

SHAREHOLDERS' MEETING OF TELECOM ITALIA S.P.A.

14-15-16 April 2007

AGENDA

- Financial statements for the year ended 31 December 2006 – related and consequent resolutions
- Appointment of the Board of Directors
 - ✓ determination of the number of members of the Board
 - ✓ determination of the term of office of the Board
 - ✓ appointment of the Directors
 - ✓ determination of the annual compensation of the members of the Board of Directors
- Decisions consequent on the resignation of a member of the Board of Auditors
- Plan for the award of free treasury shares to the top management of the Telecom Italia Group. Authorization to purchase and dispose of treasury shares subject to revocation of the existing authorization – related and consequent resolutions
- Decisions consequent on the completion of the audit engagement awarded to Reconta Ernst & Young S.p.A.
- Amendments to the Meeting Regulations approved by the shareholders' meeting on 6 May 2004
- Amendment of the following articles of the Company's bylaws: 3 (purpose); 6 (savings shares); 8 (bonds); 9 (appointment of the Board of Directors); 10 (corporate officers); 11 (meetings of the Board of Directors); 12 (powers of the Board of Directors); 13 (manager responsible for the preparation of the Company's financial reports); 14 (information flows from the executive directors to the other directors and the members of the Board of Auditors); 15 (representation of the Company); 16 (compensation of the Board of Directors); 17 (Board of Auditors); 18 (calling of shareholders' meetings); 19 (participation in shareholders' meetings); 20 (conduct of shareholders' meetings); and 21 (allocation of the profit); numbering of the paragraphs of the articles of the bylaws; and related and consequent resolutions

Financial statements for the year ended 31 December 2006 – related and consequent resolutions

Dear Shareholders,

The draft financial statements submitted for approval by the shareholders' meeting show net income for the year of €4,143,576,591.31.

This result makes it possible to propose the distribution of a dividend in line with that paid last year, €0.1400 for each ordinary share and €0.1510 for each savings share.

The total dividend amount will depend on the number of shares with dividend entitlement outstanding on the dividend payment day, excluding treasury shares (currently 1,272,014 ordinary shares) and taking into account shares that are subscribed for in connection with the capital increases provided for in Article 5 of the Company's bylaws and actually issued by that date.

Dividends will be paid as of 26 April 2007, while 23 April 2007 has been set as the ex dividend date.

In light of the foregoing, the Board of Directors invites you to approve the following

Resolution

The shareholders' meeting of Telecom Italia S.p.A.,

- having examined the Company's financial statements for the year ended 31 December;
- having taken note of the reports of the Board of Auditors and the external auditor, Reconta Ernst & Young S.p.A.;
- considering that the shares with dividend entitlement at the proposed ex dividend date will be not more than 13,866,550,154 ordinary shares and 6,026,120,661 savings shares;

resolves

1. to approve the financial statements of Telecom Italia S.p.A. for the year ended 31 December 2006, which show net income for the year of €4,143,576,591.31;
2. with regard to the net income for the year,
 - a. to allocate to the legal reserve a maximum of €53,583,697.31 and in any case not more than the amount necessary for such reserve to be equal to one fifth of the Company's share capital at the time this resolution is adopted;
 - b. to allocate up to a maximum of € 2,851,261,241.38 for the distribution of dividends to shareholders, calculated on the basis of the following amounts per share, which will be applied to the ordinary and savings shares that they own (thus excluding treasury shares) on the ex dividend day:
 - €0.1400 for each ordinary share,
 - €0.1510 for each savings share,gross of the withholdings required by law. It is to be understood that net income not distributed as dividends will be allocated to retained earnings;
 - c. to carry forward the remaining amount (equal to €1,238,731,652.62);
3. to authorize the Board of Directors – and on its behalf its Chairman – to determine in due course, on the basis of the actual number of shares for which dividends are paid, the amount of net income distributed to shareholders and the amount carried forward as retained earnings;
4. to pay the above dividends starting on 26 April 2007, ex dividend on 23 April 2007.

Appointment of the Board of Directors

- **determination of the number of members of the Board**
- **determination of the term of office of the Board**
- **appointment of the Directors**
- **determination of the annual compensation of the members of the Board of Directors**

Dear Shareholders,

You are called upon to renew the Company's Board of Directors, appointed by the shareholders' meeting on 6 May 2004 and subsequently brought up to full strength with resolutions adopted on 7 April 2005 and 13 April 2006, whose term of office expires with today's meeting (approval of the financial statements for the year ended 31 December 2006).

