SHAREHOLDERS' MEETING ON 24 APRIL 2018

REPORTS AND PROPOSED RESOLUTIONS
OF THE BOARD OF DIRECTORS

TIM S.p.A.
A company directed and coordinated by Vivendi S.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 11,677,002,855.10 euros fully paid up
Tax Code/VAT Registration Number and
Milan Business Register Number 00488410010

REPORTS AND PROPOSED RESOLUTIONS OF THE BOARD OF DIRECTORS

(The report is available on the website www.telecomitalia.com)

ORDINARY SHAREHOLDERS' MEETING OF TIM S.P.A. 24 APRIL 2018

AGENDA

- Appointment of a Director
- Financial Statements at 31 December 2017 – approval of the financial statement documentation – distribution of the privileged dividend to savings shareholders
- Report on remuneration – resolution on the first section
- Incentive plan based on financial instruments - tranche reserved for the Chief Executive Officer of TIM S.p.A.
- Incentive plan based on financial instruments - tranche destined for members of the management of TIM S.p.A. and its subsidiaries
- Appointment of external auditors for the period 2019-2027
- Appointment of the Board of Statutory Auditors - appointment of the standing and alternate auditors
- Appointment of the Board of Statutory Auditors - appointment of the Chair of the Board of Statutory Auditors
- Appointment of the Board of Statutory Auditors - determination of fees

Appointment of a Director

Dear Shareholders,

following the resignation of Flavio Cattaneo (27 July 2017, taking effect the following day), the Board of Directors, in the meeting of 28 September 2017, at the proposal of the Nomination and Remuneration Committee, co-opted Amos Genish as a Director, who at the same time was appointed General Manager and Chief Executive Officer. He shall remain in office until the Meeting pursuant to the law.

Since the slate voting mechanism does not apply to this case, the Bylaws requiring it only in case of the renewal of the entire board, we propose that you appoint Amos Genish (the curriculum vitae of whom is attached) as Director of the Company for the remaining duration of the mandate of the current Board of Directors, and hence until approval of the financial statements for the year at 31 December 2019.

The Board of Directors therefore submits for your approval the following resolution.

<u>Proposed Resolution</u>

The Shareholders' Meeting of TIM S.p.A.,

- given the resignation from office of Director Flavio Cattaneo (and Amos Genish, who was already co-opted by the Board of Directors, ceasing from office);
- taking account of the fact that the mandate of the current Board of Directors will expire with approval of the financial statements for the year at 31 December 2019 (as resolved by the Shareholders' Meeting of 04 May 2017),

resolves to appoint Amos Genish as Director of the Company expiring together with the Directors in office and therefore until the approval of the financial statements at 31 December 2019.

Amos Genish is Chief Executive Officer and General Manager of Telecom Italia from September 28, 2017.

Until the end of 2016, Amos Genish was CEO of Telefonica Brasil / Vivo (over 20 bln€ market cap at time). During his tenure, Telefonica Brasil / Vivo has outperformed the Brazilian telecom market in revenue and EBITDA growth, as well as in total shareholder returns.

Amos joined Telefónica at the beginning of 2015, when it acquired GVT, an innovative and fast-growing telecom and Pay TV operator, of which he was CEO.

Amos co-founded GVT. CEO since 1999, he led the successful bid for the "mirror" license of region 2 in Brazil. In 2007, Amos led GVT's IPO in the Brazilian stock exchange. In 2009, he led the company's sale to Vivendi (from 2011 to 2013, Amos was part of Vivendi's Management Board). In 2014, he led the negotiations of GVT's sale to Telefónica (7.45 € billions deal).

Prior to this, Amos was CEO of GVT rural telecom operation, where he managed the initial fund raising to start the activities of the company and support the launch of services in Chile, Peru and Colombia.

From 1989 Amos joined as CFO the young start-up Edunetics ltd., which developed comprehensive curriculum multimedia-based systems mostly for the US school market. In 1992 he led jointly with the CEO the IPO of the company on Nasdaq. In 1995 he was appointed CEO of it.

From 1986 to 1989 Amos worked in one of the largest accounting firm in Israel (KMPG Israel as of today), where he was involved in the audit and tax work of large holding companies.

Recently, from the beginning of 2017 to July 2017, he held the position of Chief Convergence Officer in Vivendi. In this role, Amos oversees the Group's convergence strategy between content, platforms and distribution.

Amos is a member of the Board of Representatives of Vevo - the leading international music video hosting company co-owned by Universal Music Group, Sony Music Entertainment, Google and Abu Dhabi Media Company - and member also of the Board of Itaù Unibanco Holding Sa, the largest Brazilian publicly quoted bank.

