

**Bond loan**  
**“Telecom Italia 2002-2022 a tasso variabile, serie speciale aperta, riservato in sottoscrizione al personale del gruppo Telecom Italia in servizio e in quiescenza”**  
**ISIN IT0003217640**

**Report**

A short introduction is followed by a description of the items on the agenda that bondholders are invited to discuss and vote on in the meeting convened, for each of the loans referred to above, on 16.02.2009 at the first call and, if necessary, on 17.02.2009 and 4.03.2009 at the second call and the third call respectively:

1. activities performed by the bondholders' Common Representative, Francesco Pensato, since the decree appointing him issued by the Milan court on 11 July 2005 and on 5 May 2008 (consult the website: <http://www.telecomitalia.it/rappresentanteobbligazionisti>);
2. proposals for additional activities to be performed in order to fully protect bondholders' common interests;
3. allocation of funds to cover the expense of the activities to be performed.

*Introduction*

In the absence of decisions by the bondholders, the Common Representative, Francesco Pensato, has acted autonomously and created an office at his business address in Milan (Via Brera, 5) with the support of a secretary and his advisors for the performance of the activities connected with the examination of the legislation and documentation concerning the issuer and the bond loans, the convening of meetings, participation in the shareholders' meetings and relations with the issuer, etc.

The creation of this office was deemed necessary to allow the bondholders' Common Representative to carry out adequately the tasks entrusted to him by law. In fact he has the obligations, rights and powers generically specified in Articles 2415, 2418 and 2422 of the Civil Code, all serving to protect the bondholders' common interests.

*1) Activities performed by the bondholders' Common Representative*

1.1) The office of the Common Representative has acquired the annual financial statements of Telecom Italia S.p.A. and the consolidated annual financial statements for the years 2004, 2005, 2006 and 2007 and, as soon as it is available, will acquire the financial statements documentation for 2008 – in order to examine and assess the balance sheet, income statement and notes of each set of accounts – as well as the quarterly and half-yearly reports and documentation on extraordinary corporate actions (documents available on the Internet at [www.telecomitalia.it](http://www.telecomitalia.it) and [www.telecomitalia.com](http://www.telecomitalia.com) ).

1.2) The Common Representative has organized a section devoted to bondholders on the issuer's website ( <http://www.telecomitalia.it/rappresentanteobbligazionisti> ).

The section comprises five subsections: Introduction; Interactive Section; Section on the issuer's consolidated financial condition and operating results; Section on individual loans; and Explanatory Section.

The Interactive Section allows bondholders to be constantly updated (by fax, text or e-mail) with information on the main activities concerning the Telecom Italia Group, information concerning the bonds held and press releases of an economic or financial nature.

The Section on the issuer's consolidated financial condition and operating results allows bondholders to find information on the issuer's situation. It gives access to all the documentation available for consultation: annual, half-yearly and quarterly reports, reports of credit analysts, ratings of the issuer, data on the consolidated debt (broken down by maturity and with an indication of its composition), and the financial strategy that has already been made public by the competent corporate bodies. The Common Representative has also provided a summary table showing the key balance sheet data that can help bondholders in reconstructing the issuer's consolidated financial condition and operating results from the time the loan in question was issued.

The Section on individual loans gives bondholders access to the documents regarding individual issues (e.g. prospectuses, terms and conditions, decrees appointing the common representative, notices calling meetings of bondholders, and reports to bondholders, etc.). Bondholders can also consult the reports prepared by the Common Representative after meetings with the heads of the various functions and offices of Telecom Italia, as explained in more detail in Section 1.3. This subsection can be reached on the issuer's website at: [www.telecomitalia.it/prestitiobbligazionari](http://www.telecomitalia.it/prestitiobbligazionari) .

The Explanatory Section is designed to provide bondholders with instruments with which to interpret the information on their investments.

1.3) The Common Representative has kept constantly in touch with the issuer, met with its top management and on numerous occasions with the heads of the legal, financial, technology and web communications departments. The meetings with the legal and financial departments provided opportunities to raise questions with Telecom Italia of interest to the stakeholders and are described in the reports made available to bondholders in the subsection on individual loans at [www.telecomitalia.it/prestitiobbligazionari](http://www.telecomitalia.it/prestitiobbligazionari) .

