



REPORT ON REMUNERATION

pursuant to art. 123-*ter* CFL

(Report approved by the Board of Directors
at the meeting on 6 March 2014 – available on the website www.telecomitalia.com)

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
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Letter from the Chairman of the Nomination and Remuneration Committee

Dear Shareholders,

In presenting the Telecom Italia Report on Remuneration, I take the opportunity of summarising the principal activities with which the nomination and remuneration Committee has been engaged in 2013.

Consistently with its own calendar of activities, the Committee dedicated the first part of the year to verifying the implementation, application and consistency of the 2012 remuneration policy and the setting-up of the 2013 remuneration policy.

This activity concerned the assessment of the level of achievement of the performance objectives of the short-term and long-term variable incentive system, and the setting of performance objectives linked to the short-term incentive system for 2013 and the setting-up of the employee share ownership system. This preparatory activity was carried out in support of the resolutions adopted on the subject by the Board of Directors.

In the second part of the year, the Committee monitored the development of the relevant regulatory framework and of market best practices in remuneration, collecting ideas for setting-up the remuneration policy for 2014 and, on the basis of the analysis of the resolution of the shareholders' meeting on last year's Report on Remuneration, identifying aspects for improving the Report.

This report has therefore been prepared with the intention of providing the market and the investors with an instantly readable picture of the key elements of the remuneration policy, balancing summary and detailed information.

The Committee has made a constant effort to explain adequately to shareholders and the market the remuneration policy established by the Board of Directors of Telecom Italia for directors and executive directors. Confident that this Report on Remuneration testifies to the Committee's commitment to respect for the logic of transparency required by the legislation and to which the Company fully adheres, I thank you for the support which I hope you will give to the policies set for 2014.

Jean Paul Fitoussi
Chairman of the nomination and remuneration Committee

Introduction

The Report on Remuneration, in compliance with the provisions currently in force, presents:

- in the first section, the remuneration policy adopted by Telecom Italia S.p.A. (“Telecom Italia” or the “Company”) for the year 2014 for the directors and Key Managers with strategic responsibilities ⁽¹⁾;
- in the second section, the final figures regarding remuneration for the 2013 financial year, supplemented by the situation of the shares held in the Company and in its subsidiaries by Directors, Statutory Auditors and Key Managers with strategic responsibilities.

The Report opens with a summary which has the purpose of offering the market and investors an instantly readable picture of the key elements of the remuneration policy.

We emphasize that said remuneration policy is explained in continuity with the governance structure within the existing Board of Directors at the date of approval of the document and consistently with what the Board of Directors recommended in its own statement of opinion on the qualitative and quantitative composition of the administrative body, which the Shareholders' Meeting of 16 April 2014 is called upon to renew (see the relevant report, which may be found on www.telecomitalia.com/assemblea).

The said shareholders' meeting is furthermore called upon to express its opinion, with a non-binding vote, on the first section of the Report, and also:

- to determine the compensation of the Directors (other than those assigned specific offices) for the next term of office;
- to approve the 2014 - 2016 stock-option plan (as well as the powers to increase the share capital to service it).

It will be up to the new Board of Directors to determine the remuneration package of the Executive Directors within the new composition of the Board, consistent with the structure of powers which it will define.

⁽¹⁾ In continuity with 2013, and barring an update in relation to the deployment of the new organizational structure approved by the Board of Directors at the beginning of 2014, the strategic managers are identified - besides the Executive Directors (currently: the Managing Director) - as the holders pro tempore of the following organizational positions: *Administration Finance & Control, People Value, Legal Affairs, National Wholesale Services, Public & Regulatory Affairs, Business Support Officer, Technology, Consumer, Business, Tim Brasil*. For completeness we state that in the course of 2013 the *General Administration for South America* has been superseded and it has been decided to give up the entire shareholding in *Telecom Argentina*, the heads of which already qualified as strategic managers.

Summary of the key elements of the 2014 remuneration policy

The remuneration policy is aimed at:

- supporting the attainment of the Company's strategic objectives;
- promoting the alignment of the interests of the management with the creation of shareholder value and also with the sustainability of the results in the long term;
- on the one hand safeguarding the Group's need for identity and integration (unity) and on the other hand ensuring respect for the diversity of target markets (differentiation), so as to support the competitiveness and performance of the Company, and ensure the engagement of staff and preserve appropriate principles of internal fairness.

The fundamental elements of the remuneration policy (in particular: architecture of MBO and equity-based instruments) are the subject of a resolution by the Board of Directors on a proposal by the Nomination and Remuneration Committee (the "Committee"). The policy is defined consistently with the model of governance adopted by the Company and in line with the recommendations of the Corporate Governance Code.

Summary outline of the 2014 remuneration policy

The policy for 2014 provides for a number of changes compared with the previous year, both as regards short-term remuneration (MBO) and as regards variable long-term remuneration, which has been modified with the intention of making it more effectively aligned with the objective of creating shareholder value sustainably over time, and finally as regards the launch of a new Broad-based Share Ownership Plan . We present below a summary of the main components of the remuneration policy.

| Element | Purpose | Description | Values |
|--|--|---|---|
| Fixed component | Takes into account the breadth and strategic nature of the role and individual characteristics and responsibilities. | Remuneration positioning is monitored through suitable benchmarks with reference to the national and international market, both general and specific to the TLC and media sector. | Remuneration determined on the basis of the level of the role performed and of positioning with respect to the market. |
| Short term variable component (MBO) | Promotes a transparent link between degree of achievement of annual objectives and economic recognition of the contribution of the individual. | <p>All the key managerial resources participate in the plan. The size of the incentives is differentiated in relation to the level of the role. Incentives are delivered in proportion to results achieved in the financial year.</p> <p><u>MD Objectives:</u> Corporate economic/financial objectives (weight 80%), customer satisfaction (weight 10%) and share price performance (weight 10%).</p> <p><u>KMSR (key managers with strategic responsibilities) Objectives:</u> Corporate objectives (min. weight 50%) and individual objectives relating to the structure/function managed (minimum weight 30%), detailed on the basis of the objectives of the MD and of the responsibilities assigned to the individual.</p> <p>For all participants a "gate" objective is specified, which represents a condition of access to the delivery of the accrued bonus (for the KMSRs and</p> | <p>MD: target incentive equivalent to 100% of fixed remuneration (min. bonus payable 50%, max. 150% of the bonus at target, with minimum threshold and access gate).</p> <p>KMSRs and other managers: target incentives up to a maximum of 50% of the fixed remuneration (min. bonus payable 70%, max. 140% of the bonus at target, with minimum threshold and access gate with respect to the corporate objectives).</p> |

| | | | |
|---|--|--|--|
| | | the remaining managers the "gate" is limited to the corporate objectives). | |
| Long term variable component (Stock Options) | Promotes long-term shareholder value creation | Besides the MD and the KMSRs, a selected group of other key managers participate in the plan (subject to the approval of the Shareholders' meeting). The plan consists of the allocation of options to purchase shares in the future at a predetermined price. The plan covers the period 2014-2016. The options can be exercised at the end of a vesting period and only if a performance condition is met, measured through the relevant TSR (weight 50%) and FCF (weight 50%). Once vested, the rights can be exercised for a period of 3 years. | MD: incentive linked to target, not exceeding 100% of fixed remuneration for each year of incentivisation. KMSRs and other managers: incentive linked to target not exceeding 60% of fixed remuneration for each year of incentivisation. |
| Benefits | Provides resources and services | The benefits allocated to the MD and the KMSRs are similar to those specified for the company management generally, and are mainly of a social security and welfare nature. | Insurance policies (accident, life, permanent disability and healthcare), supplementary pension. Company car for mixed use. |
| Broad-based Share Ownership Plan | To increase employees' motivation to achieve corporate objectives and reinforce the sense of belonging | The plan is reserved for all of the permanent employees of Telecom Italia S.p.A. and its Italian-registered subsidiaries, including – if employed – the MD and the KMSRs. Employees have the opportunity, on a voluntary basis, to buy ordinary shares in Telecom Italia at a discount of 10% and to receive free shares (1 bonus share for every 3 shares purchased) if they keep possession of the shares purchased for a minimum period of 12 months. | Discount of 10% on the average market price of the share; 1 free share every 3 shares purchased and held for a minimum period of 1 year. Minimum investment 300 shares, maximum investment € 5,000. |

SECTION 1

2014 REMUNERATION POLICY

Parties involved in the remuneration process

The remuneration policy for the members of the Board of Directors is defined in line with the law and the provisions of the Bylaws, under which:

- the Shareholders' Meeting determines the compensation of the Board of Directors (and also of the directors holding specific offices: Chairman and Managing Director); expresses its opinion on the first section of the Report on Remuneration; resolves on the compensation plans which are based on the allocation of financial instruments;
- the Board of Directors resolves on the division of the compensation determined by the Shareholders' Meeting (when determined as a total amount for the governing body as a whole); defines the remuneration policy for the executive directors and the key managers with strategic responsibilities; determines the remuneration of the Directors who hold specific offices.

The Board of Directors is furthermore responsible for making proposals to the Shareholders' Meeting on the compensation plans which are based on the allocation of financial instruments to directors and employees, and for the preparation of the Report on Remuneration.

In order to ensure that the decisions taken regarding remuneration are appropriately investigated, conform to the rules on transparency and strictly governing potential conflicts of interest, the Board of Directors is supported by the nomination and remuneration Committee.