In 2016, Amos was ranked as Latin America's best CEO in the Technology, Media and Telecommunications industry by Institutional Investor.

Amos Genish was born in Hedera, Israel in 1960.

He holds a B.A. in Economics and Accounting from Tel Aviv University.

March 2018

Financial Statements at 31 December 2017 – approval of the financial statement documentation – distribution of the privileged dividend to savings shareholders

Dear Shareholders,

the draft financial statements of TIM S.p.A. presented for the approval of the Shareholders' Meeting show a net profit of 1,086,900,606 euros, for an analysis of which please refer to the report on operations.

As per the dividend policy already announced, the proposal is to limit the remuneration of the capital to the payment solely of the privileged dividend to the savings shares, as per the Bylaws (5% of 0.55 euro per share), allocating 165,764,271.73 euros to the distribution. The remaining profit, net of the allocation to the legal reserve, will be carried forward.

The dividends will be made payable to the entitled parties based on the evidence in the share deposit accounts at the end of the record date of 19 June 2018 (record date), starting from 20 June 2018 next, while the coupon date will be 18 June 2018.

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

Proposed Resolution

The Shareholders' Meeting of TIM S.p.A.,

– having examined the annual financial report of TIM S.p.A.;
– having taken account of the current amount of the legal reserve;
– having taken note of the reports of the Board of Statutory Auditors and the external auditors, PricewaterhouseCoopers S.p.A.,

resolved

- to approve the financial statements of TIM S.p.A. for the year 2017;
- to allocate to the legal reserve 5% of the profit for the year;
- to pay savings Shareholders the privileged dividend in the amount of 0.0275 euros per savings share, gross of the withholdings required by law, which will be applied to the number of savings shares that they own at the record date;
- to make the dividend payable starting from 20 June 2018, with a coupon date of 18 June 2018 (record date 19 June 2018);
- to carry forward the remaining profits.

Report on remuneration – resolution on the first section

Dear Shareholders,

pursuant to the law, the report on remuneration has been prepared for the Shareholders' Meeting to be held on 24 April 2018; it is divided into two sections:

- the first sets out the Company's policy regarding the remuneration of directors and key managers with strategic responsibilities, with reference to the 2018 financial year;
- the second provides a description of the items that make up the remuneration of the subjects mentioned above, with a detailed illustration of the compensation paid to them in the 2017 financial year.

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

The Board of Directors therefore submits for your approval the following resolution.

<u>Proposed Resolution</u>

The Shareholders' Meeting of TIM S.p.A.,

– given the applicable legal provisions regarding the report on remuneration;

– having acknowledged the non-binding nature of the resolution required,

resolves to approve the first section of the Company's report on remuneration.

Incentive plan based on financial instruments - tranche reserved for the Chief Executive Officer of TIM S.p.A.

Incentive plan based on financial instruments - tranche destined for members of the management of TIM S.p.A. and its subsidiaries

Dear Shareholders,

you have been called to discuss and resolve on the proposed long term share-based incentive plan entitled the "Long Term Incentive Plan 2018".

The initiative is based on the "performance shares" tool, through the allocation, free of charge, subject to a two-year lock-up, of a maximum of 85,000,000 ordinary shares, in a variable number depending on the extent to which predetermined performance parameters are achieved in the period 2018-2020 (which corresponds to the time span of the Group's strategic planning). These parameters are: (i) the performance of ordinary shares on the stock market in the period from 1 January 2018 to 31 December 2020 (except for cases of either early termination with the right maintained, or subsequent allocation), compared to a basket of securities issued by a panel of peers (weight: 70%); and (ii) the cumulated free cash flow over the incentive period, as per the 2018-2020 strategic plan (weight: 30%).

The Long Term Incentive Plan 2018 is divided into two tranches, separately submitted to you for approval, destined for the Chief Executive Officer of TIM S.p.A., Amos Genish, and to members of the senior management of the Group to be selected by the Board of Directors at the proposal of the Executive Chair and the Chief Executive Officer, respectively.

The aim pursued is that of incentivising their pursuit of qualifying objectives of the Group's strategic plan, creating greater alignment between the remuneration of the management and the creation of value for the Company's shareholders.

The Company's treasury shares may be used towards the initiative. The Company also expressly reserves the right to define, during the three-year period 2018-2020, further arrangements to acquire the availability of ordinary shares to be used for the initiative.

The details of the plan are set out in the dedicated information document, drawn up in accordance with the legal provisions and the Consob regulations, and disclosed concurrently with this report. You are invited to examine it.

