



Proposed Resolutions
Shareholders' Meeting April 16, 2014

TELECOM ITALIA S.p.A.
Registered Office in Milan at Piazza degli Affari 2
General Administration and Secondary Office in Rome at Corso d'Italia 41
PEC (Certified electronic mail) box: telecomitalia@pec.telecomitalia.it
Share capital 10,693,740,302.30 euros fully paid up
Tax Code/VAT Registration Number and
Milan Business Register Number 00488410010

Proposed resolutions

Agenda

Ordinary session

- Financial statements as at 31 December 2013 – approval of the documentation on the financial statements – related and consequent resolutions
- Distribution of the privileged dividend to savings shareholders by using reserves – related and consequent resolutions
- Report on remuneration – resolution on the first section
- Appointment of the Board of Directors – related and consequent resolutions
- Appointment of the Chairman of the Board of Directors by the Shareholders' Meeting
- Supplementary remuneration for the Board of Statutory Auditors - related and consequent resolutions
- Stock options Plan – related and consequent resolutions

Extraordinary session

- Mandate to increase the share capital for cash to service the stock option plan – amendment to art. 5 of the company Bylaws – related and consequent resolutions
- Definitive reduction of the revaluation reserve under Law no. 413/1991

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013 – APPROVAL OF THE DOCUMENTATION ON THE FINANCIAL STATEMENTS – RELATED AND CONSEQUENT RESOLUTIONS

Dear Shareholders,

The draft financial statements submitted for the approval of the Shareholders' Meeting show a net loss of 1,028,284,777.05 euros.

This result is essentially the effect of the impairment loss on goodwill of 2,187,000,000.00 euros at 30 June 2013. Excluding the impact deriving from this write-down, the Company's profit in 2013 would have been higher than 1.1 billion euros. The impairment loss does not have financial consequences and in any case the loss is fully offset by the amount of the company equity, positive at 31 December 2013 by over 16,5 billion euros.

It is therefore proposed that the loss be covered by using the reserves for 499,374,035.06 euros and withdrawing retained earnings for 528,910,741.99 euros as stated below. In the context of the approval of the draft financial statements, it is also proposed that the reserve designated "Plans pursuant to Art. 2349 of the Italian Civil Code" be attributed the sum of 9,900,000 euros taken from other profit reserves, to service the capital increase, by allocation of profits to be deliberated on in due time by the Board of Directors as part of the second phase of the Employee Share Ownership Plan approved by the Shareholders' Meeting of 17 April 2013 (allocation of one bonus share every three shares subscribed for cash, subject to retention of ownership of the shares and the status of employee for one year).

In view of the above, 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.;
- having taken note of the reports by the Board of Statutory Auditors and the independent auditor PricewaterhouseCoopers S.p.A.;

resolves

1. to approve the financial statements of Telecom Italia S.p.A.;
2. to cover the loss for the year of Telecom Italia S.p.A. (equal to 1,028,284,777.05 euros)
 - a) for 499,374,035.06 euros by using the following Reserves:
 - Revaluation reserve pursuant to law No. 413 of 30 December 1991, for 1,128,826.78 euros
 - Merger surplus profit reserve for 77,598,979.36 euros

- Reserve for remeasurements of employee defined benefit plans for 72,348,574.78 euros
 - Other profit reserves for 348,297,654.14 euros
- b) for 528,910,741.99 euros by withdrawing Retained earnings
- 3. to allocate to the reserve designated "Plans pursuant to Art. 2349 of the Italian Civil Code" the sum of 9,900,000.00 euros, taken from Other profit reserves, to service the capital increase to be deliberated on, by allocation of profits, to be achieved under the Employee Share Ownership Plan approved by the Shareholders' Meeting of 17 April 2013;

DISTRIBUTION OF THE PRIVILEGED DIVIDEND TO SAVINGS SHAREHOLDERS BY USING RESERVES – RELATED AND CONSEQUENT RESOLUTIONS

Dear Shareholders,

as pointed out in the explanatory report on the proposed approval of the draft financial statements, the loss accrued in 2013 is fully offset by the amount of the company equity.

Notwithstanding the above, as this is the third year with a loss, and also taking into account the intense competitive and economic pressure recorded in 2013, regulatory discontinuities, as well as the priority in 2014 to have the necessary financial resources to make innovative investments, it is not deemed appropriate to propose the payment of a generalized dividend in the form of the distribution of the available reserves, as was previously done in 2012 and 2013. Instead we only propose the distribution of the privileged dividend on savings shares, in the amount of 0.0275 euros (5% of 0.55 euros) per share, withdrawing from Merger surplus reserves in order to avoid carrying over the debt into the next two financial years, as permitted by the Company Bylaws.

The amounts for dividends will be payable in favour of entitled parties, on the basis of the evidence of the share deposit accounts at the end of the record date of 24 April 2014, starting from the coming 25 April 2014, while the coupon date will be 22 April 2014.

