

LISTING PROSPECTUS



TELECOM ITALIA CAPITAL

(Incorporated with limited liability under the laws of the Grand Duchy of Luxembourg)

\$1,000,000,000 6.999% Guaranteed Senior Notes due 2018

\$1,000,000,000 7.721% Guaranteed Senior Notes due 2038

Guaranteed on a senior, unsecured basis by

TELECOM ITALIA S.p.A.

(Incorporated with limited liability under the laws of the Republic of Italy)

Interest on the 2018 notes and the 2038 notes will be paid on June 4 and December 4 of each year, beginning on December 4, 2008. The 2018 notes will mature on June 4, 2018 and the 2038 notes will mature on June 4, 2038.

Telecom Italia Capital, a *société anonyme*, or TI Capital, and Telecom Italia S.p.A., or Telecom Italia, may redeem some or all of the notes at any time on and after January 5, 2010 at the redemption prices described in this listing prospectus. The notes may also be redeemed at 100% of their principal amount in whole but not in part upon the occurrence of certain tax events described in this listing prospectus.

The notes are unsecured obligations and rank equally with TI Capital's other unsecured senior indebtedness. The notes are fully, unconditionally and irrevocably guaranteed by Telecom Italia. The guarantees rank equally in right of payment with all of Telecom Italia's senior unsecured indebtedness. The notes have been issued in minimum denominations of \$2,000 and integral multiples of \$1,000.

This listing prospectus (the "listing prospectus") will be used to make an application to trade the notes on the regulated market and to list the notes on the official list of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market of financial assets in accordance with Directive 2004/39/EC of the European Commission. This listing prospectus constitutes a Prospectus under Article 5.4 of European Commission Directive 2003/71/EC (the "Prospectus Directive").

The notes may not be held by persons in the Republic of Italy or in any jurisdiction where holding the notes is not permitted.

Investing in the notes involves risks that are described in the "Risk Factors" section beginning on page 10 of this listing prospectus.

	<u>Per 2018 Note</u>	<u>Total</u>	<u>Per 2038 Note</u>	<u>Total</u>
Public Offering Price	100%	\$1,000,000,000	100%	\$1,000,000,000
Underwriting Discount	0.450%	\$4,500,000	0.875%	\$8,750,000
Proceeds, before expenses, to Telecom Italia Capital	99.550%	\$995,500,000	99.125%	\$991,250,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this listing prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes were delivered in book-entry form only through The Depository Trust Company and its participants including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme* Luxembourg, on June 4, 2008 and are expected to be issued as listed securities on August 6, 2008.

Joint Bookrunners

GOLDMAN, SACHS & Co.

JPMORGAN

LEHMAN BROTHERS

MERRILL LYNCH & Co.

The date of this listing prospectus is August 6, 2008.

CERTAIN DEFINED TERMS

In this listing prospectus, references to the “**Issuer**” and “**TI Capital**” refer to Telecom Italia Capital. References to the “**Guarantor**” and “**Telecom Italia**” refer to Telecom Italia S.p.A. References to “**we**”, “**us**” and “**our**” refer to Telecom Italia Capital or, if the context so requires, also to Telecom Italia S.p.A. and, if the context so requires, its consolidated subsidiaries (including TI Capital). References to “**Telecom Italia Group**” refer to Telecom Italia S.p.A. and its consolidated subsidiaries (including TI Capital). References to “**Old Telecom Italia**” refer to Telecom Italia S.p.A. and its consolidated subsidiaries as they existed immediately prior to August 4, 2003, the effective date of the merger (the “**Merger**”) between Olivetti S.p.A. (“**Olivetti**”) and Old Telecom Italia.

PERSONS RESPONSIBLE

TI Capital and Telecom Italia accept responsibility for the information contained in this listing prospectus. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this listing prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

NOTICE TO INVESTORS

You understand that the notes are only held by investors who are resident for income tax purposes in countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996 as amended. A copy of the decree can be obtained from the website of the Ministry of Finance of Italy at www.finanze.it. See “Description of the Debt Securities and Guarantees—Transfer Restrictions”. If Telecom Italia becomes the obligor under the notes due to substitution or otherwise (see “Description of Debt Securities and Guarantees—Mergers and Similar Events”) and Telecom Italia was obligated to withhold on any payments made on the notes, there would be no obligation to gross up such payments to investors resident in the countries identified in the above Decree (including investors resident in the United States) who do not furnish the required certifications under applicable Italian tax requirements. See “Description of Notes and Guarantees—Payment of Additional Amounts”. Please refer to “Description of the Debt Securities and Guarantees—Transfer Restrictions” for the current exclusive list of countries or territories where, if the notes were held by residents for income tax purposes of such countries or territories, and Telecom Italia were to become the obligor on the notes, Telecom Italia would have, at certain conditions, an obligation to gross up payments in the event of a withholding on any payments on the notes.

The list of countries included in the Decree of the Ministry of Finance of Italy of September 4, 1996 is expected to be replaced in the future by a new list attached to a ministerial decree yet to be issued. If a holder of the notes is not resident in one of the countries that will be identified in the forthcoming decree, that holder will not have a right to receive a gross-up in the event of a tax withholding as described above. Accordingly, holders will bear the risk of changes in the list of countries that will be included in the forthcoming decree.

ADDITIONAL INVESTOR RESTRICTIONS

Substantial additional restrictions exist with respect to the holding and resale of the notes. See pages 20-21 for further information.

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This listing prospectus incorporates important business and financial information about us that is not included in or delivered with this listing prospectus. This information is available without charge to you upon written or oral request. If you would like a copy of this information, please submit your request to our listing agent in Luxembourg, BNP Paribas Securities Services, Luxembourg Branch, 33 rue de Gasperich Howald-Hesperange, L-2085, Luxembourg (Telephone +35 2 26 96 2000), or as set forth on page 70 of this listing prospectus.

SUMMARY

This summary should be read as an introduction to this listing prospectus. Any decision you make to invest in the notes should be based on consideration of the listing prospectus as a whole. If you bring a claim relating to the information contained in this listing prospectus, you might be required to bear the costs of translating the listing prospectus before any such legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the listing prospectus.

Issuer	TI Capital
Guarantor	Telecom Italia
Securities	\$1,000,000,000 6.999% Guaranteed Senior Notes due 2018 (CUSIP 87927VAU2; ISIN US87927VAU26, Common Code 036871903) (the “ 2018 notes ”); and \$1,000,000,000 7.721% Guaranteed Senior Notes due 2038 (CUSIP 87927VAV0; ISIN US87927VAV09, Common Code 036834323) (the “ 2038 notes ” and, together with the 2018 notes, the “ notes ”).
Guarantee	Telecom Italia irrevocably and unconditionally guarantees the full and punctual payment of principal, interest, additional amounts and all other amounts, if any, that may become due and payable in respect of the notes. If TI Capital fails to punctually pay any such amount, Telecom Italia will immediately pay the same.
Issue price	100% of the principal amount for the 2018 notes; and 100% of the principal amount for the 2038 notes.
Maturities	June 4, 2018 for the 2018 notes; and June 4, 2038 for the 2038 notes.
Interest rate	The 2018 notes will bear interest at a rate of 6.999% per annum; and the 2038 notes will bear interest at a rate of 7.721% per annum. The notes will bear interest from June 4, 2008.
Interest payment dates	June 4 and December 4, beginning on December 4, 2008, for the 2018 notes. June 4 and December 4, beginning on December 4, 2008 for the 2038 notes.
Regular record dates	May 16 and November 15 for the 2018 notes. May 16 and November 15 for the 2038 notes.
Settlement date	June 4, 2008.
Use of proceeds	The net proceeds from this offering were approximately U.S.\$1,987 million. The net proceeds from the sale of the notes have been used for loans to the Telecom Italia Group companies for their general corporate purposes, which may include the repayment of existing indebtedness. See “Use of Proceeds”.
Ranking	The notes are unsecured by assets or property. The notes rank equally in right of payment with all other senior unsecured indebtedness of TI Capital from time to time outstanding. The guarantee ranks equally in right of payment with all of Telecom Italia’s senior unsecured indebtedness.

Payment of additional amounts TI Capital, as issuer, and Telecom Italia, as guarantor, will pay additional amounts in respect of any payments of interest or principal so that the amount you receive after Luxembourg or Italian withholding tax will equal the amount that you would have received if no withholding of tax had been applicable, subject to some exceptions as described under “Description of Notes and Guarantees—Payment of Additional Amounts” in this listing prospectus. See “Description of Notes and Guarantees—Transfer Restrictions Due to Certain Tax Considerations”.

Optional redemption Beginning on January 5, 2010, the notes will be redeemable in whole or in part at TI Capital’s option at any time at a redemption price equal to the greater of:

- 100% of the principal amount of the applicable notes, or
- as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued and unpaid as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 45 basis points, plus accrued and unpaid interest thereon to the date of redemption.

See “Description of Notes and Guarantees—Redemption at TI Capital’s Option”.

Tax redemption If, due to changes in Italian or Luxembourg laws relating to withholding taxes applicable to payments of principal or interest, or in connection with certain merger or similar transactions of Telecom Italia or TI Capital, TI Capital, as issuer, or Telecom Italia, as guarantor (or its respective successors), is obligated to pay additional amounts on the notes, TI Capital may redeem the outstanding notes in whole, but not in part, at any time at a price equal to 100% of their principal amount plus accrued interest to the redemption date.

Form and denomination Delivery of the notes was made on June 4, 2008 as described below.

The notes were issued only in fully registered form in minimum denominations of \$2,000 and integral multiples of \$1,000, unless otherwise specified by us. Each series of the notes was evidenced by a separate note in global form, which was deposited with a custodian for and registered in the name of a nominee of Depository Trust Company (“DTC”).

You may hold a beneficial interest in the global notes through DTC, directly as a participant in DTC or indirectly through financial institutions that are DTC participants. Both Euroclear and Clearstream are DTC participants. As an owner of a beneficial interest in the global notes, you will generally not be entitled to have your notes registered in your name, will not be entitled to receive certificates in your name evidencing the notes and will not be considered the holder of any notes under the indenture for the global notes.

Mergers and assumptions Each of TI Capital and Telecom Italia is generally permitted to consolidate or merge with another company. TI Capital will be permitted to merge with an Italian company and either Telecom Italia or any Italian subsidiary of Telecom Italia will be permitted to assume the obligations of TI Capital subject to the delivery of certain legal opinions. To the extent that an Italian company, including Telecom Italia or any Italian subsidiary of Telecom Italia, will become the obligor under the notes and that such Italian company will be required to withhold on any payments made on the notes, there would be no obligation to gross up such payments to investors (including investors resident in the United States) who do not furnish the required certifications under applicable Italian tax requirements.

Luxembourg listing and admission to trading TI Capital has made application to trade the notes on the regulated market and to list the notes on the official list of the Luxembourg Stock Exchange. The

regulated market of the Luxembourg Stock Exchange is a regulated market of financial assets in accordance with Regulation 809/2004 of the European Commission. Listing was not expected to be completed prior to the settlement date of the notes.

Trustee, principal paying agent, registrar and calculation agent

The Bank of New York.

Governing law

New York law. For the avoidance of doubt, the provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

Ratings

Telecom Italia's long-term rating is Baa2 with a stable outlook according to Moody's, BBB with a stable outlook according to Standard & Poors and BBB+ with a stable outlook according to Fitch.

A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization and each rating should be evaluated independently of any other rating.

Risk factors

Prospective purchasers of the notes should consider carefully all of the information set forth in this listing prospectus and, in particular, the information set forth under "Risk Factors" and "Description of the Notes and Guarantees—Transfer Restrictions Due to Certain Tax Considerations".

Selling restrictions

There are restrictions on persons that can be sold notes, and on the distribution of this listing prospectus, as described in "Underwriting".

Transfer restrictions

Investors should also note that under certain circumstances Italian taxes could apply. See "Description of Notes and Guarantees—Transfer Restrictions Due to Certain Tax Restrictions".

Further issues

TI Capital may issue as many distinct series of notes under the indenture as it wishes. TI Capital may, subject to certain conditions, without the consent of any holder of the notes, "reopen" any series of the notes and issue additional notes having the same ranking, maturity and other terms (except for the issue date and issue price) as the notes of the applicable series offered pursuant to this listing prospectus. Any further issue will be considered to be part of the notes of the applicable series offered hereby, will be fungible therewith after any applicable restricted period and will rank equally and ratably with the notes of the applicable series offered hereby.

Yield

The yield on the notes is the return you will receive by holding the notes for a period of time. For example, current yield, which calculates the percentage return that annual interest payments might provide to you, is calculated as follows:

$$\text{Current Yield} = \frac{\text{Annual Dollar Interest Paid}}{\text{Market Price}} \times 100\%$$

You may wish to calculate the adjusted current yield, yields to maturity, yield to call and other yields in making an investment decision with respect to the notes.

TI Capital Summary Selected Financial Data
BILAN AU 31 DÉCEMBRE 2007

ACTIF – (EUR)		PASSIF – (EUR)	
A. Capital souscrit non versé	-	A. Capitaux propres	5,869,687.71
		I. Capital Souscrit	2,336,000.00
		IV. Réserves	-
		1. Réserve légale	234,000.00
		4. Autres réserves	526,779.57
B. Frais d'établissement	-	V. Résultats reportés	250,516.95
		VI. Résultat de l'exercice	2,522,391.19
C. Actif immobilisé	9,537,676,528.05	B. Provisions pour risques et charges	-
II. Immobilisations corporelles		3. Autres provisions	-
2. Installations techniques et machines	446.55		
III. Immobilisations financières		C. Dettes	9,728,365,664.13
2. Créances sur des entreprises liées	9,537,676,081.50	1. Emprunts obligataires	
		b) Emprunts non convertibles	
		a) dont la durée résiduelle est ≤ à un an	679,301,677.88
		b) dont la durée résiduelle est > à un an	7,879,899,463.36
D. Actif Circulant	137,631,961.06	2. Dettes envers des établissements de crédit	
II. Créances		a) dont la durée résiduelle est ≤ à un an	-
2. Créances sur des entreprises liées		b) dont la durée résiduelle est > à un an	52,770,917.07
a) dont la durée résiduelle est ≤ à un an	100,959,415.63	4. Dettes sur achats et prestations de services	
4. Autres Créances		a) dont la durée résiduelle est ≤ à un an	565,191.08
a) dont la durée résiduelle est ≤ à un an	183,813.38	6. Dettes envers des entreprises liées	
IV. Avoirs en banques, avoirs en compte de chèques postaux, chèques et en caisse	36,488,732.05	a) dont la durée résiduelle est ≤ à un an	1,052,917.61
		8. Dettes fiscales et dettes au titre de la sécurité sociale	
		a) dont la durée résiduelle est ≤ à un an	2,410,881.98
		9. Autres dettes	
		a) dont la durée résiduelle est ≤ à un an	2.01
		b) dont la durée résiduelle est > à un an	1,112,364,613.14
E. Comptes de régularisation	313,797,237.90	D. Comptes de régularisation	254,870,375.17
TOTAL ACTIF	9,989,105,727.01	TOTAL PASSIF	9,989,105,727.01

COMPTES DE PROFITS ET PERTES POUR L'EXERCICE CLOTURE AU 31 DECEMBRE 2007

A. CHARGES – EUR		B. PRODUITS - EUR	
1. Réduction du stock de produits finis et en cours de fabrication	-	1. Montant net du chiffre d'affaires	-
2.a) Consommation de marchandises et de matières premières et consommables	-	2. Augmentation du stock de produits finis et en cours de fabrication	-
3. Frais de personnel	151,923.51	3. Travaux effectués par l'entreprise pour elle-même et portés à l'actif	-
a) Salaires et traitements	96,934.07		
b) Charges sociales couvrant les salaires et traitements	54,989.44		
4.a) Corrections de valeur sur frais d'établissement sur immobilisations corporelles et incorporelles	14,413.02	4. Autres produits d'exploitation	39,936.84
5. Autres charges d'exploitation	1,108,933.18	5. Produits de participations	-
6. Corrections de valeur sur immobilisations financières et sur valeurs mobilières faisant partie de l'actif circulant	-	6. Produits d'autre valeurs mobilières et de créances de l'actif immobilisé	-
7. Intérêts et charges assimilées	915,296,375.40	7. Autres intérêts et produits assimilés	920,116,114.57
a) Concernant des entreprises liées	2,244,095.37	a) Provenant des entreprises liées	524,930,944.00
b) Autres intérêts et charges	913,052,280.03	b) Autres intérêts et produits assimilés	395,185,170.57
10. Charges exceptionnelles	1,207,102.10	9. Produits exceptionnels	1,207,102.10
11. Impôts sur le résultat	1,062,015.11	10. Résultat de l'exercice	-
13. Résultat de l'exercice	2,522,391.19		
TOTAL CHARGES	921,363,153.51	TOTAL PRODUITS	921,363,153.51

BILAN AU 31 DÉCEMBRE 2006

ACTIF – (EUR)		PASSIF – (EUR)	
A. Capital souscrit non versé	-	A. Capitaux propres	4,347,286.46
		I. Capital Souscrit	2,336,000.00
		IV. Réserves	-
		1. Réserve légale	234,000.00
		4. Autres réserves	442,054.57
B. Frais d'établissement	14,077.69	V. Résultats reportés	56,448.76
		VI. Résultat de l'exercice	1,278,783.13
C. Actif immobilisé	9,939,286,975.41	B. Provisions pour risques et charges	-
II. Immobilisations corporelles		3. Autres provisions	-
2. Installations techniques et machines	781.88	C. Dettes	10,060,359,167.43
III. Immobilisations financières		1. Emprunts obligataires	
2. Créances sur des entreprises liées	9,939,286,193.53	b) Emprunts non convertibles	
		a) dont la durée résiduelle est ≤ à un an	-
D. Actif Circulant	52,371,935.00	b) dont la durée résiduelle est > à un an	9,567,198,177.66
II. Créances		2. Dettes envers des établissements de crédit	
2. Créances sur des entreprises liées		a) dont la durée résiduelle est ≤ à un an	239.26
a) dont la durée résiduelle est ≤ à un an	40,959,415.63	b) dont la durée résiduelle est > à un an	65,502,632.47
4. Autres Créances		4. Dettes sur achats et prestations de services	
a) dont la durée résiduelle est ≤ à un an	9,031.49	a) dont la durée résiduelle est ≤ à un an	758,564.37
IV. Avoirs en banques, avoirs en compte de chèques postaux, chèques et en caisse	11,403,487.88	6. Dettes envers des entreprises liées	
		a) dont la durée résiduelle est ≤ à un an	1,162,430.50
E. Comptes de régularisation	316,705,548.74	8. Dettes fiscales et dettes au titre de la sécurité sociale	
		a) dont la durée résiduelle est ≤ à un an	1,360,183.19
		9. Autres dettes	
		a) dont la durée résiduelle est ≤ à un an	10,304.03
		b) dont la durée résiduelle est > à un an	424,366,635.95
TOTAL ACTIF	10,308,378,536.84	D. Comptes de régularisation	243,672,082.95
		TOTAL PASSIF	10,308,378,536.84

COMPTES DE PROFITS ET PERTES POUR L'EXERCICE CLOTURE AU 31 DECEMBRE 2006

A. CHARGES – EUR		B. PRODUITS - EUR	
1. Réduction du stock de produits finis et en cours de fabrication	-	1. Montant net du chiffre d'affaires	-
2.a) Consommation de marchandises et de matières premières et consommables	-	2. Augmentation du stock de produits finis et en cours de fabrication	-
3. Frais de personnel	131,702.02	3. Travaux effectués par l'entreprise pour elle-même et portés à l'actif	-
a) Salaires et traitements	87,121.76		
b) Charges sociales couvrant les salaires et traitements	44,580.26		
4.a) Corrections de valeur sur frais d'établissement sur immobilisations corporelles et incorporelles	15,409.26	4. Autres produits d'exploitation	-
5. Autres charges d'exploitation	1,063,265.76	5. Produits de participations	-
6. Corrections de valeur sur immobilisations financières et sur valeurs mobilières faisant partie de l'actif circulant	-	6. Produits d'autre valeurs mobilières et de créances de l'actif immobilisé	-
7. Intérêts et charges assimilées	781,808,743.28	7. Autres intérêts et produits assimilés	784,836,348.01
a) Concernant des entreprises liées	2,166,957.78	a) Provenant des entreprises liées	407,700,870.12
b) Autres intérêts et charges	779,641,785.50	b) Autres intérêts et produits assimilés	377,135,477.89
10. Charges exceptionnelles	-	9. Produits exceptionnels	-
11. Impôts sur le résultat	538,444.56	10. Résultat de l'exercice	-
13. Résultat de l'exercice	1,278,783.13		
TOTAL CHARGES	784,836,348.01	TOTAL PRODUITS	784,836,348.01

Risk Factors

See “Risk Factors” commencing on page 10 for a full description of these factors.

Risk Factors relating to the business of TI Capital and Telecom Italia include risks relating to the successful implementation of new services, revised strategic objectives and the Telecom Italia Group targets generally, high financial leverage, possible systems failures, the impact of technological change and our ability to successfully update our existing networks, saturated mobile markets, possible adverse outcome of legal proceedings, currency and interest rate fluctuations, risks associated with the Telecom Italia Group’s ownership chain described on pages 13-14, possible adverse regulatory decisions and changes (including the ability of the Italian State to exert certain powers over us), exposure to political and economic developments particularly in Italy, increased competition reducing our market share in Italy and elsewhere, implementation of broadband and Internet strategies and actual or perceived health risks related to wireless transmission and use.

Risk factors relating to the notes include the possibility of insufficient cash flow or a debt rating downgrade, the notes being unsecured, and no assurance of an active market developing.

Description of TI Capital

TI Capital is a limited liability company (société anonyme) organized under the laws of Luxembourg, incorporated on September 27, 2000 and is a directly and indirectly wholly-owned subsidiary of Telecom Italia. TI Capital’s primary purpose is to provide access to the international financial markets for the Telecom Italia Group. TI Capital is registered with the Registre de Commerce et des Sociétés of Luxembourg under B-77.970. TI Capital’s registered office and postal address is 12, rue Eugène Ruppert, L-2453, Luxembourg and its telephone number is + 352-456060-1. See “Description of TI Capital” on pages 58 - 60.

Description of Telecom Italia S.p.A.

Telecom Italia is a joint-stock company established under Italian law with registered offices at Piazza degli Affari 2, 20123 Milan, Italy. The telephone number is +39-02-85951. The company is recorded in the Milan Companies Register at number 00488410010, R.E.A. number 1580695, R.A.E.E. number IT0802000000799. The duration of the company, as stated in the company’s Bylaws, extends until December 31, 2100. See “Description of Telecom Italia” on pages 30 – 36.

Operating and Financial Review and Prospects

See pages 79 - 138 of Telecom Italia’s Annual Report on Form 20-F for the year ended December 31, 2007 (the “**Telecom Italia Annual Report**”), which is incorporated by reference herein; see also TI Capital’s audited financial statements set out in this listing prospectus.

Directors, Senior Management, Employees, Advisers and Auditors

TI Capital Directors and Senior Management

The Directors of TI Capital are Francesco Tanzi, Adriano Trapletti, Alex Bolis, Andrea Balzarini and Jacques Loesch. See page 58 of this listing prospectus.

Telecom Italia S.p.A. Directors and Senior Management

The Chairman of the Board of Directors is Gabriele Galateri di Genola and the Chief Executive Officer is Franco Bernabé. A list of directors and senior management and their biographies and related information, is set forth in Telecom Italia Annual Report incorporated herein by reference on pages 139 – 147.

Employees

The Telecom Italia Group had 83,221 employees as of March 31, 2008, including 1,356 employees of the Liberty Surf group (which is treated as a non-current asset held for sale) and personnel with temporary work contracts.

Advisers and Auditors

A list of advisers to and auditors of each of TI Capital and Telecom Italia S.p.A. is set forth on the inside back cover page of this listing prospectus.

Major Shareholders and Related-Party Transactions

TI Capital's major shareholder is Telecom Italia. Telecom Italia S.p.A.'s major shareholder is Telco S.p.A. See "Description of Telecom Italia" on pages 30 – 36 hereof, and pages 159 – 165 of Telecom Italia Annual Report incorporated herein by reference.

There are multiple related-party transactions within the Telecom Italia Group. See "Description of Telecom Italia" on pages 30 – 36 hereof, and page 166 of Telecom Italia Annual Report incorporated herein by reference.

Financial Information

The audited financial statements of TI Capital for the years ended December 31, 2007 and 2006, including notes thereto, are set forth on pages 72 – 103 of this listing prospectus. Telecom Italia's consolidated audited financial statements, including notes thereto, are set forth in the Telecom Italia Annual Report incorporated by reference herein on pages F-2 – F-151, and its consolidated unaudited interim financial information as of and for the three months ended March 31, 2008 and 2007 is set forth in the Telecom Italia's First Quarter Report as of March 31, 2008 Form 6-K (the "**First Quarter 2008 Report 6-K**") incorporated by reference herein on pages 17 - 50.

Since December 31, 2007, the date of TI Capital's and Telecom Italia's last audited financial statements, there has been no material adverse change in their prospects. Other than as set forth herein, there has been no significant change in the financial or trading position of Telecom Italia since March 31, 2008 and there has been no significant change in the financial or trading position of Telecom Italia Capital since December 31, 2007.

Additional Information

TI Capital

TI Capital's subscribed share capital is €2,336,000.00, consisting of 100,000 ordinary shares. See "Description of TI Capital" on pages 58 – 60. Its memorandum and articles of association, and other documents on display, are available as described on page 70.

Telecom Italia S.p.A.

As of March 31, 2008, Telecom Italia's subscribed share capital was:

- 13,380,794,192 Ordinary Shares (par value of €0.55 each, corresponding to €7,359,436,805.60) subscribed, issued and existing; and
- 6,026,120,661 Savings Shares (par value of €0.55 each, corresponding to €3,314,366,363.55) subscribed, issued and existing;

of which:

- 125,816,387 treasury Ordinary Shares (par value of €0.55 each, corresponding to €69,199,012.85).

Telecom Italia's memorandum and articles of association, and other documents on display, are available as described on page 70.

RISK FACTORS

An investment in the notes will involve a degree of risk, including those risks which are described in this section. In addition to the other information contained and incorporated by reference in this listing prospectus, you should carefully consider the following factors before deciding whether an investment in the notes is suitable for you.

Risks Associated with Our Business

RISKS RELATED TO TELECOM ITALIA

Our business will be adversely affected if we are unable to successfully transform the Group by implementation of our revised strategic objectives. Factors beyond our control may prevent us from successfully implementing our strategy.

On March 7, 2008, we set out our strategic priorities for the 2008-2010 period.

Our strategy is aimed at implementing a deep transformation of the Telecom Italia Group in order to put it back on a growth and development track. To achieve this goal, the Group will leverage its strengths (a leading competitive position in our domestic market, sustained by strong internal know how in technology, marketing and customer service, and a relevant international presence) while at the same time addressing its weaknesses (the level of service quality to be improved, a high level of litigation and substantial debt). The new guidelines aim to create the conditions for Telecom Italia to become a leader on the domestic and international market through plans that will provide for:

- a new business operations model on the domestic market based on:
 - service quality and improved relations with competitors and regulatory authorities;
 - convergence, a tool for managing market positioning vis-à-vis the various types of customer and the dynamics of fixed to mobile market migration;
 - development of innovative/adjacent businesses, particularly ICT and Digital Media & Advertising; and
 - the customer, by transforming the organizational model from one based on technology (fixed-mobile) to one based on customer needs;
- the search for new efficiencies and synergies in domestic and international activities through:
 - integration and rationalization of sales channels, along the lines of the new organizational focus on customer segments;
 - rationalization of information systems development and integration of operating processes and network systems (OSS) and business systems (BSS);
 - organizational integration of network operating activities and field services;
 - rationalization of staff structures; and
 - pursuit of synergies with the Telefónica group;
- a strategy to recover international scope by consolidating the Group's presence in countries that have good growth prospects, divesting where our market share is marginal or significant growth prospects cannot be achieved and assessing new business opportunities in markets with strong development potential through financial alliances and partnerships;
- a financial plan aimed at reducing the debt to profit ratio by:
 - the monetization of non-core assets;
 - a dividend policy sustainable in the long-term; and
 - a careful management of resources earmarked for investments with priority given to organic development and a prudent selection of opportunities to expand in key international markets.

Our ability to implement and achieve these strategic objectives and transform the Group may be influenced by certain factors, including factors outside our control, such as:

- growing market competition with a consequent decline in the prices of services;
- our ability to manage costs;
- our ability to attract and retain highly qualified employees;
- entry of new competitors in the Italian telecommunications market which could cause Telecom Italia to lose further market share;
- our ability to strengthen our competitive position through our focus on adjacent markets (pay-TV and IT services) and in international markets (particularly Brazil for mobile telecommunications and Europe for broadband), based on our specialized skills and technical resources;
- our ability to develop and introduce new technologies attractive to the market, to manage innovation, to supply value-added services and to increase the use of our fixed and mobile networks;
- the effect of adverse economic trends in the major markets in which the Group operates;
- the success of “disruptive” new technologies which could cause significant reductions in revenues from fixed and mobile telephony;
- the effect of exchange rate fluctuations on the operating revenues and margins and financial management of Telecom Italia.

There can be no assurance that the objectives identified by management could effectively be attained in the manner and within the time frames described.

The Group remains highly leveraged and the inability to reduce our debt could have a material adverse effect on our business.

Net financial debt of the Telecom Italia Group at December 31, 2007 amounted to €35,701 million (€37,301 million at December 31, 2006) against total equity (attributable to equity holders of Parent and the minority interest) of €26,985 million (€27,098 million at December 31, 2006). See “Item 5. Operating Financial Review and Prospects—5.4 Results of Operations for the Three Years Ended December 31, 2007—5.4.2 Non-GAAP Financial Measures” in the Telecom Italia Annual Report incorporated by reference herein, which reconciles our net financial debt to the gross financial debt.

Our new strategy focuses on our most important assets (domestic market, Brazil, Germany and Argentina) and is based on competences and disciplined financial management to resume a path to growth.

Telecom Italia, therefore, intends to sustain its capital expenditures in the 2008-2010 three-year plan while maintaining appropriate dividend levels and gradually reducing its Net Financial Debt to EBITDA ratio (with EBITDA calculated for these purposes as Operating profit before depreciation and amortization, capital gains (losses) realized and impairment reversals (losses) on non-current assets).