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

<u>Proposal 1: Incentive plan based on financial instruments - tranche reserved for the Chief Executive Officer of TIM S.p.A.</u>

The Shareholders' Meeting of TIM S.p.A.,

– having examined the information document on the operation;

resolved

- to approve the incentive plan entitled "2018 Long-Term Incentive Plan - first tranche" reserved for the Chief Executive Officer of the Company, in the terms stated in the information document published in accordance with applicable regulations;
- to confer on the Board of Directors all powers necessary or expedient for implementing the initiative, making any changes and/or additions to it that are necessary to implement this resolution, also for the purposes of compliance with any applicable regulatory provision, including authorisation to allocate free of charge ordinary treasury shares present at the appropriate time in the Company's portfolio.

<u>Proposal 2: Incentive plan based on financial instruments - tranche destined for members of the management of TIM S.p.A. and its subsidiaries</u>

The Shareholders' Meeting of TIM S.p.A.,

– having examined the information document on the operation;

resolved

- to approve the incentive plan entitled “2018 Long-Term Incentive Plan - second tranche” destined for members of the management of TIM S.p.A. and its subsidiaries, in the terms stated in the information document published in accordance with applicable regulations;
- to confer on the Board of Directors all powers necessary or expedient for implementing the initiative, making any changes and/or additions to it that are necessary to implement this resolution, also for the purposes of compliance with any applicable regulatory provision, including authorisation to allocate free of charge ordinary treasury shares present at the appropriate time in the Company’s portfolio.

Appointment of external auditors for the period 2019-2027

Dear Shareholders,

The appointment of PricewaterhouseCoopers S.p.A. as external auditors, resolved by the Shareholders' Meeting on 29 April 2010, will expire with the audit of the financial statements to 31 December 2018.

The Shareholders' Meeting is therefore called on to appoint a new external auditor for the nine year period 2019-2027, based on the selection made by the Board of Statutory Auditors which, as set out in the "*Guidelines for the conferment of assignments on independent auditors*" of TIM S.p.A, in Part 1 - The selection process for the new Sole External Auditor of the Group (2017 edition), is to identify the firm to which the following responsibilities are to be assigned:

- the external audit of the consolidated and separate financial statements of the Company;
- limited auditing of the Group's condensed half-yearly consolidated financial statements;
- auditing of the Group Consolidated Financial Statements included in Form 20-F prepared in accordance with the provisions of the US Securities Laws;
- auditing of the internal controls that oversee the preparation of the Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act;
- verifying that the Consolidated Non-Financial Statement has been prepared and certifying its compliance with Legislative Decree 254/2016.

The document drafted by the Board of Statutory Auditors is provided below.

RECOMMENDATION BY THE BOARD OF STATUTORY AUDITORS OF TIM S.p.A. TO APPOINT EXTERNAL AUDITORS OF THE COMPANY'S ACCOUNTS FOR THE NINE YEAR PERIOD 2019 - 2027

1. Introduction

With the issue of the audit report on the separate and consolidated financial statements for the year ending on 31 December 2018 of TIM S.p.A. ("TIM" or the "Company"), the engagement for the period 2010 - 2018 conferred on audit firm PricewaterhouseCoopers S.p.A. ("PwC") by the TIM Shareholders' Meeting on 29 April 2010 comes to an end.

In the month of September 2017, TIM therefore started the process to select a new sole external auditor for the Group for the nine year period 2019 - 2027, to undertake the following activities:

- external audit of TIM's separate financial statements;
- external audit of the consolidated financial statements of the TIM Group;
- limited audit of the condensed half-yearly consolidated financial statements of the TIM Group;
- audit of the consolidated financial statements of the TIM Group included in Form 20-F prepared in compliance with the provisions of US Securities Laws;
- audit of the internal controls that oversee the preparation of the consolidated financial statements of the TIM Group in accordance with Section 404 of the Sarbanes-Oxley Act;
- certification of the conformity of TIM's consolidated non-financial statement.

Starting the process well before the expiry of PwC's mandate was indispensable to respect the principles of independence and, in particular, the prohibition, contained in the reference law, to receive services of "*Design and delivery of internal control and risk management procedures relating to the preparation and/or control of financial reporting, or the design and delivery of technology systems for financial reporting*" from the auditor in the 12 months preceding the start of the audit period.

The Shareholders' Meeting called to approve the separate financial statements of TIM as at 31 December 2017 will also be called on to resolve on the choice of a new sole external auditor for the Group, as well as to approve the fee and criteria for its updating, at the reasoned proposal of the Board of Statutory Auditors.

The Board of Statutory Auditors of TIM has drawn up this recommendation for the purposes prescribed in the current regulations, and after a suitable selection procedure carried out with the support of the executive responsible for the preparation of TIM's accounting documents.