Pursuant to law and the Company's bylaws, the shareholders' meeting is specifically called upon to

- determine the number of Directors (from seven to twenty-three);
- establish the term of office of the new Board (up to a maximum of three fiscal years);
- appoint the Directors using the slate voting system;
- determine the annual compensation of the members of the Board of Directors.

The Board of Directors therefore invites you to formulate proposals on the above-mentioned subjects and, in particular, to present slates of candidates, in the manner and within the time limits established by Article 9 of the Company's bylaws

In the light of the above, the Board of Directors, having regard to the provisions of law and the Company's bylaws regarding the composition, term of office, manner of appointment and compensation of the Board of Directors,

invites the shareholders' meeting

- to determine the number of Directors to be appointed;

- to establish the term of office of the new Board of Directors;
- to vote for the slates of candidates for the office of Director of the Company, filed and published in the manner and within the time limits established by Article 9 of the Company's bylaws;
- to determine the annual compensation of the members of the Board of Directors.

Decisions consequent on the resignation of a member of the Board of Auditors

Dear Shareholders,

Stefano Meroi, appointed to the Board of Auditors by the shareholders' meeting of 13 April 2006, resigned on 20 October 2006. In accordance with the Company's bylaws the vacancy was filled by the alternate member elected from the same slate, Enrico Maria Bignami, who, pursuant to law, remains in office up to today's shareholders' meeting.

The slate voting system is envisaged by the Company's bylaws only for the complete renewal of the Board of Auditors and therefore does not apply in the case in question. Accordingly, the Board of Directors proposes the appointment of Enrico Maria Bignami as a member of the Board of Auditors and Luigi Gaspari as an alternate member until the end of its term of office.

The proposal to appoint Luigi Gaspari is made following contacts between the Lead Independent Director, Guido Ferrarini, and presenters of the slate on which Stefano Meroi and Enrico Maria Bignami were candidates.

The curricula vitae of the two candidates appear as an appendix to this report.

In light of the foregoing, the Board of Directors invites you to approve the following

Resolution

The shareholders' meeting of Telecom Italia S.p.A.,

- having regard to the need to bring the Board of Auditors up to full strength following the resignation of ones of its members;
- having regard to the resolution adopted on 13 April 2006 appointing the members and alternate members of the Board of Auditors;
- in light of the provisions of the Company's bylaws concerning the composition, term of office and manner of appointment of the Board of Auditors;

resolves

- to appoint Enrico Maria Bignami (formerly alternate member of the Board of Auditors) as a member of the Board of Auditors, with a term of office expiring together with that of the incumbent members and therefore lasting up to the date of the shareholders' meeting that will be called to approve the financial statements for the year ending 31 December 2008, and consequently
- to appoint Luigi Gaspari as an alternate member in place of Enrico Maria Bignami, with a term of office expiring together with that of the incumbent members and therefore lasting up to the date of the shareholders' meeting that will be called to approve the financial statements for the year ending 31 December 2008.

**CURRICULUM VITAE
ENRICO MARIA BIGNAMI**

Enrico Maria Bignami was born in Milan in 1957.

He graduated in 1979 with full marks in Business Economy, with specialization in liberal profession as business expert at “Università L. Bocconi di Milano”.

He was admitted to the Board of Business Experts of the City of Milan in 1981.

He has been Chartered Accountant since 1988 and Auditor since 1995.

In 1981 he started the activity as Business Expert.

He is a partner in “Bignami e Associati Studio di Consulenza Aziendale, Societaria e Tributaria”, seated in Milan.

He is engaged in the following activities: general advice on corporate, business and tax laws to joint-stock companies; general advice on working of corporate bodies and, in general, on company governance; study, laying down and implementation of economic/patrimonial/financial structuring and restructuring projects; surveys and technical advice; management and winding up of companies.

He is Chairman of the Board of Auditors of Brandt Italia S.p.A., Polyphoto S.p.A., Biancamano S.p.A., and Aon Re Italia S.r.l., and he is Statutory Auditor of Butangas S.p.A. and other group companies, and of Termozeta S.p.A..

