

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE MEETING OF THE SHAREHOLDERS OF TELECOM ITALIA S.P.A.

Pursuant to article 153 of legislative decree no. 58/1998

Dear Shareholders,

This report explains the activities performed by the Board of Statutory Auditors during the 2015 financial year and up to today's date, as required by Consob Notice no. DEM/1025564 of 6 April 2001 and subsequent amendments and additions.

The Board of Statutory Auditors has performed the supervisory activities required by the law, taking account of the standards of conduct for listed companies recommended by the National Board of Chartered Accountants and Accounting Consultants and the Consob notices on company controls and the activities of the board of statutory auditors.

The Control Body obtained the information needed to perform the general supervision duties assigned to it by attending meetings of the Board of Directors and the board's internal committees (i.e. Control and Risk Committee and Nomination and Remuneration Committee), meetings with the Executive Directors, hearings with the Company's management, meetings with the external auditor and the Group's corporate control bodies, including foreign ones, analyses of information flows provided by the relevant departments of the company, and other inspection and control activities. Where deemed necessary, the Control Body was assisted by its legal advisors and was able to perform its supervisory activities in a completely autonomous and independent way.

1. On the basis of the information received and as a result of the analyses conducted by the Board of Statutory Auditors, it has become clear that the transactions carried out by the Company which have major impact on revenues, finances and assets, including transactions performed through companies in which the Company has a direct or indirect stake, are essentially made up as follows:
 - on 14 January 2015, the company Wireless Italiane S.p.A. ("INWIT") was established and, as of 1 April 2015, Telecom Italia S.p.A. transferred the business unit to it consisting of around 11,500 sites located in Italy where the radio transmission equipment is located for the mobile phone networks of both the Parent Company and other operators.
During June 2015, the listing process (I.P.O.) for the ordinary shares of INWIT was successfully completed on the Electronic Share Market organised and managed by Borsa Italiana S.p.A., which was followed in July by the exercise of the greenshoe option, as a result of which Telecom Italia owns 60.03% of the capital of INWIT;
 - on 30 September 2015, the merger by incorporation of Telecom Italia Media S.p.A. into Telecom Italia S.p.A. was completed, with accounting and tax effects backdated to 1 January 2015;
 - on 8 March 2016, the sale was completed of the entire remaining stake in Telecom Argentina with the sale to the Fintech Group of 51% of the share capital of Sofora Telecomunicaciones (the parent company of Nortel, which controls Telecom Argentina). As set out in the agreements signed by the parties on 24 October 2014, the sale was completed after having received the approval of Enacom, the Argentine communications regulator.

In 2015 the following notes were issued:

- on 16 January 2015 Telecom Italia S.p.A. issued bonds for the amount of one billion euros, with coupon rate 3.25% and maturity on 16 January 2023;
- on 26 March 2015 Telecom Italia S.p.A. issued bonds convertible in ordinary shares for the amount of 2 billion dollars, with coupon rate 1.125% and maturity on 26 March 2022. On 20 May 2015, the Shareholders' Meeting of Telecom Italia S.p.A. approved the increase in share capital to service the conversion of the same unsecured equity-linked bonds.

During 2015, three buyback transactions were carried out relating to eleven bond issues with maturities between June 2015 and February 2022 and a total nominal value of 3,277.6 million euros.

All the transactions indicated above are listed in the notes to the consolidated financial statements of the Telecom Italia Group and the notes to the separate balance sheet of Telecom Italia S.p.A., as well as in the report on operations for the year 2015.

The Board of Statutory Auditors has verified that the above transactions comply with the law, the Company bylaws and the principles of correct administration, and has made sure that they were not manifestly imprudent or hazardous, in potential conflict of interest, or contrary to the resolutions adopted by the Shareholders' Meeting or likely to compromise the integrity of the corporate assets; the transactions with Directors' interests or with other related parties, were subjected to the transparency procedure set out in the applicable regulations.

2. During the course of 2015 the Board of Statutory Auditors did not encounter atypical and/or unusual corporate transactions with third parties or related parties (including the companies within the Group).

The information relating to the principal infragroup transactions and with other related parties executed in the financial year 2015, and the description of their characteristics and economic effects is contained in the notes to the separate financial statements of Telecom Italia S.p.A. and to the consolidated financial statements of the Telecom Italia Group.

3. Taking account of the size and structure of the Company and of the Telecom Italia Group, given that there were no atypical and/or unusual transactions, the Board of Statutory Auditors believes that the report on the Company's transactions with related and infragroup parties, given in the notes to the separate financial statements of Telecom Italia S.p.A. and in the notes to the consolidated financial statements of the Telecom Italia Group, should be considered adequate.
4. On 4 April 2016, the independent auditor PricewaterhouseCoopers issued the reports pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27 January 2010, in which it states that the separate financial statements of Telecom Italia S.p.A. and the consolidated financial statements of the Telecom Italia Group at 31 December 2015 comply with the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38 of 2005, that they are drafted with clarity and that they represent truthfully and correctly the finances and assets of the company, the profit and loss results, and the cash flows of the Company and the Group.

Furthermore, the Independent Auditor also considers that the report on operations and the information in subsection 1, letters c), d), f), l) and m) and subsection 2, letter b) of Article 123-*bis* of CFL, presented in the Report on corporate governance and share ownership, are consistent with the Company's separate financial statements and the consolidated financial statements for the Group at 31 December 2015.

5. During the last financial year, and until 16 March 2016, seven complaints were received pursuant to article 2408 of the Italian Civil Code, including five from the same shareholder.

In the first complaint, which was presented during the Shareholders' Meeting of 20 May 2015, a request was made to carry out checks on the statements made by the Chairman of Cassa Depositi e Prestiti (and reported in a number of newspapers) regarding an alleged over-valuation of the Telecom Italia Group. To begin with, the Board of Statutory Auditors noted that the Company had submitted the matter to Consob for its consideration. The Control Body believes that, particularly in light of the assessments made regarding the financial statements by the Group's external auditor and the external consultant appointed by the Company to support it in performing the impairment test, there are no grounds to support the reported facts. Finally, it is important to note that, given the importance of this

issue, during its meetings, the Board of Statutory Auditors will continue to monitor the process for assessing the Company's network .