Nomination and Remuneration Committee

In Telecom Italia's system of governance there is an internal committee empowered to make proposals relating to the remuneration of Directors holding specific offices and to the criteria for the remuneration of the Company's senior managers. This Committee has also been assigned responsibility for proposing candidates for the Board of Directors, in the event of co-option due to independent directors ceasing to serve, and the supervision of the succession plan for Executive Directors.

The Committee consists of three non-executive directors, all of them in various ways having suitable accounting and financial knowledge and experience:

- Jean Paul Fitoussi (Chairman - independent)
- Massimo Egidi (independent)
- Gabriele Galateri di Genola

In accordance with the Company's Corporate Governance Principles (which may be found at www.telecomitalia.com, Governance section, Governance System channel/Codes), the Committee combines duties and responsibilities assigned by the Corporate Governance Code of Borsa Italiana (available at www.borsaitaliana.it) to the nomination committee and the remuneration committee.

Specifically regarding remuneration the Committee:

- proposes the criteria for the division of the total annual compensation established by the Shareholders' Meeting for the entire Board and presents to the Board of Directors proposals on the remuneration of Directors holding specific offices, holds discussions with the People Value Function on the remuneration policy for all managers (and particularly the remuneration policy for key managers with strategic responsibilities) in the context of the Company's overall salary policy;
- examines proposals made to the Board of Directors for compensation plans based on financial instruments;
- assesses the appropriateness, practical application and consistency of the general remuneration policy,

particularly with reference to actual corporate performance, making suggestions and proposals for any corrective measures;

- monitors implementation of the decisions adopted by the Board of Directors regarding remuneration, ascertaining the level of achievement of incentive objectives by Executive Directors and management in general, applying the measurement criteria determined when these objectives were assigned to them;
- reports on its own activities to the Board of Directors, as a rule, at the first available meeting.

For completeness, we should point out that, according to the procedure for transactions with the Company's related parties (available on www.telecomitalia.com, Governance section - Governance System channel), resolutions regarding the remuneration of directors and key managers with strategic responsibilities passed in accordance with the remuneration policy submitted for examination by the Shareholders' Meeting, are considered to be non-relevant transactions and not therefore subject to Consob Regulation no. 17221/2010. The tasks ordinarily assigned by Telecom Italia's procedure to the Control and Risk Committee are performed, in the matter of compensation, by the nomination and remuneration Committee.

The Committee's cycle of activities

The Committee meets as frequently as is necessary to perform its functions. The activities of the Committee are performed according to an annual flow which provides for the following agenda:

| January-March | April-June | July-September | October-December |
|---|---|--|--|
| Verification of the implementation of the remuneration policy for the previous year | Presentation of the report on remuneration to the Shareholders' Meeting | Examination of the results of the shareholder vote on the programmed remuneration policy | Definition of the remuneration policy for the following year |
| Finalization of the results and defining the objectives of the MBO incentive system | Operative launch of the long-term incentive system for the next period | Monitoring of the MBO system for the year in progress | Preparatory work for the short- and long-term incentive systems for subsequent years |
| Finalization of the results of the long-term incentive system | Monitoring of the operative implementation of the MBO system | Monitoring of the performance of the long-term incentive system | |
| Examination of the setting of the Company's global salary policy for the year in progress | | | |

Operating methods

To perform its functions, the Committee (whose meetings are attended by the Chairman of the Board of Statutory Auditors or, if he is unable to attend, another Statutory Auditor designated by him) makes use of the collaboration of the competent bodies within the Company and can avail itself of the support of external consultants who are not in situations such as to compromise the independence of judgement. For the last year the Committee made use of the assistance and studies provided by The European House - Ambrosetti. At the request of the Chairman of the Committee, executives of the Company or other parties may attend the meetings in order to provide information and assessments on individual items on the agenda. No director takes part in the meetings of the Committee where proposals for the Board are defined relating to his/her own remuneration.

Activities performed and programmed

During 2013, the Committee held fourteen meetings, with an attendance close to 95% of its members. The meetings were systematically attended by the People Value Function (formerly Human Resources and Organization) and each time the managers responsible for the areas being discussed were invited to provide support.

As regards matters of remuneration, in 2013 the Committee:

- evaluated the remuneration policy implemented for 2012;
- formulated proposals for the 2013 policy with relation to the variable remuneration plans, particularly in the light of the finalization of the Company results for 2012;
- prepared structure and content for the Report on Remuneration with a view to approval by the Board;
- examined the 2014 budget with regard to remuneration, sharing the Company's global salary policy, with particular reference to the measures taken in respect of managers, in Italy and abroad.

The Committee furthermore monitored the development of the relevant legislative framework and of market best practices on remuneration.

For 2014 the Committee has not determined a long-term programme for its own meetings. At the date of approval of this Report, five meetings have been held, aimed principally at examining the remuneration policies implemented in 2013 for the purposes of preparing proposals for the remuneration policy for 2014.

For further information regarding the rules of composition, the responsibilities, operation and activities of the Committee in different fields other than remuneration, see the Report on Corporate Governance and Share Ownership for 2013 (available at www.telecomitalia.com, Governance section, Governance System channel/Report on corporate governance).

Principles and guidelines of the Remuneration Policy

Telecom Italia's remuneration policy is formulated in the knowledge that the competitiveness of a company in the labour market – and therefore its ability to attract, retain and motivate people who have the skills and professional experience needed for the purposes of management and development, in the interests of the various stakeholders – does not depend only on economic remuneration, but rests to a large extent on the capacity to create suitable tools for total rewarding.

The remuneration policy is therefore structured with the intention of ensuring the correct balance between the fixed component and the variable component of remuneration, linked to the strategic objectives of the Company and to alignment with the interests of creating long-term shareholder value.

The remuneration policy is differentiated on the basis of a segmentation of the population, aimed at dividing resources according to their role and their individual value.

The general principles and guidelines governing the 2014 remuneration policy are explained below:

| | |
|---|--|
| <p>Fixed component</p> | <p><u>General principles</u></p> <ul style="list-style-type: none"> ▪ Takes into account the breadth and strategic nature of the role, measured through a system of evaluation of positions that uses internationally recognized and certified methods ▪ Anchored to the performance of the relevant markets, and continuously monitored by means of benchmarks set by leading consultancy companies (in the case of the Executive Directors and key managers with strategic responsibilities: the <i>Hay Group Top Executive Europe</i> international market, both general and selected for the ICT and media sector⁽²⁾), also matched to the distinctive subjective qualities and strategic skills possessed. ▪ It is adjusted for remunerating services even in the event of a failure to achieve the performance objectives which determine the disbursement of variable remuneration, in order, among other things, to discourage behaviour inconsistent with the company's appetite for risk. <p><u>Guidelines</u></p> <p>The orientation designed to align the positioning of the Managing Director, the Key Managers with Strategic Responsibilities and the rest of the management at the market average is confirmed for 2014.</p> |
| <p>Short Term Variable Component</p> | <p><u>General principles</u></p> <p>Component aimed at making the link between financial reward and the degree of achievement of annual objectives transparent. For this purpose, the objectives are fixed with reference to qualitative and quantitative indicators that are representative of and consistent with the strategic and industrial priorities, measured according to pre-defined and objective criteria.</p> <p><u>Guidelines</u></p> <p>The short term variable remuneration system has been made more severe both by introducing for all management a "gate" mechanism for achieving corporate objectives, and by modifying the weight relating to corporate/departmental objectives for almost all the structures. In continuity with 2013 we have re-proposed, for functions which are assigned the Total Group Revenues objective, the application of a demultiplier associated with the achievement of the corresponding objective on the Domestic front.</p> |
| <p>Long Term Variable Component</p> | <p><u>General principles</u></p> <p>Incentives aimed at promoting the alignment between the interests of the management and those of the shareholders, through participation in the opportunity and the risk associated with the value of the Company, with beneficial results expected in terms of growth in the share value;</p> <p><u>Guidelines</u></p> <p>Following approval by the Shareholders' Meeting, it is planned to implement a stock options plan (2014-2016 Stock Options Plan) with the object of focusing management on generating</p> |

(2) The Hay Group Top Executive Europe benchmark consists of a sample of senior management roles belonging to the largest European companies operating in all sectors. The so-called selected market is an extrapolation from that general sample, solely of management positions in companies operating in the ICT and media sectors. As a guide, the selected market presents greater competition, with higher remuneration levels.