In view of the above, 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.;
- 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 privilege attributed to the savings shares, to meet it by distributing the available reserves, resulting in the exclusion of the mechanism to carry over in the two subsequent financial years the entitlement to the privileged dividend not received by the distribution of profits, as stated in Article 6 of the Bylaws;

resolves

- to allocate savings Shareholders the privileged dividend in the amount of 0.0275 euros per savings share, which will be applied to the number of savings shares that they own on the *record date*, withdrawing from the Capital merger surplus reserve for 165,718,318.18 euros gross of the withholdings required by law;
- to make the dividend payable starting on 25 April 2014, with a coupon date of 22 April 2014 (record date 24 April 2014).

REPORT ON REMUNERATION – 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 Shareholders' Meeting to be held on 16 April 2014, divided into two sections:

- the first illustrates the Company's policy regarding the remuneration of directors and key managers with strategic responsibilities, with reference to the 2014 financial year;
- the second provides a report on the items that make up the remuneration of the subjects mentioned above, with a detailed comparison of the remuneration paid to them in the 2013 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 the above, 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 report on remuneration;
- having acknowledged the non-binding nature of the resolution required,

resolves

to approve the first section of the remuneration report.

APPOINTMENT OF THE BOARD OF DIRECTORS – RELATED AND CONSEQUENT RESOLUTIONS

Dear Shareholders,

The mandate of the Board of Directors appointed by the Shareholders' Meeting of 12 April 2011 expires with approval of the financial statements for the year ending 31 December 2013. You are therefore called on to resolve on its renewal, subject to determination of the number of its members, their term of office, and their remuneration.

Prompted by the debate in the Shareholders' Meeting of 20 December 2013, and in any event in light of the recommendation of the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana (hereafter: the Borsa Italiana Code), the outgoing Board of Directors has set out some considerations below, expressing suggestions and indications addressed to the shareholders in view of the candidacies they are called on to propose and the decisions they are to take, to ensure that the Company has an adequate governance structure.

This report is based on the experience we have accrued during our term of office, which is now coming to an end, and hence on the self-assessment conducted, but also on benchmarking against comparable Italian and international companies, direct comparison with some of the major shareholders and authoritative representatives of the world of institutional investors and proxy advisors, as well as with Assogestioni. Finally, account was also taken of the contributions made by individual Directors and shareholders, who spontaneously supplied suggestions and professional contributions.

The reference framework

1. Without prejudice to the legal requirements in terms of eligibility, composition, and gender balance, the Bylaws of Telecom Italia establishes that the number of Directors may vary between 7 and 19, said number being determined by the Shareholders' Meeting and remaining in force until otherwise resolved. At its renewal on 12 April 2011, the number of members of the Board of Directors was determined to be 15.
2. Slates of candidates for the appointment of the Board of Directors may be submitted by the outgoing Board (which has never exercised this right), or by shareholders who, alone or jointly with others, hold shares that represent at least 0.5% of the capital with voting rights in the Ordinary Shareholders' Meeting or such other measure as determined by the regulatory provisions issued by Consob. The latter set the minimum shareholding required to submit slates of candidates for election to the administration and control bodies of Telecom Italia at 1%

(resolution no. 18775 of 29 January 2014). Despite this, adopting an interpretation of the Bylaws text more favourable for minorities, and which, according to Consob, is more in line with the rationale behind the regulation on slates voting, the Board of Directors has adopted 0.5% as the minimum capital shareholding required to submit candidates.

3. Each shareholder may submit only one slate, alone or jointly with others. In doing this, Consob recommends that the shareholders who present a "minority slate" file, together with the slate, a declaration that attests to the absence of connecting relationships, including indirect relationships, with shareholders who hold, including jointly, a controlling or relative majority stake, specifying any relationships that exist with the latter¹.
4. The individual candidates' acceptance of their candidacy must also be filed with each slate, as must their declarations attesting that there are no grounds for ineligibility or incompatibility and that they meet the prescribed requirements, as well as any other information required by applicable laws or regulations. With the declarations, a curriculum vitae shall be filed for each candidate, illustrating their personal and professional characteristics, and indicating the administration and control appointments held in other companies, as well as their suitability to qualify as independent, if applicable, in accordance with the legal criteria (pursuant to article 148, subsection 3, as referenced in article 147-ter, subsection 4, of Legislative Decree 58/1998) and the criteria adopted by the Company (i.e. pursuant to the Borsa Italiana Code, as explained herein).
5. The Bylaws specify that slates that contain a number of candidates greater than or equal to three 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 whole number.
6. Furthermore, according to the provisions of Telecom Italia's Corporate Governance Principles, acting as a director of the Company is not considered compatible with being a director or statutory auditor in more than five companies, other than those subject to the control and coordination of Telecom Italia or its subsidiaries or affiliates, which are listed companies included in the FTSE/MIB index and/or companies operating principally in the financial sector dealing with the public and/or companies that perform banking or insurance activities. In the case of executive roles in companies with the characteristics listed above, the limit is reduced to three. If a Director holds office in more than one company belonging to the same Group, only one appointment held within that Group shall be taken into account when calculating the number of appointments.

¹ Among the relationships to consider, Consob Communication no. 9017893 of 26 February 2009 includes *"the presence in the so-called minority slate of candidates who are or have been in the recent past executive directors or key managers with strategic responsibilities of the controlling or relative majority shareholder (or shareholders) or of companies that are part of their respective groups"*.