The second complaint, dated 8 November 2015, related to an investigation of the activities of the Board of Directors' meeting of 5 November 2015 on the conversion of the Company's savings shares into ordinary shares. The Board of Statutory Auditors carried out a prompt and detailed supervision of the conversion plan, both at the time of the Board of Directors' meeting of 5 November 2015 and immediately after the board meeting. As a result of the fact-finding activities and in-depth analysis carried out, the Board of Statutory Auditors believes that the decision-making process that led to the approval of the proposal submitted to the Shareholders' Meeting to convert savings shares was correct, in terms both of substantive legality and formal validity (correct procedure). It was found that all the Directors present at the Board meeting of 5 November 2015 had been adequately informed and that the operation satisfied the interest of the Company. Finally, the Chairman of the Board of Statutory Auditors presented a report on the outcome of its investigations to the first useful Shareholders' Meeting of 15 December 2015, also in reference to the aforementioned complaint.

On 23 November 2015, the Company received a request to supplement the information supplied on the proposal to convert savings shares, valid also as a complaint (the third) pursuant to article 2408 of the Italian Civil Code. For its part, the Board of Statutory Auditors started a fact-finding analysis, which also included interviewing the Company's management. It emerged that the Company had proceeded in compliance with the applicable regulations, having satisfied its information obligations towards shareholders and the market with the documentation effectively approved by the Board of Directors and published on the Company's website. The Board of Statutory Auditors therefore believes that there are no grounds to support the complaint.

In the fourth complaint of 5 December 2015, a shareholder stated that the forms for requesting voting proxies for the special meeting of the Company's savings shareholders of 17 December 2015 had not been published on the Telecom Italia website.

The Board of Statutory Auditors carried out the necessary investigations, which showed that, on its website, the Company only provides what the legislation requires the issuer to publish, which is a notice that a procedure for requesting proxies has been opened. The complaint is therefore considered to be groundless and without foundation, as the Company had promptly and correctly complied with the relevant requirements of the legislation.

On 2 January 2016, a shareholder made a complaint regarding antitrust procedure 1761, asking for the names of the people responsible for the conduct on which the procedure was based and for these people to be reprimanded for their actions. In this respect, the Board reports that, following a thorough examination of the matter, the Company took the appropriate management decisions. The Board of Statutory Auditors does not believe it needs to take any further action regarding the complaint.

On 10 February 2016, a complaint was received in which the Board of Statutory Auditors was asked to carry out investigations on the organisational structure of the People Value department. The Board of Statutory Auditors asked internal audit to carry out the appropriate investigations, as a result of which it decided not to pursue the complaint, giving instructions for it to be filed as unfounded.

In the last complaint, received on 11 February 2016, the Board of Statutory Auditors was asked to verify whether, following the indictment for reasons unrelated to Telecom Italia of the Executive responsible for preparing the corporate accounting documents, this person continued to fulfil the conditions for remaining an executive of the Company. The analysis, conducted with the support of external legal advisors, determined that the requirements were still met by the person in question.

6. Telecom Italia is registered with the *US Securities and Exchange Commission* as a foreign issuer and listed on the New York Stock Exchange, is also subject to United States legislation and the Board of Statutory Auditors carries out the tasks required of an *Audit Committee* by the above mentioned US legislation.

In particular, in implementation of the obligations that derive from its role as Audit Committee of the Company, the Board of Statutory Auditors adopted in due course a specific procedure for handling reports received by the control body. These reports may consist of:

- “complaints” from shareholders concerning what is considered to be improper behaviour;
- “notifications” or reports, from anyone, shareholders or otherwise, concerning alleged anomalies, irregularities, misconduct or, more generally, any problem or issue which is thought to merit investigation by the control body;
- “complaints”, from anyone, concerning “*accounting, internal accounting controls or auditing matters*”;
- “concerns”, which may be submitted anonymously, from employees of the Company or the Group, concerning “*questionable accounting or auditing matters*”.

There are instructions on the About Us section of the Company’s website (Corporate Bodies – Board of Statutory Auditors - Role, tasks and responsibilities), for sending such reports - in paper or electronic format - to the Board of Statutory Auditors/Audit Committee of the Company.

During the last financial year and until 16 March 2016 the Board of Statutory Auditors received 27 reports (or groups of “reports”, treated as units in the case of several communications from a single individual, even if at separate times), of which 2 were anonymous, complaining, for the most part, of technical service issues and failures of a commercial, accounting and administrative nature.

The Board of Statutory Auditors investigated these complaints appropriately, with the support of the Audit Department and the competent Company departments, but no irregularities to be reported to the Shareholders’ Meeting emerged. We should however point out that the relevant investigations are still being carried out regarding 3 reports.

7. During the 2015 financial year Telecom Italia S.p.A. appointed PricewaterhouseCoopers S.p.A. to undertake various tasks other than audits of financial statements, the fees for which, before VAT, are summarised below:

PricewaterhouseCoopers S.p.A.	(in euros)
Agreed procedures and declarations regarding tender bids	28,900.00
Accounting advice and consultation activities carried out in financial year 2014.	220,000.00
Agreed procedures connected with the issue of comfort letters in relation to the issue of notes	23,000.00
Activities connected with updating the € 20,000,000,000 <i>Euro Medium Term Note Programme</i> di .	35,000.00
Investigation procedures for the issuing of a Comfort Letter and Bring Down Comfort Letter regarding the listing process (I.P.O.) of the ordinary shares in INWIT S.p.A. on the Electronic Share Market organised and managed by Borsa Italiana S.p.A.	1,215,000.00
<i>Agreed Upon Procedures</i> on the accounting situation of the Towers branch	15,000.00
Agreed audit procedures on regulatory accounting areas	48,000.00
Fairness opinion on the issue price of the shares related to the capital increase to service the unsecured equity-linked bonds	630,000.00
Accounts auditing of the summary of costs for the staff engaged in research and development for Telecom Italia S.p.A. for the financial year 2014 allowed as deductible for the purposes of IRAP [Regional Tax], in accordance with Article 11, subsection 1, letter A) no. 5) of Legislative Decree no. 446/97 and subsequent	20,000.00

amendments	
Limited auditing of the condensed interim consolidated financial statements at 30 September 2015 of Telecom Italia S.p.A..	300,000.00
Performance of professional services in the context of the public offering for subscription and admission to trading on the Electronic Share Market organised and managed by Borsa Italiana S.p.A. of ordinary shares in Telecom S.p.A. in exchange for savings shares and payment of a cash sum	40,000.00
Total	2,574,900.00

8. In the course of the 2015 financial year, Telecom Italia S.p.A. conferred, also through its Branch Office in Argentina, a number of tasks on parties connected by continuing relationships with PricewaterhouseCoopers S.p.A. and/or on companies belonging to the latter's network for which the fees, excluding VAT, are summarised below:

Price Waterhouse & Co. S.R.L. (Argentina)	(in euros)
Auditing the financial statements as at 31.12.2015 of "Sucursal Argentina" (Argentina Branch Office). Equivalent of 76,552 Argentinian Pesos (ARS) at the average exchange rate for financial year 2015: 1 euro = 10.26890 ARS	7,455.00

TLS – Professional Association of Lawyers and Accountants	(in euros)
Analysis of the tax situation of Infrastrutture Wireless Italiane S.p.A. for the purpose of issuing of the Comfort Letter connected with the respective listing on the Electronic Share Market	90,000.00

Total	97,455.00
--------------	------------------

It should be noted that the Shareholders' meeting held on 29 April 2010, on the basis of the proposal put forward by the Board of Statutory Auditors, conferred the office of External Auditor (separate financial statements of Telecom Italia S.p.A., annual consolidated financial statements, abbreviated half-yearly consolidated financial statements, annual report for the purposes of the US Laws) on PricewaterhouseCoopers S.p.A. for the nine year period 2010 -2018.