List of offices (according to article 2400 of the Italian Civil Code) held by Mr. Bignami, as of March 9, 2007

ALLFIN SPA IN LIQUIDAZIONE of Auditors	Trezzano s/n MI	07659770155	Chairman of the Board
ANDRA SPA of Auditors	Opera MI	06295860156	Chairman of the Board
ANTERA SPA	Milano	10267750155	Statutory Auditor
AON RE ITALIA SRL of Auditors	Milano	00607330933	Chairman of the Board
AUTOMOBILISTICA PEREGO SPA of Auditors .	Milano	04636220156	Chairman of the Board
BD CONSULTING SRL of Directors	Milano	07520030151	Chairman of the Board
BI-11 AMMINISTRAZIONI SRL of Directors	Milano	01761560158	Chairman of the Board
BIANCAMANO SPA of Auditors.	Alassio IM	01362020081	Chairman of the Board
BRANDT ITALIA SPA of Auditors	Verolanuova BS	03535710176	Chairman of the Board
BRANDT OVERSEAS SRL of Auditors	Milano	12287310150	Chairman of the Board

BUTAN GAS SPA	Roma	00443130588	Statutory Auditor
CAPITAL PARTNERS ITALIA SRL	Milano	10563790152	Sole Director
COTEX COMPAGNIA TESSILE ITALIANA SRL IN LIQUIDAZIONE	Milano	07526930156	Liquidator
DEL BONO AEROSOL SRL	Assago MI	01303470155	Director
DYNAMIS EQUITY PARTNERS SPA IN LIQUIDAZIONE	Milano	04108750961	Liquidator
ESSEA FINANZIARIA EDITORIALE SRL of Directors	Milano	08688290157	Chairman of the Board
GEDE LEASING SPA of Auditors	Milano	05959690156	Chairman of the Board
Gènea Srl	Milano	11108650158	Director
GORLA UTENSILI SPA	Abbiategrosso	08000000151	Statutory Auditor
IL SASSO SRL	Milano	04601610159	Statutory Auditor
IMMOBILIARE PASQUALE SRL	Milano	03550980159	Sole Director
LF MANAGEMENT SRL	Milano	07873470152	Sole Director
LONGOBARDI FINANZIARIA SRL	Milano	08457330150	Sole Director
OBRIST ITALIA SRL	Milano	00845250158	Statutory Auditor
PASO SPA Prodotti per Amplificazione e sonorizzazione	Milano	00930730155	Statutory Auditor
PETROLCHIMICA PARTENOPEA SPA	Napoli	00311880637	Statutory Auditor
POLO (ROMA) SRL	Milano	04921600963	Director
POLO SPA	Milano	03454780150	Director
POLYPHOTO SPA of Auditors	Opera MI	04219520154	Chairman of the Board
RAYWELL SRL IN LIQUIDAZIONE of Auditors	Buccinasco MI	08640820158	Chairman of the Board
REBO SPA of Auditors	Milano	03584360154	Chairman of the Board
SI.TI.A. SPA of Auditors	Milano	08908370151	Chairman of the Board
SIVA SRL of Auditors	Milano	80006390159	Chairman of the Board
TEKNOS SRL	S. Omero TE		Director
TEMA -Technologies & Manufacturing SRL IN LIQUIDAZIONE of Auditors	Milano	01962120125	Chairman of the Board
TERMOZETA SPA	Milano	02528440155	Statutory Auditor
VERONIKI REAL ESTATE SRL	Milano	05087340963	Statutory Auditor
VIDIEMME SRL IN LIQUIDAZIONE	Milano	08878130155	Liquidator

**CURRICULUM VITAE
LUIGI GASPARI**

Luigi Gaspari was born in Rome on 14 September 1956.

Degree in Economics from the University of Rome “La Sapienza”

From 21 January 1976 to 11 October 1980 he worked for the Associazione Generale delle Cooperative Italiane as assistant to the head of administration.

From 13 October 1980 to 6 December 1985 he worked for RIA Società Nazionale di Certificazione S.p.A. (an auditing firm entered in the register kept by Consob under Article 8 of Presidential Decree 136/1975) with positions of operational responsibility for audits, the mandatory and voluntary certification of annual financial statements and the valuation of the economic capital of industrial firms and banks.

Since 1985 he has been a chartered accountant with offices in Rome, 4 Piazza S. Lorenzo in Lucina. He has been entered in the register of auditors since it was established in 1995.

He collaborated with the Business Economics Institute of the University of Rome “La Sapienza” from 1987 to 1997 as a member of examining boards for exams in Business Economics and General and Applied Accountancy. From 1987 to 1992 he taught Corporate Auditing at the Tax Police Training School of the Guardia di Finanza.