Factors which are beyond our control such as a deterioration in the performance by the fixed and/or mobile telephone sectors, unfavorable fluctuations in the interest rates and/or exchange rates, continuing disruptions in the capital markets, particularly debt capital markets, and, in a broader sense, deterioration in general economic conditions, could have a significant effect on our ability to reduce our debt, or on the ability of the Group to refinance existing debt through further access to the financial markets.

Due to the competitive environment and the economic conditions in which the Telecom Italia Group operates, there could be a deterioration in our results of operations and balance sheet ratios. To this end, rating agencies base their ratings on the Group’s ability to repay its debt using these same ratios.

The most recent ratings of Telecom Italia S.p.A. are:

- Moody’s: ‘Baa2’ with a ‘Stable’ outlook: rating confirmed and outlook upgraded on May 12, 2008;
- Standard and Poor’s: ‘BBB’ with a ‘Stable’ outlook: one notch downgrade which occurred on March 17, 2008;
- Fitch Ratings: ‘BBB+’ with a ‘Stable outlook’: rating confirmed on March 10, 2008.

Although ratings downgrades do not have an immediate impact on outstanding debt, except for outstanding debt instruments that specifically contemplate ratings in order to determine payouts, or on its relative cost to us, downgrades could lead to a greater risk with respect to refinancing existing debt or higher refinancing costs.

The management and further development of our business require us to make further significant investments. We may therefore incur additional debt in order to finance such investments. Our future results of operations may be influenced by our ability to enter into such transactions, which in turn will be determined by market conditions and factors that are outside our control. In addition, if such transactions increased our leverage it could adversely affect our credit ratings.

Our strategic objectives include expansion and further investments in our international activities and we may not achieve the expected return on our significant investments and capital expenditures in our international markets.

Telecom Italia intends to rebuild its international presence by consolidating its international activities in countries or regions that have good growth prospects, divesting where its market share is marginal or it is believed that there are not significant growth prospects and assessing new business opportunities in markets with a high development potential through financial alliances and partnerships which could increase the technological and business competences of the Group.

Our strategic plans provide for:

- improving our position in Germany through organic growth as well as taking advantage of any opportunities originating from the consolidation process currently underway in that market;
- growth in Brazil by strengthening mobile operations and the development of convergent offerings;
- a build up of International Wholesale by proposing Telecom Italia as a hub for the Mediterranean regions, the Middle East and Southeast Asia and developing innovative solutions for multinational companies; and
- increasing our ownership interest in Sofora, the indirect controlling shareholder of Telecom Argentina.

Telecom Italia could fail to obtain an adequate return on foreign investments, owing, among other things, to growing competition and changes in technologies in the countries where the Group has an international business presence.

System failures could result in reduced user traffic and reduced revenues and could harm Telecom Italia's reputation.

Our technical infrastructure (including our network infrastructure for fixed-line and mobile telecommunication services) is vulnerable to damage or interruption from information and telecommunication technology failures, power loss, floods, windstorms, fires, terrorism, intentional wrongdoing, human error and similar events. Unanticipated problems at our facilities, system failures, hardware or software failures, computer viruses or hacker attacks could affect the quality of our services and cause services interruptions. Any of these occurrences could result in reduced user traffic and reduced revenues and could harm our reputation.

Our business depends on the upgrading of our existing networks.

We must continue to upgrade our existing wireless and fixed-line networks in a timely and satisfactory manner in order to retain and expand our customer base in each of our markets, to enhance our financial performance and to satisfy regulatory requirements. Among other things, we could be required to:

- upgrade the functionality of our networks to permit increased customization of services;
- increase coverage in some of our markets;
- expand and maintain customer service, network management and administrative systems; and
- upgrade older systems and networks to adapt them to new technologies.

Many of these tasks are not entirely under our control and may be affected by applicable regulation. If we fail to execute them successfully, our services and products may be less attractive to new customers and we may lose existing customers to our competitors, which would adversely affect our business, financial condition and results of operations.

We are continuously involved in disputes and litigation with regulators, competitors and other parties. The ultimate outcome of such legal proceedings is generally uncertain. When finally concluded, they may have a material adverse effect on our results of operations and financial condition.

We are subject to numerous risks relating to legal and regulatory proceedings, in which we are currently a party or which could develop in the future. Litigation and regulatory proceedings are inherently unpredictable. Legal or regulatory proceedings in which we

are or come to be involved (or settlements thereof) may have a material adverse effect on our results of operations or financial condition.

Furthermore, our involvement in litigation and regulatory proceedings may adversely affect our reputation.

The Italian Collective Action for Damages for the Protection of Consumers was recently introduced and will enter into force at January 1, 2009. The new law will allow collective action lawsuits and is similar in some respects to common law class actions. Contracts between public utilities and consumers and the business practices of companies that provide public services (such as Telecom Italia) are covered by the Collective Action law. Therefore there will be a risk of claims against Telecom Italia by consumers' associations on behalf of broad classes of consumers.

For information concerning the most important legal and regulatory proceedings pending in which the Telecom Italia Group is involved, please refer to the "Note—Contingent assets and liabilities, commitments and other guarantees" of the Notes to Consolidated Financial Statements included in the Telecom Italia Annual Report incorporated herein by reference.

For information concerning our regulatory framework, see "Item 4. Information on the Telecom Italia Group—4.3. Regulation" in the Telecom Italia Annual Report incorporated herein by reference.

Fluctuations in currency exchange rates and interest rates could have an adverse effect on our results of operations

In the past, the Telecom Italia Group has made substantial international investments, principally in U.S. dollars, and has significantly expanded its operations outside the euro zone, particularly in Latin America.

The Group generally hedges its foreign exchange exposure, but not the translation risk relating to its foreign subsidiaries. Therefore, fluctuations in the euro exchange rates against other currencies (and particularly against the Brazilian real) could have an adverse effect on our consolidated results. A rise in value of the euro against other currencies in certain countries in which the Group operates or has made investments could reduce the relative value of revenues or assets of the Group in those countries and, therefore, could have an adverse effect on the operating results or the financial position of the Group.

In addition, the Group has raised, and could raise in future, financing denominated in currencies other than the euro, principally in U.S. dollars and British pounds. The Group systematically hedges currency exchange risk exposure relating to non-euro denominated liabilities using cross currency and interest rate swaps.

Furthermore, the Telecom Italia Group has entered into derivative transactions to hedge interest rate exposure and to diversify debt parameters in order to reduce debt cost and volatility to within predefined limits.

Risks associated with Telecom Italia's ownership chain

Telco S.p.A. ("**Telco**")—a company in which interests are held by the Generali group (28.1%), Intesa San Paolo S.p.A. (10.6%), Mediobanca S.p.A. (10.6%), Sintonia S.A. (8.4%) and Telefónica S.A. (42.3%)—is Telecom Italia's largest shareholder with an interest of approximately 24.5% of the voting rights.

From 2001, the main shareholder of Telecom Italia was Olimpia S.p.A. (80% of its capital was held by Pirelli & C. S.p.A. and the remaining percentage by Sintonia S.p.A., and Sintonia S.A.) which ultimately held approximately 18% of the ordinary share capital of the Company. On April 28, 2007, Pirelli & C. S.p.A., Sintonia S.p.A. and Sintonia S.A. announced that they had reached an agreement with leading financial institutional investors and industry operators to sell their 100% interest in Olimpia S.p.A..

The acquisition by Telco was finalized on October 25, 2007 and, on the same date, Mediobanca S.p.A. and companies in the Generali group contributed 5.6% of Telecom Italia Ordinary Shares to Telco, such that Telco had a total investment of 23.59% in Telecom Italia Ordinary Share capital.

On March 20, 2008, Telco acquired another 121.5 million Ordinary Shares bringing its investment in Telecom Italia to 24.5%.

Although Telco does not own a controlling interest in Telecom Italia voting shares, Telco may exert a significant influence on all matters to be decided by a vote of shareholders. In addition, as a result of its proposal and election of twelve of the recently elected 15 Telecom Italia Board members, Telco may be able to influence certain corporate actions. In principle, the interests of Telco in deciding

shareholder matters could be different from the interests of Telecom Italia's other Ordinary Shareholders, and it is possible that certain decisions could be taken that may be influenced by the needs of Telco. In addition, Telefónica is the largest shareholder of Telco. Presently Telefónica and Telecom Italia are direct competitors in certain countries outside of their respective domestic markets; nevertheless, the agreement among the above mentioned shareholders of Telco provides that the Telecom Italia and Telefónica groups will be managed autonomously and independently. For further information on this topic, please see "Item 10. Additional Information—10.1 Corporate Governance—10.1.2 General—Impact of Shareholders' Agreements on the Nomination of Telecom Italia Group's Companies Boards" in the Telecom Italia Annual Report incorporated by reference herein.

Telco is a holding company and the sole operating company in which it has an interest is Telecom Italia. Therefore, should Telco be unable to obtain funding from its shareholders, present or future, or from other sources, its cash flows would be entirely dependent upon the dividends paid on the Telecom Italia shares for its funding needs.

The financial position of Telecom Italia is independent of that of Telco and Telecom Italia has no obligation to repay the debt held by Telco since they are two distinct legal entities, even though certain rating agencies consider the Telco level of debt a hurdle to a quick reduction of Telecom Italia's debt due to the fact that Telco is likely to absorb a significant portion of free cash through dividends to repay Telco's debt.

For additional information on the ownership structures and shareholders' agreements, please refer to "Item 7.1. Major Shareholders" in the Telecom Italia Annual Report incorporated by reference herein.

The Italian State, through the Treasury, is in a position to exert certain powers with respect to Telecom Italia.

Although no shareholder is in a position to prevent a takeover of Telecom Italia, the Italian State, through the Treasury, is in a position to exert certain powers with respect to Telecom Italia through the exercise of the special powers included in Telecom Italia's Bylaws pursuant to compulsory legal provisions. The exercise of such powers could make a merger with or takeover of Telecom Italia more difficult or discourage certain bidders from making an offer. Please see "Item 7. Major Shareholders and Related-Party Transactions-7.1 Major Shareholders-7.1.3 Continuing Relationship with the Italian Treasury" in the Telecom Italia Annual Report incorporated by reference herein for more information.

RISKS RELATED TO THE TELECOMMUNICATIONS INDUSTRY AND FINANCIAL MARKETS

The value of our operations and investments may be adversely affected by political and economic developments in Italy or other countries.

Our business is dependent to a large degree on general economic conditions in Italy, including levels of interest rates, inflation and taxes. A significant deterioration in these conditions could adversely affect our business and results of operations. We may also be adversely affected by political and economic developments in other countries where we have made significant investments. Certain of these countries have political, economic and legal systems that are unpredictable. Political or economic upheaval or changes in laws or their application in these countries may harm the operations of the companies in which we have invested and impair the value of these investments.

Because we operate in heavily regulated business environments, regulatory decisions and changes in the regulatory environment could materially adversely affect our business.

Our fixed and mobile telecommunications operations, as well as our broadband services and television broadcasting businesses, are subject to extensive regulatory requirements in Italy and our international operations and investments are subject to regulation in their host countries.

As a member of the EU, Italy has adapted its telecommunications regulatory framework to the legislative and regulatory framework established by the EU for the regulation of the European telecommunications market. The EU Commission approved a new electronic communications framework in March 2002, which has been effective in Italy since September 2003. See "Item 4. Information on the Telecom Italia Group-4.3. Regulation" in the Telecom Italia Annual Report incorporated by reference herein.

Included within this new framework is the obligation on the part of the Italian regulator responsible for the regulation of the telecommunications, radio and television broadcasting sector (the "Italian Communications Authority" or "**AGCom**") to identify operators with "significant market power" based on a market analysis in the relevant retail and wholesale markets that are deemed to be

susceptible to ex-ante regulation. The framework established criteria and procedures for identifying remedies applicable to operators with “significant market power”. During 2006 and 2007, AGCom concluded the first round of the analysis of the markets and introduced regulatory measures as a result of this analysis. The ongoing second round of market analysis may modify the current regulatory measures. For further details please see “Item 4. Information on the Telecom Italia Group-4.3. Regulation” in the Telecom Italia Annual Report incorporated by reference herein.

In Italy, we are subject to universal service obligations, which require us to provide fixed-line public voice telecommunications services in non-profitable areas. We are the only operator in Italy which has this obligation. In addition, the AGCom has identified us as an operator having significant market power in most relevant markets. As a result, we are, and, if we continue to be identified as having significant market power in most relevant markets, will be, subject to a number of regulatory constraints, including:

- a requirement to conduct our business in a transparent and non-discriminatory fashion;
- a requirement to have our prices for fixed voice telephony services and the tariffs charged to other operators to utilize our network, subject, respectively, to a price cap and a network cap mechanism. This cap mechanism places certain limits on our ability to change our prices for certain services; and
- a requirement to provide interconnection services, leased lines and access to the local loop to other operators at cost-orientated prices. These services include allowing other operators to connect to our network and transport traffic through the network as well as offering certain services related to our local access network, or local loop, on an unbundled basis to these other operators to enable these operators to directly access customers connected to the network by leasing the necessary components from us.

These constraints have had an adverse impact on our fixed line network pricing and service offerings and future regulatory decisions are expected to continue to have an adverse impact on our market shares and margins.

In addition, AGCom intends to address other markets that are currently not subject to regulation (for example virtual private networks and VoIP). VoIP is an emerging market for nomadic voice telephony services that are based on the Internet and are not dependent on specific customer telephone lines. Nevertheless, AGCom has included VoIP in the same market as conventional voice telephony services. Therefore these markets may be treated in the same way as the market for conventional telephone services for the purpose of regulation and may also be subject to price regulation.

We are unable to predict the impact of any proposed or potential changes in the regulatory environment in which we operate both in Italy and internationally. Changes in laws, regulation or government policy could adversely affect our business and competitiveness. In particular, our ability to compete effectively in our existing or new markets could be adversely affected if regulators decide to expand the restrictions and obligations to which we are subject or extend them to new services and markets. Finally, decisions by regulators regarding the granting, amendment or renewal of licences, to us or to third parties, could adversely affect our future operations in Italy and in other countries where we operate.

Changes in the rules relating to radio and television broadcasting could adversely affect the development of our activities in this field.

Please see “Item 4. Information on the Telecom Italia Group-4.3. Regulation” in the Telecom Italia Annual Report incorporated by reference herein for more information on the regulatory requirements to which we are subject.

Strong competition in Italy may further reduce our core market share for telecommunication services and may cause further reductions in prices and margins thereby having an adverse effect on our results of operations.

Strong competition exists in all of the principal telecommunications business areas in Italy in which we operate, including, most significantly, the fixed-line and mobile voice telecommunications businesses. The use of the single European currency and the liberalizations of the Italian telecommunication market (since January 1998) have intensified competition by facilitating international operators’ entry into the Italian market and direct competition with our fixed-line and mobile telephony businesses, particularly in the local and long-distance markets.

Competition continued to intensify during 2007. As of December 31, 2007, there were a number of significant competitors offering fixed-line services and three other operators (in addition to Telecom Italia) offering mobile services in the Italian domestic market. Some virtual mobile operators entered the Italian mobile market in 2007 as a result of commercial agreements reached with operators of mobile networks, some of which “originated” from fixed line operators, which is further evidence of the trend towards

convergence. This competition may further increase due to the consolidation and globalizations of the telecommunications industry in Europe, including Italy, and elsewhere.

We anticipate that in the short to medium-term there may be a stronger entry of peer-level international competitors into markets with existing operators, including Italy, increasing the direct competition we face in our Italian domestic fixed-line and mobile telephony businesses and in the local and long-distance markets.

Competition in our principal lines of business could lead to:

- further price and margin erosion for our products and services;
- a loss of market share in core markets;
- loss of existing or prospective customers and greater difficulty in retaining existing customers;
- obsolescence of existing technologies and more rapid deployment of new technologies;
- an increase in costs related to investments in new technologies that are necessary to retain customers and market share; and
- difficulties reducing debt and strategic and technological investments if we cannot generate sufficient profits and cash flow.

Although we have taken a number of steps to realize additional efficiencies and introduce innovative and value added services over our networks, and although our plans take into account that we face significant competition from a number of operators in all the markets in which we operate, if any or all of the events described in the preceding paragraph should occur, the impact of such factors could materially adversely affect our results of operations.

Our business may be adversely affected and we may be unable to increase our revenues if we are unable to continue the introduction of new services to stimulate increased usage of our fixed and wireless networks.

In order to sustain growth in revenues despite increased competition and lower prices, particularly in our core Italian domestic market, our strategy has been to introduce new services in our fixed-line and wireless businesses to increase traffic on our networks and find alternative revenue sources, in addition to carrying voice traffic on our networks. In the past three years the Group's strategy to increase revenues has been to focus on penetration of the broadband retail market with various broadband offers as well as to increase value added services (VAS) in the mobile businesses. In addition, our strategy is to increasingly focus on service quality, customer care and further development of innovative and convergent services. The broadband and mobile VAS markets have been growing the past three years in line with increased use of the Internet and the enhanced services offered by mobile operators. However, if these markets do not continue to expand, our revenues may not grow, or even decrease, as revenues from other parts of our business, particularly our traditional fixed-line business, decline due to competition or other price pressures.

In addition, these strategic initiatives have required, and will continue to require, substantial expenditures and commitment of human resources. Although these initiatives are core to our strategy, we may be unable to introduce commercially these new products and services, and even if we introduce them, there can be no assurance they will be successful.

Continuing rapid changes in technologies could increase competition, reduce usage of traditional services or require us to make substantial additional investments.

Many of the services we offer are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services. In addition, as convergence of services accelerate, we make and will have to make substantial additional investments in new technologies to remain competitive. The new technologies we choose may not prove to be commercially successful. In addition, we may not receive the necessary licenses to provide services based on new technologies in Italy or abroad. Furthermore, our most significant competitors in the future may be new entrants to our markets who do not have to maintain an installed base of older equipment.

As a result, we could lose customers, fail to attract new customers or incur substantial costs in order to maintain our customer base or to maintain revenues from such customer base.

The mobile communications markets have matured in recent years and competition has increased.

In recent years, our consolidated revenues have grown modestly in large part because of the rapid growth in the mobile communications business which has offset substantially flat revenues in our Italian fixed-line business. However, as a result of this growth, the mobile communications markets are approaching maturity levels in the voice services segment while the data and value-added services segments are growing.

We acquired a third generation mobile telephone, or UMTS, license to provide UMTS services in Italy for €2,417 million and have made significant investments, in accordance with the terms and conditions of our licenses, to create the infrastructure to offer UMTS services. We commenced offering UMTS services in Italy in the second half of 2004 and have made in the past, and will have to continue to make in the future, significant investments in promotional activities relating to our UMTS services. Given the substantial costs of upgrading our existing networks to support UMTS, the ongoing costs to market and support these new services, and the significant competition among operators who offer these new services, including one operator only offering 3G services, we may not be able to recoup our investments, as planned if at all.

Continued growth in the mobile telecommunications markets in which we operate will depend on a number of factors, many of which are outside our control. These factors include:

- the activities of our competitors;
- competitive pressures and regulations applicable to retail and wholesale prices;
- the development and introduction of new and alternative technologies for mobile telecommunications;
- products and services and their attractiveness to customers;
- the success of new disruptive or substitutive technologies; and
- the development of the mobile communications markets.

In addition, as our core domestic Italian market has become increasingly saturated, the focus of competition has shifted to customer retention from customer acquisition, and increasing the value of existing customers. Such focus could result in increased expenses to retain customer loyalty or if we are unable to satisfactorily offer better value to our customers our market share and revenues could decline.

If the mobile telecommunications markets in which we operate do not continue to expand, or we are unable to retain our existing customers or stimulate increases in customer usage, our financial condition and results of operations may be harmed.

We may be adversely affected if we fail to successfully implement our Internet and broadband strategy in Italy and internationally.

The introduction of Internet and broadband services is an important element of our growth strategy and means to increase the use of our networks in Italy and expand our operations outside of Italy, particularly in Europe. The broadband market has continued to grow in 2007 at the same rate as 2006 but competitive pressure has also grown. Our strategy is to replace the mature, traditional voice services with value added content and services to consumers and small and medium-sized companies. Our ability to successfully implement this strategy may be affected if:

- Internet usage in Italy grows more slowly than anticipated, for reasons such as changes in Internet users' preferences;
- broadband penetration in Italy and other European countries does not grow as we expect;
- competition increases, for reasons such as the entry of new competitors, consolidation in the industry or technological developments introducing new platforms for Internet access and/or Internet distribution or other operators can provide broadband connections superior to those that we can offer; and
- we experience any network interruptions or related problems with network infrastructure.

Outside of Italy our ability to implement this strategy will depend on whether we are able to acquire assets or networks or utilize networks of incumbent operators that will allow us to offer such services. Any of the above factors may adversely affect the successful implementation of our strategy, our business and results of operations.

Actual or perceived health risks or other problems relating to mobile handsets or transmission masts could lead to litigation or decreased mobile communications usage.

The effects of and any damage caused by exposure to an electromagnetic field were and are the subject of careful evaluations by the international scientific community, but until now there is no scientific evidence of harmful effects on health. We cannot rule out that exposure to electromagnetic fields or other emissions originating from wireless handsets will not be identified as a health risk in the future.

Our mobile communications business may be harmed as a result of these alleged health risks. For example, the perception of these health risks could result in a lower number of customers, reduced usage per customer or potential consumer liability. In addition, although Italian law already requires strict limits in relation to transmission equipment, these concerns may cause regulators to impose greater restrictions on the construction of base station towers or other infrastructure, which may hinder the completion of network build-outs and the commercial availability of new services and may require additional investments.

Risk Associated with TI Capital

Servicing TI Capital's debt obligations requires a significant amount of cash, and its ability to generate cash depends on many factors beyond its control.

TI Capital's ability to pay the principal of and interest on the notes, its credit facilities and other debt securities depends, among other things, upon the Telecom Italia Group's future financial performance and TI Capital's ability to refinance indebtedness, if necessary. TI Capital is dependent on Telecom Italia and Telecom Italia Group companies for the repayment of indebtedness. If the Telecom Italia Group's business does not generate sufficient cash flow to satisfy TI Capital's debt service obligations, TI Capital may not be able to obtain funding sufficient to do so. TI Capital may need to refinance its debt or obtain additional financing to raise cash, which it may not be able to do on commercially reasonable terms, if at all.

Risks Associated with the Offering

Servicing our debt obligations requires a significant amount of cash, and our ability to generate cash depends on many factors beyond our control.

Our ability to pay the principal of and interest on the notes, our credit facilities and other debt securities depends, among other things, upon our future financial performance and our ability to refinance indebtedness, if necessary. Our business may not generate sufficient cash flow to satisfy our debt service obligations, and we may not be able to obtain funding sufficient to do so. If this occurs, we may need to reduce or delay capital expenditures or other business opportunities. In addition, we may need to refinance our debt, obtain additional financing or sell assets to raise cash, which we may not be able to do on commercially reasonable terms, if at all.

A downgrade in our credit ratings could limit our ability to market securities, increase our borrowing costs and/or hurt our relationships with creditors.

Our credit ratings, which are intended to measure our ability to meet our debt obligations, are an important factor in determining our cost of borrowing funds. Due to the competitive environment and economic conditions in which the Telecom Italia Group operates, there could be a deterioration in our results of operations and balance sheet ratios. To this end, rating agencies base their ratings on the Telecom Italia Group's ability to repay its debt using these same ratios. The interest rates of our borrowings are largely dependent on our credit ratings. Telecom Italia's long-term rating is Baa2 with a stable outlook according to Moody's, BBB with a stable outlook according to Standard & Poor's and BBB+ with a stable outlook according to Fitch. A downgrade of our credit ratings, resulting from our acquisition and divestiture activity, our dividend policy or otherwise, could lead to greater risk with respect to refinancing debt and would likely increase our cost of borrowing and adversely affect our results of operations.

A downgrade of our credit ratings could also limit our ability to raise capital or our subsidiaries' ability to conduct their businesses. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization and each rating should be evaluated independently of any other rating.

The notes will be effectively subordinated to our secured debt.

The notes will not be secured by any of our assets. Therefore, in the event of our bankruptcy, liquidation or reorganization, holders of our secured debt will have claims with respect to the assets securing their debt that have priority over your claims as holders

of the notes. To the extent that the value of the secured assets is insufficient to repay our secured debt, holders of the secured debt would be entitled to share in any of our remaining assets equally with you and any other senior unsecured lenders.

An active trading market for the notes may not develop or continue.

Although we will apply to have the notes admitted to trading on the regulated market and to listing on the official list of the Luxembourg Stock Exchange, TI Capital cannot assure you regarding the future development or continuance of a market for the notes or the ability of holders of the notes to sell their notes or the price at which such holders may be able to sell their notes. The notes could trade at prices that may be higher or lower than the offering price of the notes depending on many factors, including prevailing interest rates and interest rate spreads, Telecom Italia's operating results and the market for similar securities. The underwriters have advised us that they currently intend to make a market in the notes as permitted by applicable laws and regulations; however, the underwriters are not obligated to do so, and any such market-making activities with respect to the notes may be discontinued at any time. There can be no assurance as to the liquidity of the Luxembourg or any other trading market for the notes or that an active public market for the notes will develop, or if developed, will continue.

ADDITIONAL INVESTOR RESTRICTIONS

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each underwriter represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State (provided that the notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy) at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000; and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by the Issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to above shall require TI Capital or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the foregoing, the expression an “**offer of notes to the public**” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Notice to Investors in Italy

The notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy. Trading in the notes on the secondary market in Italy may be subject to restrictions pursuant to Italian law. In particular, sales of the notes in Italy by professional investors to persons who are not professional investors should be made, for one year from the issuance, using an Italian information document drafted in accordance with Article 100bis, paragraph 2, of the Legislative Decree no. 58 of February 24, 1998 (“**Consolidated Law on Financial Intermediation**”), as subsequently amended (so-called “Unified Financial Act” (“**UFA**”)), failing which such professional investors would be liable for the solvency of the issuer vis-a-vis any purchasers of the notes who are not professional investors. Furthermore, in the case an Italian investor were to purchase the notes on the secondary market and were holding the notes at the time of the optional redemption (see “Description of the Notes and Guarantees—Redemption at TI Capital’s Option” on page 49 of this listing prospectus), in certain cases there may be adverse tax consequences including the application of a 20% surtax. Italian investors holding the notes will be responsible for such adverse tax consequences and no additional amounts will be paid in connection therewith by TI Capital or Telecom Italia.

Notice to Investors in France

In France, the notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public, and offers and sales of the notes will be made in France only to (i) qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d’investisseurs*), in each case investing for their own accounts, all as defined in and in accordance with Articles L.411-2-II-4°, D.411-1 to D.411-4, D.734-1, D.744-1, D.754-1 and D.764-1 of the *Code monétaire et financier*, or (ii) to investment services providers authorized to engage in portfolio management on behalf of third parties, or (iii) in a transaction that, in accordance with Article L.411-2-II-1°-or-2° -or 3° of the *Code monétaire et financier* and Article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l’épargne*). Accordingly,

this listing prospectus has not been submitted to the approval procedure of the *Autorité des marchés financiers* (“**AMF**”) or of a competent authority of another member State of the European Economic Area which would have notified its approval to the AMF under the Directive 2003/71/EC as implemented in France and the relevant member State. In the event that the notes purchased by investors are directly or indirectly offered or sold to the public in France, the conditions set forth in Articles L.412-1 and L.621-8 to L.621-8-3 of the *Code monétaire et financier* must be satisfied. Investors in France and persons into whose possession offering material comes must inform themselves about and observe any such restrictions.

Les titres n’ont pas été offerts ni vendus et ne seront ni offerts ni vendus directement ou indirectement au public en France. Les offres et ventes de titres ne se feront en France (i) qu’au profit d’investisseurs qualifiés et/ou au profit d’un cercle restreint d’investisseurs agissant pour leur propre compte et ce conformément aux articles L.411-2-II-4, D.411-1 à D.411-4, D.734-1, D.744-1, D.754-1 et D.764-1 du Code monétaire et financier, ou (ii) au profit de personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers, ou (iii) dans le cadre d’une transaction qui ne constitue pas un appel public à l’épargne selon les articles L.411-2-II-1°, 2° ou 3° du Code monétaire et financier et l’article 211-2 du Règlement Général de l’Autorité des Marchés Financiers (“**AMF**”). En conséquence, ce document de base n’a pas été soumis à l’AMF ou à une autre autorité réglementaire d’un pays membre de l’espace économique européen qui aurait notifié son accord à l’AMF en application des dispositions de la Directive 2003/71/EC en vigueur en France et dans le pays concerné. Dans le cas où ces titres achetés par les investisseurs sont directement ou indirectement offerts ou vendus au public en France, les conditions prévues aux articles L.411-1, L.411-2, L.412-1 et L.621-8 du Code monétaire et financier devraient être respectées. Les investisseurs en France ainsi que toute autre personne qui serait amenée à entrer en possession du document de base doivent prendre connaissance des restrictions décrites et s’y conformer.

Notice to Investors in the United Kingdom

This listing prospectus is being distributed only to, and is directed only at, persons in the United Kingdom that are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any investment or investment activity to which this listing prospectus and its contents relate is available only to relevant persons and will be engaged in only with relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this listing prospectus or any of its contents.

WHERE YOU CAN FIND MORE INFORMATION

Telecom Italia

Telecom Italia is subject to the informational requirements of the Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”), applicable to foreign private issuers and files annual reports and other information with the U.S. Securities and Exchange Commission (“**SEC**”). You may read and copy any document Telecom Italia files with the SEC at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Since November 4, 2002, Telecom Italia has been required to file and furnish its documents to the SEC on EDGAR, the SEC’s electronic filing system. All such filings made since such date can be reviewed on EDGAR by going to the SEC’s website: <http://www.sec.gov>.

As a foreign private issuer, Telecom Italia is exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and Telecom Italia’s officers, directors and controlling shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Telecom Italia’s ordinary share ADSs and savings share ADSs are listed on the New York Stock Exchange and you can inspect Telecom Italia’s reports and other information at the New York Stock Exchange Inc., 20 Broad Street, New York, New York.

TI Capital

TI Capital is a directly and indirectly wholly-owned subsidiary of Telecom Italia, organized under the laws of Luxembourg. TI Capital does not, and will not, file separate reports with the SEC. Additional information about TI Capital is available as described in “Documents on Display”.