7. There are no age limits or limits to the number of mandates for candidates, nor are there any professional requisites.
8. Seats on the board are allocated according to the majority method, with 4/5ths of the directors being elected from the slate which obtains the most votes (the "majority slate"), rounding down, and the remaining seats assigned to the remaining slates, distributed using the D'Hondt proportional criterion or "quotients method": (i) a single ranking of all the candidates on the various slates, based on the assigned quotients, obtained by dividing the number of slate votes by the corresponding position number of the candidate in the particular slate, and (ii) the appointment, in order, of the candidates with the highest quotients.
9. If the composition of the board resulting from the application of the mechanisms described does not reflect gender balance (when first applied, the quota to be reserved for the less represented gender is at least one fifth of the total number of Directors to be elected, rounding up to the next whole number), the necessary number of the last candidates of the more represented gender elected from the majority slate, taking account of the order in which they are listed on the 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.
10. As for the term of office, in the absence of any provision on this in the Bylaws, this decision is taken by the Shareholders' Meeting, within the maximum limit of three financial years.

The outgoing Board of Directors

11. As it does every year, the Board of Directors has undertaken an evaluation of the performance of the Board itself and its Committees, and of their size and composition. In view of the renewal, this exercise was carried out with the support of SpencerStuart, and had a specific focus on identifying the best structure for the governance of the Company.
12. The current skill mix is deemed adequate overall, although, looking to the future, most Directors emphasised the need for skills in the telecommunications and IT business and its technologies to be strengthened, to equip the Board to undertake in-depth analysis of the evolution and progress of the industry.
13. The reduction in the number of Directors from 15 to 11, due to the non-replacement of the Directors who ceased to hold office during 2013, was not found to have compromised the effectiveness of the board. At the meetings (also attended by the 5-member Board of Statutory Auditors) there were lively and effective discussions, with ample possibility for all Directors to

openly express their point of view, ask for clarification and formulate comments, including when the Board of Directors of the Company was more numerous, as it originally was.

Guidance for shareholders

14. In expressing its guidance for the shareholders, in view of the Shareholders' Meeting to renew the administrative body, the Board of Directors has considered five operationally identifiable aspects which, in its view, qualify the corporate governance structure of the business:
- a. independence;
 - b. candidate quality;
 - c. size and term of office;
 - d. delegated powers structure;
 - e. remuneration

a. Independence

15. As emphasised by the Borsa Italiana Code, independence of opinion is an attitude that is required of all directors. It appears essential to ensure that the new board has a substantial level of independence from constituencies both internal (management) and external (reference shareholder and related shareholders), so that its work is – and is recognisable as – autonomous, and not affected by any interest other than that of the company and its shareholders as a whole. Indeed, we believe that the presence, on the Board, of directors who may be qualified as independent is the most appropriate solution to ensure that the interests of all the shareholders are considered. The contribution made by the directors with these characteristics is also necessary for the composition and work of the board's internal committees with propositional and advisory roles.
16. It is therefore advisable to ensure the presence of a clear majority of candidates on each slate who qualify as independent in accordance with the criteria identified in the Borsa Italiana Code the Company has adopted, and that they possess substantial levels of independence from both internal (management) and external (reference shareholder and its shareholders) constituencies, as discussed in point 15.
17. Having said that, there is no positive and unequivocal definition of independence, and the Borsa Italiana Code merely formulates a series of non-mandatory hypotheses in which a director (and hence a candidate) will not - as a rule - appear to be independent. Furthermore, the assessment of independence should be made having regard to substance more than to form: it is factual, and can change with time and evolving circumstances.
18. The recommendation of the Board of Directors, for an orderly, functional and informed process to select new directors, is transparency in the representation of the relations linking, in the

broadest sense, the single candidates with the Company (and its subsidiaries), the majority shareholder and its shareholders, the remaining major shareholders, those who submit the slate, the corresponding management, both executive and with strategic responsibilities, and the network of the Group's main external auditor, extending the time period considered to at least 3 years. It is also advisable to consider and report in detail any activities undertaken by the candidates through companies over which they exercise control or in which they hold a significant stake or in which they qualify as strategic key managers, or through professional associations of which they are members, with Telecom Italia (and its subsidiaries), and the majority shareholder and its shareholders, the remaining major shareholder, those who submit the slate, the corresponding management, both executive and with strategic responsibilities, and the network of the Group's main external auditor