2. Regulatory framework and selection process

The national and European regulations prescribe that:

- it is the Board of Statutory Auditors that "is responsible for the procedure for selecting the external auditor and for recommending the external auditors or external audit firm", and is responsible for formulating a reasoned recommendation to confer the appointment, containing at least two possible alternative candidates, expressing a preference for one of the two;
- the shareholders' meeting is called on the "*confer the appointment as external auditor of the accounts, and to determine the fee payable to the external audit firm for the entire duration of their engagement, and any criteria for the adjustment of this fee during the period*", at the motivated proposal of the control body.

The selection procedure shall also be carried out in accordance with US Securities Laws, since TIM is listed on the New York Stock Exchange.

Moreover, the Boards of Statutory Auditors / Audit Committees of the following subsidiaries were also involved in the selection processes - without prejudice to their respective responsibilities pursuant to the specific regulation applicable:

- INWIT S.p.A. and Luxembourg-registered companies TI Finance S.A e TI Capital S.A. (as Entities of Public Interest);
- TIM Participações S.A. (a Brazilian company listed on the NYSE and subject to US Securities Laws as a Foreign Private Issuer).

In detail:

- the preliminary investigation to identify the Group's Sole External Auditor was coordinated by the Chief Financial Officer and the executive responsible for the preparation of TIM's accounting documents, in agreement with their opposite numbers in INWIT, TI Finance, TI Capital and TIM Participações, under the supervision of the Boards of Statutory Auditors / Audit Committees of these companies;

- in agreement with the Chief Financial Officers of INWIT, TI Finance, TI Capital and TIM Participações, the Chief Financial Officer of TIM assessed the proposals made by the auditors based on predefined technical-qualitative and economic parameters, and drew up a report on the conclusions of the selection process and he submitted the report on those matters within their sphere of competence to the various Boards of Statutory Auditors / Audit Committees of the companies listed in the preceding point, and submitted the complete report to the Board of Statutory Auditors of TIM.

At the end of December 2017 the Board of Statutory Auditors of TIM formalised the results of the selection.

The Selection Process consisted of the following phases:

<u>Phase 1 - Pre-selection</u>: seven audit firms that met the identified criteria (Baker Tilly Revisa S.p.A., BDO ITALIA S.p.A., Deloitte & Touche S.p.A., EY S.p.A., KPMG S.p.A., MAZARS ITALIA S.p.A., RIA GRANT THORNTON S.p.A.) were invited to express their interest in participating in the selection. The invitation letters contained an initial preliminary indication of the technical-qualitative aspects deemed relevant for the purpose of selecting the new auditor.

Having noted that three audit firms (*i.e.* Baker Tilly Revisa S.p.A., BDO ITALIA S.p.A. and MAZARS ITALIA S.p.A.) had decided to decline the invitation, for various reasons, the process continued with the remaining four.

<u>Phase 2 - Selection</u>: the selection was made through an online competitive procedure, using a dedicated IT platform that allowed us to manage and trace all correspondence and documentation exchanged between TIM and the participating audit firms.

The requests to submit offers contained all the elements needed to formulate a proposal, as well as the criteria for the assessment of the offers and how the procedure would proceed, including the model framework proposal applicable for all TIM Group companies.

As for the selection criteria, a total weight of 60 was attributed to the technical-qualitative aspects, with a maximum assignable score of 600 points, broken down as follows:

A. <u>Characteristics of the audit firm</u> (weight 18)
   1. Independence (weight 7).
   2. Operational structure/organisation (weight 6).
   3. Technical references (including the firm's network) (weight 5).

B. <u>Technical skills of the Audit Team</u> (weight 14)
   1. Partner who would sign the TIM audit report (weight 4).
   2. Experience and resumes of the partners and senior members of the audit team that would be dedicated to the Group companies with listed equity and/or debt securities (TIM, INWIT, TI Finance and TI Capital, as well as TIM Participações), indicating, inter alia, any experience in telecommunications companies and presence of members of national and international technical bodies (weight 7).
   4. Inclusion of Italian professionals in TIM's principal foreign subsidiaries (the list is not exhaustive: Brazil, Luxembourg) (weight 3).

C. <u>Audit strategy and knowledge of the TIM Group</u> (weight 12)
   1. Audit strategy (weight 6).
   2. Degree of knowledge of the operations of the TIM Group (weight 6).

D. Other qualitative aspects of the offer (weight 16)
   1. Mix for the ordinary activities to audit the financial statements/packages for the TIM group companies with listed equity and/or debt securities (weight 8).
   2. Specific use of qualified resources on the principal TIM Group companies (partners and dedicated specialists) (weight 4).
   3. Any sanctions imposed by the competent authorities in Italy, Brazil and Luxembourg (e.g. Consob, CVM or the PCAOB - Public Company Accounting Oversight Board) in the last 3 years (2015-2016-2017) on the firms (including partners) in the network (additional selection criteria not included in pre-selection) (weight 4).