TI Capital issued the notes described in this listing prospectus pursuant to an indenture dated October 6, 2004, among TI Capital, Telecom Italia and The Bank of New York (as successor to JPMorgan Chase Bank), as trustee, as supplemented by a fourth supplemental indenture dated June 4, 2008, among TI Capital, Telecom Italia and The Bank of New York, as trustee. The indenture, the fourth supplemental indenture and their associated documents contain the full legal text of the matters described in “Description of Notes and Guarantees”. The indenture, the fourth supplemental indenture and the articles of incorporation of TI Capital are available for inspection at BNP Paribas Securities Services, Luxembourg Branch, 33 rue de Gasperich Howald-Hesperange, L-2085, Luxembourg (the “**Listing Agent**”).

You may request, orally or in writing, a copy of the articles of incorporation of TI Capital, the indenture dated October 6, 2004 as supplemented by the fourth supplemental indenture dated June 4, 2008, at no cost by contacting TI Capital at 12 rue Eugène Ruppert, L-2453 Luxembourg, tel: 352 4560601. Copies of the indenture and fourth supplemental indenture have also been filed with the SEC as exhibits to the registration statement on Form F-3 (Reg. No. 333-127351) filed on August 9, 2005 and the report on Form 6-K of Telecom Italia S.p.A. filed on June 10, 2008, and may be obtained free of charge from the SEC’s web site at <http://www.sec.gov>.

Incorporation by reference

This listing prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. This listing prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this listing prospectus.

We are incorporating by reference Telecom Italia’s Annual Report on Form 20-F for the year ended December 31, 2007 (SEC File No. 001-13882) filed with the SEC on May 8, 2008. The Telecom Italia’s Annual Report on Form 20-F for the year ended December 31, 2007 contains important information about Telecom Italia and its financial position. A copy of the Telecom Italia’s Annual Report on Form 20-F for the year ended December 31, 2007 was filed with the Luxembourg Stock Exchange and the Commission de Surveillance du Secteur Financier. We are also incorporating by reference Telecom Italia’s Annual Report on Form 20-F for the year ended December 31, 2006, a copy of which was filed with the Luxembourg Stock Exchange and the Commission de Surveillance du Secteur Financier.

We are also incorporating by reference:

- the Final Prospectus Supplement dated May 28, 2008 (the “**Final Prospectus Supplement**”) and filed with the SEC on May 29, 2008 relating to the Registration Statement on Form F-3 (Registration No. 333-127351), as amended or supplemented; and
- the First Quarter 2008 Report 6-K, filed with the SEC on July 9, 2008, which includes unaudited interim consolidated financial statements as of and for the three months ended March 31, 2008.

The First Quarter 2008 Report 6-K, filed with the SEC on July 9, 2008, as well as the Final Prospectus Supplement, are available at <http://www.sec.gov>.

The following information from Telecom Italia’s Annual Reports is incorporated by reference, and the following cross-reference lists are provided to enable investors to identify specific items of information so incorporated:

<u>2007 Annual Report</u>	<u>Pages</u>
Exchange Rates	13
Dividends	18 – 19
Information on the Telecom Italia Group	
Business	20 – 31
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Description of Property, Plant and Equipment	77
Operating and Financial Review and Prospects	
General Factors Affecting the Telecom Italia Group’s Business	79
Significant Trends Impacting Our Core Businesses	80
Critical Accounting Policies and Estimates	81 – 85
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Liquidity and Capital Resources (including investments)	122 – 133
Research, Development and Innovation	134-137
Cautionary Statement for Purposes of the “Safe Harbor” Provisions of the United States Private Securities Litigation Reform Act of 1995	138
Directors, Senior Management and Employees	139 – 158
Major Shareholders and Related-Party Transactions	159 – 166
Financial Information	167
Legal Proceedings	168
Listing	169 – 173
Additional Information	
Corporate Governance	174 – 191
Exchange Controls and Other Limitations Affecting Security Holders	192
Description of Bylaws	193
Description of Capital Stock	194 – 198
Taxation	207 – 211
Quantitative and Qualitative Disclosure About Market Risks	212
Controls and Procedures	216–218
Audit Committee Financial Expert	219
Code of Ethics and Conduct	219
Principal Accountant Fees and Services	220 – 221
Consolidated Financial Statements	
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2007 and 2006	F-3, F-4
Consolidated Income Statements for the years ended December 31, 2007, 2006 and 2005	F-5
Consolidated Statements of Changes in Equity for the years ended December 31, 2007, 2006 and 2005	F-6 – F-8
Consolidated Cash Flow Statements for the years ended December 31, 2007, 2006 and 2005	F-9, F-10
Notes to Consolidated Financial Statements	F-11 – F-151

<u>2006 Annual Report</u>	<u>Pages</u>
Exchange Rates	13
Dividends	20-21
Information on the Telecom Italia Group	
Business	22-35
Business Units	36-65
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Critical Accounting Policies and Estimates	90-94
Adoption of International Financial Reporting Standards	95
Results of Operations for the Three Years Ended December 31, 2006	96-132
Liquidity and Capital Resources (including investments)	133-150
Research, Development and Innovation	151
Consolidated Financial Statements as of and for the Three Year Period Ended December 31, 2006 – Reconciliation of IFRS to U.S. GAAP	152-156
Cautionary Statement for Purposes of the “Safe Harbor” Provisions of the United States Private Securities Litigation Reform Act of 1995	157
Quantitative and Qualitative Disclosures About Market Risks	158-165
Directors, Senior Management and Employees	166-183
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Consolidated Financial Statements	
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2006 and 2005	F-3, F-4
Consolidated Statements of Income for the years ended December 31, 2006, 2005 and 2004	F-5
Consolidated Statement of Changes in Equity for the year ended December 31, 2004	F-6
Consolidated Statement of Changes in Equity for the year ended December 31, 2005	F-7
Consolidated Statement of Changes in Equity for the year ended December 31, 2006	F-8
Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005 and 2004	F-9 - F-10
Notes to Consolidated Financial Statements	F-11 - F-173

The following information from Telecom Italia's First Quarter 2008 Report 6-K, filed with the SEC on July 9, 2008, and the Final Prospectus Supplement dated May 28, 2008 and filed with the SEC on May 29, 2008 is incorporated by reference, and the following cross-reference lists are provided to enable investors to identify specific items of information so incorporated:

<u>Final Prospectus Supplement dated May 28, 2008 and filed with the SEC on May 29, 2008</u>	<u>Pages</u>
Ratio of Earnings to Fixed Charges	S-12
Capitalization	S-13 - S-14

All information not contained in the above cross reference list is for informational purposes only.

<u>First-Quarter 2008 Report 6-K filed with the SEC on July 9, 2008</u>	<u>Pages</u>
Interim Consolidated Income Statements for the three months ended March 31, 2008 and 2007	17
Interim Consolidated Balance Sheets as of March 31, 2008 and as of December 31, 2007	25
Investments (capital expenditures and financial investments)	27
Interim Consolidated Cash Flow Statements for the three months ended March 31, 2008 and 2007	35 – 36

Any information not listed in the cross reference list above but included in the documents incorporated by reference is given for information purposes only.

You may obtain a copy of any of the documents referred to above (excluding exhibits) at no cost by referring to <http://www.bourse.lu> or by contacting our listing agent in Luxembourg at the following address:

BNP Paribas
Securities Services, Luxembourg Branch
33 rue de Gasperich Howald-Hesperange
L-2085
Luxembourg

**ENFORCEABILITY OF CIVIL LIABILITIES
UNDER THE UNITED STATES SECURITIES LAWS**

Telecom Italia is a joint stock company (*Società per Azioni*) organized under the laws of the Republic of Italy, and TI Capital is a company with limited liability (*société anonyme*) for an unlimited duration, established under the laws of Luxembourg. None of the members of the Board of Directors of TI Capital or the Board of Directors of Telecom Italia is resident in the United States. All or a substantial portion of the assets of these non-U.S. residents and of TI Capital and Telecom Italia are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon the non-U.S. resident directors or upon TI Capital or Telecom Italia or it may be difficult to enforce judgments obtained in U.S. courts based on the civil liability provisions of the U.S. securities laws against TI Capital or Telecom Italia in Luxembourg or Italy, as applicable. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Italy or in Luxembourg. Enforceability in Italy of final judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the federal securities laws of the United States is subject, among other things, to the absence of a conflicting judgment by an Italian court or of an action pending in Italy among the same parties arising from the same facts and circumstances and started before the U.S. proceedings, and to the Italian courts' determination that the U.S. courts had jurisdiction, that process was appropriately served on the defendant(s), and that enforcement would not violate Italian public policy. In general, the enforceability in Italy of final judgments of U.S. courts would not require retrial in Italy, subject to the decision of the competent court of appeal ascertaining the existence, inter alia, of the above mentioned requirements and subject to challenge by the other party. In original actions brought before Italian courts, there is substantial doubt as to the enforceability of liabilities based on the U.S. federal securities laws. The United States and Luxembourg do not currently have a treaty providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. As a result, a civil judgment by a U.S. court is enforceable in Luxembourg subject to applicable exequatur proceedings.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This listing prospectus or any incorporated document may contain certain forward-looking statements, which reflect management's current views with respect to certain future events, trends and financial performance. Actual results may differ materially from those projected or implied in the forward-looking statements. Such forward-looking information is based on certain key assumptions which we believe to be reasonable but forward-looking information by its nature involves risks and uncertainties, which are outside of our control, that could significantly affect expected results of future events. The following important factors could cause actual results to differ materially from those projected or implied in any forward-looking statements:

- the continuing impact of increased competition in a liberalized market, including competition from established domestic competitors and global and regional alliances formed by other telecommunications operators in our core Italian domestic fixed-line and wireless markets;
- our ability to restructure our organizational model from one based on technology (fixed and mobile) to one based on customer segments (consumers, SOHOs, SMEs, Corporates) in order to focus on customers and their needs initializing our products and services;
- our ability to utilize our relationship with Telefónica to attain synergies primarily in areas such as network, IT, purchasing, sales activities in Germany and international mobile roaming;
- our ability to introduce new services to stimulate increased usage of our fixed and wireless networks to offset declines in the traditional fixed-line voice business due to the continuing impact of regulatory required price reductions, market share loss, pricing pressures generally and shifts in usage patterns;
- our ability to successfully implement our internet and broadband strategy both in Italy and abroad;
- our ability to successfully achieve our debt reduction targets;
- the impact of regulatory decisions and changes in the regulatory environment in Italy and other countries in which we operate;
- the impact of economic development generally on our international business and on our foreign investments and capital expenditures;
- our services are technology-intensive and the development of new technologies could render such services non-competitive;
- the impact of political and economic developments in Italy and other countries in which we operate;
- the impact of fluctuations in currency exchange and interest rates;
- our ability to successfully implement our strategy over the 2008-2010 period;
- our ability to build up our business in adjacent markets (pay-TV and IT services) and in international markets (particularly Brazil in mobile telecommunications and Europe—Germany—in BroadBand), due to our specialist and technical resources;
- our ability to achieve the expected return on the investments and capital expenditures we have made and continue to make in Brazil on mobile and in Europe on BroadBand;
- the amount and timing of any future impairment charges for our licenses, goodwill or other assets; and
- the outcome of litigation, disputes and investigations in which we are involved or may become involved.

The foregoing factors should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of the document in which such statements are

included. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof, including, without limitation, changes in our business or acquisition strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, the financial information contained in this listing prospectus and incorporated by reference herein has been prepared using International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”). IFRS also include all effective International Accounting Standards (“**IAS**”) and all Interpretations issued by the International Financial Reporting Interpretations Committee (“**IFRIC**”), including those previously issued by the Standing Interpretations Committee (“**SIC**”).

Until December 31, 2004, Telecom Italia prepared its consolidated financial statements and other interim financial information (including quarterly and semi-annual data) in accordance with Italian GAAP. Pursuant to SEC Release 33-8567, “*First-Time Application of International Financial Reporting Standards*”, Telecom Italia is only required to include Selected Financial Data prepared in compliance with IFRS extracted or derived from the Consolidated Financial Statements for the years ended December 31, 2007, 2006, 2005 and 2004 (earlier periods are not required to be included).

Furthermore, pursuant to SEC Release No. 33-8879, “*Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP*”, Telecom Italia includes Selected Financial Data prepared in compliance with IFRS, without reconciliation to U.S. GAAP.

The currency used by Telecom Italia in preparing its consolidated financial statements is the euro. References to “€”, “euro” and “Euro” are to the euro, and references to “U.S. dollars”, “dollars”, “U.S.\$” or “\$” are to U.S. dollars. For the purpose of this listing prospectus, “billion” means a thousand million. On July 1, 2008, the Noon Buying Rate was €1=U.S.\$1.5778. The noon buying rate is determined based on cable transfers in foreign currencies as announced by the Federal Reserve Bank of New York for customs purposes (the “**Noon Buying Rate**”).

DESCRIPTION OF TELECOM ITALIA

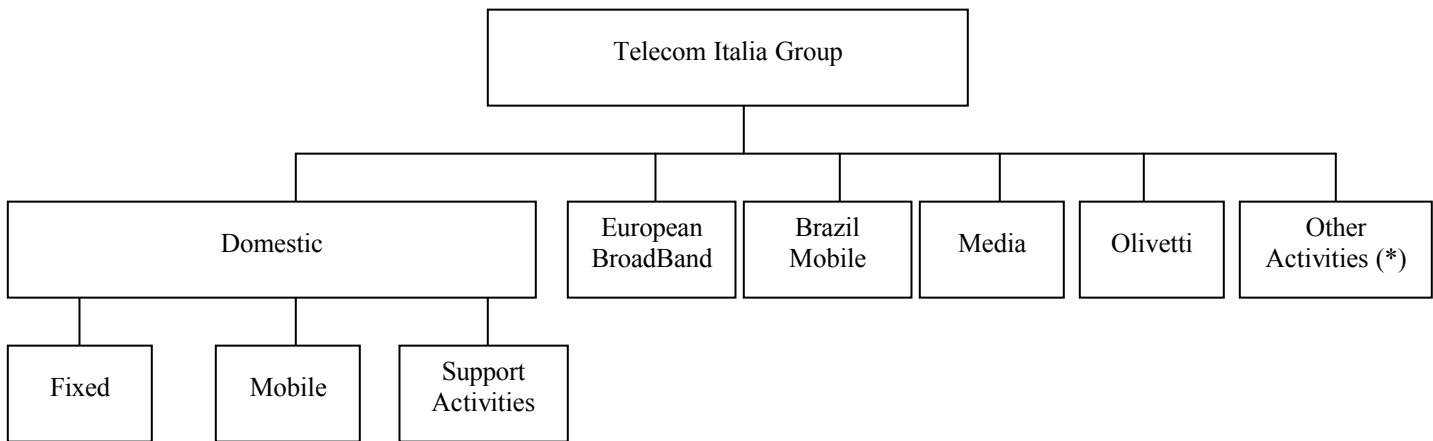
Telecom Italia is a joint-stock company established under Italian law with registered offices at Piazza degli Affari 2, 20123 Milan, Italy. The telephone number is +39-02-85951. The company is recorded in the Milan Companies Register at number 00488410010, R.E.A. number 1580695, R.A.E.E. number IT0802000000799. The duration of the company, as stated in the company's Bylaws, extends until December 31, 2100.

Telecom Italia complies with applicable Italian corporate governance rules, as described on pages 174 – 191 of the Telecom Italia Annual Report.

Overview of the Telecom Italia Group's Major Business Areas

Telecom Italia is the parent company of the Telecom Italia Group.

Telecom Italia Group's Business Units as of March 31, 2008 were as follows:



Telecom Italia – Fixed telecommunications services

Loquendo

Matrix

Path.Net

Telecontact Center

Telsy
Elettronica e
Telecomunicazioni

Telecom Italia
Sparkle group

(*) Other activities include Telecom Italia Capital S.A.

Telecom Italia - Mobile telecommunications services

Olivetti Multiservices

Tecnoservizi Mobili

Telecom Italia Audit and Compliance Services

Telenergia

Telecom Italia – Group functions

Olivetti Multiservices

Tecnoservizi Mobili

Telecom Italia Audit and Compliance Services

Telenergia

HanseNet Telekommunikation

BBNed group

Tim Brasil group

Telecom Italia Media

Telecom Italia Media Broadcasting

MTV Italia

MTV Pubblicità

Telecom Media News

Olivetti group

Overview

On July 18, 1997, Old Telecom Italia's predecessor company was merged with and into Società Finanziaria Telefonica—per Azioni (“**STET**”), its parent holding company, with STET as the surviving corporation. As of the effective date of the merger, STET changed its name to “Telecom Italia S.p.A.”. In November 1997, the Ministry of the Treasury of the Republic of Italy completed the privatization of Telecom Italia, selling substantially all of its stake in the Old Telecom Italia Group through a global offering and a private sale to a stable group of shareholders.

On May 21, 1999, Olivetti, through a tender offer, obtained control of the Old Telecom Italia Group when approximately 52.12% of Old Telecom Italia Ordinary Shares were tendered to Olivetti. Through a series of transactions which started in July 2001, Olimpia, S.p.A. (“**Olimpia**”) acquired a 28.7% stake in Olivetti which resulted in the replacement of the then boards of directors of Olivetti and Old Telecom Italia.

On December 9, 2002, the Ministry of the Treasury sold its remaining stake in Old Telecom Italia Ordinary and Savings share capital.

On August 4, 2003, Old Telecom Italia merged with and into Olivetti (the “**Merger**”) with Olivetti as the surviving company changing its name to “Telecom Italia S.p.A.”. Following the Merger, the proportionate ownership of Telecom Italia's share capital by shareholders unaffiliated with Olimpia or Pirelli & C. S.p.A. (“**Pirelli**”), Olimpia's largest shareholder, increased substantially to approximately 88.43% of the outstanding Ordinary Shares. Following the Merger, Olimpia acquired additional shares through market purchases and, prior to the acquisition by Telecom Italia of the share capital in TIM it did not already own (the “**TIM Acquisition**”), Olimpia held approximately 17% of Telecom Italia's Ordinary Shares, making it the largest shareholder of Telecom Italia. As a result of a series of transactions in December 2004 and March 2005, Olimpia acquired additional Ordinary Shares reaching approximately 21.4% of the outstanding Ordinary Shares.

Following the issuance of shares of Telecom Italia in exchange for outstanding shares of TIM held by third parties, as a result of the merger of TIM into Telecom Italia through which the TIM Acquisition was effected, Olimpia's stake was diluted to approximately 18%.

On April 28, 2007, a group of investors (the “**Investors**” or the “**Parties**”), made up of 1) Assicurazioni Generali S.p.A., Sintonia S.A., Intesa Sanpaolo S.p.A., Mediobanca S.p.A. (the “**Class A Shareholders**”) and 2) Telefónica S.A., entered into a Co-Investment Agreement establishing terms and conditions for their participation in Telco, the vehicle through which the Investors purchased the entire share capital of Olimpia, from Pirelli and Sintonia S.p.A. and Sintonia S.A. (together “**Sintonia Sellers**”).

On May 4, 2007, the Investors entered into a Share Purchase Agreement with Pirelli and the Sintonia Sellers to purchase the entire share capital of Olimpia. The acquisition was subject to the necessary regulatory approvals from the competent authorities.

After having received such authorizations, the acquisition was completed on October 25, 2007 by Telco, to which Ordinary Shares equal to 5.6% of the ordinary share capital were contributed on the same date by Mediobanca S.p.A. and companies in the Generali Group. The total investment held by Telco S.p.A. was therefore equal to 23.595% of Telecom Italia's ordinary share capital, of which 17.99% were held through Olimpia.

Telco is held by Generali Group (28.1%), Intesa Sanpaolo S.p.A. (10.6%), Mediobanca S.p.A. (10.6%), Sintonia S.A. (8.4%) and Telefónica S.A. (42.3%).

Effective December 18, 2007, Olimpia merged with and into Telco, with Telco as the surviving company and directly holding a stake of 23.595% in Telecom Italia ordinary share capital.

On March 20, 2008 Telco acquired a further 121.5 millions of Ordinary Shares and increased its ownership in Telecom Italia's share capital to 24.5%.

Upon completion of the acquisition of the entire share capital of Olimpia, all the previous shareholders' agreements between Pirelli & C. S.p.A., the Sintonia Sellers, Olimpia and the relevant Investors (e.g. Assicurazioni Generali S.p.A. and Mediobanca S.p.A.) concerning Olimpia and Telecom Italia ceased to have any effect. The only existing agreements amongst its direct and indirect

shareholders that Telecom Italia is aware of are the agreements among the Investors and Telco. See “—Telecom Italia Shareholders’ Agreements” for a description of the new shareholder arrangements.

Telecom Italia Shareholders’ Agreements

The information contained herein regarding shareholders’ agreements has been derived from publicly available information filed by the parties involved with regulatory authorities. So far as Telecom Italia is aware, no facts have been omitted herein which would render the information misleading. No further or other responsibility in respect of such information is accepted by Telecom Italia.

According to the shareholders’ agreement entered into on April 28, 2007 by the Investors (the “**Shareholders Agreement**”), as soon as possible after the closing of the Share Purchase Agreement, the Board of Directors of Telco or Olimpia, as the case may be (and presently, as a result of the merger of Olimpia with and into Telco, the Board of Directors of Telco), shall approve the list to be submitted to the shareholders’ meeting of Telecom Italia, for the appointment of the directors of Telecom Italia, pursuant to the following criteria: (i) Telefónica—to the extent it holds at least 30% of Telco’s share capital—shall have the right vis-à-vis the other parties to designate two directors of Telecom Italia to be included as designees for appointment in the Board of Directors of Telecom Italia in the list and, to the extent feasible, pursuant to article 2386, first paragraph, of the Italian Civil Code (i.e. substitution of Directors) and (ii) the Class A Shareholders—to the extent holding at least 50% plus one share of Telco’s share capital—shall designate the other designees for appointment in the Board of Directors of Telecom Italia in the list as follows: (a) three designees unanimously and (b) the remaining designees on the basis of a proportionality criterium.

In accordance with the Shareholders’ Agreement, the Investors have agreed that Telecom Italia Group and Telefónica group will be managed autonomously and independently. In particular, the directors designated by Telefónica in Telco and Telecom Italia shall be directed by Telefónica to neither participate nor vote at the Board of Directors’ meetings at which resolutions will be discussed and proposed relating to the policies, management and operations of companies directly or indirectly controlled by Telecom Italia providing services in countries where regulatory and legal restrictions or limitations for the exercise of voting rights by Telefónica are in force.

On October 25, 2007, an Amendment to the Co-investment and Shareholders’ Agreement was signed in which, inter alia, the contents of the ruling by ANATEL (the Brazilian telecommunications regulator) announced on October 23, 2007 and published on November 5, 2007 (the “**Anatel Ruling**”), which approved the acquisition by Telco of an indirect shareholding in the Brazilian Telecom Italia subsidiaries, were acknowledged and each party undertook to implement the content thereof through appropriate legal measures and actions. In furtherance of that undertaking, respectively on November 19, 2007 and on November 20, 2007, the Shareholders Agreement and the By-laws of Telco were amended to implement the clauses contemplated in the ANATEL Ruling.

Specifically with respect to Telecom Italia’s Brazilian telecommunication operations, the Parties have agreed as follows.

While applicable regulatory restrictions and limitations exist:

- (i) Telefónica shall neither directly or indirectly participate in, nor vote or veto at a shareholders’ meetings held by Telco and Telecom Italia or by any other company directly or indirectly controlled by Telecom Italia, at which and when there will be discussed or proposed resolutions relating to any matters concerning the activities of any such companies directly or indirectly controlled by Telecom Italia in the rendering of their telecommunication services in the Brazilian market; Telefónica shall cause that the persons designated by Telefónica as members to the Boards of Directors, as members to Boards of Officers, as Officers or as members of other corporate bodies having equivalent duties of Telco and Telecom Italia shall neither participate in, nor vote or veto at meetings held by any such corporate bodies or at meetings of corporate bodies of any other company directly or indirectly controlled by Telecom Italia, at which and when there will be discussed or proposed resolutions relating to any matters concerning the activities of any such companies in the rendering of their telecommunication services in the Brazilian market;
- (ii) Telefónica shall not designate any member to the Board of Directors, Board of Officers, or any Officer or member of any other corporate bodies having equivalent duties, of companies located in Brazil directly or indirectly controlled by Telecom Italia and that provide telecommunication services in the Brazilian market, as well as to the Board of Directors, Board of Officers, or any Officer or member of any other corporate bodies having equivalent duties, of companies located in Brazil directly or indirectly controlling any such telecommunication services providers;
- (iii) Telefónica shall prohibit the companies directly or indirectly controlled by Telefónica which render telecommunication services in the Brazilian market from participating in any of the following relationships with companies directly or

indirectly controlled by Telecom Italia which render telecommunication services in the Brazilian market, when the terms and conditions thereof differ from those contemplated in the Brazilian rules applicable to telecommunication services: (a) significant financing transactions of any kind whatsoever, either as lenders or borrowers; (b) the granting of guarantees or collaterals of any kind whatsoever; (c) the transfer of assets under terms or conditions or at prices different from market conditions and prices; (d) the transfer of strategic technological know-how; (e) the provision of telecommunication services or related services under more favorable or privileged conditions; (f) operational agreements stipulating more favorable or privileged conditions; (g) the common use of resources, whether material, human or technological; (h) the joint contracting of goods or services; (i) the execution of legal instruments designed to permit the transfer or the assignment of shares or stocks among such telecommunication services providers, or the assignment of rights of first refusal with regard to the reciprocal transfer of shares or stocks; (j) the adoption of a common trademark or marketing and advertising strategy;

- (iv) the Investors shall renew and/or continue to observe the restrictions and limitations here described upon expiration of the term (April 28, 2010) or termination of the Shareholders Agreement for any reason including in the event of merger between Olimpia and Telco with Telco as surviving entity;
- (v) Telefónica shall not exercise direct or indirect control of any company directly or indirectly controlled by Telecom Italia in Brazil, as per the definition of control under the Brazilian telecommunications regulations in force even if Telefónica exercises the right to acquire shares of Telco, in the case of unilateral withdrawal provoked by another shareholder of Telco;
- (vi) the Investors shall instruct the members of the Boards of Directors of Telco appointed by each of them, as well as the members of the Board of Directors of Telecom Italia appointed by Telco to take such actions and make such deliberations as shall be necessary (a) to direct the preparers of the agendas for meetings of the Boards of Directors and/or the Chairmen of the respective Boards of Directors, as the case may be, of Telco, Telecom Italia, and Telecom Italia International N.V. or any other company located outside Brazil directly or indirectly controlled by Telecom Italia with investments in the Brazilian telecommunications sector, to divide the topics into separate agendas as follows: (i) one agenda for the meeting in which Telefónica's participation, through the Board members that it designated in the respective company, is allowed, and (ii) another agenda for the meeting in which the participation of Board members designated by Telefónica in such company is not allowed and in which the topics dealt with shall necessarily pertain to matters that deal with subjects related to the activities of the companies directly or indirectly controlled by Telecom Italia in rendering telecommunication services in the Brazilian market and to directly related topics, these latter being, necessarily, connected to the main topics as regards competition strategy, such as budgets for marketing campaigns and investment plans in product development, assets (*lato sensu*), instruments, all that, in sum, is directed towards the development of activities related to the activities of the companies directly or indirectly controlled by Telecom Italia in the rendering of telecommunication services in the Brazilian market; and (b) to cause to be delivered, under appropriate terms of confidentiality, to designated officers of TIM Celular S.A. and TIM Nordeste S.A., within thirty (30) days counted from the holding of the meetings of the Boards of Directors of Telco, Telecom Italia, Telecom Italia International or any other company located outside Brazil directly or indirectly controlled by Telecom Italia with investments in the Brazilian telecommunications sector, a copy of the Agendas and of the Minutes of the meetings referred to in item (a)(ii), above (with a translation into Portuguese), for delivery by them to the Brazilian telecommunications regulator within such term of thirty (30) days and under a requirement of confidentiality;
- (vii) the restrictions and limitations imposed on Telefónica shall survive also in the event of a demerger of Telco as provided in the Shareholders Agreement, as long as applicable regulatory restrictions and limitations exist at the time of such demerger.

In compliance with the Anatel Ruling, the Brazilian Telecom Italia subsidiaries submitted to Anatel the relevant corporate instruments to implement the measures and procedures required by the Anatel Ruling to assure the segregation of Telecom Italia's activities in Brazil from any potential influence of Telefónica on November 22, 2007, and subsequently proposed a list of additional possible measures on May 2, 2008. As a result, Telecom Italia's Brazilian subsidiaries continue to operate independently and autonomously in the Brazilian market.

The current Directors designated by Telefónica undertook to neither participate nor vote at the meetings where discussions will take place relating to activities of Telecom Italia and its participated companies in Brazil as well as in any market with situations similar to those existing in Brazil. Therefore, these board members will not participate in either discussions or votes in the Board of Directors

(as well as in the Executive Committee), when proposals or matters regarding the activities of Telecom Italia or its subsidiaries in the Brazilian and Argentine telecommunications markets are examined.

Potential Conflicts of Interest

No potential conflicts of interests exist between (i) any duties to Telecom Italia of the Telecom Italia Directors, Executive Officers and Statutory Auditors, and (ii) the private interests, and/or other duties, of such persons, provided that (i) the Shareholders' Meeting of Telecom Italia held on April 14, 2008 approved a specific waiver, as per article 2390 of the Italian Civil Code, authorizing the candidates appointed as directors at such Shareholders' Meeting to conduct activities in competition with the Company, and (ii) certain Telecom Italia Directors (specifically Mr. Alierta and Mr. Linares, who are respectively Chairman and Chief Executive Officer of Telefónica) are key managers in companies that are direct competitors of the Group outside of Italy.

In addition to the specific situations and waiver referred above, some of the Directors and Statutory Auditors of Telecom Italia, besides their role in Telecom Italia, serve management and/or supervisory duties in other companies and/or institutions (see "Directors", "Description of Directors' Outside Interests" and "Board of Statutory Auditors" as referred to in the Telecom Italia Annual Report incorporated herein by reference). Consequently, it cannot be excluded that potential conflicts of interests may arise in the future, should said companies and/or institutions enter into commercial or other type of transactions with Telecom Italia which are not at arms' length and within the ordinary course of business and/or are capable to significantly influence the profits and losses, assets and liabilities and financial situation of Telecom Italia or of the Telecom Italia Group.