b. Candidate quality

19. For the Board to operate correctly and effectively, the priority aspect to consider is assuredly the quality of the candidates, and hence the quality of the members of the Board of Directors.
20. The size and complexity of the Company and the Group require a Board of Directors that offers extensive general and specialist knowledge, experience and background, accrued in an international environment, that is relevant both to the general macroeconomic scenarios and to market globalisation, and, more particularly, to the industrial and financial sector. An adequate set of skills and professional attributes is the fundamental prerequisite for a Board of adequate capacity.
21. The competencies deemed most essential are knowledge of the telecommunications and/or IT sector (including its regulation), or, businesses that are in any event contiguous, strategy, finance, communication and organisation, risk management and internal control. In terms of professional background, while the company prefers a managerial background (above all CEOs or CFOs of major companies), the contribution of academics expert in finance and taxation, risks, law and the technical sector the Group works in is also deemed useful.
22. An international dimension would be welcome, by the inclusion of non-Italians or people with professional experience gained abroad in the slates of candidates.
23. A balanced mix of these varied components should be ensured, since the joint presence of diverse competencies and experience ensures complementary professional profiles, and promotes debate and the efficient operation of the Board, in the awareness that specialist competencies may be contributed by internal structures or, if necessary, by external consultants, and that the complexities of the dynamics to be managed suggest candidates with prior experience serving on the boards of listed companies.
24. Alongside these aspects related to their cultural and/or professional expertise, it is emphasised that the desirable requisites for candidates include an attitude that is open to proactive confrontation and willingness (and time) to work in a board whose operation is based on the

collective principle. For all the newly appointed candidates, and particularly those who do not have specific prior experience in the sector, the additional commitment required, especially at the start, to acquire the necessary knowledge of the industry and/or the specific company reality, through suitable training initiatives, even tailored, should be noted.

25. Finally, we would point out that in light of the company's commercial activity, it is opportune for the members of the administrative body to each possess the requisites to sign contracts with government bodies and to undertake activity as authorised.
26. If, to facilitate the strengthening of the skills in the telecommunications and IT sector business and its technologies that the majority of the outgoing Board has recommended, the shareholders should propose as candidates people who carry out activities that compete with those of Telecom Italia, it is proposed that - if they should be appointed - an authorisation proposal be put to the vote of the Shareholders' Meeting, pursuant to article 2390 of the Italian Civil Code.
27. In line with the provisions of the Corporate Governance Code, the Board of Directors – where the Shareholders meeting authorises directors to undertake competing activities – shall in any event be responsible for assessing the specific issues that arise after its appointment, reporting any critical aspects to the Shareholders' Meeting. For this purpose, each candidate is advised to inform, in detail, firstly the shareholders, in his or her curriculum vitae, and then the Board and the Board of Statutory Auditors, upon acceptance of the appointment, of any business undertaken in competition with Telecom Italia and, subsequently, any relevant change.
28. It is recommended that, upon filing, the slates be accompanied by a description the characteristics of the candidates, explaining the reasons they are suitable to hold office as Directors of Telecom Italia, with reference to the requisites suggested above and in any event in terms of their expected contribution to the activities of the administrative body. Regarding the candidates qualifying as independent, it is advisable that the reasoning underlying their qualification be set out, to allow the market to formulate its own opinion of this specific aspect.
29. Finally, for operational purposes, to facilitate compliance with the gender balance requirement, it is suggested that the shareholders list the candidates on the slate alternating men and women at the top of the slate.

c. Size and term of office

30. We consider that the size of the Board of Directors may be redimensioned, bringing the number of members to 11 or 13. In light of the statutory criterion for allocating seats, the reduction would contribute to substantially rebalancing the debate between the different constituencies inside the board.
31. This measure appears to be adequate to enable the board to fulfil the tasks assigned to it in the field of corporate governance. Combined with the criteria indicated for the qualification of the candidates (including the presence of a majority of independent candidates, and also the

actual availability of time to dedicate to the office), it would enable internal committees to be constituted, while still ensuring that the operation of the administrative body as a whole is managed efficiently and effectively. At the same time, there would be room in the heart of the Board for an adequate group of professional figures, including people with diversified international experience.

32. As for term of office, we confirm the traditional approach, with a three year mandate. This is the period of time needed to ensure that newly appointed directors have sufficient time to justify their initial investment of time and energy to acquire a good knowledge of the situation of the company and the industry in which it operates.

d. Delegated powers structure

33. The serving Board of Directors expresses its preference for a delegated powers structure based on the presence of a non-executive chairman and a separate Chief Executive Officer, with the organisation of the work of the board broadly based on the investigative and propositional activities of the internal committees.
34. We recommend that the Chairman be chosen from among the appointed Directors who fulfil the requirements of independence and represents a an impartial guarantor of all the shareholders.
35. It is suggested that the Executive Committee not be reconstituted, while, also in relation to the proposed new size of the full board, we believe that the Control and Risk Committee should be composed of 5 members and the Nominations and Remuneration Committee should be composed of 3 members, with directors allowed to be members of both committees, which should have different chairs, to be assigned to independent Directors, preferably from the minority slates.

e. Remuneration

36. As for remuneration, we confirm the now consolidated formula of determining a total maximum annual amount to apply to the whole Board of Directors pursuant to article 2389, subsection 1 of the Italian Civil Code (and thus net of remuneration for the special roles of Chairman and Chief Executive Officer pursuant to article 2389, subsection 3 of the Italian Civil Code), assigning its allocation among directors to the Board itself, which will take into account the extra workload consequent on membership of the internal committees.
37. The Board of Directors proposes, specifically, to determine this sum in continuity with the past, suitably redimensioned to take account of the reduction in the number of Directors.
38. According to the Bylaws, the Directors are entitled to reimbursement of expenses incurred to exercise their functions; the Company adopts the policy of aligning these with the provision made for top management. For completeness, it should be noted that members of the Board benefit from civil liability (professional risks) insurance, known as a Directors & Officers policy, drawn up as a "claim first made" policy, which is renewed annually and covers all managers and

members of the management bodies of the companies of the Group (Telecom Italia and subsidiaries), including external directorships to which they are appointed by Telecom Italia.