| | |
|--|--|
| | <p>shareholder value, with particular reference to increasing the share price. Besides the MD and the KMSRs (Key Managers with Strategic Responsibilities), a selected group of the other managers also participates in the plan.</p> <p>The plan consists of the allocation of options to purchase shares in the future at a predetermined price (strike price). The strike price will be established by the Board of Directors, usually in line with the market price of the Share at the time of allocation of the options, calculated as the average of the official quoted price of the Share on the MTA electronic share market organized and managed by Borsa Italiana S.p.A. in the month preceding the resolution.</p> <p>The options cannot be exercised before the expiry of a three year vesting period, and become exercisable only if a performance condition is satisfied, measured by means of two parameters:</p> <ul style="list-style-type: none"> - the relevant TSR (weight 50%), as a ranking within a peer group reviewed by comparing previous LTI cycles (AT&T, Verizon, Telefónica, Deutsche Telekom, France Télécom, Telekom Austria, Telecom Portugal, KPN, Swisscom, British Telecom, Vodafone and Telecom Italia) - and the adjusted Free Cash Flow (weight 50%). <p>The degree of achievement of the performance target determines the quantity of share options exercisable in variable measure up to 150% of the options exercisable at target. Once vested, the rights can be exercised for a period of 3 years.</p> |
| <p>Benefits</p> | <p><u>General principles</u></p> <p>Resources and services put at the disposal of the beneficiaries, which are instrumental in ensuring optimum management of their time and improving corporate/family well-being, and which generate economic value distinct both from the fixed remuneration and from the other forms of variable remuneration.</p> <p><u>Guidelines</u></p> <p>The non-monetary benefits remain substantially unchanged.</p> |
| <p>Broad-based Share Ownership Plan</p> | <p><u>General principles</u></p> <p>A tool aimed at increasing the motivation of employees to achieve corporate objectives, and reinforcing the sense of belonging.</p> <p><u>Guidelines</u></p> <p>A Broad-based Share Ownership Plan aimed at all the permanent employees of Telecom Italia S.p.A. and its Italian-registered subsidiaries, already approved by the Shareholders' Meeting of 17 April 2013.</p> <p>Through the Broad-based Share Ownership Plan, the employees will have the right to subscribe ordinary Telecom Italia shares at a discount of 10% on the share's market price (calculated as the average price of the 30 days preceding the offer). Twelve months after subscribing the discounted shares, employees in continuing employment who have kept possession of the shares will benefit from the allocation, free of charge, of 1 share for every 3 shares subscribed for payment.</p> <p>The minimum investment is a batch of 300 shares. The maximum investment is fixed at 5,000 euros per capita.</p> |
| <p>Severance Pay</p> | <p><u>General principles</u></p> <p>Tools suitable for regulating economic remuneration in the event of early termination of the employment contract (excluding dismissal with just cause).</p> <p><u>Guidelines</u></p> <p>No alterations to existing severance pay are envisaged.</p> |

Remuneration of the Chairman of the Board of Directors and non-executive Directors

The remuneration of the non-executive Directors in 2014 will be subject to the determinations which will be made in due course by the Board of Directors, on the basis of the resolutions of the Shareholders' Meeting of 16 April 2014. Similarly, it will be the Board of Directors, as renewed by the Shareholders' Meeting, which establishes the compensation for the Chairman, in a manner consistent with the role that is assigned to him.

Remuneration of the Managing Director

Currently, the remuneration package for the Managing Director maintains for 2014 the same level of fixed remuneration as was paid in 2013. The structuring of the future remuneration package will reflect the decisions that will be made by the Board of Directors subsequent to the above-mentioned Shareholders' Meeting.

Variations have, however, been made to the structure of the variable remuneration, with the object of increasing the alignment of the interests of the MD with those of the creation of shareholder value. In particular, the short term variable remuneration plan includes, in continuity with last year, an objective relating to the performance of the Telecom Italia share, whereas, on the basis of the proposal formulated at the Shareholders' Meeting, it is envisaged that the long term variable remuneration plan should consist in the offer of stock options with exercisability conditional on the achievement of predefined performance objectives (relative TSR and Free Cash Flow).

The Managing Director has expressly waived the compensation due to him for the office of Director and member of the Executive Committee;

| | | |
|---|--|---|
| Fixed Remuneration | | |
| The fixed remuneration is currently determined at a gross annual amount of € 1,000,000 for employment in the capacity of Executive (this amount is below the market average for equivalent positions). | | |
| Short Term Variable Component (MBO) | | |
| The MBO system provides an annual value of the bonus of between 50% and 150% of the fixed remuneration, on the basis of the degree of achievement of the objectives: | | |
| Performance Level | Value of the incentive in % of fixed compensation | Value of the incentive in amount |
| Below access threshold | 0% | €0 |
| Access threshold | 50% | €500,000 |
| <i>Target</i> | 100% | €1,000,000 |
| Maximum | 150% | €1,500,000 |
| The 2014 incentive plan is linked to the achievement of the following predefined objectives: | | |
| Objective | Relative weight | |
| Ebitda - Organic Net financial Charges (GATE) | 20% | |
| Domestic Innovative Investments + Brazil with Prerequisite | 15% | |
| <i>TI Group Net Financial Position</i> | 15% | |
| <i>TI Group Net Income</i> | 15% | |
| Total TI Group Organic Revenue | 15% | |
| Customer Satisfaction Indicator | 10% | |
| TI relative Share valuation | 10% | |
| The achievement of the Ebitda - Organic Net Financial Charges threshold constitutes an access condition for the accrual of the incentive on the rest of the assigned objectives. An ex-post quality assessment principle is specified in the event of Ebitda - Organic Net Financial Charges being below the minimum level required, making the payment of any bonus accrued in respect of the remaining objectives subject to said assessment. | | |
| The definition of the objectives to be assigned to the Managing Director was made by the Board of Directors, on a proposal from the Committee, after hearing the opinion of the Board of Statutory Auditors. The objectives are certifiable indicators which guide the priorities of the business plan. These objectives of a corporate nature (which | | |

make up 90% of the total weight) are linked to the budget for the period, which defines the target level to be attained, with room for negative deviation down to a minimum level (access threshold) and positive deviation corresponding to the maximum payout of short-term variable remuneration.

In addition to the corporate objectives, an indicator will be applied representing the valuation of the ordinary share (with a weight equal to 10% of the total), within a basket⁽¹⁾ made up of the shares of AT&T, Verizon, Telefónica, Deutsche Telekom, France Télécom, Telekom Austria, Telecom Portugal, KPN, Swisscom and British Telecom, besides that of Telecom Italia itself. The access threshold in 2014 becomes the positioning of the Company at sixth place in the rating.

⁽¹⁾ The basket has been changed from the one used as reference for the 2013 variable remuneration, as follows:

- inserting AT&T, Verizon, Portugal Telecom and Telekom Austria shares;
- excluding Telia Sonera, Telenor and Vodafone shares.

Long Term Variable Component

The Managing Director is potentially a beneficiary of the 2014-2016 Stock Option Plan previously described and subject to approval by the Shareholders' Meeting. The plan potentially provides for the allocation to the Managing Director of preferential subscription right to subscribe/purchase Company shares in the future at a predetermined price, with an allocation at target of 300% of the fixed remuneration to cover the three-year period 2014-2016. These rights will be able to be exercised following verification of the degree of achievement of the performance condition consisting in the relative TSR objective (weight 50%) and Free Cash Flow objective (weight 50%). The number of option rights which will become exercisable will depend on the actual degree of achievement of the performance condition. Verification of the performance conditions for the options will be performed once the three-year vesting period has elapsed.

Benefits

The Managing Director (who is employed by Telecom Italia S.p.A.) is granted benefits similar to those provided for all other company managers: company car for mixed use, mobile phone for work, insurance policies (professional accidents, life and permanent invalidity), complementary medical cover and complementary pension fund. Like all the Company's management, the Managing Director is covered by an insurance policy for civil liability (professional risks), known as a *Directors & Officers* policy.

Severance pay

In 2011, at the time of Mr Marco Patuano's appointment to the office of Managing Director, it was established that, in the event of early termination by the Company of his working relationship as a Director without just cause, or in the event of resignation requested by the Board of Directors, the MD should be paid the remaining short-term variable compensation, in annual payments, or fractions thereof, calculated to correspond to the average of what he has actually received starting from 2011. The same procedure will apply in the event of resignation for just cause (e.g. substantial change to his position as Chief Operating Officer and/or to the powers granted to him). However, in the event of a termination of employment with the Company (unless there is a just cause) or resignation requested by the Board of Directors, the procedure required by the collective labour agreement will apply. Moreover, the Company has reserved the right to enter into a non-competition agreement with a duration of a year, in exchange for a one-off payment equal to a year's remuneration (fixed component and variable component calculated to correspond to the average of disbursements already made), to be implemented after termination of the employment contract.

Key Managers with Strategic Responsibilities

The structuring of the remuneration package for 2014 is described below.

Fixed Remuneration

The strategy for 2014 is to maintain remuneration in line with the market average while providing for selective criteria for intervention on fixed remuneration.

In particular the 2014 remuneration policy provides for intervention to adjust the fixed remuneration for those holders of positions who have expanded the boundary of their responsibility and/or whose remuneration positioning is below average market levels.

Short Term Variable Remuneration (MBO)

The 2014 incentive plan is linked to the achievement of a combination of predefined objectives:

- corporate targets (corresponding to the same basket of targets as the Managing Director), which are intended to create team-building, directing the behaviour of management towards the achievement of overall corporate results;
- functional targets, which are intended to relate the incentive to the individual performance recorded.

The table below shows the mix of objectives assigned to Key Managers with strategic responsibilities and also to the rest of management as regards the relative weight of the type of MBO objectives.

| STRUCTURES | OBJECTIVES | WEIGHT |
|--|-----------------|--------|
| COMMERCIAL National Wholesale Services, Consumer, Business, Caring Services Division | GROUP/CORPORATE | 50% |
| | FUNCTIONAL | 50% |
| OPERATIVE AND TECHNOLOGICAL STAFF, STAFF REPORTING TO THE BoD Administration Finance and Control, People Value, Business Support Officer, Technology, Chief Information Officer, Audit Department, Compliance Department, IT & Security Compliance | GROUP/CORPORATE | 60% |
| | FUNCTIONAL | 40% |
| GENERAL STAFF Legal Affairs, Public & Regulatory Affairs, Business Transformation & Quality, Security, Press Office & Opinion Makers Relations, Strategy & Innovation, Brand Strategy & Media, Corporate Social Responsibility | GROUP/CORPORATE | 70% |
| | FUNCTIONAL | 30% |

The process of *fixing objectives* for the Key Managers with strategic responsibilities is carried out following a waterfall approach. The set of functional objectives assigned to Key Managers with strategic responsibilities is defined - by agreement with the Executive Directors - by the *People Value* Function, which works with the company functions responsible for certifying the parameters used as references. The performance of the targets is then monitored during the course of the year, with reference both to the individual targets and to the overall results of the

The MBO system for Key Managers with strategic responsibilities provides an annual value, if target objectives are reached, of a maximum of 50% of fixed remuneration. This amount of variable remuneration, payable if the target level of objectives is achieved, can vary from 70% to 140% of the basic bonus depending on the level of results actually achieved.