The external auditor appointed by the Parent company Shareholders' Meeting is the main external auditor for the entire Telecom Italia Group. It is also worth noting that, in accordance with Brazilian law, the task of auditing the separate financial statements of TIM Participações S.A. was entrusted to the company Baker Tilly Brasil, while PricewaterhouseCoopers audits the reporting package produced by the Company for the purposes of the Telecom Italia Group's consolidated financial statements.

To protect the independence of the appointed auditor, the Company has adopted special Guidelines for the appointment of the independent auditor to undertake assignments. These establish the principle under which the appointment of further assignments (when allowed by the reference regulations) is limited to the services and activities closely related to the audit of the financial statements. Conferment of a single further appointment is subject to the prior approval of the Board of Statutory Auditors of the Parent company; for some types of appointment ("preapproved appointments"), approval is given in advance. In any event, the Board of Statutory Auditors has the right to establish guidelines and qualitative and quantitative criteria regarding the appointment of external auditors, valid for the entire Group, which it did by requiring the introduction, from 1 January 2012, of an operative procedure which provides for prior examination by the Board of Statutory

Auditors, even for pre-approved appointments, when certain qualitative conditions occur or when specific quantitative thresholds are exceeded.

The Board of Statutory Auditors would also make clear that, with an adequate flow of information, it will adopt the corresponding determinations made by the audit committees of the SEC registered subsidiary companies (*i.e.* TIM Participações S.A. and, prior to the sale of the whole remaining shareholding in Telecom Argentina, Nortel Inversora S.A. and Telecom Argentina S.A.) provided they are made based on rules that comply with the applicable law - including U.S. law - and the Group Guidelines on this subject.

9. In September 2015, responsibility for the Audit Department was taken over by Silvia Ponzoni. The Board of Statutory Auditors – in the person of its Chairman – oversaw the whole candidate selection process by taking part in a special select committee consisting of the Chairmen of the Control and Risk Committee and the Nomination and Remuneration Committee and the Lead Independent Director. Based on the shortlist drawn up by the select committee, the Control and Risk Committee identified and submitted for assessment by the full meeting of the board the names of two people in respect of whom the Board of Statutory Auditors had expressed a favourable opinion regarding their fitness to fill that role. After acknowledging that both candidates were suitable, the Board of Directors invited the Chairman and the Chief Executive Officer to meet the two candidates and make the final choice based on managerial considerations, and then to proceed to confirm the appointment.

Pursuant to article 2389, subsection 3 of the Italian Civil Code, the Board of Statutory Auditors issued its favourable opinion on the scorecard regarding the short-term incentive target for the Chairman (2016 MBO).

With regard to the compensation package for the Company's new CEO, appointed on 30 March 2016, the Board of Statutory Auditors expressed an unfavourable opinion, pursuant to article 2389, subsection 3, of the Italian Civil Code, because of the problems regarding the manner in which the variable part of the remuneration (special award) is determined, particularly in relation to the market benchmarks and to it being determined exclusively on the basis of improvements relative to the 2016-2018 Business Plan previously approved by the Board of Directors on 15 February 2016.

Pursuant to the Corporate Governance Principles adopted by the Company in December 2012, the Board of Statutory Auditors expressed its favourable opinion of the functional objectives scorecards for the short term incentive scheme (2016 MBO) for the Heads of the control departments who report directly to the Board (Audit Department, Compliance Department and IT & Security Compliance Function e).

10. In the financial year 2015, the Company's Board of Directors held thirteen meetings, at which the Board of Statutory Auditors was always present.

The Control and Risk Committee met sixteen times (of which fourteen jointly with the Board of Statutory Auditors, due to the topics dealt with). The Nomination and Remuneration Committee met seven times.

During 2015, there were forty-two meetings of the Board of Statutory Auditors (including the fourteen meetings held jointly with the Control and Risk Committee).

It should also be noted that the Board of Statutory Auditors attended the meetings of the of the Control and Risk Committee (not held jointly with the Board of Statutory Auditors' meetings) and of the Nomination and Remuneration Committee, by the attendance of its Chairman or another Statutory Auditor designated by the Chairman.

The Control Body took part in the Shareholders' Meetings of the Company, held on 20 May 2015 and 15 December 2015, respectively.

Set out below is a summary of the information requests made, pursuant to article 115, subsection 1, of Legislative Decree 58/1998, by Consob to the Board of Statutory Auditors, and the answers provided.

In a letter dated 29 October 2015, Consob asked the Board of Statutory Auditors *"to express its assessment of the decisions Telecom will make regarding the qualification of Vivendi as its "related party"*. In the answer provided to Consob on 4 November 2015, the Board of Statutory Auditors stated that it shared the Company's decision to consider that the requirements for qualifying shareholder Vivendi as a related party of Telecom Italia exist, while pointing out that the matter had been the subject of constant and proactive attention by the Control Body even before the threshold of 20% of the capital with voting rights had been exceeded.

On 23 November 2015, Consob sent the Board of Statutory Auditors a request for information on the operation of the conversion of savings shares into ordinary shares in the Company. In this regard, the Board of Statutory Auditors has reported that it carried out timely supervision of the conversion operation, both for the board meeting held on 5 November 2015 and immediately thereafter, as well as, subsequently, following the complaints made pursuant to Art. 2408, first subsection of the Italian Civil Code, by some shareholders.