From 1985 to 2000 he was a consultant on a coordinated and continuous collaboration basis to ASSOGESTIONI - Associazione Italiana delle Società ed Enti di gestione mobiliare e immobiliare – for the economic aspects and supervision of asset management companies and investment firms.

In 2001 he represented ASSOGESTIONI on the steering committee for the creation of the Organismo Italiano di Contabilità. He is currently a director of that body.

From 1990 onwards he advised banks engaged in contributions of assets and mergers, both as an appraiser and as a consultant for the processes involved.

He acted as a consultant for the drafting of business plans for the setting up of new banks and financial intermediaries and for the enlargement of existing networks.

He holds and has held positions as company director, liquidator, member of boards of auditors and oversight committees, management consultant, company appraiser, technical consultant to the judicial authorities, and expert in disputes.

As regards membership of the governing bodies of listed companies and subsidiaries of listed companies, he holds the following positions:

- Chairman of the Board of Auditors of FINMECCANICA S.p.A. as of 2006 (in the preceding three-year period 2003-05 he was an auditor) and of the Board of Auditors of its subsidiary Galileo Avionica S.p.A. as of 2004.

As for membership of the governing bodies in the financial and credit sectors, he holds and has held the following positions:

Member of the Board of Directors:

- ARTIGIANCASSA S.p.A. (years 1994-97)
- Fabrica Immobiliare SGR S.p.A. Independent Director as of 2003 (ongoing position)

Member of the Board of Auditors:

- ISVEIMER S.p.A. in liquidation, Auditor as of 1996 (ongoing position)
- ICCREA Holding S.p.A. (Capogruppo Gruppo Bancario ICCREA) Chairman as of 1998 (ongoing position)
- BCC Gestione Crediti S.p.A.. (Gr. ICCREA) Chairman as of 2001 (ongoing position)
- BCC Gestioni Immobiliari S.p.A.. (Gr. ICCREA) Chairman as of 2004 (ongoing position)
- AUREO Gestioni SGR S.p.A. (Gr. ICCREA) Chairman as of 2005 (ongoing position)
- Banca per lo Sviluppo della Cooperazione di Credito S.p.A. Chairman from 1998 to 2005
- Banco di Sicilia S.p.A. Auditor (years 1997-98)
- INTERMONTE SIM S.p.A. Auditor as of 2006 (ongoing position)
- Istituto Bancario del Lavoro S.p.A. Alternate as of 3 May 2006

Special Administrator:

- Borsaconsult SIM S.p.A. under special administration (year 2000)

- Banca Popolare del Levante S.C. a r.l. (2000-01)
- Profit Investment SIM S.p.A. (October-December 2006)

Liquidator

- Banca di Girgenti S.p.A. in compulsory administrative liquidation as of 1991 (ongoing position)
- Profit Investment SIM S.p.A. in compulsory administrative liquidation as of 20 December 2006 (ongoing position)

Member of the Oversight Committee

- Cassa di Risparmio Molisana Monte Orsini under special administration (years 1986-87)
- Cassa di Risparmio Molisana Monte Orsini in compulsory administrative liquidation (years 1987-93)
- Cassa di Risparmi e Depositi di Prato under special administration (years 1988-89)
- Banca Agricola Industriale di Sulmona S.C. a r.l. under special administration (years 1990-91)
- Banca Popolare di Napoli S.C. a r.l. under special administration (years 1994-96)
- Credito Commerciale Tirreno S.p.A. under special administration (years 1996-97)
- BCC del Baianese S.C. a r.l. under special administration (years 2000-01)
- Cassa di Risparmio di Volterra under special administration (years 2002-03)

As for membership of the governing bodies in sectors other than the financial and credit sectors, he holds and has held the following positions:

Liquidator:

- CONIEL S.p.A. in liquidation since 2005 (ongoing position)

Plan for the award of treasury shares free of charge to the top management of the Telecom Italia Group. Authorization to purchase and dispose of treasury shares subject to revocation of the existing authorization – related and consequent resolutions

Dear Shareholders,

We invite you to approve a proposal for the award of shares free of charge to corporate officers, employees and collaborators pursuant to Article 114-*bis* of Legislative Decree 58/1998 (hereinafter “the Plan”) by means of the purchase and disposal of treasury shares.