Conclusions

39. It is recommended that Shareholders submit the slates (and the proposals on the number, duration and remuneration) sufficiently in advance of the deadline as per law (22 March 2014).
40. Candidates are advised to only accept candidacy where they believe they will be able to maintain the declared requirements and be able to commit for the full term of their mandate. Operationally, it is also advisable for candidates to make a photograph available, and to authorise publication of their curriculum vitae on the Company website, ensuring that details they do not wish to be disseminated are not included.
41. We advise the Shareholders' Meeting to establish the following for the new Board of Directors:
- a composition of 11 or 13 members;
 - a term of office of three financial years (until approval of the financial statements at 31 December 2016);
 - gross annual remuneration coherent with the size of the body, plus reimbursement of the expenses incurred in office and insurance cover as detailed above;
- and, in any event, authorise derogation of the competition prohibition for any candidates that undertake competing activities on their own account or for third parties, should they be appointed.
42. Finally, it is recommended that the incoming Board of Directors evaluate whether or not the Bylaws and/or the remaining corporate governance instruments in force be amended in order to implement the solutions suggested, and in any case the best company practices.

Addendum approved by the Board of Directors on 11 March 2014

In relation to the supplement to the agenda of the shareholders' meeting requested by the shareholder Findim Group S.A pursuant to art. 126-bis of Legislative Decree 58/1998, with the consequent convening of the shareholders to also discuss and resolve on the "Appointment of the Chairman of the Board of Directors by the Shareholders' Meeting", it is recommended that Shareholders submitting slates indicate the candidate they are proposing – subject to his/her election to the Board – for appointment to the office of Chairman of the Board of Directors.

It is understood that, if the Shareholders' Meeting does not make an appointment (by means of resolution of the absolute majority of the shareholders at the meeting), the Chairman will be elected directly by the Board of Directors, as provided for by Art. 10.1 of the company Bylaws.

APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS BY THE SHAREHOLDERS' MEETING.

(Report submitted by the shareholder Findim Group S.A. in requesting the supplement to the agenda of the Shareholders' Meeting, pursuant to art. 126-bis, Legislative Decree 58/1998)

Dear Sirs,

the undersigned Findim Group S.A., shareholder holding a qualified holding in Telecom Italia S.p.A. ("TI") and financial investor acting on a number of international markets, has for some time now been hoping that TI will launch a process to improve its corporate governance, thereby enabling the company to become the first truly public company in the Italian financial panorama, operating in the interests of all its stakeholders.

The first step towards bringing TI corporate governance into line with national and international best practices should be the strengthening of mechanisms to protect and safeguard minority shareholders and the independence of the Board of Directors with respect to the controlling shareholder.

It is within this context, therefore, that we today make our request to supplement the agenda of the TI shareholders' meeting called for 16 April 2014, a request aimed at ensuring that the Chairman of the Board of Directors is exclusively appointed by the shareholders' meeting upon appointment of the whole board and not designated *ex post* by the Board of Directors who, for 4/5, will be composed of candidates from the Majority Slate.

Even though more structured interventions on the rules for appointing the Board of Directors are lacking, which the undersigned moreover hopes for, this simple proposed supplement to the agenda will have the undoubtable merit of permitting all shareholders to exercise directly their right to vote even with regards to the choice of the company Chairman, so that the Chairman him/herself, also considering the essential role of guarantor assigned him/her by our regulations, represents the widest possible majority and may ensure shareholders and the market the maximum impartiality, in the interests of the company and all its shareholders.

Findim Group S.A.

10 March 2014

SUPPLEMENTARY REMUNERATION FOR THE BOARD OF STATUTORY AUDITORS – RELATED AND CONSEQUENT RESOLUTIONS

Dear Shareholders,

the Board of Directors submits for your attention the opportunity for a review of the remuneration of the Control Body.

The remuneration of the current Board of Statutory Auditors was established by the Shareholders' Meeting of 15 May 2012, which, when appointing it, fixed the annual remuneration for each Standing auditor at 95,000 euros gross and the annual remuneration for the Chairman of the Board of Statutory Auditors at 135,000 euros gross.

Responsibilities and competences of the board are established by the legislation. It must however be stated that in Telecom Italia the Board of Statutory Auditors is also identified as the *audit committee* in terms of the United States legal framework, within the limits in which the Company is subject to it as a foreign private issuer registered with the US Securities and Exchange Commission, listed on the New York Stock Exchange, and that the Board of Directors of Telecom Italia has assigned the Board of Statutory Auditors the functions of supervisory body, extended to Group level, pursuant to art. 6, subsection 4-bis, of Legislative Decree no. 231 of 8 June 2001.

The growing complexity of the legal framework with which the Board of Statutory Auditors has to deal, the growing importance of the system of controls as part of the Company's corporate governance, and, above all, the growing centrality assigned to the Board of Statutory Auditors in the abovementioned system suggest a better definition of the structure of remunerations awarded at that time by the Shareholders' Meeting.