For the aspects for which it is competent, the Board of Statutory Auditors has been able to assess the correctness (in particular in terms of compliance with the law and the articles of association and respect for standards of correct administration) of the operation proposed to the Shareholders' Meeting of 15 December 2015. The Board of Statutory Auditors first assessed the legitimacy and procedural validity of the resolution for the proposed conversion of savings shares into ordinary shares, as adopted by the Board of Directors on 5 November 2015, noting, by virtue of its specific questions asked in this respect during the board meeting to all Directors, that there were no statements of lack of information by Directors such as to compromise their right-duty to act in an informed manner, pursuant to and for the purposes of Art. 2381, subsection 6 of the Italian Civil Code. The Board of Statutory Auditors has also ascertained that the conversion operation reasonably met with and was therefore compliant with the Company's interests and had been proposed according to methods and technical choices (including the definition of the cash payment and consequent connected discount measure applied) such as to be to the benefit of all shareholders. More specifically, the verification of the economic-financial advantages for the Company and, therefore, indirectly, for all shareholders, and of the proposal's incapacity to harm the corporate assets, but rather instead its capacity to reinforce them, was carried out independently, also in light of the further positive examinations and checks submitted to and validated by both the competent corporate structures and external consultants of primary, recognised standing, to which the Company conferred a specific professional appointment.

The Control body also promptly started in-depth analyses aimed at verifying - with respect to the conversion - the correct application of the Procedure for the management of sensitive information, also with reference to the entry made in the register of people in possession of said information pursuant to and for the purpose of Art. 115-*bis* of the Consolidated Law on Finance, reporting the results of its checks to Consob.

On 16 December 2015, Consob asked the Board of Statutory Auditors (amongst other things) to provide its considerations on whether the prohibition pursuant to Art. 2390 of the Italian Civil Code was applicable to Directors appointed by the Shareholders' Meeting of 15 December 2015.

In this regard, it should be noted that the Board of Statutory Auditors started the necessary analyses without delay, at the outcome of which it considered that the code provision did not apply to the Directors Félicité Herzog, Arnaud Roy de Puyfontaine, Stéphane Roussel and Hervé Philippe. The Board of Statutory Auditors in fact decided that it was reasonable to believe that the business in the telecommunications sector carried out by Telecom Italia and Vivendi did not appear - upon verification

- to have any relevant potential pursuant to and for the purposes of Art. 2390 of the Italian Civil Code. An identical determination also considered that the code provision did not apply to the media content business offered by Vivendi and that offered by Telecom Italia. These conclusions were confirmed by the *pro veritate* opinion provided by a legal consultant appointed by the Board of Statutory Auditors, as well as, with regard to the assessment of the business carried out by Telecom Italia and Vivendi (also with specific reference to media content), by the results of the economic-business analysis conducted by business experts appointed by the Company, .

The Board of Statutory Auditors has also considered it necessary to maintain constant monitoring of the effective exercise of the respective activities by Telecom Italia and Vivendi, so as to be able to verify, in the future, the potential integration of the requirements for the application of Art. 2390 of the Italian Civil Code.

On 8 February 2016, Consob requested that the Board of Statutory Auditors provide its assessments on the outcome of the in-depth analyses carried out by the Company on the commercial relations between Telecom Italia and certain suppliers.

In this regard, it should be noted that the analysis of the results of the audits carried out by the external consultant appointed by the Company and by the Audit Department, the Board of Statutory Auditors has noted that there are no irregularities in the commercial relations with the suppliers concerned by the audit. The Board of Statutory Auditors has reserved the right to provide Consob with the results of the further checks underway by the Audit Department, if any elements worthy of attention should emerge.

11. In accordance with its obligations, the Board of Statutory Auditors obtained information and supervised compliance with the principles of correct administration, by attendance at the meetings of the Board of Directors, meetings with the executive responsible for preparing the corporate accounting documents, the Head of the Audit Department, the Group Compliance Officer, the Head of the IT & Security Compliance function and by means of interviews with the management and the acquisition of information.

The Board of Statutory Auditors met the Chairman of the Board of Directors, the Chief Executive Officer and the independent auditor PricewaterhouseCoopers S.p.A. (for the mutual exchange of data and relevant information pursuant to article 150, third subsection of the Consolidated Law on Finance) and attended the meetings of the board's internal committees.

The Board of Statutory Auditors believes that the governance arrangements and tools adopted by the Company constitute a valid supervisory framework to ensure that the principles of correct administration are respected in operational practice. In particular, in relation to the decision-making processes of the Board of Directors, the Control Body has supervised, including by attendance at board meetings, that the management decisions made by the Directors be substantially legitimate and in the interests of the Company, and checked that the Board resolutions were adequately supported by information, analysis and audit – also involving consultation with the board committees and external professionals, when necessary.

The Board of Statutory Auditors carefully and constantly monitored the intra-organic relations of the Company's Executive Directors, requesting specific information and asking for specific meetings both with the Chairman and the Chief Executive Officer.

Following the resignation of Marco Patuano from the office of Chief Executive Officer, the Board of Statutory Auditors duly and promptly monitored events, attending board meetings and those of the Nomination and Remuneration Committee, collecting information, including by interviews with the Chairman and resigning Chief Executive Officer and ascertaining effective compliance with the law, the articles of association and with standards of correct administration, also with reference to the agreement stipulated for the termination of his relationship as an employee and Director.

The Board of Statutory Auditors also monitored the process for the replacement of the Chief Executive Officer, attending the meetings of the Nomination and Remuneration Committee aimed at identifying

the new Chief Executive Officer and defining his compensation, ensuring the release of the opinion envisaged by Art. 2389, subsection 3 of the Italian Civil Code (see paragraph 9).

At the same time, the Board of Statutory Auditors, with a view to ensuring an ever better alignment of the Company's rules of corporate governance with best practices and the most accredited interpretations of provisions of law, regulations and self-regulatory provisions, proposed and will propose both changes to current regulations and procedures adopted by the Company (and the application of stricter, more rigorous optional rules already envisaged therein) and the integrations of these regulations and procedures.

The Board of Statutory Auditors also ascertained that the request for the integration of the agenda of the Shareholders' Meeting scheduled for 15 December 2015, presented by the shareholder Vivendi, was compliant with the law and the Company's Bylaws. The Control body took timely action and monitored the situation, asking the Company's Board of Directors to assess the possibility of accompanying Vivendi's report with its own assessment, pursuant to article 126-*bis* of the CLF, as indeed it did.

Continuing on from previous years and also taking into account the considerable volume of investments envisaged by the 2016-2018 business plan, monitoring by the Board of Statutory Auditors of the Company's equity and financial position then continued.

12. Pursuant to the Corporate Governance Principles of Telecom Italia, the role of providing strategic supervision and direction for the Company in order to pursue the primary objective of creating value for the shareholders, with a medium-long term perspective, also taking the legitimate interests of the remaining stakeholders into account, is reserved to the Board of Directors.