To this end, in light of the fact that the resolution adopted by the shareholders’ meeting of 13 April 2006 granting authorization to purchase treasury shares, due to lapse on 13 October 2007, has not been executed even in part and that the number of treasury shares currently held by the Company is insufficient for the implementation of the initiative, we also invite you to approve a new authorization to purchase and dispose of ordinary shares of Telecom Italia S.p.A. (the “Shares”) in place of the existing one, in accordance with the procedures and time limits specified below (the “Authorization”).

1. Reasons for the request for the Authorization

The objective that the Board intends to pursue with the purchases of Shares is to create the stock of shares needed for the implementation of the Plan, an initiative for motivating and retaining the top management of the Telecom Italia S.p.A. Group, as described below.

The request for the Authorization is therefore not part of a plan to reduce the Company’s share capital by canceling the Shares purchased.

2. Maximum number, class and par value of the Shares to which the Authorization refers

At the date of formulation of the present proposal the share capital of Telecom Italia S.p.A. is represented by 19,406,856,470 shares, of which 13,380,735,809 ordinary shares and 6,026,120,661 savings shares; all the shares have a par value of €0.55.

We propose that you should authorize the purchase of up to a maximum of 25,000,000 Shares (corresponding to 0.187% of the capital of that class and to 0.129% of the total capital) and that it is also to be understood that buy-backs may not be made for amounts exceeding the available reserves as stated in the Company's latest duly approved annual financial statements.

3. Information serving to assess compliance with paragraph 3 of Article 2357 of the Civil Code

At the date of writing the Company holds 1,272,014 treasury Shares, which represent approximately 0.007% of the share capital. In addition, subsidiaries hold 124,544,373 Shares, which represent approximately 0.642% of the share capital.

It follows that the maximum number of Shares whose purchase is proposed falls within the legal limits, without prejudice to the limits referred to in the last paragraph of Section 2. It should also be noted that the draft annual financial statements for the year ended 31 December 2006, which are submitted for approval by the same shareholders' meeting as is invited to approve this Authorization, show available reserves amounting to over €5,623 million.

Whenever Shares are purchased or sold, as specified in greater detail below, appropriate entries must be made in the accounting records in accordance with the applicable law and accounting standards.

4. Duration of the Authorization

The Authorization is requested for the maximum period permitted by the applicable law. The Board will be able to carry out the purchases authorized on one or more occasions and at any time, while authorization to dispose of the Shares purchased as specified above or in any case available to the Company is requested within the time limits necessary for the implementation of the Plan.

5. Minimum and maximum consideration

The Board proposes that the purchase price of the Shares be established on each occasion and in compliance with any applicable rules and regulations or accepted

market practices, with a minimum price and a maximum price fixed in accordance with the following criteria:

- the minimum purchase price may not be less than the weighed average of the official prices of the Shares recorded by Borsa Italiana S.p.A. in the last ten days of trading before the purchase date, decreased by 10%;
- the maximum purchase price may not be more than the weighted average of the official prices of the Shares recorded by Borsa Italiana S.p.A. in the last ten days of trading before the purchase date, increased by 10%.

As regards the disposal of the Shares, they will be assigned free of charge to the beneficiaries of the Plan, subject to satisfaction of the conditions laid down therein

6. Ways of carrying out transactions

The Board proposes that the Authorization be granted for the purchases to be made on regulated markets, in accordance with the procedures established by Borsa Italiana S.p.A., through financial intermediaries duly appointed by the Company.

The disposals of the treasury Shares will be made through assignments free of charge to the beneficiaries of the 2007-2010 Plan, where the conditions for this are satisfied.

7. The Plan

a) Reasons for adopting the Plan

The Company considers it desirable to adopt an instrument for motivating and retaining its top management, in line with widespread practices in Italy and abroad and recently also the object of appreciation in Borsa Italiana S.p.A.'s Corporate Governance Code for listed companies, with whose suggestions the Plan is consistent. In particular, the Plan intends to offer management a strong incentive to create value for all the shareholders by introducing a component of remuneration based on parameters directly correlated with the income and capital gains deriving from their investment.

The Board of Directors deems this consideration especially important for a company that operates in a highly competitive, continually evolving environment.

b) Beneficiaries

The Plan is addressed to

- the Executive Directors with direct organizational responsibility for the business results of Telecom Italia S.p.A., and
- managers reporting directly to the Executive Directors, and other persons holding strategic positions within the Group and having an employment or collaboration relationship with Telecom Italia S.p.A. or its subsidiaries,

who will be identified by the Board of Directors appointed by the shareholders' meeting called to approve this proposal (hereinafter "the Beneficiaries").

c) Duration of the Plan

The Plan has a duration of three years, with the right to assignment maturing at the end of the period based on the Share's performance calculated on a three-year basis.