An analysis of the activities performed by the Board of Statutory Auditors, in fact, bears witness to a significant increase in the number of institutional board meetings in which the Statutory Auditors take part, an increase which naturally implies a multiplication of the time and energy spent in adequate preparation for them. A comparison between the activity performed in 2012 and that performed in 2013 reveals the following: the Statutory Auditors have their meetings (39 in number in financial year 2012 and 50 in 2013), but are also bound to attend the meetings of the Board of Directors (in 2012 there were 12 and in 2013 there were 16), and of the Executive Committee (two in each of 2012 and 2013), and their attendance is obligatory at the Company's Shareholders' Meeting (there were also two of these in each of the two years). The Chairman of the Board of Statutory Auditors, as recommended by the Corporate Governance Code of the Corporate Governance Committee of Borsa Italiana, also attends all the meetings of the Control and Risk Committee (even where these are not formally held jointly with the Board of Statutory Auditors) and of the Nominations and Remuneration Committee (there were 9 in 2012 and 14 in 2013).

The Board of Directors considers that it is therefore appropriate to introduce a corrective to the structure of remuneration of the Statutory Auditors, by providing an attendance fee for meetings which they attend, so as to make the remuneration more consistent with the growing intensity of the commitment required of them. It is therefore proposed that in addition to the compensation *ratione temporis* already accorded to them, the Statutory Auditors should be granted at the end of the year an attendance fee of 500 euros gross for each meeting which each of them has attended in excess of 24 per year, that is to say above an average of 2 meetings per month.

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

Proposed Resolution

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

- in view of the resolution of the Shareholders' Meeting of 15 May 2012;
- having examined the explanatory report of the Board of Directors;

resolves

to award the Statutory Auditors, as a supplement to the remuneration for their office already established by the Shareholders' Meeting of 15 May 2012, an individual attendance fee (the same sum for the Chairman of the Board of Statutory Auditors and for the standing Auditors), granted at the end of the year, of 500 euros gross for each meeting which each of them has attended in addition to the 24 meetings per calendar year, starting from 1 January 2014 and with payment, in the event of a period of office less than a calendar year, of the same amount for each meeting that they have attended in number greater than the product of the multiplication by 2 of the total number of complete calendar months in which they were in office.

STOCK OPTION PLAN – RELATED AND CONSEQUENT RESOLUTIONS

Dear Shareholders,

The Board of Directors submits for your approval, pursuant to art. 114-*bis*, Legislative Decree no. 58 of 24 February 1998 (the “Consolidated Finance Law ” “CFL”), a new remuneration instrument for the management, intended to represent the long-term variable component within the new corporate remuneration policy, as explained in the section that precedes the specific report, also submitted for examination by the Shareholders' Meeting, in accordance with art. 123-*ter* of the CFL.

It concerns a stock option plan (the “2014-2016 Plan”) aimed at a part of the Group's management as identified by the Board of Directors of Telecom Italia S.p.A. (the “Company”), in due course and at its discretion, from among the executive directors of the Company and/or its subsidiaries, the heads of departments reporting directly to the Executive Directors and/or the Board of Directors itself, and the remaining management. The aim of the initiative is to get management holding organizational positions that are critical for the company's business, or in any case deemed worthy of incentivisation and retention based on managerial considerations, to focus on increasing the share value over the medium-long term through the allocation of options (the “Options”) to purchase shares at a predetermined price (the “*Strike Price*”), in a variable number and in any case conditional upon the achievement of predetermined *performance* levels.

While you are invited to refer for further details to the information document drawn up according to the chart of the Issuer Regulations (adopted by Consob with resolution no. 11971 of 14 May 1999 and as subsequently amended), the essential terms and conditions of the 2014-2016 Plan are summarized below, which will be better defined in the regulations remitted to the Board of Directors for definition, upon the proposal of the Nomination and Remuneration Committee, after obtaining – where required – the opinion of the Board of Statutory Auditors pursuant to art. 2389 of the Italian Civil Code (the “Plan Regulations”).

The 2014-2016 Plan will involve a maximum of 196,000,000 Options, free and non-transferable, which will give the beneficiaries, at the end of the three-year incentive period, the right to subscribe or purchase the same number of Telecom Italia ordinary shares, at a Strike Price established by the Board of Directors in line with the market price of the share at the time of allocation, calculated as the average of the official listed price of a Telecom Italia ordinary share on the electronic share market organized and managed by Borsa Italiana S.p.A. over a suitable timespan, as adjusted where necessary pursuant to the Plan Regulations.

The Board of Directors will determine, in accordance with the applicable regulations, the potential beneficiaries, the number of Options attributed to each, and the Strike Price. There will be two performance parameters:

- the relative Total Shareholder Return (“TSR”), based on Telecom Italia's TSR position in the TSR ranking of the special panel of comparable telecommunications companies (weight: 50%);

- the Free Cash Flow as indicated in the 2014-2016 industrial plan (weight: 50%).

