each slate, it is necessary to file individual candidates' acceptances of their candidacy and declarations in which they attest, on their own responsibility, that there are no grounds for ineligibility or incompatibility, and that they meet the requirements as well as any other piece of information requested by applicable law or regulation or the bylaws.	Unchanged.
17.7 - Together with the declarations, a <i>curriculum vitae</i> for each candidate shall be filed setting out their main personal and professional data with an indication of the positions held in management and control bodies of other companies. Any changes that occur up to the day the Shareholders' Meeting is held must be promptly notified to the Company.	Unchanged.
17.8 - The slates are divided into two sections: one for candidates for the office of Standing Auditor and the other for candidates for the office of Alternate Auditor. The first candidate in each section shall be selected from among the statutory auditors entered in the appropriate register who have worked on statutory audits for a period of not less than three years.	17.8 - The slates are divided into two sections: one for candidates for the office of Standing Auditor and the other for candidates for the office of Alternate Auditor. <b>Slates which in one or both sections contain three or more candidates must ensure the presence of both genders in said section, so that candidates of the less represented gender are at least one third of the total; in the event of a fractional number, it shall be rounded up to the nearest whole number.</b> The first candidate in each section shall be selected from

	among the statutory auditors entered in the appropriate register who have worked on statutory audits for a period of not less than three years.
17.9 - Each person entitled to vote may vote for only one slate.	Unchanged.
<p>17.10 - The Board of Auditors shall be elected as specified below:</p> <p>a) from the slate that obtains the majority of the votes (the Majority Slate) three standing and two alternate auditors shall be chosen in the order in which they are listed on the slate;</p> <p>b) without prejudice to the applicable laws and regulations concerning the limits to the link with the Majority Slate two standing and two alternate auditors shall be chosen from the other slates (so-called Minority Slates). To this end the votes obtained by the Minority Slates shall be divided first by one and then by two. The quotients thus obtained shall be assigned to the candidate of the one and the other section of each slate in the order specified thereon. The quotients thus assigned to the candidates on the various slates shall be arranged respectively in a single decreasing ranking for the appointment of the standing auditors and a single decreasing ranking for the appointment of the alternate auditors and those who have obtained the two highest quotients shall be elected.</p> <p>If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected an auditor shall be elected or, subordinately, there shall be a tiebreaker vote by the entire Shareholders' Meeting and the candidate who obtains the majority of the votes shall be elected.</p>	<p>17.10 - The Board of Auditors shall be elected as specified below:</p> <p>a) from the slate that obtains the majority of the votes (the Majority Slate) three standing and two alternate auditors shall be chosen in the order in which they are listed on the slate;</p> <p>b) without prejudice to the applicable laws and regulations concerning the limits to the link with the Majority Slate two standing and two alternate auditors shall be chosen from the other slates (so-called Minority Slates). To this end the votes obtained by the Minority Slates shall be divided first by one and then by two. The quotients thus obtained shall be assigned to the candidate of the one and the other section of each slate in the order specified thereon. The quotients thus assigned to the candidates on the various slates shall be arranged respectively in a single decreasing ranking for the appointment of the standing auditors and a single decreasing ranking for the appointment of the alternate auditors and those who have obtained the two highest quotients shall be elected.</p> <p>If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected an auditor shall be elected or, subordinately, there shall be a tiebreaker vote by the entire Shareholders' Meeting and the candidate who obtains the majority of the votes shall be elected.</p> <p><b>If the composition of the board or category of standing auditors that results does not respect the gender balance, taking into account their ranking order in the respective sections, a sufficient number of the last of those persons elected from the Majority Slate who are of the more represented gender shall forfeit their appointment to ensure compliance with this requirement, and shall be replaced by the first unelected candidates of the less represented gender on the same slate and the same section. In the absence of candidates of the less represented gender in the relevant section of the Majority Slate in sufficient number to proceed with the replacement, the Shareholders' Meeting shall appoint the standing or alternate auditors that are missing with the majorities required by law, ensuring that the requirement is met.</b></p>
17.11 - The Shareholders' Meeting shall appoint the Chairman of the Board of Auditors from among the auditors elected from Minority Slates.	Unchanged.
17.12 - In appointing auditors who for any reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting shall vote on the basis of the majorities required by law.	17.12 - In appointing auditors who for any reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting shall vote on the basis of the majorities required by law, <b>ensuring compliance with the requirements of the law and the Bylaws regarding</b>

	<b>the composition of the board and the category of alternate auditors.</b>
17.13 - In the event that an auditor respectively chosen from the Majority Slate or from one of the Minority Slates should cease to serve, alternate auditors chosen from the Majority Slate or the Minority Slates shall take their place in declining order of age. Appointments to fill vacancies on the Board of Auditors pursuant to Article 2401 of the Civil Code shall be approved by the Shareholders' Meeting with the affirmative vote of the absolute majority of those voting and in compliance with the principle of the necessary representation of the minority shareholders. When an auditor chosen from the Minority Slates ceases to serve, the principle of the necessary representation of the minority shareholders shall be deemed to be complied with in the event of the appointment of an alternate auditor chosen from the Minority Slates.	17.13 - In the event that an auditor respectively chosen from the Majority Slate or from one of the Minority Slates should cease to serve, alternate auditors chosen from the Majority Slate or the Minority Slates shall take their place in declining order of age, <b>always in compliance with the requirements of the Bylaws regarding the composition of the board.</b> Appointments to fill vacancies on the Board of Auditors pursuant to Article 2401 of the Civil Code shall be approved by the Shareholders' Meeting with the affirmative vote of the absolute majority of those voting and in compliance with the principle of the necessary representation of the minority shareholders, <b>and of the requirements of the Bylaws regarding gender balance.</b> When an auditor chosen from the Minority Slates ceases to serve, the principle of the necessary representation of the minority shareholders shall be deemed to be complied with in the event of the appointment of an alternate auditor chosen from the Minority Slates.
17.14 - After notifying the Chairman of the Board of Directors, the Board of Auditors may call, as provided for by law, a Shareholders' Meeting or a meeting of the Board of Directors or the Executive Committee. This power to call meetings may be exercised individually by each auditor, except for the power to call a Shareholders' Meeting, which must be exercised by at least two auditors.	Unchanged.
17.15 - Participation in the meetings of the Board of Auditors may take place – if the Chairman verifies the necessity – by means of telecommunication thus permitting all those taking part to participate in the discussion and informational equality.	Unchanged.
17.16 - If the Chairman is absent or unable to act, the other standing auditor elected from the Minority Slates shall take his/her place.	Unchanged.
	<b>17.17 – At the first renewal of the Board of Auditors after the Shareholders' Meeting of 15 May 2012, the quota to be assigned to the less represented gender is limited to one fifth of the total; in the event of a fractional number, it shall be rounded up to the nearest whole number.</b>

- to separately confer on the legal representatives pro tempore of the Company the powers necessary to:
  - make the variations connected to the cessation in due course of the efficacy of clauses 9.11 and 17.17 of articles 9 and 17 of the bylaws of the Company, and to that end meet all the obligations and ensure the advertising required by the regulations.
  - to complete all the necessary formalities for the adopted resolutions to be entered in the Business Register, accepting and introducing into said resolutions the modifications, additions or suppressions of non-substantial parts that might be requested by the competent authorities.