The MBO system provides for variability in the incentive accrued, based on the degree of achievement of the objectives, as can more clearly be seen in the table below:

| Level of overall result achieved | % of variable remuneration paid compared with the bonus payable for results at target |
|----------------------------------|---|
| Below access threshold | 0% |
| Access threshold | 70% |
| Target | 100% |
| Maximum | 140% |

The achievement of the Ebitda – Organic Net financial Charges threshold described for the Managing Director constitutes an absolute access condition for the accrual of the incentive on the rest of the assigned corporate objectives.

Long Term Variable Remuneration

The Key Managers with Strategic Responsibilities will participate in the 2014-2016 Stock Options Plan and subject to approval by the Shareholders' Meeting, on the conditions specified for all management.

Benefits

The Key managers with strategic responsibilities are granted benefits similar to those provided for all other company managers: company car for mixed use, mobile phone for work, insurance policies (professional accidents, life and permanent invalidity, complementary medical cover) and complementary pension fund.

Like all the Company's management, the Key Managers with strategic responsibilities are covered by an insurance policy for civil liability (professional risks), known as a *Directors & Officers* policy.

Severance pay

Key managers with strategic responsibilities are eligible for the benefits applicable by virtue of legal provisions, the collective labour agreement and complementary company arrangements, except where more favourable agreements are reached, in the event of early termination of the employment contract (excluding cases of dismissal with just cause).

SECTION II – IMPLEMENTATION OF REMUNERATION AND COMPENSATION POLICIES RELATING TO FINANCIAL YEAR 2013

Implementation of 2013 remuneration policies

This section describes the remuneration interventions performed in 2013 in favour of the Chairman, the non-executive Directors, the Managing Director and the Key Managers with strategic responsibilities. The interventions performed on the following remuneration items are taken into account:

- Fixed compensation
- Compensation for involvement in committees for non-executive Directors
- Short term variable compensation
- Long term variable compensation

The remuneration interventions were made in accordance with the resolutions adopted by the Board of Directors and the remuneration policies proposed by the nomination and remuneration Committee and approved by the Board of Directors.

Board of Directors

The Board of Directors divided the total compensation determined by the Shareholders' Meeting of 12 April 2011, of 2,200,000 euros, assigning 110,000 euros per annum to each Director (including the Chairman but excluding the Managing Director, who expressly waived the compensation). The following additional compensation was also paid to the Directors:

| Committee | Individual annual compensation | Members |
|---------------------------------------|---------------------------------------|---|
| Executive committee | 35,000 € | Franco Bernabé (up to 3/10/13), Elio Catania (up to 13/9/13), Julio Linares (up to 13/12/2013), Aldo Minucci, Renato Pagliaro, Mauro Sentinelli |
| Control and Risk Committee. | 45,000 € | Elio Catania (up to 13/9/13), Lucia Calvosa, Jean Paul Fitoussi, Mauro Sentinelli, Luigi Zingales |
| Nomination and Remuneration Committee | 20,000 € | Elio Catania (up to 13/9/13), Jean Paul Fitoussi, Gabriele Galateri, Massimo Egidi, Angelo Provasoli (from 5/12/13 to 20/12/13) |

Finally, the Vice Chairman (taking account of the costs arising from the role of deputy legal representative which he performs under the bylaws) and Director Galateri (who was assigned the role of link between the Board and the control bodies which report directly to the Board) were assigned an additional emolument of 45,000 euros per annum.

Chairman

The Chairman, Mr Franco Bernabé, in office until 3 October 2013, in addition to the compensation due to him in his capacity as member of the Board of Directors and the additional compensation for taking part in the Committees, was paid, up to the above date, a fixed compensation for the office of Chairman of the Board of Directors.

Up until the same date, furthermore, benefits were paid similar to those granted to Group executives, but with enjoyment free of even indirect charges, with a corresponding increase in the compensation paid by the amount required to pay the tax applicable to taxable benefits. With specific reference to complementary welfare, an amount was allocated at the Company's expense to make an annual net payment to the Fontedir complementary welfare fund, amounting to 10% of the fixed compensation.

On 3 October 2013, following his resignation, the Board of Directors passed a resolution on the economic remuneration to be awarded Mr Bernabé in line with the provisions of the contract which he signed with the Company

on 20 May 2011. On the occasion of the early termination of his working relationship as a Director, the Company allocated Mr Bernabé (i) the remuneration to which he would have been entitled until the natural expiry of his term of office (fixed compensation, including the variable component, valued as the average of the disbursements already made); (ii) the continuation of payments to Fontedir until the natural expiry of his term of office, and the renewal, until 31 December 2014, of all the existing insurance policies other than Fontedir, bearing all the related costs; (iii) the use of the Company car which he had been using, until 31 December 2013.

Finally, exercising the right established by the above-mentioned contract, the Company entered into a non-competition agreement, with a duration of 12 months, in return for a total gross compensation of 2.43 million euros. This agreement provided, furthermore, for an annual payment to the Fontedir complementary welfare fund and an amount to cover the taxes applicable to this benefit, making a total sum payable by the Company of 0.45 million euros. All the amounts stated above are paid in 2 six-monthly instalments of equal value (the first was settled on 28 November 2013, the second will be settled not later than 31 May 2014).

Following the date when Mr Bernabé's resignation came into effect, his rights to participate in the 2011 Long Term Incentive Plan expired, under the terms of the relevant regulations.

The detailed analysis of the compensation is shown in Table 1 of the second part of this section.

Managing Director

The fixed compensation of the Managing Director, Mr Marco Patuano, comprises the gross annual remuneration in respect of his contract of employment, in the sum of 1 million euros. This compensation did not undergo variation during the course of 2013. The Managing Director has waived the fixed compensation for the office of Director and member of the Executive Committee;

The table below illustrates in detail the degree of achievement of the objectives assigned to him

| Objective | % achievement |
|---|---------------|
| Net Income TI Group (access gate to the payment of the variable compensation) | Not achieved |
| Italy Net Financial Position | 51% |
| Domestic Innovative Investments | 141% |
| Total Domestic Organic Revenue | Not achieved |
| Telecom Italia Customer Satisfaction | 81% |
| Share valuation | Not achieved |

The Board of Directors,

- taking note of the finalization of the MBO objectives for the year 2013, and in particular of the failure to achieve the access gate to the bonus, expressed in terms of reported consolidated net income,
- having obtained the opinion of the Board of Statutory Auditors,

has resolved the discretionary assignment to the Managing Director of a one-off bonus in the sum of 400,000 euros gross, in recognition of the results achieved in the year 2013 and the role of Chief Executive Officer which he assumed starting from the month of October.

As regards the long-term variable compensation relating to the 2011 - 2013 LTI, it will not be paid, because of the failure to achieve the relative TSR and Cumulated Free Cash Flow objectives specified for the initiative (the information documentation can be found on the website www.telecomitalia.com, Governance section - Remuneration channel).

The detailed analysis of the compensation is shown in Table 1 of the second part of this section.

General Manager for South America

The fixed compensation relating to the General Manager for South America, Mr Andrea Mangoni, who was in office until 30 April 2013, comprises the gross annual remuneration in respect of his employment relationship, in the sum of 0.9 million euros per annum, in addition to a gross fixed annual compensation of 0.67 million euros (1.68 million Reals gross) for the office of Diretor Presidente of TIM Participações, received by the said person as "pro-labore" remuneration.

It should be noted that in the financial year 2013, following the consensual termination of the employment relationship signed by the Company with Mr Andrea Mangoni, in addition to the payment of a variable amount by way of short-term incentive, of a total of 0.275 million euros, provision was made for the payment of a sum of 1.84 million euros as indemnity for end of office and termination of employment, as well as a sum of 1.0 million euros in

recognition of the contribution made to the turnaround in the group's companies in South America. Subsequently to the consensual termination of his employment relationship with Telecom Italia, Mr Mangoni continues to be a member of the Consejo de Direccion of Telecom Argentina S.A., waiving the corresponding compensation. No benefits following the consensual termination of employment relationship were contemplated.

At the same time as his resignation from the position of Diretor Presidente of TIM Participações, Mr Mangoni waived the TIM Brasil 2012 Stock Option Plan; furthermore, following the coming into effect of the consensual termination of his employment relationship with Telecom Italia, his rights to participate in the Long Term Incentive Plans 2011 and 2012 expired under the terms of the relevant regulations, as anticipated in last year's Report on Remuneration.

The detailed analysis of the compensation is shown in Table 1 of the second part of this section.

Key managers with strategic responsibilities

The fixed compensation of the Key Managers with Strategic Responsibilities comprises the gross annual remuneration in respect of their employment.