Recent Developments

Telecom Italia Capital S.A. Note Issue

On June 4, 2008, Telecom Italia Capital S.A. issued new multi-tranche notes on the United States market for a total of U.S.\$2,000 million, guaranteed by Telecom Italia S.p.A.. The notes are divided into two tranches:

- U.S.\$1,000 million (equal to €635.5 million at the pricing date), 6.999% annual fixed rate with semi-annual interest coupon, issue price at 100%, maturing June 4, 2018;
- U.S.\$1,000 million (equal to €635.5 million at the pricing date), 7.721% annual fixed rate with semi-annual interest coupon, issue price at 100%, maturing June 4, 2038;

Such notes are the subject of this listing prospectus.

Telecom Italia's financial results for the first quarter of 2008

On May 9, 2008, Telecom Italia announced its financial results for the three months ended March 31, 2008.

For further details please see "Summary Selected Financial Information" on pages 37 – 42 and Telecom Italia's First Quarter 2008 Report 6-K, filed with the SEC on July 9, 2008 incorporated herein by reference.

Expropriation of the shares of Entel Bolivia

On May 1, 2008, a Supreme Decree of the Bolivian government was published which calls for the expropriation of the shares of Entel S.A., which we refer to as Entel Bolivia, held by the Telecom Italia Group. The same decree states that a price was to be decided for the expropriated shares within 60 days and that all of the recorded and contingent liabilities of Entel S.A. would be deducted from that price.

The carrying amount of Entel Bolivia in the consolidated financial statements of the Telecom Italia Group was equal to €39.5 million at March 31, 2008.

ETI, which is wholly-owned by Telecom Italia and is the direct owner of the Telecom Italia Group's 50% interest in Entel Bolivia, has had an arbitration proceeding pending before ICSID (International Center for Settlement of Investment Disputes) since October 2007 for violation of the bilateral treaty between Bolivia and the Netherlands on the protection of investments in relation to the expropriation procedures initiated by the Bolivian government. ICSID is currently following the procedure for appointing the arbitration board. ETI has, as a precautionary measure, attached Entel Bolivia's funds in excess of €50 million in foreign accounts and intends to take all the steps necessary to safeguard its investment. Bolivia and Entel Bolivia challenged the attachments. Courts in the United Kingdom and the United States recently lifted the attachments. ETI is taking all necessary steps to resist in the U.S. proceedings.

Credit rating

On May 12, 2008, Moody's revised its expectations on Telecom Italia, upgraded its outlook from Negative to Stable, and reaffirmed the Baa2 rating on the company.

Tax audit of the 2002 merger of Blu into Tim

In connection with the tax audit of the 2002 merger of Blu into Tim described in the Telecom Italia Annual Report, on May 7, 2008 a provisional tax bill was notified to the Telecom Italia Group which refers to half the taxes (plus penalties and interest) provisionally assessed in respect of the tax dispute regarding the utilization of Blu's tax loss carryforwards, for a total amount of €182 million. Telecom Italia has requested the suspension of payment until the Tax Commission issues its decision on the claim filed against the tax assessment. A suspension was granted on June 26, 2008 until next hearing which is expected to take place at the beginning of November 2008.

Industrial agreement signed with Fastweb for new generation network infrastructure

In June 2008 Telecom Italia and Fastweb signed an agreement aimed at the sharing of infrastructure necessary for the realization of the New Generation Network, applying a model of cooperation open to all interested operators. Under this agreement, Telecom Italia and Fastweb will cooperate in the development of a network infrastructure aiming at accelerating the process and rationalizing costs. In a renewed spirit of cooperation, the parties have also settled a number of legal and regulatory claims which they had been disputing for some time. The matters settled included: (i) Fastweb's damages claim against Telecom Italia for alleged unfair behavior in the business customer segment (following the Antitrust Authority's procedure A 351); (ii) disputes relating to the level of Fastweb's fixed-line termination tariffs and to those applied by Telecom Italia on the mobile network; (iii) Telecom Italia's contesting of Fastweb's adjudication of the Consip tender (to supply telephone services to the public administration); (iv) the reconciliation of a number of accounts items which the two parties had been disputing. The settlement does not include matters related to Fastweb's legal action against Telecom Italia in the area of win-backs (now subject of an Antitrust investigation begun in October 2007). The economic effects of the settlement for Telecom Italia will be fully covered by dedicated risk provisions already set aside in the 2007 accounts.

As noted above, still pending before the Milan Court of Appeal is the action brought by Fastweb in October 2007 for the alleged abusiveness of Telecom Italia's win-back strategy in the markets for the supply of fixed voice telephony services to residential users and non-residential users and retail broadband Internet access.

New organizational structure and efficiency plan with headcount reduction

On June 4, 2008, a new division called "Domestic Market Operations Division" was constituted. It will have the task of integrating management and control of the present Fixed, Mobile and Top Clients structures. The new Division will be headed by Oscar Cicchetti and will report directly to the Chief Executive Officer. The Domestic Market Operations Division will progressively adopt a "Customer Centric" organizational model, substituting the current technology based organisation (fixed/mobile) with a model based on customer segments. The new structure will bring cost efficiencies, as well as substantial improvement in the capacity to compete, always in accordance with the current and future regulatory framework. Oscar Cicchetti will also continue to head International Activities, while the Strategy and National Wholesale Services functions will report directly to the Chief Executive Officer.

On June 4, 2008, Telecom Italia approved the efficiency plan entailing a headcount reduction in Italy of approximately five thousand employee units by 2010 and a consequent reduction in costs, on completion, of approximately €300 million a year. This initiative will incur additional restructuring charges of approximately €250 million, compared with €100 million already included in the 2008 Plan. These changes will mainly impact 2008 results and the relative targets announced in March 2008 and are expected to be more than offset by savings expected in the next two years.

Vodafone Litigation

On June 6, 2008, Italy's highest appeals court upheld a decision by the country's top administrative court in favor of the Italian unit of Vodafone in connection with a lawsuit filed in 1999, requiring Telecom Italia to pay approximately €18 million to Vodafone.

In a judgment published on May 19, 2008, the Supreme Court declared inadmissible the appeal filed by Telecom Italia in December 2005 against the ruling of the Council of State, which in October 2005 had annulled AGCom Resolution no. 1/CIR/98 (approving Telecom Italia's reference interconnection offering ("RO")), thereby overturning the judgment of the Lazio Regional Administrative Court.

The question originated from the petition with which Omnitel (now Vodafone) challenged the part of AGCom Resolution no. 1/CIR/98 that (in approving, with amendments, the RO prepared by Telecom Italia) had established that, pursuant to a ministerial decree

issued on April 23, 1998, the new economic conditions for interconnections would become effective for the existing mobile operators (Tim and Omnitel) from July 24, 1998 (the date Telecom Italia's RO was submitted) rather than retroactively from January 1, as envisaged for the fixed-network operators.

In November 2005, following the State Council's favorable decision, Vodafone had transmitted an extra-judicial request to Telecom Italia for the restitution of more than €16 million in alleged overpayments for interconnection services supplied between January 1 and July 24, 1998. The sum was not paid in view of the appeal pending before the Supreme Court.

With the publication of the Supreme Court's judgment, the partial annulment of AGCom Resolution no. 1/CIR/98 must now be considered definitive.

Negotiations with Iliad for the Sale of Alice France

On June 9, 2008, Telecom Italia announced that it had entered into exclusive negotiations with Iliad S.A. for the sale of Liberty Surf group S.a.S.. Liberty Surf group is the Internet Service Provider which operates in France principally through the Telecom Italia's Alice brand. The operation is dependent upon the necessary approvals and its conclusion is expected to take place by the end of September 2008 on the basis of an enterprise value of approximately €800 million.

Appointment of new Chief Financial Officer

On June 19, 2008, Telecom Italia announced that its Chief Financial Officer, Enrico Parazzini, will resign following approval by the Board of Directors of Telecom Italia's first-half financial results, scheduled for August 8, 2008. Mr. Parazzini will be replaced by Marco Patuano who is currently the General Manager Operations for Telecom Argentina.

Commitments proposal submitted to AGCom aimed at improving the quality of service offered to end users and other operators

On June 19, 2008, the Board of Directors of Telecom Italia approved a proposal of commitments presented to AGCom, the Italian regulatory authority on communications, which have as their goal the development of the access market through concrete measures for a more effective equality of internal-external treatment and complete transparency towards the wholesale market regarding the quality and evolution of Telecom Italia's access network. This initiative follows the adoption by Telecom Italia of a new organizational model which gathers together, in the *Open Access* division, all the activities of access network development and management with the aim of increasing efficiency, improving quality, developing innovation, and guaranteeing transparency. Telecom Italia has also proposed specific commitments aimed at eliminating the consequences of certain behavior which had been signalled by AGCom in a number of sanctions proceedings.

Argentina Litigation

On June 27, 2008, W de Argentina - Inversiones SL ("**Los W**"), partner of Telecom Italia and Telecom Italia International N.V. ("**TII**") in Sofora Telecomunicaciones S.A. ("**Sofora**"), brought an ordinary proceeding before the commercial court of Buenos Aires against TII, requesting that the call option agreement, executed between TII and Los W in 2003, is declared null and void for violation of the Argentinean law. On the same date, TII and Sofora were notified with a precautionary measure granted *inaudita altera parte* in the same proceeding, at the request of Los W, ordering Sofora to register in the Sofora's book of shares the existence of such claim. TII will take all the necessary steps to have the claim rejected, in view of its absolute lack of grounds.

On June 26, 2008, Secom (the Argentinian telecommunication Authority) served Telecom Italia and TII with a "Nota" which provides that the two companies have to request the prior authorization by the Secom in case of entrance into agreements and other acts having the effect of: (i) increasing in whichever way their direct or indirect shareholdings in the Telecom Argentina Group companies; (ii) disposing to third parties of Telecom Italia /TII rights on Sofora shares or on the call options on Sofora shares; (iii) the consummation of any transaction with third parties in violation of the applicable antitrust law and in prejudice to the general economic interests. On July 16, 2008 the Secom, upon request of Telecom Italia/TII, granted access to the file to such parties.

Schuldschein certificates of indebtedness

On July 31, 2008 Telecom Italia Finance S.A. issued "Schuldschein" certificates of indebtedness for a nominal amount of €250 million, with a 6.25% fixed coupon, 99.23% issue price and 5-year tenor; the "Schuldschein" is guaranteed by Telecom Italia S.p.A. Settlement of the transaction will occur on August 7, 2008.

Summary Selected Financial Information

The summary selected financial data set forth below are consolidated financial data of the Telecom Italia Group as of and for:

- each of the years ended December 31, 2007, 2006, 2005 and 2004, which have been extracted or derived from the consolidated financial statements of the Telecom Italia Group prepared in accordance with IFRS and which have been audited by the independent registered public accounting firm Reconta Ernst & Young S.p.A.; and
- each of the three months ended March 31, 2008 and 2007, which have been extracted or derived from the unaudited interim consolidated financial statements of the Telecom Italia Group included in the First Quarter 2008 Report 6-K which is incorporated in this listing prospectus by reference.

Until December 31, 2004, Telecom Italia prepared its consolidated financial statements and other interim financial information (including quarterly and semi-annual reports) in accordance with Italian GAAP. Pursuant to SEC Release 33-8567, “*First-Time Application of International Financial Reporting Standards*”, Telecom Italia is only required to include Selected Financial Data prepared in compliance with IFRS extracted or derived from the Consolidated Financial Statements for the years ended December 31, 2007, 2006, 2005 and 2004 (earlier periods are not required to be included).

Furthermore, pursuant to SEC Release No. 33-8879, “*Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP*”, Telecom Italia includes Selected Financial Data prepared in compliance with IFRS, without reconciliation to U.S. GAAP.

The selected financial data below should be read in conjunction with the consolidated financial statements and notes thereto included in the Telecom Italia Annual Report incorporated in this listing prospectus by reference.

	Year ended December 31,				Three months ended	
	2007 ⁽¹⁾	2006 ⁽¹⁾	2005 ⁽¹⁾	2004 ⁽¹⁾	2008 ⁽²⁾	2007 ⁽²⁾
	(millions of Euro)				(Unaudited) (millions of Euro)	
Income Statement Data:						
Revenues ⁽³⁾	31,290	31,275	29,919	28,292	7,298	7,475
Operating profit ⁽³⁾	5,764	7,437	7,499	7,603	1,528	1,817
Profit from continuing operations	2,419	2,996	3,140	2,952	557	835
Profit (loss) from Discontinued operations/ Non-current assets held for sale	36	7	550	(118)	(75)	(60)
Profit for the period	2,455	3,003	3,690	2,834	482	775
<i>of which:</i>						
• Profit attributable to equity holders of the Parent ⁽⁴⁾ ..	2,448	3,014	3,216	1,815	501	775
• Profit (loss) attributable to Minority Interest	7	(11)	474	1,019	(19)	-

	Year ended December 31,				Three months ended March 31,	
	2007 ⁽¹⁾	2006 ⁽¹⁾	2005 ⁽¹⁾	2004 ⁽¹⁾	2008 ⁽²⁾	2007 ⁽²⁾
	(thousands of Euro, except percentages and per share amounts)				(thousands of Euro, except percentages and per share amounts) (Unaudited)	
Financial Ratios:						
— Revenues/Employees (average number in the Telecom Italia Group) ⁽⁵⁾	393.0	391.0	374.6	355.4	94.3	96.2
— Operating profit/Revenues (ROS)(%)	18.4	23.8	25.1	26.9	20.9	24.3
Basic and Diluted earnings per Share (EPS)⁽⁶⁾:						
— Ordinary Share	0.12	0.15	0.17	0.11	0.03	0.04
— Savings Share	0.13	0.16	0.18	0.12	0.04	0.05
<i>Of which:</i>						
— From continuing operations:						
• Ordinary Share	0.12	0.15	0.14	0.12	0.03	0.04
• Savings Share	0.13	0.16	0.15	0.13	0.04	0.05
— From Discontinued operations/Non-current assets held for sale:						
• Ordinary Share	—	—	0.03	(0.01)	—	—
• Savings Share	—	—	0.03	(0.01)	—	—
Dividends:						
• per Ordinary Share	0.0800 ⁽⁷⁾	0.1400	0.1400	0.1093	—	—
• per Savings Share	0.0910 ⁽⁷⁾	0.1510	0.1510	0.1203	—	—

	As of December 31,				As of March 31, 2008 ⁽²⁾
	2007 ⁽¹⁾	2006 ⁽¹⁾	2005 ⁽¹⁾	2004 ⁽¹⁾	
	(millions of Euro, except percentages and employees)				(millions of Euro, except percentages and employees) (Unaudited)
Balance Sheet Data:					
Total Assets	87,425	89,457	96,010	81,834	85,885
Equity:					
• Equity attributable to the equity holders of the Parent ⁽⁴⁾	25,922	26,018	25,662	16,248	26,178
• Equity attributable to Minority Interest	1,063	1,080	1,323	4,550	973
Total equity	26,985	27,098	26,985	20,798	27,151
Total liabilities	60,440	62,359	69,025	61,036	58,734
Total equity and liabilities	87,425	89,457	96,010	81,834	85,885
Share capital⁽⁸⁾	10,605	10,605	10,599	8,809	10,605
Financial Ratios:					
• Net financial debt/Net invested capital (debt ratio)(%) ⁽⁹⁾	57.0	57.9	59.6	61.2	56.6
• Employees (number in the Telecom Italia Group at period-end, excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale and including personnel with temporary work contracts) ⁽³⁾	83,429	83,209	85,484	82,620	81,865

	As of December 31,					As of and for the period ended March 31, 2008 ⁽²⁾
	2007 ⁽¹⁾	2006 ⁽¹⁾	2005 ⁽¹⁾	2004 ⁽¹⁾	2003 ⁽¹⁾	
Statistical Data:						
Domestic fixed:						
Fixed network connections in Italy (thousands)	22,124	23,698	25,049	25,957	26,596	21,648
Physical accesses (Consumer + Business) (thousands)...	19,221	20,540	21,725	22,395	22,962	18,797
Voice pricing plans (thousands)	6,375	6,468	6,321	5,883	5,547	6,243
BroadBand accesses in Italy (thousands)	7,590	6,770	5,707	4,010	2,040	7,728
Virgilio page views powered by Alice (millions)	14,737	13,283	9,842	7,902	6,612	4,037
Virgilio powered by Alice average monthly single visitors (millions).....	21.7	19.1	15.7	13.9	12.0	25.3
Network infrastructure in Italy:						
• access network in copper (millions of km—pair)...	106.8	105.7	105.2	105.2	105.2	106.8
• access network and transport in optical fiber (millions of km of fiber)	3.8	3.7	3.7	3.7	3.6	3.8
Network infrastructure abroad:						
• European backbone (km of fiber)	55,000	51,000	51,000	39,500	39,500	55,000
• Mediterranean (km of submarine cable).....	7,000	7,000	7,000	7,000	7,000	7,000
• South America (km of fiber)	30,000	30,000	30,000	30,000	30,000	30,000
Domestic Mobile:						
Mobile telephone lines in Italy at period-end (thousands).....	36,331	32,450	28,576	26,259	26,076	35,930
Prepaid lines at period-end (thousands)(10).....	30,834	28,080	25,365	23,398	23,386	30,221
European Broadband:						
BroadBand accesses in Europe at period-end (thousands)(11).....	3,439	1,890	1,313	420	160	2,558
Brazil Mobile:						
Mobile telephone lines in Brazil at period-end (thousands).....	31,254	25,410	20,171	13,588	8,304	32,533
Media:						
La7 average audience share Free to Air (analog mode) for the period (%).....	3.0	3.0	2.7	2.4	2.2	3.1
La7 average audience share Free to Air (analog mode) for the last month of the period (%).....	3.1	3.1	3.1	2.6	2.2	3.1

(1) The Liberty Surf group is included among continuing operations.

(2) Starting from January 1, 2008, the Liberty Surf group is treated as a non-current assets held for sale, and the data relating to the three months ended March 31, 2007, has been restated for comparison purposes.

(3) The table below sets forth revenues, operating profit (loss), capital expenditures and number of employees by Business Units, for each of the years ended December 31, 2007, 2006 and 2005. The data relating to 2006 and 2005 have been reclassified and presented consistently with the 2007 presentation.

	Period	Domestic	European Broadband	Brazil Mobile	Media	Olivetti	Other Operations	Adjustments and Eliminations	Consolidate d Total
(millions of Euro, except number of employees)									
Revenues ^(a)	2007	24,220	1,545	4,990	263	408	251	(387)	31,290
	2006	25,785	915	3,964	207	440	234	(270)	31,275
	2005	25,820	565	2,900	180	452	280	(278)	29,919
Operating profit (loss)	2007	5,751	(69)	150	(117)	(66)	63	52	5,764
	2006	7,676	(125)	21	(137)	(50)	37	15	7,437
	2005	7,895	(117)	(190)	(130)	(38)	17	62	7,499
Capital expenditures	2007	4,064	508	865	69	8	16	(10)	5,520
	2006	3,894	467	699	85	10	21	(62)	5,114
	2005	3,941	304	842	65	19	21	(19)	5,173
Number of employees at period-end ^(b)	2007	64,362	4,551	10,030	1,016	1,279	2,191	–	83,429
	2006	66,835	3,066	9,531	919	1,428	1,430	–	83,209
	2005	69,362	2,494	9,043	886	1,750	1,949	–	85,484

(a) Revenues are total revenues of the various business units of the Telecom Italia Group before elimination of intercompany sales (but after elimination of sales between companies within the same business area).

- (b) Number of employees at period-end excludes employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale, and includes personnel with temporary work contracts.

The table below sets forth revenues, operating profit (loss), capital expenditures and number of employees by Business Units, for each of the periods ended March 31, 2008 and 2007. The data relating to the first quarter 2007 have been reclassified and presented consistently with the first quarter 2008 presentation.

<u>Period</u>	<u>Domestic</u>	<u>European BroadBand</u>	<u>Brazil Mobile</u>	<u>Media</u>	<u>Olivetti</u>	<u>Other operations</u>	<u>Adjustments and eliminations</u>	<u>Consolidated Total</u>
(millions of Euro, except number of employees)								
(Unaudited)								
Revenues(a).....1st Quarter 2008	5,619	323	1,224	74	83	76	(101)	7,298
1st Quarter 2007	6,009	216	1,100	58	83	60	(51)	7,475
Operating 1st Quarter 2008	1,566	6	(17)	(37)	(9)	17	2	1,528
profit (loss).....1st Quarter 2007	1,790	22	16	(26)	(14)	15	14	1,817
Capital 1st Quarter 2008	970	100	139	18	1	1	(1)	1,228
expenditures.....1st Quarter 2007	867	110	116	30	2	3	-	1,128
Number of employees at March 31, 2008 (b)	64,160	3,157	10,081	1,047	1,259	2,161	-	81,865
period-end December 31, 2007(c)	64,362	3,191	10,030	1,016	1,279	2,191	-	82,069

- (a) Revenues are total revenues of the various business units of the Telecom Italia Group before elimination of intercompany sales (but after elimination of sales between companies within the same business area).
- (b) Number of employees at period-end excludes employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale, and includes personnel with temporary work contracts.
- (c) The data at December 31, 2007, has been restated for purposes of comparison by considering the Liberty Surf group among Non-current assets held for sale.

The table below sets forth for each of the periods ended March 31, 2008 and 2007 revenues, operating profit (loss), profit (loss) from Discontinued operations/Non-current assets held for sale, capital expenditures and number of employees of the Liberty Surf group activities considered as a Non-current assets held for sale:

		Discontinued operations/Non-current assets held for sale		
		Liberty Surf group	Others, adjustments and eliminations	Total
		(millions of Euro, except number of employees) (Unaudited)		
Revenues	1 st Quarter 2008	117	(39)	78
	1 st Quarter 2007	88	(23)	65
Operating profit (loss)	1 st Quarter 2008	(64)	-	(64)
	1 st Quarter 2007	(54)	-	(54)
Profit (loss) from Discontinued operations/Non-current assets held for sale	1 st Quarter 2008	(75)	-	(75)
	1 st Quarter 2007	(60)	-	(60)
Capital expenditures	1st Quarter 2008	39	-	39
	1st Quarter 2007	32	-	32
Number of employees at period-end	March 31, 2008	1,356	-	1,356
	December 31, 2007	1,360	-	1,360

- (4) For purposes of IFRS, "Parent," as used in this listing prospectus and in the Telecom Italia Annual Report, means Telecom Italia S.p.A..
- (5) The average number of employees in the Telecom Italia Group (excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale and including personnel with temporary work contracts) was 79,628, 79,993, 79,869 and 79,602 in 2007, 2006, 2005 and 2004, respectively and 77,374 in the three months ended March 31, 2008 and 77,687 in the three months ended March 31, 2007.
- (6) In accordance with IAS 33 (*Earnings per share*), basic earnings per Ordinary Share is calculated by dividing the Telecom Italia Group's profit available to shareholders by the weighted average number of shares outstanding during the period, excluding treasury shares. Since Telecom Italia has both Ordinary and Savings Shares outstanding, the calculations also take into account the requirement that holders of Savings Shares are entitled to an additional dividend equal to 2% of the par value of shares above dividends paid on the Ordinary Shares.

For the purpose of these calculations, the weighted average number of:

- Ordinary Shares was 13,254,973,832 for the three months ended March 31, 2008 and 13,254,923,109 for the three months ended March 31, 2007 and 13,254,934,303 for the year ended December 31, 2007, 13,254,860,233 for the year ended December 31, 2006, 12,283,195,845 for the year ended December 31, 2005 and 10,208,327,613 for the year ended December 31, 2004; and
- Savings Shares was 6,026,120,661 for the three months ended March 31, 2008 and 2007 and 6,026,120,661 for the years ended December 31, 2007 and 2006, 5,930,204,164 for the year ended December 31, 2005 and 5,795,921,069 for the year ended December 31, 2004.

For diluted earnings per share the weighted average number of shares outstanding is adjusted assuming conversion of all dilutive potential shares. Potential shares are those securities that, if converted into shares, would increase the total number of shares outstanding and reduce the earnings attributable to each share. Potential shares include options, warrants and convertible securities. Telecom Italia Group's profit is also adjusted to reflect the impact of the conversion of potential shares net of the related tax effects.

- (7) Telecom Italia's dividend coupons for the year ended December 31, 2007 were clipped on April 21, 2008 and were payable from April 24, 2008.
- (8) Share capital represents share capital issued net of the par value of treasury shares.

(9) Net Financial Debt is one of the alternative performance measures presented in addition to the conventional financial performance measures established by IFRS for purposes of a better understanding of the trend of operations and the financial condition of the Telecom Italia Group. Specifically, Telecom Italia believes that the Net Financial Debt provides an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets (financial receivables and securities other than equity investments). Net Financial Debt is also used in presentations to investors and analysts. Net Financial Debt is calculated as follows:

	As of December 31,				As of March
	2007	2006	2005	2004	31, 2008
	(millions of Euro)				(Unaudited)
					(millions of Euro)
GROSS FINANCIAL DEBT					
Non-current financial liabilities (Long-term debt)					
Financial payables	35,241	38,842	40,252	36,862	34,005
Finance lease liabilities	1,809	1,847	1,894	1,860	1,802
Other financial liabilities.....	1	114	—	3	—
	<u>37,051</u>	<u>40,803</u>	<u>42,146</u>	<u>38,725</u>	<u>35,807</u>
Current financial liabilities (Short-term debt), excluding financial liabilities directly associated with Discontinued operations/Non-current assets held for sale					
Financial payables	6,315	5,374	9,572	4,168	6,023
Finance lease liabilities	262	269	234	227	263
Other financial liabilities.....	8	10	6	5	8
	<u>6,585</u>	<u>5,653</u>	<u>9,812</u>	<u>4,400</u>	<u>6,294</u>
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale.....	—	—	143	188	776
TOTAL GROSS FINANCIAL DEBT (A).....	<u>43,636</u>	<u>46,456</u>	<u>52,101</u>	<u>43,313</u>	<u>42,877</u>
FINANCIAL ASSETS					
Non-current financial assets					
Securities other than investments	9	12	8	7	14
Financial receivables and other non-current financial assets.....	686	679	988	386	919
	<u>695</u>	<u>691</u>	<u>996</u>	<u>393</u>	<u>933</u>
Current financial assets, excluding financial assets classified under Discontinued operations/Non-current assets held for sale					
Securities.....	390	812	378	457	234
Financial receivables and other current financial assets	377	433	509	662	1,182
Cash and cash equivalents.....	6,473	7,219	10,323	8,855	5,068
	<u>7,240</u>	<u>8,464</u>	<u>11,210</u>	<u>9,974</u>	<u>6,484</u>
Financial assets classified under Discontinued operations/Non-current assets held for sale.....	—	—	37	84	24
TOTAL FINANCIAL ASSETS (B).....	<u>7,935</u>	<u>9,155</u>	<u>12,243</u>	<u>10,451</u>	<u>7,441</u>
NET FINANCIAL DEBT (A-B).....	<u>35,701</u>	<u>37,301</u>	<u>39,858</u>	<u>32,862</u>	<u>35,436</u>

(10) Excludes "not-human" Subscriber Identity Modules (SIM).

(11) Data as of March 31, 2008, exclude 954 thousands of BroadBand accesses, related to the Liberty Surf group, which is in process of being sold. For accounting purposes it is treated as a Non-current assets held for sale as of January 1, 2008.

USE OF PROCEEDS

The net proceeds from the issuance and sale of the notes, after deducting the underwriting discount (U.S.\$13.25 million), were approximately U.S.\$1,987 million, which at the Noon Buying Rate of €1=U.S.\$1.5628 effective on May 28, 2008, corresponds to approximately €1,271 million. These proceeds were used for loans to the Telecom Italia Group companies for their general corporate purposes, which may include the repayment of existing indebtedness.

DESCRIPTION OF THE NOTES AND GUARANTEES

General

The notes covered by this listing prospectus are senior debt issued by TI Capital and guaranteed by Telecom Italia.

TI Capital issued the notes under an indenture dated as of October 6, 2004 among TI Capital, Telecom Italia and The Bank of New York (as successor to JPMorgan Chase Bank), as trustee, as supplemented by a fourth supplemental indenture, dated as of June 4, 2008, among TI Capital, Telecom Italia and The Bank of New York, as trustee. Herein we refer to the indenture as supplemented by the fourth supplemental indenture as the “indenture”. The trustee has normal banking relationships with us. We have filed the indenture with the SEC as an exhibit to our Registration Statement on Form F-3 (Reg. No. 333-127351) which was filed with the SEC on August 9, 2005. Copies of the indenture, as supplemented, can be obtained as set forth in “Where You Can Find More Information”.

The following briefly summarizes the material provisions of the indenture, as supplemented and the debt securities. You should read the more detailed provisions of the indenture, including the defined terms, for provisions that may be important to you. You should also read the particular terms of a series of debt securities. Wherever particular sections or defined terms of the indenture are referred to, such sections or defined terms are incorporated into this listing prospectus by reference, and the statement in this listing prospectus is qualified by that reference.

The indenture provides that debt securities may be issued in one or more series, with different terms, in each case as we authorize from time to time. We also have the right to reopen a previous issue of a series of debt securities by issuing additional debt securities of such series.

The debt securities are governed and construed in accordance with the laws of the State of New York. The provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of August 10, 1915, as amended, are excluded and will not be applicable. In connection with any legal action or proceeding relating to the debt securities, TI Capital has agreed to submit to the nonexclusive jurisdiction of any Federal or State court in the Borough of Manhattan, the City of New York.

Under New York law, claims relating to payment of principal and interest on the notes will be prescribed according to the applicable statute of limitations.

BNP Paribas Securities Services, Luxembourg Branch will act at Luxembourg paying agent, listing agent and transfer agent.

We issued the debt securities only in registered form. As currently anticipated, debt securities of a series will trade in book-entry form, and global securities will be issued in physical (paper) form, as described below under “—Book-Entry System” and “—Definitive Debt Securities”.

Principal, Maturity and Interest

The notes were issued in two series referred to herein as the 2018 notes (\$1,000,000,000 6.999% Guaranteed Senior Notes due 2018 (CUSIP 87927VAU2; ISIN US87927VAU26, Common Code 036871903)) and the 2038 notes (\$1,000,000,000 7.721% Guaranteed Senior Notes due 2038 (CUSIP 87927VAV0; ISIN US87927VAV09, Common Code 036834323).