Respecting the economic aspects of the offer (weight 40), the maximum score that could be assigned was 400 points, and the quantitative assessment was made on the overall TIM Group offer, broken down as follows:

A. Audit of TIM financial statements (annual and interim) (weight 20).
B. Audit of TIM Participações group financial statements (annual and interim) and reporting packages (weight 7).
C. Audit of INWIT financial statements (annual and half-yearly) and reporting packages (weight 2).
D. Audit of the financial statements (annual and interim) and reporting packages of Other TIM subsidiaries (weight 6).
E. Comfort letter for TIM bond issues both inside and outside the EU (weight 3).
F. Certification services for TIM's tender offers or bids and, where applicable those of the Italian subsidiaries (weight 2).

All the offers had been submitted by 24 October 2017, with subsequent requests for clarification and reissue of the economic part only, without prejudice to the commitment in terms of hour and mix of professionals. On 7 December 2017 the candidates were asked to proceed to present their definitive offers, and definitive offers had been received from the four participating audit firms by 12 December 2017.

Phase 3 - Results of the Selection Process: the definitive offers received were analysed with the Board of Statutory Auditors of TIM which, having completed its assessment, informed the participating audit firms of the outcome of the selection, reminding the top two of the need to respect the prohibition to perform prohibited services in the cooling-in period referred to above from 1 January 2018.

3. Results of the selection

Based on the assessment of the technical-qualitative and economic aspects previously described, the results of the process produced the following ranking list:

1. EY
2. KPMG
3. Deloitte & Touche
4. RIA Grant Thornton

It should be noted that the distinctive elements, in terms of quality and efficiency in the provision of audit services, were:

- EY presented a more consolidated degree of experience in the audit of companies qualified as bodies of public interest (under EU law) and foreign private issues (under US law) as well as of telecommunications companies and enterprises of comparable size;
- EY presented a greater degree of knowledge of the operations of the TIM group than the other participants in the selection (the members of the dedicated EY audit team, especially the central TIM team, have accrued in-depth knowledge of the operations of the TIM Group, principally after having served as auditor in the nine year period from 2001-2009);
- the technical competences of the partner who would sign the TIM audit, the experience and background of the partners and senior members of the audit teams assigned to the principal TIM Group companies with listed securities were essentially the same for the audit firms participating in the selection. There was, however, a slight differentiation, in favour of EY and KPMG, on the degree of involvement of Italian professionals at the principal foreign subsidiaries of TIM;
- as for the mix for ordinary activities to audit the financial statements/reporting packages, and the specific commitment to use qualified resources (partners and specialists) for the principal TIM Group companies, the audit firms that participated in the selection all envisaged a significant use of high profile individuals, including specialists. However, also taking account of aspects strictly linked to this commitment, such as the differentiation of the mix according to the audit activity, the difference, in terms of total number of hours employed, compared to the outgoing auditor, and the average tariff applied overall, EY was found to be better positioned than the other Audit Firms that participated in the selection.

4. Reasoned proposal of the Board of Statutory Auditors

The Board of Statutory Auditors of TIM,

– whereas the engagement for the nine year period from 2010-2018 conferred on the audit firm PricewaterhouseCoopers S.p.A. by the TIM Shareholders' Meeting on 29 April 2010 comes to an end with the issue of the audit report on the separate and consolidated financial statements of TIM for the year ending on 31 December 2018;
– considering the results of the process to select the sole external auditor of the Group, which derive from a comparative and complex analysis of the proposals received, which paid particular attention to the independence requirement, as well as technical-qualitative and economic aspects;
– having taken account of the fact that the applicable law requires that the reasoned proposal of the Board of Statutory Auditors contain at least two possible alternative appointments, with a duly justified expression of preference for one of the two,
– considers that, given the logical assessment process described, the possible alternatives on which the appointment could be conferred must be identified in the audit firms EY S.p.A. and KPMG S.p.A., the summary proposals of which are set out in Annexes 1 and 2;
– expresses its preference for the audit firm EY S.p.A., since this firm obtained the highest score in the proposal assessment procedure, and that being the case is considered the most suitable to be appointed to the role;
– recommends and proposes to the Shareholders' Meeting that the engagement to do the following be conferred on EY S.p.A., for each year of the nine year period 2019-2027, according to the terms and arrangements set out in summary form in Annex 1:

- ✓ the external audit of the separate financial statements of the Company,
- ✓ the external audit of the consolidated financial statements of the Group,
- ✓ the limited audit of the Group's condensed half-yearly consolidated financial statements,
- ✓ the audit of the Group Consolidated Financial Statements included in Form 20-F prepared in accordance with the provisions of US Securities Laws,
- ✓ the audit of the internal controls that oversee the preparation of the Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act,
- ✓ the certification of the compliance of the Company's Consolidated Non-Financial Statement with Legislative Decree 254/2016.