The Key Managers with Strategic Responsibilities were paid, by way of MBO 2013, a variable compensation depending on the degree of achievement of the objectives assigned to them, with an average performance level of 52% (net of the 2013 MBO of Mr Abreu, which was being assessed by the corporate bodies of TIM Participações at the date of publication of this report).

For the Key Managers with Strategic Responsibilities the long-term variable compensation relating to the 2011 - 2013 LTI will not be paid, because of the failure to achieve the relative TSR and Cumulated Free Cash Flow objectives (the information documentation can be found on the website www.telecomitalia.com, Governance section - Remuneration channel).

TABLE 1: COMPENSATION PAID TO MEMBERS OF THE MANAGEMENT AND CONTROL BODY [€/000]

The following table shows the compensation owed to all the individuals who held the position of member of the management and control body during the 2013 financial year, or any part thereof.

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|----------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Franco Bernabè | Chairman | 1/1-3/10/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 1,390 ⁽¹⁾ | 27 ⁽²⁾ | | | 1,203 ⁽³⁾ | | 2,620 | | 5,638 ⁽⁴⁾ |

⁽¹⁾ This amount includes the compensation pursuant to article 2389, subsection 3, of the Italian Civil Code (€/000 1,063) and subsection 1 of the Italian Civil Code (€/000 84) including other compensation offsetting the tax burdens applicable to taxed benefits (€/000 243).

⁽²⁾ This amount refers to the compensation received as member of the Executive Committee.

⁽³⁾ The amount includes the non-monetary benefits relating to the period in which the position was held (January/September 2013 €/000 292) and the non-monetary benefits granted on the occasion of the early termination of his working relationship as a Director (€/000 911).

⁽⁴⁾ The value includes the amount determined by way of flat fee for termination under article 1373, subsection III and article 2383 of the Italian Civil Code (€/000 3,001) and the fee for the non-competition obligation (€/000 2,637).

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|-------------------|--|--------------------------|----------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Marco Patuano | Managing Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 1,005 ⁽¹⁾ | | 2 ⁽²⁾ | | 35 | | 1,042 | | |

⁽¹⁾ The amount includes the remuneration for work as employee (€/000 1.000) and travel expenses (€/000 5).

⁽²⁾ The amount refers to the employment relationship (taxable reimbursements €/000 2). For the variable compensation linked to 2013 objectives, please refer to the first part of "Section II – Implementation of remuneration and compensation policies relating to financial year 2013", paragraph "Managing Director".

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|------------------------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Aldo Minucci | Vice Chairman Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 155 ⁽¹⁾ | 35 ⁽²⁾ | | | | | 190 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1, of the Italian Civil Code) [€./000 110] and Vice Chairman [€./000 45].

⁽²⁾ This amount refers to the compensation received as member of the Executive Committee.

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Cesareo Izuel Alierta | Director | 1/1-13/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 110 ⁽¹⁾ | | | | | | 110 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1 of the Italian Civil Code). This compensation is not received by the person concerned but paid to Telefonica S.A..

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Tarak Ben Ammar | Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 110 ⁽¹⁾ | | | | | | 110 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1, of the Italian Civil Code).

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Lucia Calvosa | Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 110 ⁽¹⁾ | 45 ⁽²⁾ | | | | | 155 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1, of the Italian Civil Code).

⁽²⁾ This amount refers to the compensation received as member of the control and risk Committee.

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Elio Catania | Director | 1/1-13/9/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 77 ⁽¹⁾ | 71 ⁽²⁾ | | | | | 148 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1, of the Italian Civil Code).

⁽²⁾ This amount refers to the compensation received as member of the Executive Committee [€/000 25], the Nomination and Remuneration Committee [€/000 14] and of the control and risk Committee [€/000 32].

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Massimo Egidi | Director | 1/12-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 110 ⁽¹⁾ | 20 ⁽²⁾ | | | | | 130 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1, of the Italian Civil Code).

⁽²⁾ This amount refers to the compensation received as member of the Nomination and Remuneration Committee.

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Jean Paul Fitoussi | Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 110 ⁽¹⁾ | 65 ⁽²⁾ | | | | | 175 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors [€./000 110].

⁽²⁾ This amount refers to the compensation received as member of the control and risk Committee [€./000 45] and nomination and remuneration Committee [€./000 20].

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Gabriele Galateri di Genola | Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 155 ⁽¹⁾ | 20 ⁽²⁾ | | | | | 175 | | |
| (II) Compensation from subsidiaries | | | | 16 ⁽³⁾ | | | | | | 16 | | |
| (III) Total | | | | 171 | 20 | | | | | 191 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors [€./000 110] and as link between the Board of Directors and the corporate control departments which report hierarchically to the Board [€./000 45].

⁽²⁾ This amount refers to the compensation received as member of the Nomination and Remuneration Committee.

⁽³⁾ This amount refers to the compensation received as member of the Board of Directors in TIM Participações [42.933.33 R\$], for the period 1/1 - 2/4/2013, converted into euros at the average exchange rate for 2013 at 31/03/2013 (Real/€ 2.63739)

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|--------------------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Julio Linares Lopez | Director | 1/1-13/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 105 ⁽¹⁾ | 33 ⁽²⁾ | | | | | 138 ⁽³⁾ | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1, of the Italian Civil Code).

⁽²⁾ This amount refers to the compensation received as member of the Executive Committee.

⁽³⁾ This compensation is not received by the person concerned but paid to Telefonica S.A..

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Gaetano Miccichè | Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 110 ⁽¹⁾ | | | | | | 110 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1 of the Italian Civil Code). This compensation is not received by the person concerned but paid to Intesa San Paolo S.p.A..

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|--------------------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Renato Pagliaro | Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 110 ⁽¹⁾ | 35 ⁽²⁾ | | | | | 145 ⁽³⁾ | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1, of the Italian Civil Code).

⁽²⁾ This amount refers to the compensation received as member of the Executive Committee.

⁽³⁾ This compensation is not received by the person concerned but paid to Mediobanca S.p.A..

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Angelo Provasoli | Director | 3/10-20/12/2013 | 20/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 24 ⁽¹⁾ | 1 ⁽²⁾ | | | | | 25 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors.

⁽²⁾ This amount refers to the compensation received as member of the nomination and remuneration Committee for the period 6/12 - 20/12/2013.

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|--------------------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Mauro Sentinelli | Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 110 ⁽¹⁾ | 80 ⁽²⁾ | | | | | 190 ⁽³⁾ | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1, of the Italian Civil Code).

⁽²⁾ This amount refers to the compensation received as member of the Executive Committee [€/000 35] and of the control and risk Committee [€/000 45].

⁽³⁾ This compensation is not received by the person concerned but paid to Ecotel International S.r.l..

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|----------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Luigi Zingales | Director | 1/1-31/12/2013 | 31/12/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 110 ⁽¹⁾ | 45 ⁽²⁾ | | | | | 155 | | |

⁽¹⁾ This amount refers to the compensation received as member of the Board of Directors (pursuant to article 2389, subsection 1, of the Italian Civil Code).

⁽²⁾ This amount refers to the compensation received as member of the control and risk Committee.

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|-----------------------------------|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Andrea Mangoni | General Manager for South America | 1/1-30/04/2013 | 30/04/2013 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 686 ⁽¹⁾ | | 275 ⁽²⁾ | | 15 | | 976 | | 2,840 ⁽³⁾ |
| (II) Compensation from subsidiaries | | | | 159 ⁽⁴⁾ | | | | | | 159 | | |
| (III) Total | | | | 845 | | 275 | | 15 | | 1,135 | | 2,840 |

⁽¹⁾ The amount includes the remuneration for work as employee (€/000 611) and travel expenses (€/000 75).

⁽²⁾ The amount includes the variable compensation relating to the financial year (€/000 150) correlated with the period for which the position was held and the flat "bonus" for managerial services in South America (€/000 125).

⁽³⁾ The value, determined at the time of the termination of employment includes: (i) an amount by way of resignation incentive (€/000 1,640), (ii) an amount by way of general novation settlement (€/000 200), (iii) a "bonus" in recognition of the contribution made to the turnaround in the group's companies in South America (€/000 1,000).

⁽⁴⁾ This amount refers to the compensation received for the appointment in TIM Participações converted into euros at the average exchange rate for 2013 at 31/03/2013 (Real/€2.63739)

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|---|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| Enrico Maria Bignami | Chairman of the Board of Statutory Auditors | 1/1-31/12/2013 | 31/12/2014 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 135 | | | | | | 135 | | |
| Roberto Capone | Standing Auditor | 1/1-31/12/2013 | 31/12/2014 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 95 | | | | | | 95 | | |
| Gianluca Ponzellini | Standing Auditor | 1/1-31/12/2013 | 31/12/2014 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 95 | | | | | | 95 | | |
| Salvatore Spiniello | Standing Auditor | 1/1-31/12/2013 | 31/12/2014 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 95 | | | | | | 95 | | |
| (II) Remuneration from subsidiaries and associates | | | | 26 ⁽¹⁾ | | | | | | 26 | | |
| (III) Total | | | | 121 | | | | | | 121 | | |
| Ferdinando Superti Furga | Standing Auditor | 1/1-31/12/2013 | 31/12/2014 | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | 95 | | | | | | 95 | | |

⁽¹⁾ This amount refers to the compensation received by Mr Salvatore Spiniello for the position of Chairman of the Board of Statutory Auditors for the period 1/1 – 5/4/2013 [€/ 000 11] and for the office of member of the Board of Statutory Auditors for the period 6/4 - 31/12/2013 [€/000 15] of the listed subsidiary Telecom Italia Media S.p.A..