Nevertheless, provision is made for early assignment and calculation of the performance pro rata for the single year or two years of a Beneficiary's actual participation in the Plan (in accordance with procedures detailed in the implementing Regulations of the Plan, which will be adopted in due course by the Board of Directors) in the event of

- death, retirement or disability of the Beneficiary;
- revocation of an individual Beneficiary's participation in the Plan;
- exit from the Group of the company or business segment to which the employment or collaboration relationship of the Beneficiary pertains;
- cancellation or suspension of the Plan;
- duration of the Board of Directors' term of office for less than three years.

In the case of termination of the employment or collaboration contract by mutual consent, dismissal of the Beneficiary for a justified, objective reason or resignation of the Beneficiary for just cause, it will be possible to assign up to 50% of the shares to which rights have matured on a pro rata basis.

The Board of Directors may suspend or cancel the Plan in connection with events, extraordinary corporate actions, and investment/divestment plans that the Board deems to be especially important and that are not foreseen today.

d) Manner of implementing the Plan

The Plan consists in awarding Beneficiaries the right to the assignment free of charge of Shares, whose number is established at the time the right is awarded and whose value may not be more than three times the Beneficiary's fixed annual compensation and varies with the degree of achievement of performance objectives.

For this purpose, suitable indicators will be used with a view to orienting the Beneficiaries to the creation of value in terms of total remuneration of the shareholders and of share performance compared with the indices of the reference market.

In particular, the parameters will consist of

- the value of the Total Shareholder Return (TSR) of Telecom Italia, where

$$\text{TSR} = \frac{(\text{Share price}_{\text{end of period}} - \text{Share Price}_{\text{start of period}}) + \text{Dividends}}{\text{Share Price}_{\text{start of period}}}$$

- the performance of the Telecom Italia share compared with the telecommunications sector of the Dow Jones Stoxx index.

e) Conditions for the assignment of Shares

The right to assignment of Shares depends on the continued existence of the directorship or employment/collaboration relationship of the Beneficiary with the Company or its subsidiaries for the whole duration of the Plan, except in the specific circumstances giving the right to early assignment of Shares, as established in the implementing Regulations

The aforesaid Regulations will also govern any amendments thereto that are made necessary or appropriate by changes to the applicable law or particular or extraordinary events likely to influence the Plan. In this regard, the Board of Directors reserves the right to act at any time, in the most appropriate ways, to revoke or modify time limits and procedures for participation in the Plan

No restrictions are foreseen on the availability of the Shares assigned to the Beneficiaries.

In light of the foregoing, the Board of Directors invites you to approve the following

Resolution

The ordinary shareholders' meeting of Telecom Italia S.p.A., having examined the report of the Board of Directors (the "Report"),

resolves

1. to revoke the authorization granted by the shareholders' meeting of 13 April 2006 for the purchase and disposal of treasury shares;
2. to authorize, for the maximum period allowed by applicable law starting from the date of this resolution, the purchase, on one or more occasions and at any time, of up to a maximum of 25,000,000 Telecom Italia S.p.A. ordinary shares and thus of up to 0.129% of the Company's share capital;

The consideration for the purchases must be between a minimum and a maximum corresponding to the weighted average of the official prices of the ordinary shares recorded by Borsa Italiana S.p.A. in the last ten days of trading before the purchase date, respectively decreased and increased by 10%. Buy-backs must in any case be made within the limit of the available reserves as stated in the Company's latest approved annual financial statements at the time the transaction is carried out. The purchases must be made on regulated markets and according to the procedures allowed by the statutory and regulatory provisions in force;

3. to approve the plan for the award of free Telecom Italia S.p.A. ordinary shares aimed at the Executive Directors of the Company, managers reporting directly to the Executive Directors, and other persons holding strategic positions having an employment or a collaboration relationship with Telecom Italia S.p.A. or its subsidiaries, who will be identified in detail by Board of Directors *pro tempore* within the time limits laid down in the Report ("2007-2010 Plan");
4. to authorize, within the time limits necessary for the implementation of the 2007-2010 Plan, the assignment free of charge to the beneficiaries of the 2007-2010 Plan, in whole or in part, on one or more occasions and at any time, of the Telecom Italia S.p.A. ordinary shares acquired as specified above or otherwise or already held by Telecom Italia S.p.A. at the date of this resolution;