Milan, 26 February 2018

THE BOARD OF STATUTORY AUDITORS

5. Declaration

Pursuant to art. 16, subsection 2 of EU Regulation 537/2014, the Board of Statutory Auditors declares that this recommendation has not been influenced by third parties and that no clause of a type described in paragraph 6 of said art. 16 of the EU regulation has been applied.

Milan, 26 February 2018

THE BOARD OF STATUTORY AUDITORS

ANNEXES

(*) Documentation available at the registered office of the Company

ANNEX 1

Identification details for the Audit Firm

Audit Firm: EY S.p.A.

Registered Office: Rome, via Po, 32 – 00198

Registration Number on the Register of External Auditors: 70945

Tax Code: 00434000584

Audit Hours and Fees (nine year period 2019 – 2027)

EY S.p.A.	Audit Hours and Fees	
Engagement for the nine year period 2019-2027	Hours (**)	Annual fees of €
External audit of the separate financial statements of TIM S.p.A. (*)	13,170	933,000
External auditing of TIM Group consolidated financial statements	2,360	167,000
Limited audit of the condensed half-yearly consolidated financial statements to 30 June of the TIM Group	2,755	195,000
Audit of the TIM Group Consolidated Financial Statements included in Form 20-F prepared in compliance with the provisions of US Securities Laws	4,777	447,158
Auditing of the internal controls that oversee the preparation of the TIM Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act	10,073	635,842
Certification of the conformity of the TIM Group's "Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016".	1,013	72,000
Total annual hours and fees	**34,148**	**2,450,000**

(*) These fees include the activities prescribed by the tax regulations of reference that are the responsibility of the Audit Firm.

(**) Professional mix differentiated by audit task:

- Separate financial statements, Consolidated financial statements, Condensed half-yearly consolidated financial statements and Certification of the Consolidated non-financial statement: Partners 12%, Managers 21%, Seniors 32% and Staff 35%;
- Consolidated financial statements included in Form 20-F: Partners 25%, Managers 34%, Seniors 25% and Staff 16%;
- Rule 404: Partners 6%, Managers 15%, Seniors 35% and Staff 44%.

Contractual conditions applicable to audit and non-audit services:

Mechanisms for adjusting fees for TIM S.p.A. - ISTAT index - Percentage change in ISTAT index - Period of application - Applicable from	 FOI index excluding tobacco products 90% 30 June / 1 July previous year 1 July 2020
Arrangements for the reimbursement of ancillary costs - Reimbursement of contribution for security service (where applicable) - Reimbursement of out-of-pocket expenses (when relating to time spent outside normal office premises and on out-of-town assignments) - Reimbursement of expenses for technology, communication and secretarial services	Payable by the audit firm To the amount incurred and in any event within a maximum of 5% of the fees Not charged
Invoicing terms	Based on monthly work in progress (WIP) with invoicing in the first week of the following month
Terms of payment	90 days end of month of date of invoice

Exceptional or unforeseeable circumstances

If circumstances should arise such as to entail a significant increase in audit time compared to what is estimated in our proposal - such as, by way of example, a change in the structure and size of the Company or the Group it controls, changes in the safeguards instituted as part of the internal control system, regulatory changes, changes in auditing standards, the performance of complex transactions carried out by Your Company or the Group it controls, additional audit procedures required by Consob through its notices or reference auditing standards, these will be discussed beforehand with the Company Management so that a written proposal can be submitted to increase the fees originally prescribed, also taking into account of the content of the legal and regulatory provisions of reference. It will be your responsibility to transmit any such supplementation to the competent Governance Body. Likewise, if less time should be spent than foreseen, the fees will be reduced proportionately. In addition, as you requested, we confirm our commitment, for the nine year period 2019-2027, to not ask for supplementary fees in case of (1) the introduction of new accounting standards, where we have agreed in advance with the Management that such novelties do not represent significant changes in the audit procedures to be carried out; (2) changes in the mix of professional roles used in the audit procedure, excepting those cases agreed and defined in advance with the Management of the Company.

ANNEX 2

Identification details for the Audit Firm

Audit Firm: KPMG S.p.A.