TABLE 1: COMPENSATION PAID TO MEMBERS OF THE MANAGEMENT AND CONTROL BODY [€/000]

The following table shows the compensation owed to all the individuals who held the position of manager with strategic responsibilities during the 2013 financial year, or any part thereof.

| (A) | (B) | (C) | (D) | (1) | (2) | (3) | | (4) | (5) | (6) | (7) | (8) |
|---|---|--|--------------------------|--------------------|--|----------------------------------|----------------|-----------------------|--------------------|-------|-----------------------------------|--|
| Name and surname | Position | Period for which the position was held | Expiry of term of office | Fixed compensation | Compensation for involvement in committees | Variable non-equity compensation | | Non-monetary benefits | Other compensation | Total | Fair Value of equity compensation | Compensation for loss of office or termination of employment |
| | | | | | | Bonuses and other incentives | Profit sharing | | | | | |
| 13 key managers with strategic responsibilities | | | | | | | | | | | | |
| (I) | Remuneration in the company drawing up the financial statements | | | 5,104 | | 1,632 | | 201 | | 6,937 | 89 | 2,565 |
| (II) | Compensation from subsidiaries ⁽¹⁾ | | | 835 | | 287 | | | | 1,122 | 161 | |
| (III) | Total | | | 5,939 | | 1,919 ⁽²⁾ | | 201 | | 8,059 | 250 | 2,565 |

⁽¹⁾ Amounts relating to local employment contracts converted into euros at the average exchange rate in 2013, at 28/02/2013 (Pesos/€ 6.62848), at the average exchange rate in 2013 at 31/12/2013 (Pesos/€ 7.27875) and at the average exchange rate in 2013, at 31/12/2013 (Real/€ 2.86830).

⁽²⁾ The amounts refer to the "bonuses" settled during the course of the year and to the "bonuses" relating to the financial year for objectives achieved in the year itself, net of the 2013 MBO of the Diretor Presidente of TIM Participacoes, currently being assessed by the corporate bodies of the company itself, at the date of publication of this report.

TABLE 2: STOCK-OPTIONS ASSIGNED TO MEMBERS OF THE MANAGEMENT AND CONTROL BODIES.

| A | B | (1) | Options held at the beginning of the financial year | | | Options assigned during the financial year | | | | | | Options exercised during the financial year | | | (14) | (15) | (16) |
|---|----------|--------------------------------|---|--------------|--------------------------------------|--|--------------|--------------------------------------|-------------------------------|-----------------|---|---|--------------|--|----------------|--------------------------|------------|
| | | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | | | |
| Name and surname | Position | Plan and respective resolution | No. of options | Strike price | Possible exercise period (from – to) | No. of options | Strike price | Possible exercise period (from – to) | Fair value on allocation date | Allocation date | Market price of underlying options on allocation of options | No. of options | Strike price | Market price of underlying shares on exercise date | No. of options | (15)= (2)+(5) –(11)-(14) | Fair value |
| | | | | | | | | | | | | | | | | | |
| Franco Bernabè | Chairman | TOP 2008 15/04/2008 | 6,300,000 | 1.95 | 15/04/2011 15/04/2014 | | | | | | | | | | | | 6,300,000 |
| Gabriele Galateri (1) | Director | TOP 2008 15/04/2008 | 2,250,000 | 1.95 | 15/04/2011 15/04/2014 | | | | | | | | | | | | 2,250,000 |
| (I) Compensation in the company drawing up the financial statements | | | 8,550,000 | | | | | | | | | | | | | | 8,550,000 |
| (II) Compensation from subsidiaries and associates | | | | | | | | | | | | | | | | | |
| (III) Total | | | 8,550,000 | | | | | | | | | | | | | | 8,550,000 |

⁽¹⁾ The 2008 TOP Plan was assigned at the time when Mr Galateri was chairman of the Board of Directors

TABLE 2: STOCK-OPTIONS ASSIGNED TO KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES.

| A | B | (1) | Options held at the beginning of the financial year | | | Options assigned during the financial year | | | | | | Options exercised during the financial year | | | Options expired during the financial year | Options held at the end of the financial year | Options for the year |
|---|---|--------------------------------|---|--------------|--------------------------------------|--|---------------|--------------------------------------|-------------------------------|-----------------|---|---|--------------|--|---|---|----------------------|
| | | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | | | |
| Name and surname | Position | Plan and respective resolution | Number of options | Strike price | Possible exercise period (from - to) | Number of options | Strike price | Possible exercise period (from - to) | Fair value on allocation date | Allocation date | Market price of underlying options on allocation of options | Number of options | Strike price | Market price of underlying shares on exercise date | Number of options | (15)= (2)+(5) - (11)-(14) | Fair value |
| 1 key manager with strategic responsibilities | | 2013 Stock Option Plan | | | | 616,091 | 8.1349 (1)(2) | 2014.-2018 | 648 (3)(4) | 30 July 2013 | 8.1349 (1) | | | | | 616,091 | 161 (3) |
| (I) | Compensation in the company drawing up the financial statements | | | | | | | | | | | | | | | | |
| (II) | Compensation from subsidiaries and associates | | | | | 616,091 | | | | | | | | | | 616,091 | 161 (3) |
| (III) | Total | | | | | 616,091 | | | | | | | | | | 616,091 | 161 (3) |

(1) Amount expressed in local currency (Reais).

(2) The strike price can be corrected with regard to the result of relative performance.

(3) Amounts relating to local stock option plans have been converted into euros/000 at the average exchange rate in 2013, at 31/12/2013 (Real/€ 2.86830).

(4) Fair Value at allocation date for each option equal to 3.02 Reais

TABLE 3A: INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS, OTHER THAN STOCK-OPTIONS, FOR MEMBERS OF THE MANAGEMENT AND CONTROL BODIES.

| A | B | (1) | Financial instruments assigned in previous financial years not vested during the financial year | | Financial instruments assigned during the financial year | | | | | Financial instruments vested during the financial year and not assigned | Financial instruments vested during the financial year and assigned | | Financial instruments for the year |
|---|-------------------|--------------------------------|---|----------------|--|-------------------------------|----------------|-----------------|----------------------------|---|---|--------------------------|------------------------------------|
| | | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | | (9) | (10) | |
| Name and surname | Position | Plan and respective resolution | Number and type of financial instruments | Vesting Period | Number and type of financial instruments | Fair value on allocation date | Vesting Period | Allocation date | Market price on allocation | Number and type of financial instruments | Number and type of financial instruments | Value on allocation date | Fair value |
| Franco Bernabè | Chairman | LTI 2011 07/07/2011 | (1) | | | | | | | | | | |
| Marco Patuano | Managing Director | LTI 2011 07/07/2011 | (2) | | | | | | | | | | |
| (I) Compensation in the company drawing up the financial statements | | | | | | | | | | | | | |
| (II) Compensation from subsidiaries and associates | | | | | | | | | | | | | |
| (III) Total | | | | | | | | | | | | | |

(1) The rights to participate in the 2011 Long Term Plan (equal to 3,380,533) expired when the resignation came into effect, in application of the relevant regulations.

(2) The rights to participate in the 2011 Long Term Plan (equal to 2,414,681) expired following failure to achieve the objectives.

TABLE 3A: INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, FOR KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES.

| A | B | (1) | Financial instruments assigned in previous financial years not vested during the financial year | | Financial instruments assigned during the financial year | | | | | Financial instruments vested during the financial year and not assigned | Financial instruments vested during the financial year and assigned | | Financial instruments for the year |
|--|---|--------------------------------|---|--------------------------|--|-------------------------------|----------------|-----------------|----------------------------|---|---|--------------------------|------------------------------------|
| | | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | | (9) | (10) | |
| Name and surname | Position | Plan and respective resolution | Number and type of financial instruments | Vesting Period | Number and type of financial instruments | Fair value on allocation date | Vesting Period | Allocation date | Market price on allocation | Number and type of financial instruments | Number and type of financial instruments | Value on allocation date | Fair value |
| 6 key managers with strategic responsibilities (1) | | | (2) | 01/01/2012 01/04/2017 | | | | | | | | | 89 |
| (II) | Compensation in the company drawing up the financial statements | | | | | | | | | | | | 89 |
| (III) | Compensation from subsidiaries and associates | | | | | | | | | | | | |
| (IV) | Total | | | | | | | | | | | | 89 |

(1) The incentive plans based on financial instruments shown in the table refer to key managers with strategic responsibilities as of 31/12/2013.

(2) Number of Shares with a maximum countervalue of 1,141,950 euros; number to be determined on the basis of the market value at the time of determination of the three-year performance (but no lower than 0.55 euros per share).