Unless previously redeemed, see “—Redemption at TI Capital’s Option” and “—Optional Tax Redemption,” the aggregate outstanding principal amount of each series of notes will be payable on the applicable maturity date.

Interest on the notes will be paid by check mailed to the persons in whose names the notes are registered at the close of business on the applicable record date or, at our option, by wire transfer to accounts maintained by such persons with a bank located in the United States. For so long as the notes are represented by global notes, we will make payments of interest by wire transfer to The Depository Trust Company (“DTC”) or its nominee, as the case may be, which will distribute payments to beneficial holders in accordance with its customary procedures.

The notes are not entitled to any sinking fund. The provisions of the indenture described under “Description of Debt Securities and Guarantees—Discharge and Defeasance” will apply to the notes.

The issue price is 100% of the principal amount for the 2018 notes and for the 2038 notes.

The 2018 notes bear interest at a rate of 6.999% per annum; and the 2038 notes bear interest at a rate of 7.721% per annum. The notes bear interest from June 4, 2008.

The yield on the notes is the return you will receive by holding the notes for a period of time. For example, current yield, which calculates the percentage return that annual interest payments might provide to you, is calculated as follows:

$$\text{Current Yield} = \frac{\text{Annual Dollar Interest Paid}}{\text{Market Price}} \times 100\%$$

You may wish to calculate the adjusted current yield, yields to maturity, yield to call and other yields in making an investment decision with respect to the notes.

The 2018 notes were issued in an aggregate principal amount of \$1,000,000,000 and the 2038 notes were issued in an aggregate principal amount of \$1,000,000,000. Each 2018 note will mature on June 4, 2018 and each 2038 note will mature on June 4, 2038. The 2018 notes and the 2038 notes will bear interest at the respective rates per annum shown on the cover page of this listing prospectus. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on the 2018 notes and the 2038 notes will accrue from the date of original issuance, or from the most recent interest payment date to which interest has been paid or provided for. We will pay interest on the 2018 notes and 2038 notes semi-annually in arrears on June 4 and December 4 of each year, commencing December 4, 2008 to holders of record at the close of business on the immediately preceding May 16 and November 15, respectively.

If any interest payment date or the maturity of the 2018 notes or the 2038 notes falls on a day that is not a Business Day, the related payment of principal, premium, if any, or interest will be made on the next succeeding Business Day as if made on the date the payment was due, and no interest will accrue on the amount payable for the period from and after the interest payment date or maturity, as the case may be.

Business Day means any day other than a Saturday or Sunday or a day on which banking institutions in The City of New York, New York are generally authorized or obligated by law, regulations or executive order to close.

Guarantees

Telecom Italia has fully unconditionally and irrevocably guaranteed the due and punctual payment of the principal of, premium, if any, and interest on the debt securities issued by TI Capital, including any additional amounts which may be payable by TI Capital in respect of the debt securities, as described under "—Payment of Additional Amounts". Telecom Italia has guaranteed the payment of such amounts when such amounts become due and payable, whether at the stated maturity of the debt securities, by declaration or acceleration, call for redemption or otherwise.

The guarantees of Telecom Italia for the debt securities by TI Capital are unsecured obligations of Telecom Italia and each ranks equally in right of payment with other unsecured and unsubordinated indebtedness of Telecom Italia. Telecom Italia has provided a restriction on liens for the benefit of the debt securities as provided under "—Restrictive Covenants—Restrictions on Liens". In connection with other debt issuances (including debt issued by Olivetti), Telecom Italia has provided different restrictions on liens that in some cases could be viewed as more restrictive. Consequently it is possible that, under certain limited circumstances, other debt of Telecom Italia could be secured when the notes covered by this listing prospectus are not secured.

The guarantees are governed and construed in accordance with the laws of the State of New York. In connection with any legal action or proceeding relating to the guarantees, Telecom Italia has agreed to submit to the nonexclusive jurisdiction of any Federal or State court in the Borough of Manhattan, the City of New York.

Legal Ownership

Book-Entry System

Upon issuance, each series of debt securities was represented by one or more global securities (each a "Global Security"). Each Global Security was deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC. Except under the circumstances described below, Global Securities are not exchangeable at the option of the holder for certificated debt securities and Global Securities will not otherwise be issuable in definitive form. The Bank of New York, as custodian for the DTC, has received the Global Securities on behalf of the DTC. The Bank of New York's address is set forth on the back cover page of the listing prospectus. TI Capital's records in respect of its capital structure, including the issuance of the Global Securities, reflect that the Global Securities were deposited with or on behalf of the DTC. TI Capital's address is set forth on the back cover of the listing prospectus

Upon issuance of the Global Securities, DTC credited the respective principal amounts of the debt securities represented by the Global Securities to the accounts of institutions that have accounts with DTC or its nominee

(“**participants**”), including Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream**”). Ownership of beneficial interests in the Global Securities was limited to participants or persons that hold interests through participants. Ownership of beneficial interests in the Global Notes is and will be shown on, and the transfer of that ownership is and will be effected only through, records maintained by DTC or its nominee (with respect to participants’ interests) or by participants or persons that hold through participants. Such beneficial interest is in minimum denominations of \$2,000 or integral multiples of \$1,000.

So long as DTC, or its nominee, is the registered owner or holder of the Global Securities, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Global Securities for all purposes under the indenture.

Except as set forth below, owners of beneficial interests in the Global Securities:

- are entitled to have the debt securities represented by the Global Securities registered in their names;
- do not receive, nor are entitled to receive, physical delivery of debt securities in definitive form registered in their names; and
- do not receive, nor are entitled to receive, physical delivery of debt securities in definitive form and are not considered the owners or holders thereof under the indenture.

Accordingly, each person owning a beneficial interest in the Global Securities must rely on the procedures of DTC, and indirectly Euroclear and Clearstream, and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture.

Principal and interest payments on Global Securities registered in the name of or held by DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner or holder of the Global Security. None of TI Capital, Telecom Italia, the trustee, or any paying agent for such Global Securities has any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

TI Capital expects that DTC, upon receipt of any payments of principal or interest in respect of the Global Securities, will credit the accounts of the related participants (including Euroclear and Clearstream), with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Securities as shown on the records of DTC. Payments by participants to owners of beneficial interests in the Global Securities held through such participants are the responsibility of the participants, as is now the case with securities held for the accounts of customers in bearer form or registered in “street name”.

Unless and until it is exchanged in whole or in part for debt securities in definitive form in accordance with the terms of the indenture, a Global Security may not be transferred except as a whole by the depository to a nominee of the depository or by a nominee of DTC to DTC or another nominee of DTC.

Beneficial interests in the Global Securities will trade in DTC’s Same-Day Funds Settlement System, and secondary market trading activity in such interests will, therefore, settle in same-day funds.

Definitive Debt Securities

Global Securities are exchangeable for definitive debt securities registered in the names of persons other than DTC or its nominee for such Global Securities only if:

- DTC has notified TI Capital and Telecom Italia that it is unwilling or unable to continue as depository;
- DTC has ceased to be a clearing agency registered under the Exchange Act; or
- there shall have occurred and be continuing an event of default (as defined in the indenture) with respect to the debt securities.

Any Global Security that is exchangeable for definitive debt securities pursuant to the preceding sentence is exchangeable for debt securities issuable in minimum denominations of \$2,000 and integral multiples of \$1,000 and registered in such names as DTC shall direct. Subject to the foregoing, a Global Security is not exchangeable, except for a Global Security of like denomination to be registered in the name of DTC or its nominee. Bearer debt securities will not be issued.

In the remainder of this description “you” means direct holders and not street name or other indirect holders of debt securities.

Additional Mechanics

Payment and Paying Agents

TI Capital will pay interest, principal and any other money due on the debt securities at the corporate trust office of the trustee in New York City. That office is currently located at 101 Barclay Street, Floor 4E, New York, New York 10286. If you ever hold definitive debt securities you will make arrangements to have your payments picked up at or wired from that office or such other paying agency as we may establish. We may also arrange for additional payment officers, and may cancel or change these officers, including our use of the trustee’s corporate trust officer. These offices are called paying agents. TI Capital may also choose to act as its own paying agent. TI Capital must notify you of changes in the paying agents for the debt securities.

Holders buying and selling debt securities in registered form must work out between them how to compensate for the fact that TI Capital will pay all the interest for an interest period to the one who is the registered holder on the regular record date. The most common manner is to adjust the sales price of the debt securities to pro rate interest fairly between buyer and seller. This pro rated interest amount is called accrued interest.

Street name and other indirect holders should consult their banks or brokers for information on how they will receive payments.

Notices

TI Capital and the trustee will send notices only to direct holders, using their addresses as listed in the trustee’s records. Such notices will be mailed to holders of registered securities. Notices will also be published in a newspaper with general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Regardless of who acts as paying agent, all money that TI Capital pays to a paying agent that remains unclaimed at the end of five years after the amount is due to direct holders will be repaid to TI Capital. After that five-year period, you may look only to TI Capital, or its successor, for payment and not to the trustee, any other paying agent or anyone else.

Mergers and Similar Events

Each of TI Capital and Telecom Italia is generally permitted to consolidate or merge with another company or firm. Each of TI Capital and Telecom Italia is also permitted to sell or lease substantially all of its assets to another company or to buy or lease substantially all of the assets of another company. In addition, Telecom Italia or one of its Italian subsidiaries generally is permitted to assume the obligations of TI Capital (or any successor) under the debt securities for the payment of the principal of and interest on the debt securities and any other payments on the debt securities. Upon assuming the obligations of TI Capital, Telecom Italia or any such subsidiary may exercise every right and power of TI Capital under the indenture. However, neither TI Capital nor Telecom Italia may consolidate or merge with, or sell or lease all or substantially all of its assets to, another company or firm, nor may Telecom Italia or one of its Italian subsidiaries assume the obligations of TI Capital under the debt securities, unless all of the following conditions are met:

- Where TI Capital or Telecom Italia merges out of existence or sells or leases all or substantially all of its assets, the acquiring or resulting company must assume its obligations, including, in the case of Telecom Italia, the obligations arising from Telecom Italia’s guarantee of the debt securities either by law or contractual arrangements. The acquiring or resulting company’s assumption of these obligations must include the obligation to pay the additional amounts described under “—Payment of Additional Amounts”. If the acquiring or resulting company is organized under the laws of any jurisdiction other than the United States, any state thereof or the District of Columbia, it must indemnify each holder of the debt securities against any governmental charge or other cost resulting from the transaction.
- TI Capital, Telecom Italia, or Telecom Italia’s Italian subsidiary, as the case may be, must provide the trustee with an officer’s certificate and an opinion of counsel as to compliance with the merger or assumption, as the case may be, provisions of the indenture; provided that if TI Capital consolidates or merges with, or sells or leases all or substantially all of its assets to, an Italian company, or Telecom Italia or one of its Italian

subsidiaries assumes TI Capital's obligations under the debt securities, TI Capital, or Telecom Italia or its Italian subsidiary, as the case may be, is required to deliver the additional opinions of counsel described below.

- The merger or sale or lease of all or substantially all of TI Capital or Telecom Italia's assets, or the assumption of the obligations of TI Capital under the debt securities, must not cause a default on the debt securities, and Telecom Italia and TI Capital must not already be in default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described under "—Events of Default". A default for this purpose would also include any event that would be an event of default if the requirement for giving Telecom Italia or TI Capital default notice or their default having to exist for a specific period of time were disregarded.

Telecom Italia or one of its Italian subsidiaries may only become the obligor under the debt securities by assumption or merger, and any other Italian company may only become the obligor under the debt securities by merger, if TI Capital (or any successor) delivers to the trustee a legal opinion, reasonably satisfactory to the trustee, of nationally recognized external Italian and U.S. law firms to the effect that the provisions of the Trust Indenture Act of 1939, as amended, are not in conflict with mandatory provisions of Italian law applicable to holders of debt securities of Italian companies.

It is possible that an assumption, merger or other similar transaction may cause the holders of the debt securities to be treated for U.S. federal income tax purposes as though they had exchanged the debt securities for new debt securities. This could result in the recognition of taxable gain or loss for U.S. federal income tax purposes and possibly other adverse tax consequences.

Modification and Waiver

There are three types of changes TI Capital, or its successors, can make to the indenture and the debt securities.

Changes Requiring Your Approval

First, there are changes that cannot be made to the debt securities without the specific approval of each holder of debt securities of that series. The following is the list of those changes:

- change the stated maturity of the principal on a series of the debt securities;
- change the interest on a series of debt securities;
- reduce the principal amount due on a series of the debt securities;
- change any obligation of TI Capital to pay additional amounts described under "—Payment of Additional Amounts";
- reduce the amount of principal payable upon acceleration of the maturity of a series of debt securities following a default;
- change the place of payment of a series of debt securities;
- impair your right to sue for payment;
- reduce the percentage of the outstanding aggregate principal amount of a series of debt securities whose holder's consent is needed to modify or amend the indenture;
- reduce the percentage of the outstanding aggregate principal amount of a series of debt securities whose holder's consent is needed to waive compliance with various provisions of the indenture or to waive various defaults;
- modify any other aspect of the provisions dealing with modification and waiver of the indenture; and
- change the obligations of Telecom Italia as Guarantor with respect to payment of principal, premium, if any, and interest payments in any manner adverse to the interests of the holders of the series of debt securities.

Changes Requiring a Majority Vote

The second type of change to the indenture and the debt securities is the kind that requires a vote in favor by holders of debt securities owning a majority of the outstanding principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes and other changes that would not adversely affect holders of the debt securities in any material respect. The same vote would be required for TI Capital to obtain a waiver of all or part of the covenants described in this section, or a waiver of a past default. However, TI Capital cannot obtain a waiver of a payment default or any other aspect of the indenture or the debt securities listed in the first category described under “—Changes Requiring Your Approval” unless TI Capital obtains your individual consent to the waiver.

Changes Not Requiring Approval

The third type of change does not require any vote by holders of the debt securities. This type is limited to clarifications and other changes that would not adversely affect holders of the debt securities in any material respect.]

Further Details Concerning Voting

Debt securities are not considered outstanding, and therefore not eligible to vote, if TI Capital has deposited or set aside in trust money for their payment or redemption. Debt securities also are not be eligible to vote if they have been fully defeased as described under “—Discharge and Defeasance”.

TI Capital generally is entitled to set any day as a record date for the purpose of determining the holders of outstanding debt securities that are entitled to vote or take other action under the indenture. In limited circumstances, the trustee is entitled to set a record date for action by holders. If TI Capital or the trustee set a record date for a vote or other action to be taken by holders of a particular series of the debt securities, that vote or action may be taken only by persons who are holders of outstanding debt securities of that series on the record date and must be taken within 180 days following the record date or another period that TI Capital may specify (or as the trustee may specify if it set the record date). TI Capital or the trustee, as the case may be, may shorten or lengthen (but not beyond 180 days) this period from time to time.

Street name and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if TI Capital seeks to change the terms of the indenture or request a waiver.

Redemption at TI Capital’s Option

Beginning on January 5, 2010, the notes will be redeemable in whole or in part at TI Capital’s (or TI Capital successor’s) option at any time at a redemption price equal to the greater of:

- 100% of the principal amount of the applicable notes; or
- as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued and unpaid as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 45 basis points,

plus accrued and unpaid interest thereon to the date of redemption.

The definitions of certain terms used in the paragraph above are listed below.

Adjusted treasury rate means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities”, for the maturity corresponding to the comparable treasury issue (if no maturity is within three months before or after the remaining life, yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

The treasury rate will be calculated on the third Business Day preceding the date fixed for redemption.

Comparable treasury issue means the U.S. Treasury security selected by the quotation agent as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable treasury price means, with respect to any redemption date, (1) the average of five reference treasury dealer quotations for such redemption date, after excluding the highest and lowest reference treasury dealer quotations, or (2) if the quotation agent obtains fewer than five such reference treasury dealer quotations, the average of all such quotations.

Quotation agent means Lehman Brothers Inc., or such other agent as appointed by TI Capital or Telecom Italia, or, if these firms are unwilling or unable to select the comparable treasury issue, an independent investment banking institution of national standing appointed by TI Capital or Telecom Italia.

Reference treasury dealer means:

- Lehman Brothers Inc. or its affiliates which are primary U.S. Government securities dealers, or their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a “**primary treasury dealer**”), TI Capital will substitute such reference treasury dealer with another primary treasury dealer; and if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.
- any three primary treasury dealers selected by the quotation agent after consultation with TI Capital or Telecom Italia.

Reference treasury dealer quotations means with respect to each reference treasury dealer and any redemption date, the average, as determined by the quotation agent, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the quotation agent by such reference treasury dealer at 3:30 p.m. (New York City time) on the third Business Day preceding such redemption date.

Remaining scheduled payments means, with respect to each note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if that redemption date is not an interest payment date with respect to such notes, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that redemption date.

If less than all of a series of notes is to be redeemed at any time, selection of notes for redemption will be made by the trustee on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate; provided that notes with a principal amount of \$2,000 will not be redeemed in part.

TI Capital will give DTC a notice of redemption at least 30 but not more than 60 days before the redemption date. If any notes are to be redeemed in part only, the notice of redemption that relates to such notes will state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note.

Unless TI Capital defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

Remaining scheduled payments means, with respect to each note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if that redemption date is not an interest payment date with respect to such notes, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that redemption date.

If less than all of a series of notes is to be redeemed at any time, selection of notes for redemption will be made by the trustee on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate; provided that notes with a principal amount of \$2,000 will not be redeemed in part.

TI Capital will give DTC a notice of redemption at least 30 but not more than 60 days before the redemption date. If any notes are to be redeemed in part only, the notice of redemption that relates to such notes will state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note.

Unless TI Capital defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

Optional Tax Redemption

In the event of various tax law changes after the date of this listing prospectus and other limited circumstances that require us to pay additional amounts, (see “Description of Notes and Guarantees—Payment of Additional Amounts”), we may call all, but not less than all, of the notes for redemption. This means we may repay them early. You have no right to require us to call the notes. We discuss our ability to redeem the notes in greater detail under “Description of Notes and Guarantees—Optional Tax Redemption”.

Further, TI Capital has the option to redeem the debt securities in the two situations described below. The redemption price for the debt securities will be equal to the principal amount of the debt securities being redeemed plus accrued interest and any additional amounts due on the date fixed for redemption. Furthermore, TI Capital must give holders of the debt securities between 30 and 60 days’ notice before redeeming the debt securities.

- The first situation is where, as a result of a change in, execution of or amendment to any laws, regulations or treaties or the official application or interpretation of any laws, regulations or treaties, either:
 - TI Capital (or its successor) or Telecom Italia (or its successor) would be required to pay additional amounts as described below under “—Payments of Additional Amounts”, or
 - Telecom Italia (or its successor) or any of its subsidiaries would have to deduct or withhold tax on any payment to TI Capital (or its successor) to enable TI Capital (or its successor) to make a payment of principal, premium, if any, or interest on the debt securities.

This applies only in the case of changes, executions, amendments, applications or interpretations that occur on or after the date of the issuance of the securities and in the jurisdiction where TI Capital (Luxembourg) or Telecom Italia (Italy) is incorporated. If TI Capital or Telecom Italia is succeeded by another entity, the applicable jurisdiction will be the jurisdiction in which the successor entity is organized, and the applicable date will be the date the entity became a successor.

TI Capital would not have the option to redeem the debt securities if TI Capital or Telecom Italia could have avoided the payment of additional amounts or the deduction or withholding by using reasonable measures available to TI Capital or Telecom Italia.

- The second situation is where a person into which TI Capital or Telecom Italia is merged or to whom it has conveyed, transferred or leased all or substantially all of its property, is required to pay additional amounts. TI Capital would have the option to redeem the debt securities even if TI Capital or Telecom Italia is required to pay additional amounts immediately after the merger, conveyance, transfer or lease. Neither Telecom Italia nor TI Capital is required to use reasonable measures to avoid the obligation to pay additional amounts in this situation. However, TI Capital will not have the option to redeem the debt securities if the sole purpose of such a merger would be to permit TI Capital to redeem the debt securities.

The election of TI Capital to redeem the debt securities shall be evidenced by a board resolution or in another manner specified in the indenture. In case of any redemption TI Capital shall, at least 60 days prior to the redemption date (unless a shorter notice will be reasonably satisfactory to the trustee), notify the trustee of the redemption date and of the principal amount of debt securities to be redeemed.

Payment of Additional Amounts

Luxembourg or Italy may require TI Capital, as Issuer, or Telecom Italia, as Guarantor, to withhold amounts from payments of principal or interest on the debt securities or any amounts to be paid under the related guarantees, as the case may be, for taxes or any other governmental charges. If Luxembourg or Italy requires a withholding of this type, TI Capital or Telecom Italia, as the case may be, may be required to pay holders of the debt securities additional amounts so that the net amount you receive will be the amount specified in the debt securities to which you are entitled.

TI Capital or Telecom Italia, as the case may be, will not have to pay additional amounts in respect of taxes or other governmental charges that are required to be deducted or withheld by any paying agent from a payment on a debt security, if such payment can be made without such deduction or withholding by any other paying agent, or in respect of taxes or other governmental charges that would not have been imposed but for:

- the existence of any present or former connection between you and Luxembourg or Italy, as the case may be, other than the mere holding of the debt security and the receipt of payments thereon;
- the application of the European Directive 2003/48/EC of June 3, 2003, on the taxation of income from savings, as well as any equivalent measure adopted according to such directive;
- a failure to comply with any certification, documentation, information or other reporting requirements concerning your nationality, residence, identity or connection with Luxembourg or Italy, as the case may be, if such compliance is required as a precondition to relief or exemption from such taxes or other governmental charges (including, without limitation, a certification that you are not resident in Luxembourg or Italy or are not an individual resident of a member state of the European Union);
- a change in law that becomes effective more than 30 days after a payment on the debt security becomes due and payable or on which payment thereof is duly provided for, whichever occurs later; or
- any tax or other governmental charge imposed on non-residents for income tax purposes in Italy as provided under Italian laws and regulations relating to countries which do not have an adequate exchange of information with Italy (i.e., other than the countries listed under the heading “—Transfer Restrictions Due to Certain Tax Considerations”).

These provisions also apply to any taxes or governmental charges imposed by any jurisdiction in which a successor to TI Capital or Telecom Italia is organized.

For additional information, see section 803 of the indenture.

Restrictive Covenants

Restrictions on Liens

Some of TI Capital’s and Telecom Italia’s property may be subject to a mortgage or other legal mechanism that gives their lenders preferential rights in that property over other lenders, including you and the other direct holders of the debt securities, or over their general creditors if they fail to pay them back. These preferential rights are called liens. Each of TI Capital and Telecom Italia has promised that it will not create or permit to subsist any encumbrance to secure capital markets indebtedness, which is described further below, on the whole or any part of its present or future revenues or assets, other than permitted encumbrances.

As used here, encumbrance means:

- any mortgage, charge, pledge, lien or other encumbrance securing any obligation of any individual, corporation, partnership, joint venture, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof; and
- any arrangement providing a creditor with prior right to an asset, or its proceeds of sale, over other creditors in a liquidation.

As used here, permitted encumbrance means:

- any encumbrance existing on the date of issuance of the debt securities;
- any encumbrance over or affecting any asset acquired by TI Capital or Telecom Italia after the date of the indenture and subject to which such asset is acquired, if:
 - such encumbrance was not created in contemplation of the acquisition of such asset by TI Capital or Telecom Italia;
 - the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such asset by TI Capital or Telecom Italia;

- any encumbrance over or affecting any asset of any company which becomes an obligor after the date of issuance of the securities, where such encumbrance is created prior to the date on which such company becomes an obligor under the debt securities, if:
 - such encumbrance was not created in contemplation of that company becoming an obligor; and
 - the amount thereby secured has not been increased in contemplation of, or since the date of, that company becoming an obligor under the debt securities;
- any netting or set-off arrangement entered into by any member of the Telecom Italia Group in the normal course of its banking arrangements for the purpose of netting debit and credit balances;
- any title transfer or retention of title arrangement entered into by any member of the Telecom Italia Group in the normal course of its trading activities on the counterparty's standard or usual terms;
- encumbrances created in substitution of any encumbrance permitted under the first two bullet points above over the same or substituted assets. This only applies if: (a) the principal amount secured by the substitute encumbrance does not exceed the principal amount outstanding and secured by the initial encumbrance; and (b) in the case of substituted assets, if the market value of the substituted assets at the time of the substitution does not exceed the market value of the assets replaced;
- encumbrances created to secure:
 - loans provided, supported or subsidized by a governmental agency, national or multinational investment guarantee agency, export credit agency or a lending organization established by the United Nations, the European Union or other international treaty organization, including, without limitation the European Investment Bank, the European Bank for Reconstruction and Development and the International Finance Corporation;
 - project finance indebtedness (as described below);

this will, however, only apply if the encumbrance is created on an asset of the project being financed by such loans (and/or on the shares in, and/or shareholder loans made to, the company conducting such project) or, as the case may be, such project finance indebtedness and remains confined to that asset (and/or shares and/or shareholder loans);

- encumbrances arising out of the refinancing of any capital markets indebtedness secured by any encumbrance permitted by the preceding bullet points. These encumbrances will, however, only be permitted if the amount of such capital markets indebtedness is not increased and is not secured by an encumbrance over any additional assets;
- any encumbrance arising by operation of law;
- any encumbrance created in connection with convertible bonds or notes where the encumbrance is created over the assets into which the convertible bonds or notes may be converted and secures only the obligation of the issuer to effect the conversion of the bonds or notes into such assets;
- any encumbrance created in the ordinary course of business to secure capital markets indebtedness under hedging transactions entered into for the purpose of managing risks arising under funded debt obligations such as credit support annexes and agreements;
- any encumbrance over or affecting any asset of Telecom Italia to secure capital markets indebtedness under a permitted leasing transaction (as described below); provided that the aggregate capital markets indebtedness secured by all such encumbrances does not exceed €1 billion;
- any encumbrance created on short-term receivables used in any asset-backed financing;
- any encumbrance on real estate assets of Telecom Italia, any subsidiary or any person to which such real estate assets may be contributed by Telecom Italia or any subsidiary in connection with the issuance of any indebtedness, whether such indebtedness is secured or unsecured by such real estate assets or any other assets of such person to which real estate assets have been contributed by Telecom Italia or any subsidiary; and

- any other encumbrance securing capital markets indebtedness of an aggregate amount not exceeding 10% of the total net worth of Telecom Italia (as disclosed in the most recent audited consolidated balance sheet of Telecom Italia).

As used here, capital markets indebtedness means any obligation for the payment of borrowed money which is in the form of, or represented or evidenced by, any certificate of indebtedness, bond, note or other security which is listed or traded on a stock exchange or other recognized securities market. For the purposes of avoiding any doubt in respect of asset-backed financings originated by Telecom Italia or TI Capital, the expressions “assets” and “obligations for the payment of borrowed money” as used in this definition do not include assets and obligations of Telecom Italia or TI Capital which, pursuant to the requirements of law and accounting principles generally accepted in Italy or Luxembourg, as the case may be, currently need not, and are not, reflected in the balance sheet of Telecom Italia or TI Capital, as the case may be.

As used here, permitted leasing transaction means one or more transactions or a series of transactions as a result of which Telecom Italia disposes of or otherwise transfers (including, without limitation, by way of sale of title or grant of a leasehold or other access, utilization and/or possessory interest(s)) its rights to possess, use and/or exploit all or a portion of a particular asset or particular assets owned, used and/or operated by Telecom Italia (or its rights and/or interests in respect thereof) to one or more other persons in circumstances where Telecom Italia or an affiliate shall have the right to obtain or retain possession, use and/or otherwise exploit the asset or assets (or rights and/or interests therein) so disposed of or otherwise transferred.

As used here, project finance indebtedness means any indebtedness incurred by a debtor to finance the ownership, acquisition, construction, development and/or operation of an asset in respect of which the person or persons to whom such indebtedness is, or may be, owed have no recourse whatsoever for the repayment of or payment of any sum relating to such indebtedness other than:

- recourse to such debtor for amounts limited to the cash flow from such asset; and/or
- recourse to such debtor generally, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation, representation or warranty (not being a payment obligation, representation or warranty or an obligation, representation or warranty to procure payment by another or an obligation, representation or warranty to comply or to procure compliance by another with any financial ratios or other test of financial condition) by the person against whom such recourse is available; and/or
- if such debtor has been established specifically for the purpose of constructing, developing, owning and/or operating the relevant asset and such debtor owns no other significant assets and carries on no other business, recourse to all of the assets and undertaking of such debtor and the shares in the capital of such debtor and shareholder loans made to such debtor.

Discharge and Defeasance

TI Capital or Telecom Italia can be legally released from any payment or other obligation on the debt securities except for various obligations described below if, in addition to other actions, the following arrangements for you to be repaid are put in place:

- TI Capital or Telecom Italia deposits in trust for your benefit and the benefit of all other direct holders of the debt securities of a particular series a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, premium, if any, principal and any other payments on the debt securities on their various due dates.
- TI Capital or Telecom Italia delivers to the trustee a legal opinion of their counsel confirming that there has been a change in U.S. federal income tax law, and under then current U.S. federal income tax law TI Capital or Telecom Italia may make the above deposit without causing you to be taxed on the debt securities any differently than if TI Capital or Telecom Italia did not make the deposit and was not legally released from its obligations on the debt securities. TI Capital or Telecom Italia would not have to deliver this opinion if TI Capital or Telecom Italia received from, or there has been published by, the U.S. Internal Revenue Service (the “IRS”) a ruling that states the same conclusion.

- If the notes listed on the Luxembourg Stock Exchange or another exchange, TI Capital or Telecom Italia must deliver to the trustee a legal opinion of their counsel confirming that the deposit, defeasance and discharge will not cause the debt securities to be delisted from such exchange.

However, even if TI Capital or Telecom Italia takes these actions, a number of TI Capital's or Telecom Italia's obligations relating to the notes will remain. These include the following obligations:

- to register the transfer and exchange of debt securities;
- to replace mutilated, destroyed, lost or stolen debt securities;
- to maintain paying agencies; and
- to hold money for payment in trust.