For the execution of its resolutions and the management of the company, the Board of Directors may, in accordance with the legal limits, delegate the appropriate powers to one or more Directors who report to the Board of Directors and Board of Statutory Auditors on the activities carried out, the general trend of operations and on the transactions of greatest economic and financial significance concluded by the Company or its subsidiaries.

On 16 April 2014, the Shareholders' Meeting appointed Giuseppe Recchi Chairman of the Board of Directors.

The Board of Directors, in its meeting on 18 April 2014, appointed Marco Patuano as Chief Executive Officer, establishing his powers and those of the Chairman. Following the resignation by the Chief Executive Officer, tendered on 21 March 2016, in its meeting of 30 March 2016, the Board of Directors appointed Flavio Cattaneo as Chief Executive Officer, conferring executive powers upon him. In particular, he was assigned responsibility for the overall governance of the Company and the Group, including responsibility for defining and proposing to the Board of Directors, and then implementing and developing, the strategic, industrial and financial plans, as well as all organisational responsibilities to guarantee the management and development of the business in Italy and South America.

Under the scope of its supervision of Company's organisational structure, the Board of Statutory Auditors reports that the Board of Directors, in its meeting held on 25 September 2015, in acknowledging the new organisation of oversight of regulatory and institutional issues (with separation of the two structures previously combined in the single Public and Regulatory Affairs function), approved the separation of the corresponding responsibilities with assignment of the Public Affairs component to the Chairman and the Regulatory Affairs component to the Chief Executive Officer, retaining the principle of reciprocal coordination on these matters.

In order to guarantee the conditions of effective competition on the network infrastructures markets, in December 2015, the model for oversight of the wholesale business and delivery and assurance processes of services to customers was redefined, by means of the establishment, reporting directly to

the Chief Executive Officer, of the Wholesale Department.

During the early months of 2016, the comprehensive model used for the commercial monitoring of retail customers was also redefined, on the basis of various organisational drivers, including that of guaranteeing the end-to-end accountability of marketing, sales and post-sales processes on each customer segment, with a view to maximising customer value.

The Board of Statutory Auditors carefully monitored the main changes of the organisation and the organisational method and supervised the adequacy of the organisational structure with respect to the strategic objectives of the Company, by specific meetings with the Chief Executive Officer, the Head of People Value and the individual company departments.

Given the complexity of the organisational structure of the Company and the Telecom Italia Group, subject, as such, to continuous evolution, the Board of Statutory Auditors believes that the organisational structure of the Company and Group is adequate.

13. The internal control and risk management system consists of the set of rules, procedures and organizational structures that, through a process of identifying, measuring, managing and monitoring the principal risks, allows the sound, fair and consistent operation of the company in line with the pre-established objectives.

It is organized and operates according to the principles and criteria of the Corporate Governance Code, to which the Company adheres, and involves several components that act in a coordinated way according to their respective responsibilities – the responsibility of the Board of Directors to direct and provide strategic supervision, the responsibility of the Executive Directors and management to control and manage, the responsibility of the control and risk Committee and the Head of the Audit Department to monitor and provide support to the Board of Directors, and the supervisory responsibilities of the Board of Statutory Auditors.

In exercising its responsibilities regarding the internal control and risk management system, the Board of Directors resolved that the Head of the Audit Department, the Group Compliance Officer and the Head of the IT & Security Compliance Department report directly to the Board

The Head of the Audit Department has an adequate level of independence and means suitable for the execution of this function. The Head of the Audit Department is responsible for supporting the management and control boards in assessing the adequacy, full functioning and effectiveness of the control and risk management system and for proposing corrective measures in case of anomalies and/or deficiencies. Under the scope of its powers of inspection and control, the Board of Statutory Auditors ordinarily assigns duties on specific matters to the Audit Department and the Compliance Department.

The Head of the Audit Department reports on his work to the Directors in charge of the internal control and risk management system, i.e. the Chairman and the Chief Executive Officer, each with respect to their area of competence, to the Control and Risk Committee and, through the latter, to the Board of Directors, as well as to the Board of Statutory Auditors.

The oversight role of the Head of the Audit Department is directed, in particular, towards expressing an assessment of the capacity of the internal control and risk management system to impact on the actual achievement of the objectives assigned to individual company structures (effectiveness profile), taking account of the rational use of resources for their realization (efficiency profile) in the light of the qualitative/quantitative risk factors present and the probability of their affecting the achievement of those objectives. This oversight is assured through:

- the direct execution of assurance services (audits and complementary activities – so-called 3rd level controls – aimed at assessing the governance, control and risk management processes) and consultancy services;
- checking the implementation of improvement plans by continuous monitoring and specific follow-up work in cases that are complex and significant to the topics originally analysed.

The Board of Statutory Auditors has acknowledged the overall assessment of the internal control and risk management system by the Audit Department, which is set forth below: "*With reference to the specific operating contexts analysed in 2015 on the Italian context, given the weaknesses of varying intensity of the internal control and risk management system found in the audits and having assessed the process of implementation of the improvement actions undertaken by the owner functions to quickly overcome these weaknesses, it considered that the system should be capable of reducing the risk profiles to a level acceptable for the correct operation of the business processes.*"

The Board of Statutory Auditors shares the assessment of overall adequacy of the internal control and risk management system as formulated by the Audit Department. The Control body, on its part, constantly monitored its effectiveness and monitored the work of the main players in the internal control and risk management system and, in particular, the implementation of risk improvement and mitigation actions identified and, in some cases, prompting further specific interventions to strengthen the controls.

In this context, the Board of Statutory Auditors has held periodic meetings with the Head of the Audit Department, the Group Compliance Officer, the Head of the IT & Security Compliance Function, the executive responsible for preparing the corporate accounting documents, the Head of Enterprise Risk Management, the management and the external auditor. It also had contact and exchanged information with the corresponding control bodies of the major Italian subsidiary companies.

The Board of Statutory Auditors took note of the assessment of overall adequacy of the internal control system of Tim Participações expressed by the *Comité de Auditoria Estatutário* of the Brazilian subsidiary.

The Board of Statutory Auditors also took note of the positive opinion formulated by this control body on the functioning of internal audit in Tim Participações, and on the independence of the internal audit work carried out.

The Board of Statutory Auditors also pointed out that during its checks carried out in 2015 at the offices of Tim Participações and Telecom Argentina (the company that left the Telecom Italia Group on 8 March 2016, following the sale to the FinTech Group), the management and related control bodies had not reported any situations to be submitted to the attention of shareholders.