5. to confer a mandate on the Board of Directors to make the appropriate entries in the accounting records consequent on the purchases and disposals of treasury shares, in accordance with the provisions of law and the accounting standards applicable on each occasion;
6. to confer on the Board of Directors every necessary or suitable power for the execution of the 2007-2010 Plan, including, but not limited to, the power to: (i) identify the beneficiaries and determine the quantity of shares to be assigned to each of them; (ii) fix the performance parameters on which the assignment of shares is to depend; (iii) establish every other term and condition for the execution of the 2007-2010 Plan; (iv) draw up and approve the Regulations of the 2007-2010 Plan and amend them;
7. to confer a mandate on the Board of Directors, and for it on each of the legal representatives of the Company, including by means of delegates, to carry out the transactions that are the subject of this resolution in the ways indicated.

Decisions consequent on the completion of the audit engagement awarded to Reconta Ernst & Young S.p.A.

Dear Shareholders,

The audit report on the 2006 financial statements completes the three-year audit engagement awarded to Reconta Ernst & Young S.p.A. by the shareholders' meeting of 6 May 2004. You are therefore called upon to make the consequent decisions.

In this regard, as part of the reform of the legislation governing the auditing of listed companies and their groups, Law 262/2005 (the so-called Law on the Protection of Savings), as amended by Legislative Decree 303/2006, prohibited the renewal of the appointment of the external auditor and revised its duration to nine fiscal years (previously the appointment lasted three years and could be awarded for a total of three successive terms). The transitional provisions nonetheless envisaged the one-off possibility, on the occasion of the shareholders' meeting called to approve the annual financial statements, of extending the existing appointments by setting the total duration of the relationship with the incumbent external auditor at nine years.

With regard to the procedure for formalizing the appointment, the new legislative framework lays down that the decision to award the audit engagement is to be made by the shareholders' meeting acting on a reasoned proposal from the Board of Directors.

In light of the above, the Board of Directors, having regard to the provisions of law concerning the duration and award of the audit engagement,

invites the shareholders' meeting

to approve the proposal formulated to this end by the Board of Auditors.

Reasoned proposal by the Board of Auditors to the shareholders' meeting for the extension of the audit engagement of Reconta Ernst & Young S.p.A. to the three years 2007-2009

Dear shareholders,

With the passage of Legislative Decree 303/2006 (the “corrective” decree), Law 262/2005 (the protection of savings law) amended the provisions of Legislative Decree 58/1998 (the Consolidated Law on Finance) concerning the rules governing the audit of issuers and their groups. The new text of Article 159 of the Consolidated Law on Finance provides for the engagement to audit the company and group annual financial statements to be conferred by the shareholders' meeting (which is also called upon to approve the corresponding fee) on the basis of a “reasoned proposal” by the control body.

Law 262/2005 (as amended by Legislative Decree 303/2006 coordinating, among others, the Consolidated Law on Finance with that law) amended Article 159.4 of the Consolidated Law on Finance and fixed the total duration of the audit engagement at nine years and prohibited the renewal of an engagement and the conferment of a new engagement for at least three years from the date of the end of the previous engagement. However, the transitional provision contained in Article 8.7 of Legislative Decree 303/2006 allows companies to extend, up to the date of the first shareholders' meeting called to approve the annual financial statements, those engagements under way at the date of the entry into force of the above-mentioned decree whose total duration (taking into account the intervening renewals and extensions) has not exceeded nine fiscal years, in order to bring the duration into line with the new limit of nine years laid down in the amended version of Article 159.4 of the Consolidated Law on Finance.

The three-year audit engagement conferred on Reconta Ernst & Young S.p.A. by the shareholders' meeting of Telecom Italia S.p.A. on 6 May 2004 comes to an end with the issue of the audit report on the financial statements for the year ended 31 December 2006.

Under the new rules governing the matter referred to above, the Board of Auditors of Telecom Italia S.p.A. is therefore called upon to issue a reasoned proposal to the shareholders' meeting on the conferment of the audit engagement.

To this end, the Board of Auditors, together with the Internal Control and Corporate Governance Committee, discussed with the management and the person responsible for internal control the desirability of exercising the legal right of extending the engagement of the audit company for an additional period (i.e. for the fiscal years 2007, 2008 and 2009) pursuant to Article 159.4 of the Consolidated Law on Finance, which establishes a limit of nine years. The decision, based in part on the arguments put forward by the management and the person responsible for internal control, with which the control body agreed, was to propose an extension of the engagement. The reasons for this decision are set out below.