Registered Office: Milan, via Vittor Pisani, 25 – 20124

Registration Number on the Register of External Auditors: 70623

Tax Code: 00709600159

Audit Fees (nine year period 2019 – 2027)

KPMG S.p.A.	Audit Hours and Fees	
Engagement for the nine year period 2019-2027	Hours (**)	Annual fees of €
External audit of the separate financial statements of TIM S.p.A. (*)	10,540	800,000
External auditing of TIM Group consolidated financial statements	2,088	120,000
Limited audit of the condensed half-yearly consolidated financial statements to 30 June of the TIM Group	2,204	140,000
Audit of the TIM Group Consolidated Financial Statements included in Form 20-F prepared in compliance with the provisions of US Securities Laws	2,822	200,000
Auditing of the internal controls that oversee the preparation of the TIM Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act	11,286	900,000
Certification of the conformity of the TIM Group's "Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016"	1,200	80,000
Total annual hours and fees	**30,140**	**2,240,000**

(*) These fees include the activities prescribed by the tax regulations of reference that are the responsibility of the Audit Firm.

(**) Professional mix differentiated by audit task: Partners 12%, Managers 30%, Seniors 35% Staff 18% and Assistants 5%.

Contractual conditions applicable to audit and non-audit services:

<u>Mechanisms for adjusting fees</u> - ISTAT index - Percentage change in ISTAT index - Period of application - Applicable from	 FOI index excluding tobacco products 90% 30 June / 1 July previous year 1 July 2020
<u>Arrangements for the reimbursement of ancillary costs</u> - Reimbursement of contribution for security service (where applicable) - Reimbursement of out-of-pocket expenses (when relating to time spent outside normal office premises and on out-of-town assignments) - Reimbursement of expenses for technology, communication and secretarial services	 Payable by the audit firm To the amount incurred and in any event within a maximum of 5% of the fees Not charged
Invoicing terms	Based on monthly work in progress (WIP) with invoicing in the first week of the following month
Terms of payment	90 days end of month of date of invoice

Exceptional or unforeseeable circumstances

If circumstances should arise such as to entail a significant increase in audit time compared to what is estimated in our proposal - such as, by way of example, a change in the structure and size of the Company or the Group it controls, changes in the safeguards instituted as part of the internal control system, regulatory changes, changes in auditing standards, the performance of complex transactions carried out by Your Company or the Group it controls, additional audit procedures required by Consob through its notices or reference auditing standards, these will be discussed beforehand with the Company Management so that a written proposal can be submitted to increase the fees originally prescribed, also taking into account of the content of the legal and regulatory provisions of reference. It will be your responsibility to transmit any such supplementation to the competent Governance Body. Likewise, if less time should be spent than foreseen, the fees will be reduced proportionately. In addition, as you requested, we confirm our commitment, for the nine year period 2019-2027, to not ask for supplementary fees in case of (1) the introduction of new accounting standards, where we have agreed in advance with the Management that such novelties do not represent significant changes in the audit procedures to be carried out; (2) changes in the mix of professional roles used in the audit procedure, excepting those cases agreed and defined in advance with the Management of the Company.

Appointment of the Board of Statutory Auditors - appointment of the standing and alternate auditors

Appointment of the Board of Statutory Auditors - appointment of the Chair of the Board of Statutory Auditors

Appointment of the Board of Statutory Auditors - determination of fees

Dear Shareholders,

the term of office of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 20 May 2015 expires with approval of the financial statements for the year ending 31 December 2017.

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

- to appoint five Standing Auditors and four Alternate Auditors,
- to appoint one of the Auditors elected from minority slates as Chair of the Board of Statutory Auditors and
- to determine the Auditors' annual remuneration.

The above proposals are devolved to the Shareholders, since the role of the Board of Directors shall only call the meeting and provide the following elements of information. You are reminded that duration of the Auditors' mandate is established by law as three financial years, and thus until the Shareholders' Meeting called to approve the financial statements at 31 December 2020.

<u>Appointment of the Standing and Alternate Auditors</u>

The Company Bylaws prescribe that five Standing Auditors (at least two of whom of the less represented gender) and four Alternative Auditors (two of each gender) be appointed. At least two Standing Auditors and one Alternate Auditor must be chosen from among those registered in the register of chartered accountants who have acted as external auditors for a period of no less than three years. The remaining (Standing and Alternate) Auditors must have accrued at least three years' experience of:

- administration and control activity, or have held executive roles in limited companies with share capital of no less than two million euros, or
- professional activity or permanent university teaching of legal, economic, financial or technical-scientific subjects closely connected to the activity of the enterprise, or, further,
- senior management roles in public or government bodies operating in the banking, finance or insurance sectors or sectors otherwise closely connected to the sector in which the enterprise conducts its activity.