The internal control and risk management system also incorporates the so-called "Organizational Model 231", i.e. a model of organization and management adopted pursuant to Legislative Decree No. 231/2001, aimed at preventing offences that can result in liability for the Company.

The duties of Supervisory Body are assigned (since 2012) to the Board of Statutory Auditors, which uses a dedicated company structure which is part of the Compliance Department.

The Organisational Model 231 has been adopted by domestic subsidiaries of the Group as well as by Telecom Italia, and consists of:

- the Code of Ethics and Conduct of the Telecom Italia Group, which enunciates the general principles (transparency, fairness, loyalty) that guide the Company in the carrying out and management of business;
- the "general principles of internal control", i.e. the set of tools to achieve the objectives of efficiency and operational effectiveness, reliability of financial and management reporting, compliance with laws and regulations, safeguarding of assets against possible fraud;

- the "principles of conduct", which consist of specific rules for relations with third parties and for all fulfilments and activities of a corporate nature, and
- the "internal control schemes" that describe business processes at risk of crime, any predicate offences relating to them, the preventive control activities and the behavioural indications aimed at avoiding the related risks.

The Organizational Model 231 is a dynamic instrument, which affects the corporate operation and must, therefore, be constantly checked and updated in the light of the elements that emerged from experience of its application and of the evolution of the regulatory framework. The amendments were drafted by the managerial committee called Steering Committee 231, briefed by the Supervisory Board and approved by the Board of Directors of the Company when of a significant nature.

The Organisational Model incorporates, in terms of application, the predicate offences provided for in Legislative Decree no. 231/2001, excluding those deemed to not be directly pertinent for the Telecom Italia Group.

In 2015, the Board of Statutory Auditors verified the update of the 231 Organisational Model to consider the legislative introduction of new predicate offences considered relevant pursuant to Italian Legislative Decree no. 231/2001 (i.e. self-laundering, false corporate communications and environmental offences).

The Organisational Model represents an integral part of the reference compliance program for the application of foreign anti-corruption legislation such as the US Foreign Corrupt Practices Act and the UK Bribery Act. In this context, a foreign version of the Organisational Model has been defined for adoption by the non-Italian subsidiaries, also taking account of the possible application of similar regulations at local level.

The Board of Statutory Auditors oversees the operation and observance of the 231 Organisational Model and reports to the Board of Directors on the oversight and verification activities which it has performed and the corresponding outcomes. For FY 2015, the Board of Statutory Auditors has expressed an opinion of compliance with the reference legal framework of the Organisational Model 231 adopted by the Company.

The Telecom Italia Group has adopted an Enterprise Risk Management Model (ERM) which enables risks to be identified, assessed and managed in a homogenous way within the Group companies, highlighting potential synergies between the players involved in the assessment of the internal control and risk management system. The ERM process is designed to identify potential events that may impact on business activity, to manage the risk within acceptable limits and to provide reasonable assurance of the achievement of the objectives.

This process is governed by the ERM Steering Committee, chaired and coordinated by the Chief Financial Officer, which meets at three-monthly intervals (or in response to specific needs), and has the object of ensuring governance of the management of the Group's risks, aimed at ensuring the operational continuity of the company's business by monitoring the efficacy of the counter-measures adopted.

The Control Body has verified that in its meeting of 15 February 2016, the Board of Directors defined the corporate risk appetite and risk tolerance thresholds, in line with the provisions of the Corporate Governance Code.

The Board of Statutory Auditors reports that the corporate procedure for effecting transactions with related parties, drawn up in compliance with Consob Regulation no. 17221 of 12 March 2010, adopted in November 2010, was last updated in March 2016. In particular, references to the undertakings given at the time to the Brazilian regulatory authorities (Anatel and CADE) have been eliminated and, at the suggestion of the Board of Statutory Auditors, some changes have been made to the part relating to

the dispensation of intra-group operations from application of Consob Regulation no. 17221/2010. It has in fact been specified that the presence of a significant interest of the related third party excludes beneficial treatment, where a “significant interest” is meant as a shareholding of the related third party in the capital of the related intra-group party that exceeds 5% of said capital.

The Board of Statutory Auditors has monitored compliance of the procedure adopted by the Company with provisions of law and regulations and its effective implementation and actual functioning.

As part of the monitoring of the revision process of corporate governance documents, in which the Board of Statutory Auditors was involved, also during meetings with other corporate bodies, the Board of Statutory Auditors pointed out to the Control and Risk Committee that it was appropriate to assess the adequacy of the Procedure for performing transactions with related parties in light of the changes made to the Company's share ownership structure, as indicated in said procedure.

During the year there have been significant changes in the share ownership of the company: after the break-up of the Telco shareholders' agreement, on 17 June 2015, Vivendi SA acquired the stake in Telecom Italia that was previously held by Telefonica SA. Subsequently the French company acquired ordinary Telecom Italia shares on the market, bringing its stake to 21.39% at 31 December 2015. As of the date of this Report, the Vivendi Group's shareholding in Telecom Italia was 24.90%. In this respect, the Board of Statutory Auditors has monitored and will continue to monitor the evolution of the Company's ownership structure.

More generally, in fulfilment of its statutory duties, the Board of Statutory Auditors will continue to supervise the decision-making procedure adopted by the Directors, ensuring that decisions are based on principles of reasonableness and correct information, that they comply with applicable regulations, as well as being consistent and compatible with the Company's resources and assets, that Directors are aware of the risks and effects of any decision and that these decisions are taken in the interest of all the shareholders.

The Board of Statutory Auditors has been informed as regards the identification of the scope of Telecom Italia's related parties resulting subsequent to the breakup of Telco. A prudent interpretation of the company procedure confirmed the qualification of the former members of the Telco shareholders' agreement (and their respective subsidiaries) as related parties of the Company, without interruption, also regardless of the sale of the Telecom Italia shares they received from the breakup of Telco.

As regards Vivendi's qualification as a related party of Telecom Italia, the Board of Statutory Auditors carried out constant and proactive monitoring even prior to the threshold of 20% of the voting capital being exceeded, agreeing with the Company's decision to consider that the conditions exist for the shareholder Vivendi to be qualified as a related party of Telecom Italia. In this respect, the Board of Statutory Auditors is engaged in a continuous monitoring activity regarding potential future changes in the related party status of the shareholder Vivendi.

14. Telecom Italia has adopted the Internal Control - Integrated Framework model (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as its reference framework for the definition and assessment of its internal control system, with particular reference to the internal controls for the preparation of the financial statements.