The number of Options allocated will be commensurate to the fixed component of the beneficiaries' remuneration, so that each of them, upon achieving the target level of the performance objectives, is granted a number of exercisable Options with a value at the time of allocation of no more than 60% of their respective annual gross pay for each year of the incentive period, and therefore a maximum of 180%. As regards any executive directors of the Company to whom Options are allocated, the value of the exercisable Options at target may not exceed (in light of the valuation of the same Options at the time of allocation) 100% of their gross annual remuneration for each year of the incentive period, and therefore a maximum of 300%.

As regards all the beneficiaries, regardless of when the Options were allocated, the performance conditions will be verified once the three-year vesting period has elapsed. The vested Options may be exercised for three years from the vesting date (without prejudice to suspension periods established in the Plan Regulations), at the end of which the relative subscription/purchase rights will lapse.

The Options will also lapse definitively and without any form of restoration if the beneficiaries die or their employment by/collaboration with the Company (or with companies it directly or indirectly controls, even if the company is not the same Group company the interested party was employed by at the time the Options were allocated) is terminated during the vesting period. After the vesting period, if the employment by/collaboration with the Company (or companies it directly or indirectly controls) should cease, the Options will remain exercisable by the beneficiary (or their heirs), for no more than three years from the vesting period, in the following cases exclusively:

- with reference to any executive directors allocated Options, in case of (i) non-renewal of their mandate; (ii) early termination of their period of service with respect to the expiration of the mandate of the board due to objective causes, company initiatives without just cause, at the initiative of the affected party for just cause; (iii) total or permanent invalidity; (iv) death;
- with reference to the other beneficiaries in the event of: (i) retirement; (ii) consensual termination of the employment by/collaboration with the Company (or with companies it directly or indirectly controls); (iii) placement outside the Group's area of competence, for any reason, of the company which the beneficiary was employed by/collaborated with; (iv) dismissal for justified objective reasons; (v) total and permanent invalidity; (vi) death.

It is understood that, in any other case of discontinuance/termination of the beneficiary's employment relationship with the Company (or with companies it directly or indirectly controls) the vested Options shall be forfeit. If a notification of disciplinary proceedings is sent, the right to exercise the vested Options will be suspended until receipt of the communication announcing the sanction to be applied or the communication notifying the recipient that no sanction will be applied.

In the event of extraordinary operations on the Company's capital, the Board of Directors, independently and without the need for further approval by the Shareholders' Meeting of the Company, will make all the amendments and additions to the Plan Regulations deemed necessary or

appropriate to keep the substantial and economic contents of the 2014-2016 Plan unchanged within the limits allowed by the regulations as applicable each time.

The 2014-2016 Plan does not benefit from the support of the special Fund to provide incentives for the employees' shareholdings in the enterprises.

Following the exercising of the vested Options, upon payment of the Strike Price the beneficiaries will receive Telecom Italia ordinary shares with regular entitlement and not subject to restrictions on disposability. The 2014-2016 Plan will be serviced by a specific mandate to increase the share capital for cash, proposed to the Shareholders' Meeting in the extraordinary session, for a maximum amount of 196,000,000 newly issued ordinary shares (with a maximum dilution of 1.01% of the total capital and 1.46% of the ordinary shares only, at 31 December 2013) and, residually, where deemed appropriate by the Board of Directors, by the use of treasury shares in the Company's portfolio. The Board of Directors therefore also asks the Shareholders' Meeting for authorisation to make the aforementioned treasury shares available.

The Board of Directors invites you to refer to 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 2014-2016 stock option 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 all the necessary and appropriate powers (i) to define the plan regulations, also making any amendments and/or supplements that may be necessary over time, and (ii) to implement the plan itself, also carrying out all activities necessary to comply with the *pro tempore* regulations in force, with authorisation to also assign ordinary treasury shares present in the Company portfolio from time to time.

**MANDATE TO INCREASE THE SHARE CAPITAL TO SERVICE THE STOCK OPTION PLAN – AMENDMENT TO
ART. 5 OF THE COMPANY BYLAWS – RELATED AND CONSEQUENT RESOLUTIONS**

Dear Shareholders,

A stock option plan was submitted to the Shareholders' meeting in the ordinary session providing for – among other things – the right to subscribe ordinary shares of Telecom Italia (the “Company”) for cash. In particular, in relation to this, the 2014-2016 stock option plan (the “Plan”) envisages the allocation to the beneficiaries of the initiative of a maximum of 196,000,000 options (the “Options”) to subscribe, for cash, ordinary shares of the Company, applying a ratio of one share for each vested and exercisable Option, provided that certain pre-established conditions are met.

To service the Plan, regulated by specific regulations (the “Plan Regulations”), we therefore ask you to approve the assignment to the Board of Directors, pursuant to article 2443 of the Italian Civil Code and for a period of five years from the date of the shareholders' resolution, of the powers to increase the share capital within the limits stated above, , by the issue for cash of new ordinary shares without par value, in divisible form, in one or more tranches, and with disapplication of preferential subscription rights:

- pursuant to art. 2441, subsection 8, of the Italian civil code to be reserved for employees of the Company or its subsidiaries beneficiaries of the Plan, and
- pursuant to art. 2441, subsection 5, of the Italian civil code to be reserved for any beneficiaries of the Plan who are not employees,

the one and the other to be identified by the Company's Board of Directors in due time, subject to the terms and conditions and by the methods specified in the Plan.