TABLE 3B: MONETARY INCENTIVE PLANS FOR MEMBERS OF THE MANAGEMENT AND CONTROL BODIES [€/000]

| (A) | (B) | (1) | (2) | | | (3) | | | (4) |
|--|--------------------------------------|--|--------------------|----------|--------------------|--------------------------|------------------|----------------|---------------|
| Name and surname | Position | Plan | Bonus for the year | | | Bonus for previous years | | | Other Bonuses |
| | | | (a) | (b) | (c) | (a) | (b) | (c) | |
| | | | Payable/ Paid | Deferred | Deferral period | No longer payable | Payable/ Paid | Still Deferred | |
| Franco Bernabè | Chairman | LTI 2011 BoD Resolution 07/07/2011 | | | | | | (1) | |
| Marco Patuano | Managing Director | MBO 2013 BoD Resolution 07/03/2013 | (2) | | | | | | |
| Marco Patuano | Managing Director | LTI 2011 BoD Resolution 07/07/2011 | | (3) | | | | (3) | |
| Marco Patuano | Managing Director | | | | | | | | 2 |
| Andrea Mangoni | General Manager for South America | MBO 2013 Agreement 02/02/2013 | 150 | | | | | | |
| Andrea Mangoni | General Manager for South America | | | | | | | | 125 |
| Compensation in the company drawing up the financial statements | | | 150 | | | | | | 127 |
| Remuneration from subsidiaries | | | | | | | | | |
| Total | | | 150 | | | | | | 127 |

⁽¹⁾ The rights relating to participation in the 2011 Long Term Incentive Plan (equal to 353 €/000 for 2011 and 470 €/000 for 2012) expired when the resignation came into effect, in application of the relevant regulation.

⁽²⁾ For the variable compensation linked to 2013 objectives, please refer to the first part of "Section II - Implementation of remuneration and compensation policies relating to financial year 2013", paragraph "Managing Director".

⁽³⁾ The rights to participate in the 2011 LTI Plan expired following failure to achieve the objectives.

TABLE 3B: MONETARY INCENTIVE PLANS FOR KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES [€/000]

| (A) | (B) | (1) | (2) | | | (3) | | | (4) |
|---|---|--------------------------------------|--------------------|----------|--------------------|--------------------------|------------------|----------------|---------------|
| Name and surname | Position | Plan | Bonus for the year | | | Bonus for previous years | | | Other Bonuses |
| | | | (a) | (b) | (c) | (a) | (b) | (c) | |
| | | | Payable/ Paid | Deferred | Deferral period | No longer payable | Payable/ Paid | Still Deferred | |
| 13 key managers with strategic responsibilities | | | | | | | | | |
| (I) | Compensation in the company drawing up the financial statements | MBO 2013 Letters of 31/05/2013 | 1,173 | | | | | | |
| | | LTI 2012 Letters of 02/07/2012 | | 172 | 2015 | | | 167 (1) | |
| | | LTI 2011 Letters of 07/07/2011 | | (2) | | | | (2) | |
| | | | | | | | | | 459 |
| (II) | Remuneration from subsidiaries | MBO 2013 | 85 (3) | | | | | | |
| | | LTI 2013 | (4) | | | | | | |
| | | LTI 2012 | | | | | | 574 (5) | |
| | | MBO 2011 | | | | | | 769 (6) | |
| | | LTI 2011 | | | | | | 545 (7) | |
| | | | | | | | | | 202 (8) |
| (III) | Total | | 1,258 | 172 | | | | 2,055 | 661 |

(1) The rights relating to participation in the 2012 Long Term Incentive Plan expired following termination of employment (€/000 41) and are not indicated as a result of the exit from the perimeter of the Key Managers with Strategic Responsibilities (€/000 32).

(2) The rights to participate in the 2011 LTI Plan expired following failure to achieve the objectives.

(3) The amount relating to the bonuses for the year has been converted into euros at the average exchange rate in February 2014 (Pesos/€ 10.73387) and is indicated net of the "bonus" of the Diretor Presidente of TIM Participacoes, currently being assessed by the corporate bodies of the company itself, at the date of publication of this report.

(4) The "bonus" of the CEO of Telecom Argentina is currently being assessed by the corporate bodies of the company itself, at the date of publication of this report.

(5) The amount, still deferred at 26 February 2013, has been converted into euros at the average exchange rate for 2012 at 31/12/2012 (Pesos/€ 5.84408).

(6) The amount, still deferred at 26 February 2013, has been converted into euros at the average exchange rate for 2012 at 31/03/2012 (US\$/€ 1.31082).

(7) The amount, still deferred at 26 February 2013, has been converted into euros at the average exchange rate for 2011 at 31/12/2011 (Pesos/€ 5.74419).

(8) Amount converted into euros at the average exchange rate in 2013 as of 31/03/2013 (Real/€ 2.57020).

CHART No. 7-TER CHART CONTAINING INFORMATION ON THE SHAREHOLDINGS OF MEMBERS OF THE MANAGEMENT AND CONTROL BODIES, OF THE GENERAL MANAGER FOR SOUTH AMERICA AND OTHER KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

The tables below show the shareholdings held by all the individuals who during the financial year 2013, or a part thereof, held the position of member of the Board of Directors, of member of the Board of Statutory Auditors, of General Manager for South America or key manager with strategic responsibilities (for this last category the information is shown in aggregate form).

| Last name and first name | Position | Investee Company | Category of shares | Number of shares owned at the end of the 2012 financial year (or on the date of appointment) | Number of shares bought during the 2013 financial year | Number of shares sold during the 2013 financial year | Number of shares owned at the end of the 2013 financial year (or on the date of termination of office if earlier) |
|---------------------------|-----------------------------------|-----------------------|--------------------|--|--|--|---|
| BOARD OF DIRECTORS | | | | | | | |
| Franco Bernabè | Executive Chairman | Telecom Italia S.p.A. | Ordinary | 468,000 | = | = | 468,000 ⁽¹⁾ |
| | | | Savings | 480,000 | = | = | 480,000 ⁽²⁾ |
| Aldo Minucci | Vice Chairman | Telecom Italia S.p.A. | Ordinary | 2,595 | = | = | 2,595 |
| Marco Patuano | Managing Director | Telecom Italia S.p.A. | Ordinary | 70,000 | = | = | 70,000 |
| | | | Savings | 30,000 | = | = | 30,000 |
| Cesar Izuel Alierta | Director | = | = | = | = | = | = |
| Tarak Ben Ammar | Director | = | = | = | = | = | = |
| Lucia Calvosa | Director | = | = | = | = | = | = |
| Elio Catania | Director | = | = | = | = | = | = |
| Massimo Egjdi | Director | = | = | = | = | = | = |
| Jean Paul Fitoussi | Director | = | = | = | = | = | = |
| Gabriele Galateri | Director | Telecom Italia S.p.A. | Ordinary | 352,000 | = | = | 352,000 |
| | | | Savings | 176,000 | = | = | 176,000 |
| Julio Linares Lopez | Director | = | = | = | = | = | = |
| Gaetano Miccichè | Director | = | = | = | = | = | = |
| Renato Pagliaro | Director | Telecom Italia S.p.A. | Savings | 60,000 | = | = | 60,000 |
| Angelo Provasoli | Director | = | = | = | = | = | = |
| Mauro Sentinelli | Director | = | = | = | = | = | = |
| Luigi Zingales | Director | Telecom Italia S.p.A. | Ordinary | 58,000 | = | = | 58,000 |
| GENERAL MANAGER | | | | | | | |
| Andrea Mangoni | General Manager for South America | = | = | = | = | = | = |

⁽¹⁾ Including 18,000 shares owned indirectly.

⁽²⁾ Including 30,000 shares owned indirectly.

| Last name and first name | Position | Investee Company | Category of shares | Number of shares owned at the end of the 2012 financial year (or on the date of appointment) | Number of shares bought during the 2013 financial year | Number of shares sold during the 2013 financial year | Number of shares owned at the end of the 2013 financial year (or on the date of termination of office if earlier) |
|------------------------------------|---|------------------|--------------------|--|--|--|---|
| BOARD OF STATUTORY AUDITORS | | | | | | | |
| Enrico Maria Bignami | Chairman of the Board of Statutory Auditors | = | = | = | = | = | = |
| Roberto Capone | Standing Auditor | = | = | = | = | = | = |
| Gianluca Ponzellini | Standing Auditor | = | = | = | = | = | = |
| Salvatore Spiniello | Standing Auditor | = | = | = | = | = | = |
| Ferdinando Superti Furga | Standing Auditor | = | = | = | = | = | = |

| Number of key managers with strategic responsibilities | Investee Company | Category of shares | Number of shares owned at the end of the 2012 financial year (or on the date of appointment) | Number of shares bought during the 2013 financial year | Number of shares sold during the 2013 financial year | Number of shares owned at the end of the 2013 financial year (or on the date of termination of office if earlier) |
|--|-----------------------|--------------------|--|--|--|---|
| 13 | Telecom Italia S.p.A. | Ordinary | 19,391 | = | = | 19,391 |
| | | Savings | = | = | = | = |

APPENDIX – TABLE OF COMPENSATION PLANS

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS Tables no.1 of Chart 7 of Appendix 3A of the Regulations no.11971/1999

Date: 24/03/2014

| Name or category | Position | PANEL 2 | | | | | | |
|------------------|----------|---|---------------------------|-------------------|--------------------|--------------|---|------------------------------------|
| | | Stock Option | | | | | | |
| | | Section 2 | | | | | | |
| | | Newly-assigned options on the basis of the decision of the BoD to put a proposal to the Shareholders' Meeting | | | | | | |
| | | Date of resolution by the Shareholders' Meeting | Description of instrument | Number of Options | Date of Assignment | Strike price | Market price of underlying shares on date of allocation | Possible exercise period (from-to) |

TELECOM ITALIA - 2014-2016 STOCK OPTIONS PLAN

| Members of the Board of Directors of Telecom Italia S.p.A. | | | | | | | | |
|--|----------|-----------|--|------------|------|-------------|------|--------------|
| N.D. | N.D.(*) | N.D. (**) | Options on ordinary Telecom Italia shares with physical settlement | N.D. (***) | N.D. | N.D. (****) | N.D. | N.D. (*****) |
| Executives of the Telecom Italia Group | | | | | | | | |
| N.D. | N.D. (*) | N.D. (**) | Options on ordinary Telecom Italia shares with physical settlement | N.D. (***) | N.D. | N.D. (****) | N.D. | N.D. (*****) |

NOTES

- (*) the Plan is aimed at a part of the Group management, identified among the Executive Directors of the Company and of the subsidiaries, and employees holding organizational positions which are crucial for the purposes of the Company's business.
- (**) The Plan will be submitted for the approval of the Meeting of the ordinary shareholders of the Company, called for 16 April 2014.
- (***) The Plan will have as its subject a maximum of 196,000,000 options, free of charge and non-transferable, which will allocate the beneficiaries, at the end of the three-year incentivization period, the right to subscribe or purchase an equal number of Telecom Italia ordinary shares.
- (****) The strike price will be 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 quoted price of the Telecom Italia ordinary share on the electronic share market organised and managed by Borsa Italiana S.p.A. in the month preceding the resolution, as adjusted where necessary pursuant to the Plan Regulations.
- (*****) The three year period starting from the first day immediately following the ascertainment by the Board of Directors of the level of achievement of the objectives, to the close of the Vesting Period (1-1-2014/31-12-2016).