The Board of Statutory Auditors evaluated and supervised the adequacy of the administrative and accounting system of the Company and its reliability to fairly represent operations, also by collecting information from Company management, examining company documents and analysing the results of the activities undertaken by the External Auditor.

The Board of Statutory Auditors acknowledged the statements issued by the Chairman, Chief Executive Officer and the Manager responsible for preparing the corporate accounting documents of Telecom Italia S.p.A. concerning the adequacy in relation to the characteristics of the company and the actual application during 2015 of the administrative and accounting procedures for the preparation of the financial statements and the consolidated financial statements.

On the question of goodwill impairment test, the Board of Statutory Auditors observed that in Telecom Italia it is applied in a consolidated and structured way, coordinated by the Administration, Finance and Control Department, with the intervention of an independent external expert of acknowledged professional expertise. The implementation of the process is also analysed and discussed in special joint meetings of the Control and Risk Committee and Board of Statutory Auditors, that precede the Board of Directors meetings to approve the financial reports to which the impairment test must be applied.

The Board of Statutory Auditors has verified that the impairment test process for the 2015 Financial Statements took place consistently with the procedure most recently approved by the Board of Directors on 16 December 2015 and with applicable IFRS principles and that it concluded with the impairment of the goodwill assigned to the Group's Brazilian operations. For a more detailed analysis, the Board of Statutory Auditors refers to the explanations given in Note 4 "Goodwill" of the consolidated financial statements as of 31 December 2015 of the Telecom Italia Group.

Regarding the provisions of article 36, subsection 1, letter c, ii) of the Market Regulations (conditions for the listing of shares of controlling companies and of companies registered in and regulated by the laws of States that are not members of the European Union), the Board of Statutory Auditors has not ascertained facts and circumstances that would indicate that the administrative-accounting system of the controlled companies is not adequate to ensure that the data on the revenues, finances and assets of the companies needed for the preparation of the consolidated financial statements regularly reaches the management and auditor of the controlling company.

Finally, the Board of Statutory Auditors monitored the financial disclosure process including through the collection of information from the Company's management.

15. The Board of Statutory Auditors has acknowledged the instructions imparted by the Company to its subsidiaries, pursuant to art. 114, section 2 of the CLFI, and considers them adequate to comply with the obligations regarding communication established by the law. In this respect it should be noted that the Company regulates the flow of information it receives from its subsidiary companies on transactions of particular impact, with specific procedures.

The Company has its own "Procedure for the internal management and disclosure to the public of sensitive information" that regulates the procedures for the external disclosure of documents and information regarding Telecom Italia, with specific reference to sensitive information. The procedure also applies as an instruction to all subsidiaries in order to obtain from them, without delay, the information necessary for the timely and proper fulfilment of the public disclosure obligations. This procedure also disciplines the maintenance of the register of people with access to sensitive information.

The Board of Statutory Auditors continuously and promptly monitored the application of the above procedure, through specific interviews with the management and requests for information and documentation.

16. The Board of Statutory Auditors has ascertained, from information obtained from Independent Auditor PricewaterhouseCoopers and from the management of the Company, that the IAS/IFRS principles, and the other legal and regulatory provisions that apply to the preparation and presentation of the

separate financial statements, the consolidated financial statements and the accompanying report on operations are complied with.

The Board of Statutory Auditors acknowledges that, from the report issued, pursuant to article 19, subsection 3, of Italian Legislative Decree no. 39 of 27 January 2010, on 4 April 2016 by PricewaterhouseCoopers S.p.A. for the financial year that ended on 31 December 2015, no “fundamental issues” were noted during the external audit, but one significant shortcoming was recorded in the internal control system of Tim Participações, with reference to the process relating to the contracting of consultancy by means of professional firms. The Board of Statutory Auditors is monitoring progress made on the remediation plan defined in November 2015.

17. The Board of Statutory Auditors has supervised the arrangements for the concrete implementation of the rules of corporate governance required by the Corporate Governance Code recently amended in July 2015, to which the Company adheres. In its meeting of 17 March 2016, the Board of Directors carried out some maintenance interventions on the text of the Corporate Governance Principles adopted in December 2012.

In this respect, it should be noted that Telecom Italia has adopted the criteria established by the Corporate Governance Code of Borsa Italiana for qualifying Directors as independent.

In its meeting on 19 March 2015, the Board of Directors checked that its members continued to meet the requirements for independence, based on the declarations made by said members, and acknowledged that (i) Directors Benello, Calvosa, Cattaneo, Cioli, Cornelli, Gallo, Kingsmill, Marzotto and Valerio possessed the requirements of independence, pursuant to the Corporate Governance Code, and (ii) the same Directors, plus Mr Fitoussi possessed the requirements of independence pursuant to the Consolidated Law on Finance. The market was informed of the outcome of this verification.

Following the integration of the Board of Directors by the Shareholders' meeting resolution of 15 December 2015, on 16 December 2015 the Board of Directors ascertained that independence requirements were met pursuant to the Consolidated Law on Finance and the Corporate Governance Code, by Director Felicité Herzog.

In its meeting on 17 March 2016, the Board of Directors checked that its members continued to meet the requirements for independence and acknowledged (i) that Directors Benello, Calvosa, Cattaneo, Cioli, Cornelli, Gallo, Herzog, Kingsmill, Marzotto and Valerio possessed the requirements of independence, pursuant to the Corporate Governance Code, and (ii) the same Directors, plus Mr Fitoussi possessed the requirements of independence pursuant to the Consolidated Law on Finance. The market was informed of the outcome of this verification.

Following the appointment of Flavio Cattaneo to the office of Chief Executive Officer, on 30 March 2016 the Board of Directors ascertained that the independence requirements were no longer met by him, pursuant to the Consolidated Law on Finance and the Corporate Governance Code and that he was therefore qualified as non-independent executive director.

In its meetings of 17 and 30 March 2016, the Board of Statutory Auditors audited the correct application of the independence requirements and the procedures for assessing the requirements adopted by the Board of Directors.

In its first and second meeting after the Shareholders' Meeting that had appointed it (10 June and 13 July 2015), the Board of Statutory Auditors confirmed that the independence requirements specified in article 148, subsection 3 of the CLF had been met by its members, as had the requirements of the Borsa Italiana Corporate Governance Code. Thereafter, during the meeting held on 29 March 2016, the Board of Statutory Auditors ascertained that all its members continued to meet the independence requirements as described above.

The Board of Statutory Auditors checked the independence of the external auditor PricewaterhouseCoopers, in accordance with the provisions of article 19, subsection 1, lett. d) of Italian Legislative Decree no. 39 of 27 January 2010, also acquiring the declaration from the external auditor as specified in article 17, subsection 9, letter a) of said Decree.