Ranking

No notes covered by this listing prospectus are secured by any of Telecom Italia's or TI Capital's property or assets. Accordingly, your ownership of the debt securities means you are one of Telecom Italia's or TI Capital's senior unsecured creditors. The debt securities are not subordinated to any of Telecom Italia's or TI Capital's other debt obligations and therefore they rank equally with all Telecom Italia's and TI Capital's other senior unsecured and unsubordinated indebtedness.

Events of Default

A holder of debt securities of a particular series will have special rights if an event of default occurs with respect to that series and is not cured, as described later in this subsection.

An “**event of default**” with respect to the debt securities is defined in the indenture as:

- the failure by TI Capital or Telecom Italia to pay principal on a series of debt securities within 10 days from the relevant due date or the failure to pay interest on a debt security within 30 days from the relevant due date;
- the failure by TI Capital to perform any other obligation under a series of the debt securities or the failure by Telecom Italia to perform any obligation under its guarantee and such failure continues for more than 60 days after the trustee has received notice of it from the affected holder of the debt securities;
- any of TI Capital's or Telecom Italia's capital markets indebtedness (as defined above in “—Restrictive Covenants—Restrictions on Liens”) in excess of €100 million (or the equivalent thereof in other currencies) has to be repaid prematurely due to a default under its terms;
- the failure by TI Capital or Telecom Italia to fulfill any payment obligation exceeding €100 million (or the equivalent thereof in other currencies) under any capital markets indebtedness (as defined above in “—Restrictive Covenants—Restriction on Liens”) of TI Capital or Telecom Italia, or under any guarantee provided for any such capital markets indebtedness in excess of €100 million (or the equivalent thereof in other currencies) of others, and this failure remains uncured for 30 days;
- any security or guarantee relating to capital markets indebtedness in excess of €100 million (or the equivalent thereof in other currencies) provided by TI Capital or Telecom Italia is enforced by the lenders and such enforcement is not contested in good faith by TI Capital or Telecom Italia or TI Capital or Telecom Italia publicly announces their inability to meet their financial obligations;
- a court opens insolvency or equivalent proceedings against TI Capital or Telecom Italia which are not resolved within six months, unless such proceedings are frivolous or vexatious and contested in good faith and appropriately and do not result in court orders; or TI Capital or Telecom Italia apply for such insolvency or equivalent proceedings;
- TI Capital or Telecom Italia approves a resolution pursuant to which it goes into liquidation unless this is done in connection with a merger, or other form of combination with another company and such company assumes all obligations contracted by TI Capital or Telecom Italia, in connection with the debt securities; or

- Telecom Italia’s guarantee relating to the debt securities ceases to be valid or legally binding for any reason.

If an event of default has occurred and has not been cured, the trustee or the holders of not less than 25% in principal amount of the outstanding debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of at least a majority in principal amount of the outstanding debt securities of the affected series.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing another action under the indenture.

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- You must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of not less than 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default, and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action.
- The trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

Each of TI Capital and Telecom Italia will furnish to the trustee every year, within 120 days after the end of Telecom Italia’s fiscal year, a written statement from its designated officers certifying that, to their knowledge, it is in compliance with the indenture and the debt securities, or else specifying any default.

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the Trustee and to make or cancel a declaration of acceleration.

Regarding the Trustee

Telecom Italia and several of its subsidiaries maintain banking relations with the trustee in the ordinary course of their business.

If an event of default occurs, or a default, that would become an event of default if the requirements for giving a default notice or any specific grace period of time were disregarded, occurs, the trustee may be considered to have a conflicting interest with respect to the debt securities for purposes of the Trust Indenture Act of 1939, as amended. In that case, the trustee may be required to resign as trustee under the applicable indenture, in which case TI Capital and Telecom Italia would be required to appoint a successor trustee.

Transfer Restrictions Due to Certain Tax Considerations

You understand that the notes will only be offered and sold to investors who are resident for income tax purposes in countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended. A copy of the decree can be obtained from the website of the Ministry of Finance of Italy at www.finanze.it. You also understand that it is the intention of Telecom Italia that the notes will be held only by investors resident in countries identified in the above mentioned decree. If Telecom Italia becomes the obligor under the notes due to substitution or otherwise (see “—Mergers and Similar Events”) and Telecom Italia is obligated to withhold on any payments made on the notes, there would be no obligation to gross up such payments to investors resident in the countries identified in the above Decree (including investors resident in the United States) who do not furnish the required certifications under applicable Italian tax requirements. See “—Payment of Additional Amounts”.

The following is the current exclusive list of countries or territories where, if the notes were held by residents for income tax purposes of such countries or territories, and Telecom Italia were to become the obligor on the notes, Telecom Italia would have an obligation to gross up payments in the event of a withholding on any payments on the notes (if and only if an investor provides the required certifications under applicable Italian tax requirements) subject to the limitations set forth under “—Payment of Additional Amounts”): Albania, Algeria, Argentina, Australia, Austria, Bangladesh, Belarus, Belgium, Brazil, Bulgaria, Canada, China (People’s Republic), Croatia, Czech Republic, Denmark, Ecuador, Egypt,

Estonia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Israel, Ivory Coast, Japan, Kazakhstan, Kuwait, Lithuania, Luxembourg, Macedonia, Malta, Mauritius, Mexico, Morocco, The Netherlands, New Zealand, Norway, Pakistan, Philippines, Poland, Portugal, Romania, Russian Federation, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Tanzania, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Venezuela, Vietnam, Yugoslavia and Zambia. The list of countries included in the Decree of the Ministry of Finance of Italy of September 4, 1996 is expected to be replaced in the future by a new list attached to a ministerial decree yet to be issued. If a holder of the notes is not resident in one of the countries that will be identified in the forthcoming decree, that holder will not have a right to receive a gross-up in the event of a tax withholding as described above.

You also understand the notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy. Investors resident in Italy for tax purposes may suffer adverse tax consequences from holding the notes and in connection therewith there is no obligation for either TI Capital or Telecom Italia to gross up any payment on the notes made to Italian investors. See also “Notice to Investors in Italy”.

DESCRIPTION OF TI CAPITAL

The legal and commercial name of the company is Telecom Italia Capital. TI Capital is a limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg, governed by the Luxembourg law of August 10, 1915 with respect to commercial companies, as amended and incorporated on September 27, 2000, for an unlimited duration. TI Capital is a directly and indirectly wholly-owned subsidiary of Telecom Italia. TI Capital is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under B-77.970. TI Capital's Articles of Incorporation were published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations No. 755* on October 13, 2000. TI Capital's Articles of Incorporation were amended most recently on March 5, 2008 and the modifications were published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations No. 1191* on May 16, 2008.

TI Capital's primary purpose is to provide access to the international financial markets for the Telecom Italia Group.

TI Capital's registered office and postal address is 12 rue Eugène Ruppert, L-2453, Luxembourg and its telephone number is +352-456060-1.

Capitalization

As of March 31, 2008, the subscribed share capital of TI Capital is €2,336,000.00, consisting of 100,000 ordinary shares, nominal value €23.36 per share; all of the shares have been issued and are fully paid up. See also "—Financial Information" below.

Solvency

There are no recent events that would affect the solvency of TI Capital.

Business

The corporate object of TI Capital, as set out in Article 3 of its Articles of Incorporation, is to finance the companies of the Telecom Italia Group. TI Capital may, among other things, provide loans and grant guarantees or create securities in any kind or form. TI Capital may acquire and hold interests in Luxembourg and/or in foreign subsidiaries, as well as administer, develop and manage such holdings. TI Capital may also use its funds to invest in real estate and intellectual property rights in any kind of form. TI Capital may participate in the creation and development of any other companies and entities and provide to them financial assistance in any kind or form. TI Capital may borrow in any kind or form and issue bonds or notes. TI Capital may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and developments of its purposes. The present financing activities of TI Capital are described below under the caption "Bond Issuances and Other Transactions".

TI Capital's activity is not dependent on patents, licences, commercial contracts or new manufacturing processes. TI Capital enters into financial contracts on its own behalf. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TI Capital is aware) during a period covering at least the previous 12 month which may have, or have had in the recent past, significant effects on TI Capital and/or the Telecom Italia Group's financial position or profitability.

TI Capital is dependent on Telecom Italia S.p.A. and the performance of other group companies, to service debt obligations. See "Risks Factors" on page 10.

Board of Directors

The Directors of TI Capital are:

- Francesco Tanzi, resident in Milan, Italy, manager; business address Piazza degli Affari 2, Milano, Italy;
- Adriano Trapletti, domiciled in Luxembourg, manager; business address rue Eugène Ruppert, Luxembourg;
- Alex Bolis, resident in Milan, Italy, manager; business address Piazza degli Affari 2, Milano, Italy;
- Andrea Balzarini, resident in Milan, Italy, manager; business address Piazza degli Affari 2, Milano, Italy;
- Jacques Loesch, resident in Luxembourg, Lawyer; business address 35, avenue John F. Kennedy, Luxembourg.

The remuneration of the Directors is determined from time to time by the shareholders of TI Capital in a general meeting. No Director has an interest in the share capital of TI Capital. TI Capital complies with applicable Luxembourg corporate governance rules.

Description of Directors Outside Interest

Messrs Francesco Tanzi, Adriano Trapletti, Alex Bolis and Andrea Balzarini are managers of Telecom Italia Group. Mr. Jacques Loesch is a lawyer at the law firm Linklaters LLP (Luxembourg).

Auditor

Telecom Italia Capital's accounts are audited by Ernst & Young S.A., whose address can be found on the back cover page of this listing prospectus.

Potential Conflicts of Interest

No potential conflict of interests exist between (i) any duties of Telecom Italia Capital of the Telecom Italia Capital Directors and Statutory Auditor and (ii) the private interests, and/or other duties, of such persons.

Financial Year

The financial year of Telecom Italia Capital is the calendar year.

Financial Information

The statutory financial statements of TI Capital have been audited by the independent auditor Ernst & Young S.A. for the years ended December 31, 2003, 2004, 2005, 2006 and 2007. Beginning in 2009, TI Capital will be required, under the Luxembourg law dated January 11, 2008, implementing the Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, to prepare half-year interim financial statements.

Pursuant to Luxembourg law, TI Capital is currently exempt from preparing consolidated annual accounts. TI Capital's accounts are included in the consolidated accounts of the Telecom Italia Group, which are available at the registered office of Telecom Italia S.p.A., located at Piazza degli Affari 2, 20123 Milan, Italy. The financial statements are available at the offices of the Luxembourg paying agent and transfer agent, BNP Paribas, Securities Services, Luxembourg Branch, 33 rue de Gasperich Howald-Hesperange, L-2085, Luxembourg.

Since its incorporation, TI Capital has not traded other than in connection with the issuance of the debt securities, the borrowings and loans described below. Since its incorporation, TI Capital only paid a dividend to shareholders in 2006 and 2007, based on its results for the financial year 2005 and 2006, respectively. The total amount paid was €3,250,000.00. TI Capital has entered into a number of contracts for the purpose of providing administrative, secretarial, legal, audit and tax services in connection with the issue of debt securities.

Litigation

As of the date of this listing prospectus, Telecom Italia Capital has not been involved in any litigation.

Bond Issuances and Other Transactions

On June 4, 2008, TI Capital issued the notes covered by this listing prospectus, specifically, \$1,000,000,000 aggregate nominal amount of 6.999% guaranteed senior notes due 2018 and \$1,000,000,000 aggregate nominal amount of 7.721% guaranteed senior notes due 2038, in each case guaranteed by Telecom Italia. With the proceeds of the bond issuance, TI Capital granted several loans to its parent company and certain Telecom Italia Subsidiaries for an amount of €1,271,000,000.

On July 18, 2006, TI Capital issued \$750,000,000 aggregate nominal amount of 6.2% guaranteed senior notes due 2011, \$1,000,000,000 aggregate nominal amount of 7.2% guaranteed senior notes due 2036, and \$850,000,000 aggregate nominal amount of guaranteed senior floating rate notes due 2011, in each case guaranteed by Telecom Italia. With the proceeds of the bond issuance, TI Capital granted several loans to its parent company and certain Telecom Italia Subsidiaries for an amount of €2,054,000,000.

On September 28, 2005, TI Capital issued \$700,000,000 aggregate nominal amount of 4.875% guaranteed senior notes due 2010, \$1,400,000,000 aggregate nominal amount of 5.25% guaranteed senior notes due 2015, and \$400,000,000 guaranteed senior floating rate notes due 2011, in each case guaranteed by Telecom Italia and borrowed medium-long term loans from banks in U.S. dollars for a total amount of \$19,684,000. With the proceeds of the bond issuance, TI Capital granted several loans to its parent company and certain Telecom Italia Subsidiaries for an amount of €2,062,000,000.

On October 6, 2004, TI Capital issued \$1,250,000,000 aggregate nominal amount of 4% guaranteed senior notes due 2010, \$1,250,000,000 aggregate nominal amount of 4.95% guaranteed senior notes due 2014, and \$1,000,000,000 guaranteed senior notes due 2034, in each case guaranteed by Telecom Italia and borrowed medium-long term loans from banks in U.S. dollars for a total equivalent amount of €29,028,000. With the proceeds of the bond issuance, TI Capital granted several loans to its parent company and to certain Telecom Italia subsidiaries for an amount of €2,828.50 million.

TI Capital issued, on October 29, 2003, \$1 billion aggregate nominal amount of Series A 4% guaranteed senior notes due 2008, \$2 billion aggregate nominal amount of Series B 5.25% guaranteed senior notes due 2013 and \$1 billion aggregate nominal amount of Series C 6.375% guaranteed senior notes due 2033, in each case guaranteed by Telecom Italia and borrowed medium-long term loans from banks in U.S. dollars for a total equivalent amount of €26,789,000 and granted a U.S. dollar loan to its parent company for a total equivalent amount of €3,423,485,000.

No Material Adverse Change

Since December 31, 2007, the date of TI Capital's and Telecom Italia's last audited financial statements, there has been no material adverse change in their prospects. Other than as set forth herein, there has been no significant change in the financial or trading position of Telecom Italia since March 31, 2008 and there has been no significant change in the financial or trading position of Telecom Italia Capital since December 31, 2007.

CERTAIN TAX CONSIDERATIONS

United States Federal Income Tax Considerations

The following summary of the principal United States federal income tax consequences of ownership of the notes deals only with notes held as capital assets by initial purchasers, and not with special classes of holders, such as:

- dealers in securities or currencies;
- traders in securities that elect to mark to market;
- financial institutions;
- tax-exempt organizations;
- insurance companies;
- persons that hold notes that are a hedge or that are hedged against currency risks, that are part of a straddle or conversion transaction or that are part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes;
- persons that are not "United States Holders", as defined below;
- persons whose functional currency is not the U.S. dollar; and
- persons that are treated as partnerships for United States federal income tax purposes or that hold notes through partnerships or other pass-through entities.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES, AS WELL AS THE TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION, OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES. TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS LISTING PROSPECTUS IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Payments of Interest

Interest on the notes will qualify as "qualified stated interest" for U.S. federal income tax purposes, including the interest on the Guaranteed Senior Floating Rate Notes by reason of qualifying as a "qualified floating rate" under the variable rate debt rules of Treasury Regulation Section 1.1275-5. Thus, interest on a note will be taxable to you if you are a United States Holder as ordinary income at the time you receive it or when it accrues, depending on your method of accounting for tax purposes. You are a United States Holder if you are a beneficial owner of a note who is:

- a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation, organized under the laws of the United States or any State;
- an estate the income of which is subject to United States federal income tax without regard to its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

As a result of legislation, capital gain of a non-corporate United States Holder is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year and the gain is recognized in a taxable year beginning

before January 1, 2011, rather than before January 1, 2009 as under previous law. In addition, interest paid to you on the notes and original issue discount, if any, accrued by you with respect to the notes constitutes income to you from sources outside the United States, and, with certain exceptions (including certain circumstances where withholding applies to interest paid on the debt securities), will generally be "passive category" income or, in the case of certain United States Holders, "general category" income for purposes of computing allowable foreign tax credits for U.S. federal income tax purposes.

Payment of Additional Amounts

If we pay additional amounts to you, in the circumstances described above under "Description of Notes and Guarantees—Payment of Additional Amounts", such payments will generally be treated as ordinary income.

Market Discount

You will be treated as if you had purchased your note at a market discount, and your note will be a "Market Discount note", if:

- you purchased your note for less than its principal amount, and
- the note's principal amount exceeds the price you paid for your note by at least 1/4 of 1 percent of the note's principal amount, multiplied by the number of complete years to the note's maturity.

If such excess is not sufficient to cause the note to be a Market Discount note, then such excess constitutes "de minimis market discount" and the rules discussed below are not applicable to you.

You must treat any gain that you recognize on the maturity or disposition of your Market Discount note as ordinary income to the extent that such gain does not exceed the accrued market discount on such note. Alternatively, you may elect to include market discount in income currently over the life of the note. If you make this election, it will apply to all debt instruments with market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke this election without the consent of the IRS.

You will accrue market discount on your Market Discount note on a straight-line basis unless you elect to accrue market discount on a constant-yield method. If you make this election, it will apply only to the note with respect to which it is made and you may not revoke it. If you do not elect to include market discount in income currently, you will generally be required to defer deductions for interest on borrowings allocable to your Market Discount note in an amount not exceeding the accrued market discount on such Market Discount note until the maturity or disposition of such Market Discount note.

Notes Purchased at a Premium

If you purchase your note for an amount in excess of its principal amount, you may elect to treat such excess as "amortizable bond premium", in which case you will reduce the amount you are required include in income each year with respect to interest on the note by the amount of amortizable bond premium allocable (based on the note's yield to maturity) to such year. If you elect to amortize bond premium, such election shall apply to all debt instruments (other than debt instruments the interest on which is excludible from gross income) that you hold at the beginning of the first taxable year to which the election applies or thereafter acquire, and you may not revoke such election without the consent of the IRS.

Purchase, Sale and Retirement of the Notes

Your tax basis in your note will generally be its cost, as adjusted to reflect any amounts of market discount included in income with respect to your note or any bond premium on such note applied to reduce income inclusions with respect to such note. You will generally recognize gain or loss on the sale or retirement of your note equal to the difference between the amount you realize on the sale or retirement and your tax basis in your note. Gain or loss you recognize on the sale or retirement of your note will, except to the extent described above under "Market Discount" or attributable to accrued but unpaid interest, be capital gain or loss and will be long-term capital gain or loss if you held the note for more than one year. Capital gain of a non-corporate United States Holder that is recognized in a taxable year beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. The ability of a non-corporate United States Holder to deduct capital losses is subject to limitations.

Mergers or Assumptions of the Notes

As discussed in "Description of Notes and Guarantees—Mergers and Similar Events", TI Capital is generally permitted to merge or consolidate with another company or firm, and Telecom Italia or one of its Italian subsidiaries is also

permitted to assume the obligations of TI Capital under the notes for the payment of principal and interest on the notes, if certain conditions are satisfied. The assumption of the obligations of TI Capital under the notes by Telecom Italia or another person pursuant to a merger, consolidation or assumption may cause the holders of the notes to be treated for U.S. federal income tax purposes as if they had exchanged the notes for new notes, with the results described above in "—Purchase, Sale and Retirement of the Notes".

Redemption of Notes

As described above in "Description of Notes and Guarantees—Redemption at TI Capital's Option", TI Capital has the right to redeem the notes beginning on January 19, 2008. As a result, TI Capital may redeem the notes for a price which may exceed the face amount of the notes plus accrued but unpaid interest. If the IRS were to find that the exercise of TI Capital's option to redeem the notes was not a remote contingency, it might maintain that the notes are subject to the contingent payment debt instrument rules of Treasury Regulation Section 1.1275-4 (the "CPDI rules"). In this case, United States Holders may be required to accrue original issue discount on the notes for United States federal income tax purposes based on a comparable yield for the notes and a projected payment schedule determined pursuant to the CPDI rules. The comparable yield and projected payment schedule cannot be determined at this time.

Backup Withholding and Information Reporting

In general, if you are a noncorporate holder, we or our paying agents may be required to report to the IRS all payments of principal, premium and interest on your note.

In addition, you may be subject to backup withholding on payments of principal, premium and interest on, and the proceeds of disposition of, a note. Backup withholding only will apply if you:

- fail to furnish your Taxpayer Identification Number ("**TIN**") which, for an individual, is your Social Security number, or furnish an incorrect TIN,
- are notified by the IRS that you have failed to properly report payments of interest and dividends, or
- fail to certify, under penalties of perjury, that you have furnished a correct TIN and have not been notified by the IRS that you are subject to backup withholding for failure to report interest or dividend payments.

You should consult your tax advisor regarding your qualification for exemption from backup withholding and the procedure for obtaining such an exemption if applicable. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is furnished to the IRS.

Luxembourg Tax Considerations

The statements herein regarding taxation in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this listing prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own, exchange or dispose the notes.

Luxembourg tax residency of the holders of the notes

A holder of the notes will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the notes, or the execution, performance, delivery, exchange and/or enforcement of the notes.

Withholding tax

Under Luxembourg tax law currently in effect, and with the exception of interest paid to individuals and to certain residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) made to holders of the notes. There is also no Luxembourg withholding tax, with the exception of payments of accrued but unpaid interest made to individuals and to certain residual entities, upon repayment of the principal or upon redemption or exchange of the notes.

A 10% withholding tax has been introduced, as from January 1, 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents.

Under the Luxembourg laws dated June 21, 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("**EU**"), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since July 1, 2005 to withhold tax on interest and other similar income paid by it to (or

under certain circumstances, for the benefit of) an individual resident in another EU Member State or in certain dependent or associated territories of the European Union, unless the beneficiary of the interest payments opts for the procedure of exchange of information or the tax certificate procedure.

The same treatment will apply to payments of interest and other similar income made to certain “residual entities” within the meaning of Article 4.2 of the Savings Directive established in a EU Member State or in certain

EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC).

The withholding tax rate is initially 15%, increasing to 20% as from July 1, 2008 and to 35% as from July 1, 2011. This withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

Taxation of the Holder of the Notes

Taxation of Luxembourg non-residents

Holders of the notes who are non-residents of Luxembourg and who have neither a permanent establishment, a permanent representative nor a fixed base of business in Luxembourg with which the holding of the notes is connected are not liable to any Luxembourg income tax, whether they receive repayments of principal, payments of interest (including accrued but unpaid interest), payments received upon the redemption or the exchange of the notes, or realize capital gains on the sale of any notes.

Taxation of Luxembourg residents

Luxembourg resident holders of the notes, or non-resident holders of the notes who have a permanent establishment or a fixed base of business in Luxembourg with which the holding of the notes is connected will not be liable for any Luxembourg income tax on repayment of principal.

Luxembourg resident individuals

The 10% Luxembourg withholding tax (see the above section “—Withholding tax”) represents the final tax liability for the Luxembourg individual resident taxpayers receiving the payment within the framework of his/her private estate.

Other Luxembourg individuals must include, for income tax purposes, any interest received in their taxable income. The 10% withholding tax will be credited against their income tax liability.

Luxembourg resident individual holders of the notes are not subject to taxation on capital gains upon the disposal of the notes, unless the disposal of the notes precedes the acquisition of the notes or the notes are disposed of within six months of the date of acquisition of these notes. Upon redemption of the notes, accrued but unpaid interest is subject to the 10% withholding tax. Such interest must also be included in the taxable income of Luxembourg resident individuals receiving the income as business income, with a credit for the withholding tax.

Luxembourg resident companies

Luxembourg resident companies (sociétés de capitaux) holders of the notes or foreign entities of the same type which have a permanent establishment or a permanent representative in Luxembourg with which the holding of the notes is connected, must include in their taxable income any interest accrued and the difference between the sale, exchange or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the notes sold, redeemed or exchanged.

Luxembourg resident companies benefiting from a special tax regime

Luxembourg resident companies holders of the notes which are companies benefiting from a special tax regime (such as holding companies subject to the law of July 31, 1929 as repealed or to the law of May 11, 2007 and undertakings for collective investment subject to the law of December 20, 2002 or to the law of February 13, 2007) are

tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than the subscription tax calculated on their share capital or net asset value.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a holder of the notes, unless (i) such holder of the notes is a fully taxable Luxembourg resident company or (ii) the notes are attributable to an enterprise or part thereof which is carried on by a non-resident company through a Luxembourg permanent establishment.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by holders of the notes as a consequence of the issuance of the notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption or exchange of the notes.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the notes or in respect of the payment of interest or principal under the notes or the transfer of the notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

No inheritance tax is levied on the transfer of the notes upon death of a holder of the notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. No gift tax is levied in Luxembourg on the transfer of the notes by way of gift unless the gift is registered in Luxembourg.

Italian Tax Considerations

The following is a summary of certain Italian tax consequences of the receipt of interest on the debt securities and capital gains upon the disposal thereof by non-Italian investors, along with a summary of the Italian tax treatment of payments which might possibly be made by the Guarantor under the debt securities.

This summary is based upon Italian tax law and practice as in effect on the date of the listing prospectus and is subject to change, potentially with retroactive effect.

Prospective investors in the debt securities should consult their own advisors regarding the Italian or other tax consequences of the purchase, ownership and disposition of the debt securities in their particular circumstances, including the effect of any state, local or foreign tax laws.

Interest on Debt Securities

Interest payable on debt securities issued by TI Capital to a beneficial owner who is not resident in Italy and is not acting through an Italian permanent establishment is not subject to Italian taxes. To the extent that debt securities are deposited by a non-resident holder in an account with an Italian withholding agent, interest payable to a non-resident beneficial owner is subject to the substitute tax at rates up to 27%, according to the same rules applicable to Italian resident holders, unless the holder produces a declaration of non-residence in Italy. In addition, any element of the proceeds of sale of debt securities by a non-resident holder which represents accrued, and express or implied, interest in respect of such debt securities will be subject to Italian substitute tax if the debt securities are sold through an Italian withholding agent, unless such holder produces a declaration of non-residence and has provided details of the period during which he was the beneficial owner of the debt securities and the interest derived therefrom.

Payments under the Guarantees by Telecom Italia

There is no authority directly on point regarding the Italian tax regime of payments made by Telecom Italia under the guarantees. Accordingly, there can be no assurance that the Italian revenue authorities will not assert an alternative treatment of such payments than that set forth herein or that an Italian court would not sustain such an alternative treatment.

Payments to non-resident holders made by Telecom Italia under the guarantees, which represent interest payable on the debt securities, are subject to the Italian tax regime described above under "*Interest on Debt Securities*".

Capital Gains on the Notes

Capital gains realized by non-residents from the sale of the notes are in principle not subject to tax in Italy. However, a 12.5% substitute tax may apply to the extent the notes are located in the Italian territory if the notes are not listed on a regulated market. Although the notes are expected to be listed on the regulated market of the Luxembourg Stock Exchange, if the notes are not listed on a regulated market such 12.5% substitute tax may apply to the extent the notes are located in the Italian territory unless one of the two following sets of requirements is satisfied:

- (1)
 - the holder is resident of a country which allows an adequate exchange of information with Italy or, in the case of institutional investors not subject to tax, they are established in such country; and
 - the relevant Italian withholding agent, if any, receives a self-declaration from the holder of the notes which states that the holder is a resident of that country. The self-declaration, which must be in conformity with the model approved by the Ministry of Economy and Finance (approved in Decree of the Ministry of Economy and Finance of December 12, 2001, published in the Ordinary Supplement No. 287 to the Official Journal No. 301 of December 29, 2001), is valid until revoked by the investor and does not have to be filed if an equivalent self-declaration (including Form 116/IMP) has been submitted to the same intermediary for the same or different purposes; in the case of institutional investors not subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company;

or

- (2)
 - the holder is resident in a country which has entered into a double taxation convention with Italy that provides for the exclusive right to tax such gains in the holder's country of residence; and
 - the relevant Italian withholding agent, if any, receives a declaration signed by the tax authorities of the country of residence of the holder of the notes which states that the holder is a resident of that country for tax purposes.

Early Redemption

The early redemption of debt securities with a maturity period of no less than 18 months issued by a non-resident company, if occurring before expiration of the first 18 months, in certain cases may trigger the liability for the holder of a 20% surtax to be paid on all interest and other proceeds accrued until the date of early redemption.

In any event, the 20% surtax applies only if the holder of the debt securities is resident in Italy at the date of the early redemption. Conversely, no surtax applies if the holder is not resident in Italy, even if the debt securities are deposited by the non-resident holder in an account with an Italian withholding agent (provided that the holder produces a declaration of non-residence in Italy).

EU savings directive

The Council of the European Union has adopted a directive on June 3, 2003 regarding the taxation of savings income (Directive 2003/48/EC) (the "**Directive**"). Italy has implemented the directive through Legislative Decree No. 84 of April 18, 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of important conditions being met, with respect to interest paid starting from July 1, 2005 (including the case of interest accrued on the debt securities at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State or in a dependent or associated territory under the relevant international agreement (currently, Jersey, Guernsey, Isle of Man, Netherlands Antilles, British Virgin Islands, Turks and Caicos, Cayman Islands, Montserrat, Anguilla and Aruba), Italian paying agents (i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another EU Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EEC.

Either payments of interest on the notes or the realization of the accrued interest through the sale of the notes would constitute "payments of interest" under Article 6 of the Directive and, as far as Italy is concerned, Article 2 of Decree 84/2005. Accordingly, such payment of interest arising out of the notes would fall within the scope of the Directive being the notes issued after March 1, 2001.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement dated May 28, 2008 between Telecom Italia, TI Capital and the underwriters named below, we agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase, the principal amount of notes set forth opposite the name of such underwriter below.

Underwriter	Principal amount	
	2018 notes	2038 notes
Goldman, Sachs & Co.....	\$ 250,000,000	\$ 250,000,000
J.P. Morgan Securities Inc.....	\$ 250,000,000	\$ 250,000,000
Lehman Brothers Inc.	\$ 250,000,000	\$ 250,000,000
Merrill Lynch International.....	\$ 250,000,000	\$ 250,000,000
Total.....	\$ 1,000,000,000	\$ 1,000,000,000

The underwriters initially offered to sell the notes to the public at the public offering price set forth on the cover of this listing prospectus. The underwriters may sell notes to securities dealers at a discount from the public offering price of up to 0.25% of the principal amount of the 2018 notes and 0.50% of the principal amount of the 2038 notes. These securities dealers may resell any notes purchased from the underwriters to other broker or dealers at a discount from the public offering price of up to 0.125% of the principal amount of the 2018 notes and 0.25% of the principal amount of the 2038 notes. If the underwriters did not sell all the notes at the offering price, they could have changed the offering price and the other selling terms.