The Common Representative has also engaged in extensive correspondence with Telecom Italia, with requests for clarifications concerning bond issue prospectuses, financial statements and individual items, decisions adopted by the Board of Directors, the financial condition and operating results, political and economic events and developments in the domestic and international markets likely to affect Telecom Italia's activity, and news reported in the press.

1.4) In April 2006, 2007 and 2008 the Common Representative attended the shareholders' meetings.

In particular, some matters addressed during the meetings held in 2007 and 2008 attracted the attention of the minority shareholders and were examined by the Common Representative in the "Report of 1/10/2007" and the "Report on the minority shareholders' interventions during the shareholders' meeting of Telecom Italia S.p.A. held on 14 April 2008" (both reports can be consulted at: [www.telecomitalia.it/prestitiobbligazionari](http://www.telecomitalia.it/prestitiobbligazionari) ).

The Common Representative also attended the meetings held by the issuer with the financial community and participated in the conference calls with institutional investors.

He examined the business plans presented, including with the assistance of telecommunications experts and regularly updated his knowledge of matters concerning the sector at national and

international level, such as regulatory changes, political events, developments in the industrial, corporate and competition spheres, technological innovations and market conditions.

1.5) The Common Representative has called the bondholders' meetings in the manner laid down by law and in accordance with the provisions contained in the issue documentation for the individual loans by publishing the notices convening the meetings in the *Gazzetta Ufficiale della Repubblica italiana*, and, according to the circumstances, in international daily newspapers, and on the issuer's website ( <http://www.telecomitalia.it/rappresentanteobbligazionisti> ).

In no case was the quorum reached for the preceding bondholders' meetings.

Bondholders may consult the notices calling the meetings, the reports on the items on the agenda of the preceding meetings and the minutes indicating the failure to reach the quorum by going to the Information Section organized by the Common Representative, as described at point 1.2) via the link: [www.telecomitalia.it/prestitiobbligazionari](http://www.telecomitalia.it/prestitiobbligazionari) ).

1.6) The Common Representative has also met with numerous experts on economic and financial matters, industrial strategy and communications technology to examine questions related to developments in these fields. He has attended conferences on technology, competition and the communications market, as well as organizing meetings of persons and companies operating in the sector.

2) *Proposals for additional activities to be performed in order to fully protect bondholders' common interests*

Point 1.2) contains a description of the Internet section organized and coordinated by the Common Representative, published on the issuer's website and entirely devoted to creating an easily accessed flow of information for bondholders.

In the previous notices calling bondholders' meetings, the Common Representative stated that this information activity could be performed even more effectively with the help of a group of economic and financial experts, who, working in collaboration with communications technology experts, would select the technical information of greatest interest.

Accordingly, in the previous notices calling bondholders' meetings, the Common Representative invited bondholders to discuss and vote on the desirability of conferring engagements on economic and financial experts and/or communications technology experts in order to select the economic and financial information to be published on the Internet in the section containing information for bondholders ( <http://www.telecomitalia.it/rappresentanteobbligazionisti> ).

On the same occasions the Common Representative invited bondholders to discuss and vote on the desirability of engaging an economic and financial expert, who would also draw on the advice of an expert in the communications technology sector, to provide advice on the financial condition, operating performance and cash flow of the issuer and the Telecom Italia Group, the transactions undertaken or announced by the companies of the Telecom Italia Group and their operational plans, with account also taken of the outlook for the communications sector.

In their meetings bondholders will be able to discuss the desirability of organizing new information instruments and/or additional activities to be performed in their common interest, examine possible procedural solutions and vote on the relevant resolutions.

3) *Allocation of funds to cover the expense of the activities to be performed*

The activities that bondholders may consider they can or must have performed by the office of the Common Representative, and/or by third parties specifically nominated and appointed for the purpose, will need to be supported by an appropriate fund.

For each type of activity, bondholders will be able to discuss and vote in their meetings on the size of the fund, and how it is to be set up and used.

The bondholders' Common Representative

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Francesco Pensato