The Board of Directors also has subcommittees comprising a Control and Risk Committee and a Nomination and Remuneration Committee. Both committees are regulated by their respective regulations approved by the Board of Directors in the meeting held on 5 August 2014 (documents available for consultation on the website www.telecomitalia.com section About Us - Governance System/Regulations channel).

The Control and Risk Committee comprises non-executive Directors, the majority of whom are independent directors, with at least one Director from a minority slate. At least one member of the Control and Risk Committee shall possess adequate expertise in accounting and finance or risk management. Without prejudice to the tasks attributed to it by the Corporate Governance Code, the Committee:

- provides high-level supervision related to corporate social responsibility, monitoring the consistency of the actions performed with the principles laid down by the Code of Ethics of the Group;
- monitors observance of the Company's corporate governance rules, the evolution of rules and best practice in the field of controls, corporate governance and corporate social responsibility, also with a view to proposing updates to the internal practices and rules of the Company and the Group;
- expresses a prior opinion regarding transactions with related parties (i) on transactions entrusted to the board pursuant to the law, Bylaws or Corporate Governance Code; (ii) on ordinary transactions at standard or market conditions, according to terms not predetermined or defined after a tender worth over 10 million euros; (iii) on non ordinary transactions worth more than 2 million euros;
- performs other duties assigned to it by the Board of Directors.

The Nomination and Remuneration Committee comprises non-executive Directors, the majority of whom are independent directors, with at least one Director from a minority slate. At least one member of the Nomination and Remuneration Committee possesses adequate expertise in financial matters or remuneration policies. Without prejudice to the tasks assigned by the Corporate Governance Code to the remuneration committee and to the nomination committee, the Nomination and Remuneration Committee:

- oversees the succession plan for Executive Directors, and monitors the updating of the company management replacement lists, prepared by the Executive Directors;
- establishes the procedure and period for the annual evaluation of the Board of Directors;
- proposes the criteria for allocating the total annual remuneration established by the Shareholders' Meeting for the whole Board of Directors;
- performs other duties assigned to it by the Board of Directors.

The Board of Statutory Auditors monitored the activities performed by the Control and Risk Committee during 2015 in joint meetings or by the attendance of its Chairman or a Statutory Auditor designated by the Chairman at their meetings. The Board of Statutory Auditors also monitored the activities performed by the Nomination and Remuneration Committee by the attendance of its Chairman or a Statutory Auditor designated by the Chairman at their meetings.

The Lead Independent Director, a role currently held by Director Giorgio Valerio, is the point of reference and coordination for the issues and contributions of the independent Directors and the non-

executive Directors in general. She also has the right to convene special meetings of the Independent Directors only (Independent Directors' Executive Sessions) to discuss issues affecting the functioning of the Board of Directors or the management of the business.

See the Report on the corporate governance and share ownership of Telecom Italia S.p.A. for the 2015 financial year for further detailed information on the corporate governance of the Company, which the Board of Statutory Auditors evaluates positively.

Reference is also made to paragraph 10 of this Report for a description of the results of the analyses performed by the Board of Statutory Auditors on the applicability of the competition prohibition envisaged by Art. 2390 of the Italian Civil Code with respect to the new Telecom Italia Directors appointed by the Company's Shareholders' Meeting on 15 December 2015.

18. No significant facts that should be mentioned in the Report to the Shareholders' Meeting have emerged from the supervision and control activities carried out by the Board of Statutory Auditors, as described above, except for the issues encountered during the procedure adopted by the Company for the approval of the compensation package for the Chief Executive Officer appointed by the Board of Directors on 30 March 2016.

In particular, the Board of Statutory Auditors has ascertained that it was a transaction with related parties of minor importance (not excluded from application, pursuant to the combined provisions of art. 18, letter c) of the Telecom Italia S.p.A. Procedure for performing transactions with related parties and art. 13, subsection 3, letter b), of Consob Regulation no. 17221 of 12 March 2010).

The Board of Statutory Auditors, while taking into account and agreeing that the procedure for appointing the new Chief Executive Officer needed to be carried out and concluded in a short space of time, considers that the Nomination and Remuneration Committee and the Board of Directors were not provided with full and adequate information suitably in advance, as provided for under art. 7, subsection 1, letter c) of the aforementioned Regulation.

The Board of Statutory Auditors, as regards the economic conditions agreed contractually, also considers that the Nomination and Remuneration Committee did not provide the Board of Directors with an adequately reasoned opinion - pursuant to art. 7, subsection 1, letter a) of the above Regulation and art. 35 of the Telecom Italia Procedure for performing transactions with related parties - on the Company's interest in performing the transaction and on the advantage and substantial correctness of the related conditions.

The Board of Statutory Auditors consequently informed Consob of the irregularities encountered pursuant to art. 149, subsection 3, legislative decree 58/1998.

The Board of Statutory Auditors reports that no observations or problems have emerged from its analysis of the information flows received in relation to the activity carried out by the control bodies of the subsidiary companies or the representations the external auditor has made in its reports on said subsidiaries.

Equally, no observations or problems have emerged from the review of the reports of the external auditor and the Boards of Statutory Auditors of Inwit S.p.A., Olivetti S.p.A. and Telecom Italia Sparkle S.p.A. pursuant to and for the purposes of article 153 of the CLF, article 2429, second subsection, of the Italian Civil Code and article 14 of Italian Legislative Decree no. 39 of 27 January 2010.

Finally, the Board of Statutory Auditors examined the external auditor's reports on Tim Participações S.A. on the financial statements at 31 December 2015, which contained no observations or remarks.

19. Having acknowledged the 2015 financial statements of Telecom Italia S.p.A., the Board of Statutory Auditors had no objections to formulate on the proposed resolution presented by the Board of Directors on the payment to savings Shareholders of the privileged dividend in the amount of 0.0275 euros per savings share, gross of legal withholdings.

The Board of Statutory Auditors also agrees with the proposed amendment of the Bylaws on the integration of the Company's name to bring it into line with the new commercial brand.

Milan, 14 April 2016

For the Board of Statutory Auditors

The Chairman

Signed by Roberto Capone

Telecom Italia S.p.A.
Registered Office in Milan at Via Gaetano Negri 1
General Administration and Secondary Office in Rome at Corso d'Italia 41
PEC (Certified electronic mail) box: telecomitalia@pec.telecomitalia.it
Share capital 10,740,236,908.50 euros fully paid up
Tax Code/VAT Registration Number and
Milan Business Register Number 00488410010