The obligations of the underwriters under the underwriting agreement, including their agreement to purchase notes from us, are several and not joint. In the underwriting agreement, the underwriters have agreed, subject to the terms and conditions set forth in the underwriting agreement, to purchase all of the notes if any of the notes are purchased. If an underwriter defaults, the underwriting agreement provides that, in certain circumstances, the underwriting commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

TI Capital and Telecom Italia have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters offered the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to certain conditions contained in the underwriting agreement, including the receipt by the underwriters of officer's certificates and legal opinions, being satisfied. The underwriters reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Each series of the notes was a new issue of securities with no established trading market. We agreed with the underwriters to make an application to trade the notes on the regulated market and to list the notes on the official list of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market of financial assets in accordance with Directive 2004/39/EC of the European Commission. The underwriters have advised us that they presently intend to make a market in the notes after completion of this offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. A liquid or active public trading market for the notes may not develop. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors.

In connection with the offering of the notes, the underwriters may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the underwriters. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. The underwriters are not required to engage in any of these activities. If the underwriters engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

The underwriters and/or their affiliates have provided investment banking, commercial banking and/or financial advisory services to Telecom Italia or its affiliates in the past, for which they have received customary compensation and expense reimbursement, and may do so again in the future.

The underwriters were expected to make offers and sales both inside and outside of the United States through their selling agents. Any offers and sales in the United States were conducted by broker-dealers registered with the SEC.

Delivery of the notes was made against payment on June 4, 2008. Trades of securities in the secondary market generally are required to settle in three business days, referred to as T+3, unless the parties to a trade agree otherwise. Accordingly, by virtue of the fact that the initial delivery of the notes was not made on a T+3 basis, investors who wished to trade the notes before a final settlement were required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement.

Selling Restrictions

No underwriter is authorized to make any representation or use any information in connection with the issue, offering and sale of the notes other than as contained in this listing prospectus, any free writing prospectus or incorporated by reference herein, or such other information relating to TI Capital, Telecom Italia and the notes which we have authorized to be used or is otherwise publicly available.

General. Other than in the United States, no action has been or will be taken by TI Capital (prior to the issue date), Telecom Italia or by or on behalf of any underwriter which would permit a public offering of any of the notes or distribution of a prospectus or offering material in any jurisdiction where there are requirements for such purpose to be complied with. Accordingly, notes may not be offered or sold, directly or indirectly, and neither this listing prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction other than the United States except under an exemption that would result in compliance with any applicable laws and regulations. Each underwriter has represented and agreed that it will only offer, sell or deliver any notes or distribute copies of this listing prospectus or any other document relating to the notes in the countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended. A copy of the decree can be obtained from the website of the Ministry of Finance of Italy at www.finanze.it.

Each underwriter will to the best of its knowledge comply with all relevant laws, regulations and directives in each jurisdiction in which it offers, sells, or delivers notes or has in its possession or distributes this listing prospectus or any amendment or supplement thereto or any other offering material.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive], except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State (provided that the notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy) at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000; and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by the Issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to above shall require TI Capital or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the foregoing, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Italy. No application has been made to obtain an authorization from CONSOB for an offer to the public of the notes. Each underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, any notes in Italy or to investors resident in Italy and will not distribute copies of this listing prospectus or any other document relating to the notes in Italy. Furthermore, each underwriter has acknowledged that trading in the notes on the secondary market in Italy may be subject to restrictions pursuant to Italian law. In particular, failing an exemption under applicable regulatory provisions, systematic re-sales of the notes in Italy to persons who are not qualified investors, in the 12 months following an initial placement in Italy or abroad reserved for qualified investors, trigger an offer to the public as provided for by Article 100-*bis*, paragraph 2, of Legislative Decree of February 24, 1998, no. 58. In such circumstances, if no prospectus is published, the acquirer acting for purposes not related to entrepreneurial or professional activities may obtain that the sale is declared void and the authorized operators at which the sale took place may be responsible for damages; in addition, certain administrative fines may apply.

United Kingdom. Each underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the United Kingdom Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to TI Capital or Telecom Italia; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such notes in, from or otherwise involving the United Kingdom.

Japan. The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “FIEA”). Each underwriter has represented and agreed that the notes offered hereby which it purchases will be purchased by it as principal and that, in connection with the offering of the notes offered hereby, it has not offered or sold, and will not offer or sell, directly or indirectly, any notes in Japan or to, or for the account of, any resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other applicable requirements of Japanese law. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

GENERAL INFORMATION

Luxembourg Listing

Copies of Telecom Italia's bylaws, TI Capital's respective articles of incorporation and all reports prepared and filed are available at the office of BNP Paribas Securities Services, Luxembourg Branch, the paying agent in Luxembourg. We will maintain a paying agent and registrar in Luxembourg for so long as any notes are listed on the regulated market of the Luxembourg Stock Exchange.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the notes and guarantees. The issuance of the notes and guarantees was approved by the board of directors of Telecom Italia on July 25, 2005. The issuance of the notes was approved by the board of directors of TI Capital on May 7, 2008. The terms and conditions of the offer, the issuance of the notes and guarantees in connection herewith and the preparation and filing of this listing prospectus was approved by the board of directors of Telecom Italia on July 25, 2005.

Manager responsible for financial reporting

The manager responsible for financial reporting (Enrico Parazzini) declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Financial Intermediation, that the accounting information contained in this Listing prospectus corresponds to the documents results, book and accounting records.

Interests of Natural and Legal Persons

Save for any fees payable to the underwriters as described under "Underwriting", so far as Telecom Italia Capital is aware, no person involved in the issue of the notes has any material interest to the other or with respect to the offering of the notes.

Documents on Display

You may obtain a copy of any of the documents listed in the "Incorporation by reference" section on pages 22 – 23 of this listing prospectus and any of the documents listed below, during the life of this listing prospectus from:

BNP Paribas
Securities Services, Luxembourg Branch
33 rue de Gasperich Howald-Hesperange
L-2085 Luxembourg

1. Articles of incorporation of TI Capital;
2. Bylaws of Telecom Italia;
3. Indenture dated as of October 6, 2004 among TI Capital, Telecom Italia and The Bank of New York (as successor to JPMorgan Chase Bank), as trustee, as supplemented by a fourth supplemental indenture, dated as of June 4, 2008, among TI Capital, Telecom Italia and The Bank of New York, as trustee, which includes the form of guarantee;
4. All historical annual audited and interim unaudited financial information of the Telecom Italia Group and related reports, letters and other documents, and valuations and statements prepared by an expert at TI Capital's request which are included or incorporated by reference in this listing prospectus; and
5. The historical audited financial information of TI Capital for each of the two years preceding the publication of this listing prospectus.

LEGAL MATTERS

The validity of the notes under New York law and certain matters of United States law relating to the notes have been passed upon for Telecom Italia and TI Capital by Morgan, Lewis & Bockius LLP. Certain matters of Italian law have been passed upon for Telecom Italia by Labruna Mazziotti Segni. Certain matters of Italian tax law have been passed upon for

Telecom Italia by Maisto e Associati Associazione Professionale. Certain matters of Luxembourg law, including Luxembourg tax law, have been passed upon for TI Capital by Linklaters LLP, Luxembourg.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of Telecom Italia appearing in the Telecom Italia Annual Report (Form 20-F) for the year ended December 31, 2007, have been audited by Reconta Ernst & Young S.p.A., independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference.

Reconta Ernst & Young S.p.A. is registered under no. 2 in the Special Register (Albo Speciale) maintained by CONSOB and set out at article 161 of the Consolidated Law on Financial Intermediation and under no. 70945 in the Register of Accountancy Auditors (Registro dei Revisori Contabili), in compliance with the provisions of the Legislative Decree January 27, 1992, n. 88. Reconta Ernst & Young S.p.A., is also a member of ASSIREVI, the Italian association of auditing firms and it is registered at the PCAOB (Public Company Accounting Oversight Board) in the United States.

Ernst & Young S.A. (Luxembourg), independent registered public accounting firm, have audited the TI Capital financial statements at December 31, 2007 and 2006, as stated in their reports set forth in this listing prospectus.

Ernst & Young S.A. (Luxembourg) is a member of the Institut des Réviseurs d'Entreprises Luxembourgeois and the Ordre des Experts-Comptables Luxembourgeois.

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Financial Statements of TI Capital for the Year Ended December 31, 2007

COMPTE DE PROFITS ET PERTES POUR L'EXERCICE CLOTURE AU 31 DECEMBRE 2007					
A. CHARGES - EUR	31/12/2007	31/12/2006	B. PRODUITS - EUR	31/12/2007	31/12/2006
1. Réduction du stock de produits finis et en cours de fabrication	-	-	1. Montant net du chiffre d'affaires	-	-
2. a) Consommation de marchandises et de matières premières et consommables	-	-	2. Augmentation du stock de produits finis et en cours de fabrication	-	-
3. Frais de personnel	151,923.51	131,702.02	3. Travaux effectués par l'entreprise pour elle-même et portés à l'actif	-	-
a) Salaires et traitements	96,934.07	87,121.76			
b) Charges sociales couvrant les salaires et traitements	54,989.44	44,580.26			
4. a) Corrections de valeur sur frais d'établissement sur immobilisations corporelles et incorporelles	14,413.02	15,409.26	4. Autres produits d'exploitation	39,936.84	-
5. Autres charges d'exploitation	1,108,933.18	1,063,265.76	5. Produits de participations	-	-
6. Corrections de valeur sur immobilisations financières et sur valeurs mobilières faisant partie de l'actif circulant	-	-	6. Produits d'autre valeurs mobilières et de créances de l'actif immobilisé	-	-
7. Intérêts et charges assimilées	915,296,375.40	781,808,743.28	7. Autres intérêts et produits assimilés	920,116,114.57	784,836,348.01
a) Concernant des entreprises liées (note 17)	2,244,095.37	2,166,957.78	a) Provenant des entreprises liées	524,930,944.00	407,700,870.12
b) Autres intérêts et charges	913,052,280.03	779,641,785.50	b) Autres intérêts et produits assimilés	395,185,170.57	377,135,477.89
10. Charges exceptionnelles	1,207,102.10	-	9. Produits exceptionnels	1,207,102.10	-
11. Impôts sur le résultat (note 18)	1,062,015.11	538,444.56	10. Résultat de l'exercice	-	-
13. Résultat de l'exercice	2,522,391.19	1,278,783.13			
TOTAL CHARGES	921,363,153.51	784,836,348.01	TOTAL PRODUITS	921,363,153.51	784,836,348.01

BILAN AU 31 DÉCEMBRE 2007

ACTIF – EUR	31/12/2007	31/12/2006	PASSIF – EUR	31/12/2007	31/12/2006
A. Capital souscrit non versé	-	-	A. Capitaux propres	5,869,687.71	4,347,286.46
			I. Capital Souscrit (note 8)	2,336,000.00	2,336,000.00
			IV. Réserves (note 9)		
B. Frais d'établissement (note 4)	-	14,077.69	1. Réserve légale	234,000.00	234,000.00
			4. Autres réserves	526,779.57	442,054.57
			V. Résultats reportés	250,516.95	56,448.76
			VI. Résultat de l'exercice	2,522,391.19	1,278,783.13
C. Actif Immobilisé	9,537,676,528.05	9,939,286,975.41			
II. Immobilisations corporelles (note 5)			B. Provisions pour risques et charges	-	-
2. Installations techniques et machines	446.55	781.88			
III. Immobilisations financières (note 6)			3. Autres provisions	-	-
2. Créances sur des entreprises liées	9,537,676,081.50	9,939,286,193.53	C. Dettes	9,728,365,664.13	10,060,359,167.43
			1. Emprunts obligataires (note 10)		
			b) Emprunts non convertibles		
			a) dont la durée résiduelle est ≤ à un an	679,301,677.88	-
			b) dont la durée résiduelle est > à un an	7,879,899,463.36	9,567,198,177.66
			2. Dettes envers des établissements de crédit		
D. Actif Circulant	137,631,961.06	52,371,935.00	a) dont la durée résiduelle est ≤ à un an	-	239.26
II. Créances			b) dont la durée résiduelle est > à un an (note 11)	52,770,917.07	65,502,632.47
2. Créances sur des entreprises liées			4. Dettes sur achats et prestations de services		
a) dont la durée résiduelle est ≤ à un an	100,959,415.63	40,959,415.63	a) dont la durée résiduelle est ≤ à un an	565,191.08	758,564.37
4. Autres Créances			6. Dettes envers des entreprises liées (note 12)		
a) dont la durée résiduelle est ≤ à un an	183,813.38	9,031.49	a) dont la durée résiduelle est ≤ à un an	1,052,917.61	1,162,430.50
IV. Avoirs en banques, avoirs en compte de chèques postaux, chèques et en caisse	36,488,732.05	11,403,487.88	8. Dettes fiscales et dettes au titre de la sécurité sociale (note 13)		
			a) dont la durée résiduelle est ≤ à un an	2,410,881.98	1,360,183.19
			9. Autres dettes		
			a) dont la durée résiduelle est ≤ à un an	2.01	10,304.03
			b) dont la durée résiduelle est > à un an	1,112,364,613.14	424,366,635.95

			un an (note 14)		
E. Comptes de régularisation (note 7)	313,797,237.90	316,705,548.74	D. Comptes de régularisation (note 15)	254,870,375.17	243,672,082.95
TOTAL ACTIF	9,989,105,727.01	10,308,378,536.84	TOTAL PASSIF	9,989,105,727.01	10,308,378,536.84

ETATS DES FLUX DE TRESORERIE AU 31 DECEMBRE 2007		
	Décembre 2007	Décembre 2006
Flux de trésorerie liés à l'activité		
Résultat net de la période	2,522,391.15	1,278,783.19
Variations pour réconcilier le résultat de la période avec les flux de trésorerie nets générés par l'activité	-	-
Dévaluations, Amortissements et autres variations non monétaires	14,121,016.08	10,657,232.90
Variations nettes des autres créances et des autres dettes	747,812.61	-1,471,061.83
Flux net de trésorerie généré (utilisé) par l'activité	17,391,219.84	10,464,954.26
Flux de trésorerie liés aux opérations d'investissement		
Variations d'immobilisations corporelles	-	-1,023.50
Variations d'immobilisations incorporelles	-	-
Variations des autres investissements	-	-
	-	-
	341,435,330.1	1,700,633,711.7
Variations des crédits financiers et des autres activités financières	4	2
	-	-
Flux de trésorerie lié aux opérations d'investissement	341,435,330.1	1,700,634,735.2
	4	2
Flux de trésorerie liés aux opérations de financement		
Variations nettes des dettes à court terme	-10,302.02	10,302.03
Variations des dettes à moyen/long terme	-	-
	-	-
	332,730,774.6	1,690,271,971.1
Autres variations des dettes à moyen/long terme	4	3
	-	-
Flux net de trésorerie affecté aux opérations de financement	332,741,076.6	1,690,282,273.1
	6	6
Flux de trésorerie liés aux variations du patrimoine		
Dividendes versés	-999,989.96	-349,996.50
Augmentation (diminution) de capital	-	-
Flux net de trésorerie lié aux opérations sur le patrimoine	-999,989.96	-349,996.50
Augmentation (diminution) des disponibilités et autres liquidités disponibles	25,085,483.36	-237,504.30
Disponibilités et autres liquidités disponibles au début de la période	11,403,248.68	11,640,752.98
Disponibilités et autres liquidités disponibles à la clôture de la période	36,488,732.04	11,403,248.68

NOTES EXPLICATIVES AUX ETATS FINANCIERS AU 31 DECEMBRE 2007

NOTE 1 – CONSTITUTION DE LA SOCIETE

La société a été constituée le 27 Septembre 2000 pour une durée illimitée. Elle est enregistrée au Registre de Commerce et des Sociétés de Luxembourg sous le numéro B 77.970 et son siège social est actuellement au 12, Rue Eugène Ruppert L-2453 Luxembourg.

NOTE 2 – ACTIVITE DE LA SOCIETE

La société a pour objet de financer de la manière la plus large les sociétés et entreprises faisant partie du Groupe Telecom Italia.

A cette fin, elle peut se procurer tous fonds en émettant des obligations, des bons de caisse et tous autres instruments et en contractant tous emprunts sous toutes formes auprès de banques et d'investisseurs institutionnels et de toute autre manière, l'énumération qui précède étant purement énonciative et non limitative.

Elle peut également prendre des participations dans toute société luxembourgeoise ou étrangère et administrer, gérer et mettre en valeur son portefeuille.

Elle peut accomplir toutes opérations généralement quelconques, commerciales, financières, mobilières et immobilières se rapportant directement ou indirectement à son objet.

D'une manière générale, la société peut effectuer toutes opérations qu'elle jugera utile à l'accomplissement et au développement de son objet social.

L'exercice social de la Société débute le 1^{er} janvier et se termine le 31 décembre.

NOTE 3 – PRINCIPES ET METHODES COMPTABLES

Les comptes annuels sont établis conformément aux dispositions légales et réglementaires luxembourgeoises et aux pratiques comptables généralement admises.

La comptabilité sociale et le bilan annuel de la Société sont tenus et exprimés en euros (EUR).

La Société utilise la méthode de la comptabilité multidevises qui consiste à enregistrer les actifs et les passifs dans leur devise d'origine qui sont convertis en euros à la fin de chaque mois. Les différences nettes de change résultant de ces conversions sont imputées au compte de profits et pertes au poste autres charges /produits financiers.

Les produits et les charges réalisés en devises autres que l'euro sont enregistrés dans leurs devises respectives et convertis aux cours de change en vigueur à la date de l'opération.

Les différences de change provenant des opérations de financement libellées en devises autres que l'euro sont couvertes soit par le biais de placements et prêts congruents, soit par le recours à des contrats de swaps de devises par l'utilisation du compte de « réévaluation du change » dont l'évaluation au cours de clôture permet de neutraliser le risque de change.

Swaps de taux d'intérêt et de devises

Les engagements relatifs aux swaps de devises et de taux d'intérêt sont inscrits dans les postes hors bilan à la valeur nominale des contrats.

Compte de régularisation

Les comptes de régularisation comprennent d'une part les intérêts courus non échus relatifs aux dépôts et prêts accordés ainsi que sur les opérations de swap d'intérêts liées (compte de régularisation actif) et d'autre part les intérêts courus non échus sur les emprunts obligataires et les opérations de swap d'intérêts liées (compte de régularisation passif).

Les comptes de régularisation actifs incluent également les primes d'émission et frais d'émission. Ceux-ci sont portés en compte de profits et pertes de manière linéaire sur la durée de vie des emprunts obligataires.

NOTE 4 – FRAIS D'ETABLISSEMENT

Les frais d'établissement sont amortis linéairement au taux de 20% par an. Au 31 Décembre 2007, les frais d'établissement se détaillent comme suit:

	31/12/2007 en EUR	31/12/2006 en EUR
Valeur d'acquisition au début de l'exercice	105,714.58	105,714.58
Acquisition au cours de l'exercice	-	-
Valeur d'acquisition à la fin de l'exercice	105,714.58	105,714.58
Corrections de valeur au début de l'exercice	-91,636.89	-76,469.25
Corrections de valeur au cours de l'exercice	-14,077.69	-15,167.64
Corrections de valeur à la fin de	-105,714.58	-91,636.89

l'exercice		
Valeur nette comptable à la fin de l'exercice	-	14,077.69

NOTE 5 – IMMOBILISATIONS CORPORELLES

Au 31 Décembre 2007, les valeurs nettes des immobilisations corporelles se détaillent comme suit :

	31/12/2007 en EUR	31/12/2006 en EUR
Valeur d'acquisition au début de l'exercice	1,023.50	–
Acquisition au cours de l'exercice	–	1,023.50
Valeur d'acquisition à la fin de l'exercice	1,023.50	1,023.50
Corrections de valeur au début de l'exercice	-241.62	–
Corrections de valeur au cours de l'exercice	-335.33	-241.62
Corrections de valeur à la fin de l'exercice	-576.95	-241.62
Valeur nette comptable à la fin de l'exercice	446.55	781.88

NOTE 6 – IMMOBILISATIONS FINANCIERES

Avec les montants reçus suite aux émissions d'emprunts obligataires (Note 10), la Société a conclu des contrats de dépôts envers la Maison Mère pour un montant total de EUR 9,409,326,081.50 au 31 décembre 2007 (2006: EUR 9,729,325,140.69) et des financements envers des entreprises liées pour un montant total de EUR 128,350,000.00 au 31 décembre 2007 (2006: EUR 209,961,052.84).

NOTE 7 – COMPTES DE REGULARISATION (ACTIF)

Le compte est composé des montants relatifs à la part des intérêts courus et aux autres charges payées d'avance se rattachant à l'exercice.

	31/12/2007 en EUR	31/12/2006 en EUR
Intérêts courus sur dépôts bancaires	82,833.34	3,946.11
Intérêts courus sur contrats de couverture	105,215,457.82	115,614,774.62
Intérêts courus sur créances envers Maison Mère	146,885,864.09	123,784,652.41
Intérêts courus sur créances envers sociétés du Groupe	3,412,130.05	4,340,960.24
Charges payées d'avance sur Emprunt	53,562,659.78	67,434,445.30

Ob. (primes d'émission et frais d'émission)		
Autres charges payées d'avance	4,638,292.82	5,526,770.06
	313,797,237.90	316,705,548.74

NOTE 8 – CAPITAL SOCIAL

La Société a été constituée avec un capital social s'élevant à USD 30,000 (trente mille), représenté par 3,000 (trois mille) actions d'une valeur nominale de USD 10 (dix) chacune, entièrement libérées.

Au cours de l'Assemblée Générale Extraordinaire du 5 mars 2001, le capital social a été augmenté pour le porter à USD 1,000,000 (un million) par émission de 97,000 (quatre vingt dix-sept mille) actions d'une valeur nominale de USD 10 (dix) chacune, entièrement libérées.

L'Assemblée Générale Extraordinaire du 20 décembre 2002 a décidé d'augmenter le capital pour le porter d'USD 1,000,000 à USD 8,000,000 par augmentation de la valeur nominale des actions d'USD 10 à USD 80. Elle a ensuite décidé de réduire à USD 2,400,000 le capital afin d'absorber des pertes reportées (USD 5,600,000). Ensuite, elle a décidé de convertir le capital social en Euro au cours de change de 1 euro égal à 1.0273 USD.

Au 31 Décembre 2007, le capital social s'élève donc à EUR 2,336,000 divisé en 100,000 actions d'une valeur nominale d'EUR 23.36 par action.

La composition de l'actionariat est la suivante:

	Nombre d'actions 31/12/2007	Nombre d'actions 31/12/2006
TELECOM ITALIA S.p.A.	99,999	99,999
TELECOM ITALIA FINANCE S.A.	1	1
	100,000	100,000

NOTE 9 – RESERVES

Les réserves se détaillent comme suit :

- a) Réserve légale de EUR 234,000.00, soit 10% du capital social, qui a été créée au cours de l'assemblée du 2 mars 2005 en y affectant une partie du montant des réserves indisponibles;
- b) Autres réserves de EUR 526,779.57 divisées comme suit:
 - i. Réserves indisponibles de EUR 358,829.57 et
 - ii. Réserves disponibles de EUR 167,950.00: cette réserve a été créée lors de l'assemblée du 1 mars 2006 pour un montant de EUR 83,225.00 et augmentée par l'assemblée du 7 mars 2007 d'un montant de EUR 84,725.00. Elle correspond au quintuple de l'impôt sur la fortune pour les exercices 2005 et 2006.

NOTE 10 – EMPRUNTS OBLIGATAIRES

La Société a émis les emprunts obligataires suivants, dont EUR 679,301,677.88 ont durée résiduelle inférieure à un an:

	31/12/2007 en EUR	31/12/2006 en EUR
Emprunt obligataire USD 1,000,000,000 29/10/2003 15/11/2008 taux fixe 4%	679,301,677.88	759,301,442.67
Emprunt obligataire USD 2,000,000,000 29/10/2003 15/11/2013 taux fixe 5.25%	1,358,603,355.75	1,518,602,885.35
Emprunt obligataire USD 1,000,000,000 29/10/2003 15/11/2033 taux fixe 6.375%	679,301,677.88	759,301,442.67
Emprunt obligataire USD 1,250,000,000 06/10/2004 15/01/2010 taux fixe 4%	849,127,097.34	949,126,803.34
Emprunt obligataire USD 1,250,000,000 06/10/2004 30/09/2014 taux fixe 4.95%	849,127,097.34	949,126,803.34
Emprunt obligataire USD 1,000,000,000 06/10/2004 30/09/2034 taux fixe 6%	679,301,677.88	759,301,442.67
Emprunt obligataire USD 700,000,000 28/09/2005 01/10/2010 taux fixe 4.875%	475,511,174.51	531,511,009.87
Emprunt obligataire USD 400,000,000 28/09/2005 01/02/2011 taux variable LIBOR 3M + 0.48%	271,720,671.15	303,720,577.07
Emprunt obligataire USD 1,400,000,000 28/09/2005 01/10/2015 taux fixe 5.25%	951,022,349.03	1,063,022,019.74
Emprunt obligataire USD 750,000,000 18/07/2006 18/07/2011 taux fixe 6.20%	509,476,258.41	569,476,082.00
Emprunt obligataire USD 850,000,000 18/07/2006 18/07/2011 taux variable LIBOR 3M + 0.61%	577,406,426.19	645,406,226.27
Emprunt obligataire USD 1,000,000,000 18/07/2006 18/07/2036 taux fixe 7.20%	679,301,677.88	759,301,442.67
	8,559,201,141.24	9,567,198,177.66

NOTE 11 – DETTES ENVERS ETABLISSEMENTS DE CREDIT

L'émission des emprunts obligataires a engendré un montant de frais d'émission d'USD 31,300,000 pour l'émission du 29 Octobre 2003, d'USD 35,652,500 pour l'émission du 6 Octobre 2004, d'USD 19,684,000 pour l'émission du 28 Septembre 2005 et d'USD 14,036,250 pour l'émission du 18 Juillet 2006. Pour financer le paiement des ces frais, la Société a conclu des contrats d'emprunts bancaires de même durée que les emprunts obligataires. Les contrats prévoient le remboursement par échéances trimestrielles.

	31/12/2007 en EUR	31/12/2006 en EUR
Echéance : 15/11/2008	559,478.60	1,239,123.27
Echéance : 15/11/2013	6,193,543.33	7,927,921.40
Echéance : 15/11/2033	8,382,875.10	9,538,454.68
Echéance : 15/01/2010	2,346,277.33	3,727,681.43
Echéance : 30/09/2014	4,872,194.84	6,169,481.95
Echéance : 29/09/2034	11,541,648.01	13,134,833.70
Echéance : 01/10/2010	1,333,570.82	1,952,252.99
Echéance : 01/02/2011	604,768.34	865,960.21
Echéance : 01/10/2015	8,554,485.15	10,537,943.54
Echéance : 18/07/2011	2,070,938.11	2,854,986.92
Echéance : 18/07/2011	1,567,624.28	2,160,736.55
Echéance : 18/07/2036	4,743,513.16	5,393,255.83
	52,770,917.07	65,502,632.47

NOTE 12 – DETTES ENVERS DES ENTREPRISES LIEES

Le compte comprend les dettes envers la Maison Mère pour le paiement de la commission de garantie pour le deuxième semestre 2007 pour EUR 1,100,539.60.

NOTE 13 – DETTES FISCALES ET DETTES AU TITRE DE LA SECURITE SOCIALE

Le compte est composé des provisions pour impôts pour un montant total de EUR 2,410,881.98 (EUR 1,360,183.19 au 31 décembre 2006).

NOTE 14 –AUTRES DETTES DONT LA DUREE RESIDUELLE EST SUPERIEURE A UN AN

Ce poste d'un montant de EUR 1,112,364,613.14 (au 31/12/06 un montant de EUR 424,366,635.95 correspondant à la réévaluation du change) est relatif à l'évaluation au cours de clôture des contrats de change souscrits dans un but de couverture du risque de change concernant les émissions du 6 Octobre 2004, du 28 Septembre 2005 et du 18 juillet 2006. Cette évaluation correspond à la différence entre le taux de change contractuel et le taux de change de clôture. La contrepartie au compte de profits et pertes est compensée par le résultat de change provenant de la conversion en EURO des emprunts obligataires.

NOTE 15 – COMPTES DE REGULARISATION (PASSIF)

Le compte est composé des montants relatifs à la part des intérêts courus de compétence de l'exercice.

	31/12/2007 en EUR	31/12/2006 en EUR
Intérêts courus sur emprunts obligataires	118,915,142.28	133,378,938.36
Intérêts courus sur contrats de couverture	135,635,744.35	109,886,574.09
Intérêts courus envers des établ. de crédit	319,488.54	406,570.50
	254,870,375.17	243,672,082.95

NOTE 16 – CONTRATS DE COUVERTURE

Afin de couvrir le risque de taux lié aux emprunts obligataires émis en 2003, la Société a conclu des contrats IRS (Interest Rate Swap) de même durée que les emprunts, qui prévoient le paiement aux banques du taux variable USD contre le paiement par celles-ci du taux fixe USD du coupon.

Afin de couvrir le risque de taux et le risque de change liés aux emprunts obligataires émis en 2004, 2005 et 2006, la Société a conclu plusieurs contrats de swaps de devises et taux (CCIRS) de même durée que les emprunts, qui prévoient le paiement aux banques du taux variable EUR contre le paiement par celles-ci du taux fixe USD. Ces mêmes contrats permettent également la couverture du risque de change. En effet, la

société a émis au cours des années 2004, 2005 et 2006 des emprunts obligataires en USD mais a prêté les fonds reçus en EURO.

	31/12/2007 en EUR	31/12/2006 en EUR
Swap de devises et de taux d'intérêt	6,954,359,044.49	7,964,269,289.27
Swap de taux d'intérêt	7,710,074,043.88	8,618,071,374.34
Swap de devise	5,266,519.00	5,809,807.69
	14,669,699,607.37	16,588,150,471.30

NOTE 17 – INTERETS ET CHARGES ASSIMILEES CONCERNANT DES ENTREPRISES LIEES

Les emprunts obligataires pour un montant total d'USD 12,600,000,000 et les contrats dérivés pour la couverture du risque de taux et de change, sont garantis par Telecom Italia S.p.A. Une commission de EUR 2,157,289.81 (2006: EUR 2,166,957.78) est enregistrée dans le compte de profits et pertes.