According to the Company Bylaws, the following sectors of activity and subjects are considered to be closely linked to that of the Company: activities and subjects related to telecommunications, information technology, telematics, electronics and multimedia technology, as well as matters related to private and administrative law, economics and business administration.

Renewal takes place on the basis of slates divided into two sections respectively for Standing Auditors and for Alternate Auditors. The first candidate in each section is selected from among chartered accountants entered in the appropriate register who have worked on external audits for at least three years. In each section, if there are three or more candidates, the presence of both genders must be ensured, in such a way that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the next whole number.

Slates may be submitted by 30 March 2017 by shareholders who, alone or jointly with others, hold a total number of shares that represents at least 0.5% of the capital with voting rights in the Ordinary Shareholders' Meeting. If on 30 March only one (or no) slate has been validly submitted, or if only slates linked to the relative majority shareholder (at the date of this report: Vivendi S.A.) have been submitted, the deadline for submission shall be postponed to 3 April 2018 (since the previous day is a holiday) and the threshold of entitlement to vote halved to 0.25%. In any event, the Company must obtain the communications of entitlement to vote from the intermediaries by 3 April 2018.

Each shareholder may only submit a single slate, alone or jointly with others, providing information on its identity and the percentage of the total shareholding it holds, and shall also declare any connecting relationships, including indirect relationships, with the relative majority shareholder. Together with the slate, the declarations of acceptance to stand provided by each candidate, documentation attesting that they possess relevant requirements, and their curricula vitae must be filed.

In the shareholders' meeting,

– three Standing Auditors and two Alternate Auditors will be appointed from the slate that obtains the most votes (the "majority slate"), in the order in which they are listed on the slate;

– two Standing Auditors and Two Alternate Auditors will be appointed from the remaining slates (the "minority slates"), after the assignment of a quotient obtained by dividing the number of votes for the slate by one and by two to the candidates, in the order they are listed in their slate, and selecting the candidates with the highest quotients, for the Standing Auditor and the Alternative Auditor roles, separately.

If this method does not produce gender balance, the last candidates elected from the majority slate of the more represented gender shall be replaced by the top unelected candidates of the less represented gender on the same slate. In the absence of candidates of the less represented gender on the majority slate, the Shareholders' Meeting shall supplement the Board of Statutory Auditors by a vote decided by absolute majority of the share capital represented at the meeting, thus ensuring that the requirement is met.

Similarly, the Shareholders' Meeting shall resolve by the majorities required by law to appoint Statutory Auditors who for whatever reason have not been appointed pursuant to the slate voting procedure described above.

Appointment of the Chairman of the Board of Statutory Auditors

The slate voting mechanism is intended, by law, to ensure that some Auditors are elected by the *"minority shareholders not directly or indirectly associated with shareholders who submitted or voted for the slate that came first in terms of number of votes*" (in accordance with article 148 of Legislative Decree No. 58/1998). The law also prescribes that the Chair of the Board of Statutory Auditors is to be appointed by the Shareholders' Meeting from amongst the Standing Auditors "elected by the minority", and the Company Bylaws interprets this to refer to the Standing Auditors appointed from the minority slates.

The Shareholders' Meeting shall resolve on this matter by an absolute majority of share capital represented at the meeting.

Determination of the remuneration

The annual remuneration of the Statutory Auditors is determined by the Shareholders' Meeting for the whole duration of their mandate.

For the formulation of the remuneration proposal, the shareholders are invited to consider that in TIM S.p.A. the Board of Statutory Auditors (i) is charged with the activities assigned to it by Italian law, (ii) functions as an audit committee in the sense of US law, to the extent this is applicable to the Company as it is a foreign private issuer listed on the New York Stock Exchange, and (iii) performs the role of a supervisory body, pursuant to Legislative Decree no. 231/2001.

We should point out that the remuneration of the outgoing Board of Statutory Auditors was established by the Shareholders' Meeting of 20 May 2015 at 95,000 euros gross per year for each Standing Auditor and 135,000 euros gross per year for the Chair of the Board of Statutory Auditors.

In view of all this, the Board of Directors of TIM S.p.A., in preparation for the Shareholders' Meeting for renewing the Board of Statutory Auditors, recommends that shareholders should:

– timely exercise their rights to submit slates of candidates for the office of Statutory Auditors of the Company, as per the law and the Company Bylaws;

– submit, with the slates, ancillary proposals regarding the person to act as Chair, and regarding the remuneration of the Board of Statutory Auditors members.

Candidates should also provide a photograph, and authorise publication of their *curriculum vitae* on the Company website, ensuring that details they do not wish to be disseminated are not included.