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS
Tables no.1 of Chart 7 of Appendix 3A of the Regulations no.11971/1999

Date: 24/03/2014

| Name or category | Position | PANEL1 | | | | | | |
|------------------|----------|---|-------------------------------|--|-----------------|---|------------------------------------|----------------|
| | | Financial instruments other than stock options | | | | | | |
| | | Section 1 | | | | | | |
| | | Instruments relating to currently valid plans, approved on the basis of previous resolutions of the Shareholders' Meeting | | | | | | |
| | | Date of resolution by the Shareholders' Meeting | Type of financial instruments | Number of financial instruments assigned | Allocation date | Purchase price, if applicable, of the instruments | Market price on date of allocation | Vesting Period |

| TELECOM ITALIA - 2013 EMPLOYEE SHARE OWNERSHIP PLAN | | | | | | | |
|---|------------|--|----------|------|-----------|------|-------|
| Employees of the Telecom Italia Group | 17/04/2013 | Subscription of Telecom Italia ordinary shares with deferred free allocation conditional on retention of the shares subscribed | N.D. (*) | N.D. | N.D. (**) | N.D. | (***) |

NOTES

(*) 54,000,000 maximum number of shares subscribable for cash, to which can be added a maximum of 18,000,000 that may be allocated free of charge

(**) The subscription price will be determined by the Board of Directors, at a discount of 10% compared with the average of market price for the month preceding the Offer.

(***) Subsequently, those who have kept the subscribed shares for a year, subject to their retaining the status of Employees, will be allocated free shares in the ratio 1 new share for every three shares subscribed.

Making use of the mandate received from the Shareholders' Meeting, the Board of Directors on 6 March 2014 resolved to increase the share capital to service the Employee Share Ownership Plan for Telecom Italia and its Italian subsidiaries, setting 5,000 euros as the maximum investment threshold permitted for each subscriber of new shares.

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS
Tables no.1 of Chart 7 of Appendix 3A of the Regulations no.11971/1999

Date: 24/03/2014

| Name or category | Position | PANEL1 | | | | | | |
|------------------|----------|---|-------------------------------|--|-----------------|---|------------------------------------|----------------|
| | | Financial instruments other than stock options | | | | | | |
| | | Section 1 | | | | | | |
| | | Instruments relating to currently valid plans, approved on the basis of previous resolutions of the Shareholders' Meeting | | | | | | |
| | | Date of resolution by the Shareholders' Meeting | Type of financial instruments | Number of financial instruments assigned | Allocation date | Purchase price, if applicable, of the instruments | Market price on date of allocation | Vesting Period |

TELECOM ITALIA - LONG TERM INCENTIVE PLAN 2012

| TELECOM ITALIA - LONG TERM INCENTIVE PLAN 2012 | | | | | | | | |
|--|------------------------------|------------|---|---------------|----------------------|----------------|-------|---------|
| Top Management | | 15/05/2012 | Free allocation of Telecom Italia ordinary shares conditional on performance objectives; | N.D. (*) | BoD/oc 28/06/2012 | N.D. | 0.741 | (*****) |
| | <i>of which Key Managers</i> | | | N.D. (**) | | | | |
| Selected Executives | | 15/05/2012 | Subscription of Telecom Italia ordinary shares conditional on performance objectives, with deferred free allocation conditional on retaining the shares subscribed. | N.D. (***) | BoD/oc 28/06/2012 | N.D. (****) | 0.741 | (*****) |

- (*) Number of Shares with a maximum countervalue of 2,995,350 euros; number to be determined on the basis of the market value at the time of determination of the three-year performance (but no lower than 0.55 euros per share).
- (**) Number of Shares with a maximum countervalue of 1,141,950 euros; number to be determined on the basis of the market value at the time of determination of the three-year performance (but no lower than 0.55 euros per share).
- (***) Maximum number of ordinary Shares that can be subscribed for a maximum total countervalue (including share premium) of 4,540,050 euros (of which 70,200 euros are reserved for Key Managers), with the subscription price being determined by the Board of Directors, to which can be added the number of ordinary Shares that can be allocated free of charge for a maximum total countervalue (including share premium) of 4,540,050 euros (of which 70,200 euros are reserved for Key Managers)
- (****) The subscription price of the ordinary Shares shall be equal to the market price (and in any case not below 0.55 euros per share).
- (*****) Three-year period 2012-2014 for the ascertainment (in 2015) of the level of achievement of the performance objectives, followed by a two-year period at the end of which the Shares will be assigned (in 2017). For the description see the Information Document published on 02 April 2012
- (******) Three-year period 2012-2014 for the ascertainment (in 2015) of the level of achievement of the performance objectives, followed by a possible two-year period (in the case of the subscription of Shares) at the end of which (2017) there will be a free allocation of a number of Shares equal to those subscribed. For the description see the Information Document published on 02 April 2012

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS
Tables no.1 of Chart 7 of Appendix 3A of the Regulations no.11971/1999

Date: 24/03/2014

| Name or category | Position | PANEL 1 | | | | | | |
|------------------|----------|---|-------------------------------|--|-----------------|---|---------------------------------|----------------|
| | | Financial instruments other than stock options | | | | | | |
| | | Section 1 | | | | | | |
| | | Instruments relating to currently valid plans, approved on the basis of previous resolutions of the Shareholders' Meeting | | | | | | |
| | | Date of resolution by the Shareholders' Meeting | Type of financial instruments | Number of financial instruments assigned | Allocation date | Purchase price, if applicable, of the instruments | Market price on allocation date | Vesting Period |

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

| | | | | | | | | |
|--|------|------------|---|---------|------------|----------|--------|-----------------|
| Executives of the Telecom Italia Group | N.A. | 29/04/2010 | Subscription of Telecom Italia ordinary shares conditional on performance objectives, with deferred free allocation conditional on retaining the shares subscribed. | 204,151 | 18/04/2013 | 0.60 (*) | 0.5878 | 18/04/2015 (**) |
|--|------|------------|---|---------|------------|----------|--------|-----------------|

NOTES

(*) The subscription price was determined by the Board of Directors on 7 March 2013, on the basis of the arithmetic mean of the official prices of the shares registered on the electronic share market organised and operated by Borsa Italiana S.p.A. in the 30 days preceding the day of the meeting.

(**) Subsequently to the subscription of the shares, there follows a two year period at the end of which the free allocation of new shares will take place (in 2015) in the ratio of 1 new share for each share subscribed. For the description see the Information Document published on 13 April 2010. At the date of this document, 197,883 free shares are allocatable.

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS
Tables no.1 of Chart 7 of Appendix 3A of the Regulations no.11971/1999

Date: 24/03/2014

| Name or category | Position | PANEL 2 | | | | | | | |
|------------------|----------|---|---------------------------|--|-------------------|---|------------------|---|------------------------------------|
| | | Stock Option | | | | | | | |
| | | Section 1 | | | | | | | |
| | | Options relating to currently valid plans, approved on the basis of previous resolutions of the Shareholders' Meeting | | | | | | | |
| | | Date of resolution by the Shareholders' Meeting | Description of instrument | Options held at the end of the previous financial year | Options exercised | Date of allocation by the BoD or the competent body | Strike price (*) | Market price of underlying shares on allocation date (**) | Possible exercise period (from-to) |

TELECOM ITALIA - 2008 TOP STOCK OPTIONS PLAN

| Members of the Board of Directors of Telecom Italia S.p.A. | | | | | | | | | |
|--|--------------------|------------|--|-----------|---|----------------------|------|-------|--------------------------|
| Franco Bernabè. | Executive Chairman | 14/04/2008 | Options on ordinary Telecom Italia shares with physical settlement | 6,300,000 | = | bod/oc 15/04/2008 | 1.95 | 1.404 | 15/04/2011 15/04/2014 |
| Gabriele Galateri di Genola | | 14/04/2008 | Options on ordinary Telecom Italia shares with physical settlement | 2,250,000 | = | bod/oc 15/04/2008 | 1.95 | 1.404 | 15/04/2011 15/04/2014 |
| Total | | | | 8,550,000 | | | | | |

NOTES

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

(**) The official price of Telecom Italia ordinary shares on the MTA (electronic share market) of Borsa Italiana S.p.A. on the date the options are assigned.