NOTE 18 – IMPOTS SUR LE RESULTAT

Ce poste comprend les montants provisionnés au titre d'impôt sur le revenu de l'exercice au 31/12/2007. Le montant est de EUR 1,062,015.11 (EUR 538,444.56 au 31/12/2006).

NOTE 19 - SITUATION FISCALE

La Société est soumise au Luxembourg au droit fiscal commun applicable à toutes les sociétés de capitaux.

NOTE 20 – CONSOLIDATION

Les comptes de la société sont inclus dans les comptes consolidés de Telecom Italia S.p.A., qui sont disponibles auprès du siège social de Telecom Italia S.p.A., situé à Milano, Piazza degli Affari 2.

NOTE 21 – REMUNERATIONS DES ADMINISTRATEURS

Aucune rémunération n'a été payée aux Administrateurs au cours de l'exercice 2007.

[ERNST & YOUNG LETTERHEAD]

RAPPORT DU REVISEUR D'ENTREPRISES

Aux actionnaires de
Telecom Italia Capital S.A.
12, rue Eugène Ruppert
L-2453 Luxembourg

Rapport sur les comptes annuels

Conformément au mandat donné par l'Assemblée Générale des actionnaires, nous avons effectué l'audit des comptes annuels ci-joints de Telecom Italia Capital S.A. comprenant le bilan ainsi que le compte de profits et pertes pour l'exercice clos à cette date 31 Décembre 2007, et l'annexe contenant un résumé des principales méthodes comptables et d'autres notes explicatives.

Responsabilité du Conseil d'Administration dans l'établissement et la présentation des comptes annuels

Le Conseil d'Administration est responsable de l'établissement et de la présentation sincère de ces comptes annuels, conformément aux obligations légales et réglementaires relatives à l'établissement et la présentation des comptes annuels en vigueur au Luxembourg. Cette responsabilité comprend: la conception, la mise en place et le suivi d'un contrôle interne relatif à l'établissement et la présentation sincère de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, le choix et l'application de méthodes comptables appropriées, ainsi que la détermination d'estimations comptables raisonnables au regard des circonstances.

Responsabilité du Réviseur d'Entreprises

Notre responsabilité est d'exprimer une opinion sur ces comptes annuels sur la base de notre audit. Nous avons effectué notre audit selon les Normes Internationales d'Audit telles qu'adoptées par l'Institut des Réviseurs d'Entreprises. Ces normes requièrent de notre part de nous conformer aux règles d'éthique ainsi que de planifier et de réaliser l'audit pour obtenir une assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives.

Un audit implique la mise en oeuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les comptes annuels. Le choix des procédures relève du jugement du Réviseur d'Entreprises, de même que l'évaluation du risque que les comptes annuels contiennent des anomalies significatives, que celles-ci résultant de fraudes ou d'erreurs. En procédant à ces évaluations du risque, le Réviseur d'Entreprises prend en compte le contrôle interne en vigueur dans l'entité relatif à l'établissement et la présentation sincère des comptes annuels afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité de celui-ci.

Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par le Conseil

d'Administration, de même que l'appréciation de la présentation d'ensemble des comptes annuels.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.

Opinion

À notre avis, les comptes annuels donnent une image fidèle du patrimoine et de la situation financière de Telecom Italia Capital S.A., ainsi que des résultats pour l'exercice clos à cette date 31 Décembre 2007, conformément aux obligations légales et réglementaires relatives à l'établissement et à la présentation des comptes annuels en vigueur au Luxembourg.

Rapport sur d'autres obligations légales ou réglementaires

Le rapport de gestion, qui relève de la responsabilité du Conseil d'Administration est en concordance avec les comptes annuels.

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises

/s/ Jean-Marie GISCHER

Jean-Marie GISCHER

Le 15 février 2008

Financial Statements of TI Capital for the Year Ended December 31, 2006

COMpte DE PROFITS ET PERTES POUR L'EXERCICE CLOTURE AU 31 DECEMBRE 2006					
A. CHARGES - EUR	31/12/2006	31/12/2005	B. PRODUITS - EUR	31/12/2006	31/12/2005
3. Frais de personnel	131,702.02	105,200.51	4. Autres produits d'exploitation	-	310,650.00
a) Salaires et traitements	87,121.76	77,697.73	7. Autres intérêts et produits assimilés	784,836,348.0	488,380,601.7
b) Charges sociales couvrant les salaires et traitements	44,580.26	27,502.78	a) Provenant des entreprises liées	1	4
4. a) Corrections de valeur sur frais d'établissement sur immobilisations corporelles et incorporelles	15,409.26	21,141.48	b) Autres intérêts et produits assimilés	407,700,870.1	236,339,872.8
5. Autres charges d'exploitation	1,063,265.76	631,703.47		2	0
7. Intérêts et charges assimilées	781,808,743.2	485,212,567.1		377,135,477.8	252,040,728.9
a) Concernant des entreprises liées (note 17)	2,166,957.78	1,889,321.17		9	4
b) Autres intérêts et charges	779,641,785.5	483,323,245.9			
0	0	7			
11. Impôts sur le résultat	538,444.56	781,801.79			
13. Résultat de l'exercice	1,278,783.13	1,938,837.35			
TOTAL CHARGES	784,836,348.0	488,691,251.7	TOTAL PRODUITS	784,836,348.0	488,691,251.7
	1	4		1	4

Les notes font partie intégrante des comptes annuels

BILAN AU 31 DECEMBRE 2006

ACTIF - EUR	31/12/2006	31/12/2005	PASSIF - EUR	31/12/2006	31/12/2005
B. Frais d'établissement <i>(note 4)</i>	14,077.69	29,245.33	A. Capitaux propres	4,347,286.46	3,418,499.83
		8,254,704,894.9	I. Capital Souscrit <i>(note 8)</i>	2,336,000.00	2,336,000.00
C. Actif Immobilisé	9,939,286,975.41	7	IV. Réserves <i>(note 9)</i>		
II. Immobilisations corporelles <i>(note 5)</i>			1. Réserve légale	234,000.00	234,000.00
2. Installations techniques et machines	781.88	-	4. Autres réserves	442,054.57	358,829.57
III. Immobilisations financières <i>(note 6)</i>			V. Résultats reportés	56,448.76	450,832.91
2. Créances sur des entreprises liées	9,939,286,193.53	8,254,704,894.9	VI. Résultat de l'exercice	1,278,783.13	1,938,837.35
		7	IX. Acompte sur dividendes	-	-1,900,000.00
D. Actif Circulant	52,371,935.00	239,105,178.46			8,563,438,363.4
II. Créances			C. Dettes	10,060,359,167.43	9
2. Créances sur des entreprises liées			1. Emprunts obligataires <i>(note 10)</i>		
a) dont la durée résiduelle est inférieure ou égale à un an	40,959,415.63	40,959,415.63	b) Emprunts non convertibles		
			b) dont la durée résiduelle est supérieure à un an	9,567,198,177.66	8,476,731,372.4
4. Autres Créances					0
a) dont la durée résiduelle est inférieure ou égale à un an	9,031.49	7,911.51	2. Dettes envers des établissements de crédit		
b) dont la durée résiduelle est supérieure à un an <i>(note 14)</i>	-	186,496,889.45	a) dont la durée résiduelle est inférieure ou égale à un an	239.26	208.89
IV. Avoirs en banques, avoirs en compte de chèques postaux, chèques et en caisse	11,403,487.88	11,640,961.87	b) dont la durée résiduelle est supérieure à un an <i>(note 11)</i>	65,502,632.47	65,903,247.13
			4. Dettes sur achats et prestations de services		
E. Comptes de régularisation <i>(note 7)</i>	316,705,548.74	262,909,106.81	a) dont la durée résiduelle est inférieure ou égale à un an	758,564.37	3,947,593.76
			6. Dettes envers des entreprises liées <i>(note 12)</i>		
			a) dont la durée résiduelle est inférieure ou égale à un an	1,162,430.50	16,051,293.18
			8. Dettes fiscales et dettes au titre de la sécurité sociale <i>(note 13)</i>		
			a) dont la durée résiduelle est inférieure ou égale à un an	1,360,183.19	804,646.13
			9. Autres dettes		
			a) dont la durée résiduelle est inférieure ou égale à un an	10,304.03	2.00
			b) dont la durée résiduelle est supérieure à un an <i>(note 14)</i>	424,366,635.95	-
			D. Comptes de	243,672,082.95	189,891,562.25

			régularisation (note 15)	
TOTAL ACTIF	10,308,378,536.84	8,756,748,425.57	TOTAL PASSIF	10,308,378,536.84
<i>Les notes font partie intégrante des comptes annuels</i>				

ETAT DES FLUX DE TRESORERIE AU 31 DECEMBRE 2006

	Décembre 2006	Décembre 2005
Flux de trésorerie liés à l'activité		
Résultat net de la période	1,278,783.13	1,938,837.35
Variations pour réconcilier le résultat de la période avec les flux de trésorerie nets généralisés par l'activité		
Dévaluations, Amortissements et autres variations non monétaires	10,657,232.90	-3,098,079.26
Variations nettes des autres créances et des autres dettes	-1,471,061.83	-337,899.67
Flux net de trésorerie généré (utilisé) par l'activité	10,464,954.20	-1,497,141.58
Flux de trésorerie liés aux opérations d'investissement		
Variations des immobilisations corporelles	-1,023.50	-
Variations des immobilisations incorporelles	-	-
Variations des autres investissements	-	-
	-	-
	1,700,633,711.7	2,509,258,510.5
Variations des crédits financiers et des autres activités financières	2	3
	-	-
Flux de trésorerie lié aux opérations d'investissement	1,700,634,735.2	2,509,258,510.5
	2	3
Flux de trésorerie liés aux opérations de financement		
Variations nettes des dettes à court terme	10,093.14	-6,584.70
	1,974,183,750.9	2,119,182,843.1
Variations des dettes à moyen/long terme	4	0
Autres variations des dettes à moyen/long terme	-283,911,779.81	405,382,841.36
Flux net de trésorerie affecté aux opérations de financement	1,690,282,064.2	2,524,559,099.7
	7	6
Flux de trésorerie liés aux variations du patrimoine		
Dividendes versés	-349,996.50	-1,900,000.00
Augmentation (diminution) de capital	-	-
Flux net de trésorerie lié aux opérations sur le patrimoine	-349,996.50	-1,900,000.00
Augmentation (diminution) des disponibilités et autres liquidités disponibles	-237,713.25	11,903,447.65
Disponibilités et autres liquidités disponibles au début de la période	11,640,961.87	-262,485.78
Disponibilités et autres liquidités disponibles à la clôture de la période	11,403,248.62	11,640,961.87
Les disponibilités et autres liquidités disponibles à la clôture de l'exercice se composent comme suit:		
Avoirs en banques, avoirs en compte chèques postaux, chèques et en caisse	11,403,487.88	11,640,961.87
Solde débiteur sur compte courant	-239.26	-

NOTES EXPLICATIVES AUX ETATS FINANCIERS AU 31 DECEMBRE 2006

NOTE 1 – CONSTITUTION DE LA SOCIETE

La société a été constituée le 27 Septembre 2000 pour une durée illimitée. Elle est enregistrée au Registre de Commerce et des Sociétés de Luxembourg sous le numéro B 77.970 et son siège social est actuellement au 12, Rue Eugène Ruppert L-2453 Luxembourg.

NOTE 2 – ACTIVITE DE LA SOCIETE

La société a pour objet de financer de la manière la plus large les sociétés et entreprises faisant partie du Groupe Telecom Italia.

A cette fin, elle peut se procurer tous fonds en émettant des obligations, des bons de caisse et tous autres instruments et en contractant tous emprunts sous toutes formes auprès de banques et d'investisseurs institutionnels et de toute autre manière, l'énumération qui précède étant purement énonciative et non limitative.

Elle peut également prendre des participations dans toute société luxembourgeoise ou étrangère et administrer, gérer et mettre en valeur son portefeuille.

Elle peut accomplir toutes opérations généralement quelconques, commerciales, financières, mobilières et immobilières se rapportant directement ou indirectement à son objet.

D'une manière générale, la société peut effectuer toute opération qu'elle jugera utile à l'accomplissement et au développement de son objet social.

L'exercice social de la Société débute le 1er janvier et se termine le 31 décembre.

NOTE 3 – PRINCIPES ET METHODES COMPTABLES

Les comptes annuels sont établis conformément aux dispositions légales et réglementaires luxembourgeoises et aux pratiques comptables généralement admises. Certains montants comparatifs ont été reclassés afin de se conformer à la présentation de l'exercice et à la loi du 19 décembre 2002.

La comptabilité sociale et le bilan annuel de la Société sont tenus et exprimés en euros (EUR).

La Société utilise la méthode de la comptabilité multidevises qui consiste à enregistrer les actifs et les passifs dans leur devise d'origine qui sont convertis en euros à la fin de chaque mois. Les différences nettes de change résultant de ces conversions sont imputées au compte de profits et pertes au poste autres charges /produits financiers.

Les produits et les charges réalisés en devises autres que l'euro sont enregistrés dans leurs devises respectives et convertis aux cours de change en vigueur à la date de l'opération.

Les différences de change provenant des opérations de financement libellées en devises autres que l'euro sont couvertes soit par le biais de placements et prêts congruents, soit par le recours à des contrats de swaps de devises par l'utilisation du compte de « réévaluation du change » dont l'évaluation au cours de clôture permet de neutraliser le risque de change.

Swaps de taux d'intérêt et de devises

Les engagements relatifs aux swaps de devises et de taux d'intérêt sont inscrits dans les postes hors bilan à la valeur nominale des contrats.

Compte de régularisation

Les comptes de régularisation comprennent d'une part les intérêts courus non échus relatifs aux dépôts et prêts accordés ainsi que sur les opérations de swap d'intérêts liées (compte de régularisation actif) et d'autre part les intérêts courus non échus sur les emprunts obligataires et les opérations de swap d'intérêts liées (compte de régularisation passif).

Les comptes de régularisation actifs incluent également les primes d'émission et frais d'émission. Ceux-ci sont portés en compte de profits et pertes de manière linéaire sur la durée de vie des emprunts obligataires.

NOTE 4 – FRAIS D'ETABLISSEMENT

Les frais d'établissement sont amortis linéairement au taux de 20% par an. Au 31 Décembre 2006, les frais d'établissement se détaillent comme suit:

	31/12/2006 en EUR	31/12/2005 En EUR
Valeur d'acquisition au début de l'exercice	105,714.58	105,714.58
Acquisition au cours de l'exercice	-	-
Valeur d'acquisition à la fin de l'exercice	105,714.58	105,714.58
Corrections de valeur au début de l'exercice	-76,469.25	-55,327.77
Corrections de valeur au cours de l'exercice	-15,167.64	-21,141.48
Corrections de valeur à la fin de l'exercice	-91,636.89	-76,469.25
Valeur nette comptable à la fin de l'exercice	14,077.69	29,245.33

NOTE 5 – IMMOBILISATIONS CORPORELLES

Au 31 Décembre 2006, les valeurs nettes des immobilisations corporelles se détaillent comme suit :

	31/12/2006 en EUR	31/12/2005 en EUR
Valeur d'acquisition au début de l'exercice	-	-
Acquisition au cours de l'exercice	1,023.50	-
Valeur d'acquisition à la fin de l'exercice	1,023.50	-
Corrections de valeur au début de l'exercice	-	-
Corrections de valeur au cours de l'exercice	-241.62	-
Corrections de valeur à la fin de l'exercice	-241.62	-
Valeur nette comptable à la fin de l'exercice	781.88	-

NOTE 6 – IMMOBILISATIONS FINANCIERES

Avec les montants reçus des émissions des emprunts obligataires, la Société a conclu des contrats de dépôts envers la Maison Mère pour un montant total de EUR 9,729,325,140.69 (2005: EUR 8,074,743,842.13) et des financements envers des entreprises liées pour un montant total de EUR 209,961,052.84 (2005: EUR 179,961,052.84).

NOTE 7 – COMPTES DE REGULARISATION (ACTIF)

Le compte est composé des montants relatifs à la part des intérêts courus et aux autres charges payées d'avance de compétence de l'exercice.

	31/12/2006 en EUR	31/12/2005 en EUR
Intérêts courus sur dépôts bancaires	3,946.11	1,582.97
Intérêts courus sur contrats de couverture	115,614,774.62	127,220,132.44
Intérêts courus sur créances envers Maison Mère	123,784,652.41	62,380,781.87
Intérêts courus sur créances envers sociétés du Groupe	4,340,960.24	2,751,443.22
Charges payées d'avance sur Emprunt Ob. (primes d'émission et frais d'émission)	67,434,445.30	64,843,890.90
Autres charges payées d'avance	5,526,770.06	5,711,275.41
	316,705,548.74	262,909,106.81

NOTE 8 – CAPITAL SOCIAL

La Société a été constituée avec un capital social s'élevant à USD 30,000 (trente mille), représenté par 3,000 (trois mille) actions d'une valeur nominale de USD 10 (dix) chacune, entièrement libérées.

Au cours de l'Assemblée Générale Extraordinaire du 5 mars 2001, le capital social a été augmenté pour le porter à USD 1,000,000 (un million) par émission de 97,000 (quatre vingt dix-sept mille) actions d'une valeur nominale de USD 10 (dix) chacune, entièrement libérées.

L'Assemblée Générale Extraordinaire du 20 décembre 2002 a décidé d'augmenter le capital pour le porter de USD 1,000,000 à USD 8,000,000 par augmentation de la valeur nominale des actions d'USD 10 à USD 80. Elle a ensuite décidé de réduire à USD 2,400,000 le capital afin d'absorber des pertes reportées (USD 5,600,000). Ensuite, elle a décidé de convertir le capital social en Euro au cours de change de 1 euro égal à 1.0273 USD.

Au 31 Décembre 2006, le capital social s'élève donc à EUR 2,336,000 divisé en 100,000 actions d'une valeur nominale de EUR 23.36 par action.

La composition de l'actionnariat est la suivante:

	Nombre d'actions 31/12/2006	Nombre d'actions 31/12/2005
TELECOM ITALIA S.p.A.	99,999	99,999
TELECOM ITALIA FINANCE S.A.	1	1
	100,000	100,000

NOTE 9 – RESERVES

Les réserves se détaillent comme suit :

- a) Réserve légale de EUR 234,000.00, soit 10% du capital social, qui a été créée au cours de l'assemblée du 2 mars 2005 en y affectant une partie du montant des réserves indisponibles;
- b) Autres réserves d'EUR 442,054.57, divisée comme de suite :
 - i. Réserves indisponibles de EUR 358,829.57 qui ont été constituées comme suit :
 1. EUR 51,273.64 correspondant à la différence entre le montant des pertes reportées à apurer et le montant de la réduction de capital effectuée par l'Assemblée Générale du 20 décembre 2002;
 2. EUR 221.16 résultant de la réduction du capital pour le convertir de Dollars des Etats Unis d'Amérique en Euros;
 3. EUR 541,334.77 correspondant à la différence entre la perte enregistrée au 31/12/2002 et celle apurée par l'Assemblée Générale du 20 décembre 2002;

4. En date du 2 mars 2005 l'assemblée des actionnaires a réduit le montant des réserves indisponibles ainsi constitué en destinant un montant de EUR 234,000.00 à la réserve légale.
- ii. Réserves disponibles de EUR 83,225.00: cette réserve a été créée lors de l'assemblée du 1 mars 2006. Elle a une durée quinquennale et correspond au quintuple de l'impôt sur la fortune pour l'exercice 2005.

NOTE 10 – EMPRUNTS OBLIGATAIRES

La Société a émis les emprunts obligataires suivants:

	31/12/2006 en EUR	31/12/2005 en EUR
Emprunt obligataire USD 1,000,000,000 29/10/2003 15/11/2008 taux fixe 4%	759,301,442.67	847,673,137.24
Emprunt obligataire USD 2,000,000,000 29/10/2003 15/11/2013 taux fixe 5.25%	1,518,602,885.35	1,695,346,274.48
Emprunt obligataire USD 1,000,000,000 29/10/2003 15/11/2033 taux fixe 6.375%	759,301,442.67	847,673,137.24
Emprunt obligataire USD 1,250,000,000 06/10/2004 15/01/2010 taux fixe 4%	949,126,803.34	1,059,591,421.55
Emprunt obligataire USD 1,250,000,000 06/10/2004 30/09/2014 taux fixe 4.95%	949,126,803.34	1,059,591,421.55
Emprunt obligataire USD 1,000,000,000 06/10/2004 30/09/2034 taux fixe 6%	759,301,442.67	847,673,137.24
Emprunt obligataire USD 700,000,000 28/09/2005 01/10/2010 taux fixe 4.875%	531,511,009.87	593,371,196.07
Emprunt obligataire USD 400,000,000 28/09/2005 01/02/2011 taux variable LIBOR 3M + 0.48%	303,720,577.07	339,069,254.90
Emprunt obligataire USD 1,400,000,000 28/09/2005 01/10/2015 taux fixe 5.25%	1,063,022,019.74	1,186,742,392.13
Emprunt obligataire USD 750,000,000 18/07/2006 18/07/2011 taux fixe 6.20%	569,476,082.00	—
Emprunt obligataire USD 850,000,000 18/07/2006 18/07/2011 taux variable LIBOR 3M + 0.61%	645,406,226.27	—
Emprunt obligataire USD 1,000,000,000 18/07/2006 18/07/2036 taux fixe 7.20%	759,301,442.67	—
	9,567,198,177.66	8,476,731,372.40

NOTE 11 – DETTES ENVERS ETABLISSEMENTS DE CREDIT

L'émission des emprunts obligataires a engendré un montant de frais d'émission de USD 31,300,000 pour l'émission du 29 Octobre 2003, de USD 35,652,500 pour l'émission du 6 Octobre 2004, de USD 19,684,000 pour l'émission du 28 Septembre 2005 et de USD 14,036,250 pour l'émission du 18 Juillet 2006. Pour financer le paiement des cette frais, la Société a conclu des contrats d'emprunts bancaires de même durée que les emprunts obligataires. Les contrats prévoient le remboursement par échéances trimestrielles.

	31/12/2006 en EUR	31/12/2005 en EUR
Echéance : 15/11/2008	1,239,123.27	2,001,655.92
Echéance : 15/11/2013	7,927,921.40	9,556,652.86
Echéance : 15/11/2033	9,538,454.68	10,402,983.81
Echéance : 15/01/2010	3,727,681.43	5,270,562.50
Echéance : 30/09/2014	6,169,481.95	7,421,880.38
Echéance : 29/09/2034	13,134,833.70	14,583,986.59
Echéance : 01/10/2010	1,952,252.99	2,682,037.81
Echéance : 01/02/2011	865,960.21	1,166,669.42
Echéance : 01/10/2015	10,537,943.54	12,816,817.84
Echéance : 18/07/2011	2,854,986.92	—
Echéance : 18/07/2011	2,160,736.55	—
Echéance : 18/07/2036	5,393,255.83	—
	65,502,632.47	65,903,247.13

NOTE 12 – DETTES ENVERS DES ENTREPRISES LIEES

Le compte comprend les dettes envers la Maison Mère pour le paiement de la commission de garantie pour le deuxième semestre pour un montant total d'EUR 1,162,430.50.

NOTE 13 – DETTES FISCALES ET DETTES AU TITRE DE LA SECURITE SOCIALE

Le compte est composé des provisions pour impôts pour un montant total de EUR 1,360,183.19 (EUR 804,646.13 au 31 décembre 2005).

NOTE 14 – AUTRES CREANCES / AUTRES DETTES DONT LA DUREE RESIDUELLE EST SUPERIEURE A UN AN

Ce poste représente un montant créditeur de EUR 424,366,635.95 (au 31/12/05 un montant débiteur de EUR 186,496,889.45 correspondant à la réévaluation du change) relatif à l'évaluation des contrats de change souscrits dans un but de couverture du risque de change concernant les émissions du 6 Octobre 2004, du 28 Septembre 2005 et du 18 juillet 2006. Cette dévaluation correspond à la différence entre le taux de change contractuel et le taux de change de clôture. La contrepartie au compte de profits et pertes est compensée par le résultat de change provenant de la conversion en EURO des emprunts obligataires.

NOTE 15 – COMPTES DE REGULARISATION (PASSIF)

Le compte est composé des montants relatifs à la part des intérêts courus de compétence de l'exercice.

	31/12/2006 en EUR	31/12/2005 en EUR
Intérêts courus sur emprunts obligataires	133,378,938.36	95,120,835.51
Intérêts courus sur contrats de couverture	109,886,574.09	94,554,100.38
Intérêts courus envers des établ. de crédit	406,570.50	216,626.36
	243,672,082.95	189,891,562.25

NOTE 16 – CONTRATS DE COUVERTURE

Afin de couvrir le risque de taux lié aux emprunts obligataires émis en 2003, la Société a conclu des contrats IRS (Interest Rate Swap) de même durée que les emprunts, qui prévoient le paiement aux banques du taux variable USD contre le paiement par celles-ci du taux fixe USD du coupon.

Afin de couvrir le risque de taux et le risque de change liés aux emprunts obligataires émis en 2004, 2005 et 2006, la Société a conclu plusieurs contrats de swaps de devises et taux (CCIRS) de même durée que les emprunts, qui prévoient le paiement aux banques du taux variable EUR contre le paiement par celles-ci du taux fixe USD. Ces mêmes contrats permettent simultanément la couverture du risque de change. En effet, la société a émis au cours des années 2004, 2005 et 2006 des emprunts obligataires en USD mais a prêté les fonds reçus en EURO.

	31/12/2006 en EUR	31/12/2005 en EUR
Swap de devises et de taux d'intérêt	7,964,269,289.27	5,232,196,307.35
Swap de taux d'intérêt	8,618,071,374.34	8,137,662,117.49
Swap de devise	5,809,807.69	616,362.90
	16,588,150,471.30	13,370,474,787.74

NOTE 17 – INTERETS ET CHARGES ASSIMILEES CONCERNANT DES ENTREPRISES LIEES

Les emprunts obligataires émis par Telecom Italia Capital S.A. pour un montant total de USD 12,600,000,000 et les contrats dérivés pour la couverture du risque de taux et du risque de change, sont garantis par Telecom Italia S.p.A. Une commission de EUR 2,166,957.79 (2005: 1,836,517.84) est enregistrée dans le compte de profits et pertes (intérêts et charges assimilées sur entreprises liées).

NOTE 18 – IMPOTS SUR LE RESULTAT

Ce poste comprend les montants payés et provisionnés au titre d'impôt sur le revenu de l'exercice, au 31/12/2006 le montant est de EUR 538,444.56 (EUR 781,801.79 au 31/12/2005).

NOTE 19 - SITUATION FISCALE

La Société est soumise au Luxembourg au droit fiscal commun applicable à toutes les sociétés de capitaux.

NOTE 20 – CONSOLIDATION

Les comptes de la société sont inclus dans les comptes consolidés de Telecom Italia S.p.A., qui sont disponibles auprès du siège social de Telecom Italia S.p.A. situé à Milano, Piazza degli Affari 2.

NOTE 21 – REMUNERATIONS DES ADMINISTRATEURS

Aucune rémunération n'a été payée aux Administrateurs au cours de l'exercice 2005.

[ERNST & YOUNG LETTERHEAD]

RAPPORT DU REVISEUR D'ENTREPRISES

Aux actionnaires de
Telecom Italia Capital S.A.

Rapport sur les comptes annuels

Conformément au mandat donné par l'Assemblée Générale des actionnaires, nous avons effectué l'audit des comptes annuels ci-joints de Telecom Italia Capital S.A. comprenant le bilan au 31 décembre 2006 ainsi que le compte de profits et pertes pour l'exercice clos à cette date 1 janvier 2006 au 31 décembre 2006, et l'annexe contenant un résumé des principales méthodes comptables et d'autres notes explicatives aux comptes annuels.

Responsabilité du Conseil d'Administration/la Direction dans l'établissement et la présentation des comptes annuels

Le Conseil d'Administration/la Direction est responsable de l'établissement et de la présentation sincère de ces comptes annuels, conformément aux obligations légales et réglementaires relatives à l'établissement et à la présentation des comptes annuels en vigueur au Luxembourg. Cette responsabilité comprend: la conception, la mise en place et le suivi d'un contrôle interne relatif à l'établissement et la présentation sincère de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, ainsi que la détermination d'estimations comptables raisonnables au regard des circonstances.

Responsabilité du Réviseur d'Entreprises

Notre responsabilité est d'exprimer une opinion sur ces comptes annuels sur la base de notre audit. Nous avons effectué notre audit selon les Normes Internationales d'Audit telles qu'adoptées par l'Institut des Réviseurs d'Entreprises. Ces normes requièrent de notre part de nous conformer aux règles d'éthique ainsi que de planifier et de réaliser l'audit pour obtenir une assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives.

Un audit implique la mise en oeuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les comptes annuels. Le choix des procédures relève du jugement du Réviseur d'Entreprises, de même que l'évaluation du risque que les comptes annuels contiennent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. En procédant à ces évaluations du risque, le Réviseur d'Entreprises prend en compte le contrôle interne en vigueur dans l'entité relatif à l'établissement et à la présentation sincère des comptes annuels afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité de celui-ci.

Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par le Conseil d'Administration/la Direction, de même que l'appréciation de la présentation d'ensemble des comptes annuels. Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.

Opinion

À notre avis, les comptes annuels donnent une image fidèle du patrimoine et de la situation financière de Telecom Italia Capital S.A. au 31 décembre 2006, ainsi que des résultats pour l'exercice clos à cette date 1 janvier 2006 au 31 décembre 2006, conformément aux obligations légales et réglementaires relatives à l'établissement et à la présentation des comptes annuels en vigueur au Luxembourg.

Rapport sur d'autres obligations légales ou réglementaires

Le rapport de gestion, qui relève de la responsabilité du Conseil d'Administration, est en concordance avec les comptes annuels.

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises

/s/ Jean-Marie GISCHER

Jean-Marie GISCHER

Le 3 mars 2007

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LISTING PROSPECTUS



TELECOM ITALIA CAPITAL

\$1,000,000,000 6.999% Guaranteed Senior Notes due 2018

\$1,000,000,000 7.721% Guaranteed Senior Notes due 2038

Guaranteed on a senior, unsecured basis by

TELECOM ITALIA S.p.A.

Dated August 6, 2008

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