The Board of Directors will be assigned the powers to determine the subscription price, as per the Plan Regulations, in line with the market price of the share, calculated as the average official listing price of a Telecom Italia ordinary share on the Electronic Share Market organised and managed by Borsa Italiana S.p.A. over a suitable timespan to precede the moment of allocation of the Options, without prejudice to compliance with the rules applicable each time depending on the status of the beneficiaries for which the increase in capital is reserved. Under said mandate, the Board of Directors will determine the portion of price to be allocated to capital and that to be allocated to the premium reserve, without prejudice to the fact that the amount of the increase in share capital will not exceed 107,800,000 euros.

It should be noted that, regarding the proposed resolution (which results in a maximum theoretical dilution of 1.01% of the total share capital and 1.46% of ordinary shares only at 31 December 2013), shareholders who do not approve this proposal do not have the right of withdrawal.

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 Statutory Auditors that the current share capital has been fully paid in;

resolves

1. to grant the Board of Directors, pursuant to article 2443 of the Italian Civil Code, for a period of five years from the date of this resolution, the powers to increase the share capital for cash, in divisible form, in one or more tranches, and with disapplication of the preferential subscription right pursuant to art. 2441, subsection 8 and – as required – subsection 5, of the Italian Civil Code, for a maximum amount of 107,800,000 euros, by the issue of a maximum of 196,000,000 ordinary shares of the Company, without par value, with regular dividend entitlement, solely to service the 2014-2016 stock option plan, according to the criteria determined in the relevant regulations, and hence reserved for part of the management, to be identified in due time by the Company's Board of Directors, setting suitable time limits for their subscription and specifying that, if the increase resolved 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;
2. to establish that the issue price of the conversion shares of the capital increase (and the relative allocation to capital and premium reserve) is determined by the Board of Directors upon exercising the mandate received, noting that the issue price must be determined in accordance with the 2014-2016 stock option plan, and hence on the basis of the average official listing price of a Telecom Italia ordinary share on the Electronic Share Market organised and managed by Borsa Italiana S.p.A. over a suitable timespan to precede the moment of allocation of the options set out in the aforementioned plan, excepting any adjustments envisaged in its regulations;
3. to introduce a new subsection at the end of art. 5 of the Company Bylaws which shall read as follows:

For five years starting from 16 April 2014 the Directors may increase, for cash, the share capital to service the “2014-2016 Stock Option Plan”, as approved by the Company's Shareholders' Meeting of that date, in one or more tranches, for a maximum amount of 107,800,000 euros, by the issue of a maximum of 196,000,000 new ordinary shares without par value, with regular dividend entitlement, with disapplication of preferential subscription rights pursuant to art. 2441, subsection 8 and – as required – subsection 5, of the Italian Civil Code, reserved for part of the management of Telecom Italia S.p.A. and its subsidiaries, identified in due time by the Company's Board of Directors Upon exercising said mandate the Board of Directors shall set the

issue price of the shares (including any premium) in accordance with the “2014-2016 Stock Option Plan”, and it shall also set suitable time limits for subscription of the newly issued shares, specifying that, if the increase resolved 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.

4. to confer on the Board of Directors – and on behalf thereof on the *pro tempore* legal representatives of the Company, jointly or severally – all the powers necessary to
 - ✓ make the changes on a case by case basis to article 5 of the Company Bylaws that are consequent on the resolutions, and on the execution and completion of the single tranches of the increase in share capital authorized as above, and to that end meet all the obligations and disclosure of publish all information 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 amendments, additions or deletions of a non-substantial nature 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.

DEFINITIVE REDUCTION OF THE REVALUATION RESERVE UNDER LAW NO. 413/1991

Dear Shareholders,

The proposal was made to you in the ordinary session to use the entire Revaluation reserve pursuant to Law no. 413/1991, for an amount of 1,128,826.78 euros, to cover the losses shown in the Company's financial statements as at 31 December 2013. This would entail, moreover, a prohibition on making a distribution of profits until the reserve is reinstated or reduced in a corresponding measure with a resolution of the Extraordinary Shareholders' Meeting.

In the light of the provisions of art. 26, subsection 2 of Law no. 413/1991, the Board of Directors proposes to you to proceed with the definitive reduction of said reserve (zeroed out with the withdrawal referred to above), excluding it from the obligation to reinstate it on the occasion of future distributions of profits.

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

Proposed Resolution

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

- noting that by resolution adopted at the time of the approval of the financial statements as at 31 December 2013 the totality of the Revaluation reserve pursuant to Law no. 413/1991 was used to cover the loss for financial year 2013, *inter alia*, for an amount of 1,128,826.78 euros;
- taking account of the provisions of the applicable special regulations,

resolves

definitively to reduce the Revaluation reserve pursuant to Law no. 413/1991 in a measure corresponding to the amount of 1,128,826.78 euros, used to cover the loss for financial year 2013, and therefore to proceed with zeroing out the above reserve, without the obligation to reinstate it, in accordance with art. 26, subsection 2 of Law no. 413/1991.