In the first place the Board of Auditors considered the existence of a firmly established relationship with the present auditor, the result of years of work together that it would be necessary to develop *ex novo* with a different firm. It also took account of the substantial volume of implementation activity performed, as regards: internal duties; those of external auditor; those concerned with the Sarbanes-Oxley Act (in particular Section 404, i.e. the assessment of the effectiveness of the internal controls in ensuring the reliability of the administrative and accounting information used for the preparation of the annual financial statements in compliance with the applicable accounting standards); and those associated with the introduction of IFRS. These are projects in relation to which a change of auditor could thwart the major investments made by the Company and undermine the solutions implemented in agreement with the present auditor.

In the meetings held jointly with the Committee for Internal Control and Corporate Governance on 31 January and 1 March 2007 the Board of Auditors subsequently examined the proposal for an extension put forward by Reconta Ernst & Young S.p.A., approved the economic aspects and agreed that it should be submitted to the shareholders' meeting.

During these meetings the Board of Auditors took special note, receiving confirmation from the management and the person responsible for internal control, of the consistency of the rates and volumes of work proposed by Reconta Ernst & Young S.p.A. with

national benchmarks for the audit of the financial statements and accounting records of firms comparable to Telecom Italia. The breakdown of the hours and fees of the offer for professional services for each of the three years 2007, 2008 and 2009 is summarized in the following table.

Document	Type of audit work	Duration of the engagement	Number of hours per year	Fees (euro)
Company financial statements	Full-scope audit	2007/2008/2009	13,600	1,260,000
Consolidated financial statements	Coordination and control of the consolidation process and full-scope audit of the consolidated financial statements	2007/2008/2009	2,000	230,000
Company and consolidated half-yearly reports	Limited review	2007/2008/2009	2,900	280,000

The hours and fees for the audit of the Company financial statements include those for the activity referred to in Article 155.1a) of the Consolidated Law on Finance concerning checks made during the year to ensure that the Company's accounts are kept properly and their transactions reported correctly in the accounting records.

The fees indicated do not include either VAT or direct or secretarial expenses (which will be charged at cost in the manner specified in the proposal).

The offer of professional services provides for the annual revision of the fees (with the first revision to be made on 1 July 2007) on the basis of the overall change in the Istat cost-of-living index (national index of consumer prices for the entire population - NIC - including tobacco products) compared with the previous year (base: June 2006).

The estimate of hours and fees contained in the auditor's proposal does not include any additional activities that prove necessary in the event of currently unforeseeable major complex transactions; accordingly, the fees may be adjusted ex post if exceptional or unforeseeable circumstances occur that increase or decrease the planned commitments in terms of resources and time.

The Board of Auditors also took note that:

- Reconta Ernst & Young's offer contained the audit plan for the company and consolidated financial statements for the years 2007, 2008 and 2009, so as to

- permit the opinion referred to in Article 156 of the Consolidated Law on Finance to be expressed, and noted that the plan was adequate and complete;
- the offer contained an explanation of the planned level of commitment for the limited review of the company and consolidated half-yearly reports for the six-month periods ending on 30 June 2007, 2008 and 2009 and noted that such commitment was adequate;
 - the proposal contained a description of the procedures for carrying out the checks referred to in Articles 155.1a) and 155.1b) of the Consolidated Law on Finance and noted that such procedures appeared to be adequate;
 - the auditing firm in question had been found to satisfy the independence requirements laid down by law and that, at present, there were no causes of incompatibility;
 - the auditing firm in question had been found to have an adequate organization and technical capability in relation to the scale and complexity of the engagement to be carried out;
 - as noted earlier, the fee requested appeared to be congruous;
 - pursuant to the Self-Regulatory Code adopted by Telecom Italia S.p.A., the Committee for Internal Control and Corporate Governance, had also assessed the proposals put forward by the auditing firm and expressed a favourable view on the extension of the engagement of Reconta Ernst & Young S.p.A.

In light of the above, the Board of Auditors of Telecom Italia S.p.A. invites you to approve the following

Proposal

The ordinary shareholders' meeting of Telecom Italia S.p.A., having examined the reasoned proposal by the Board of Auditors,

resolves

1. pursuant to Article 8.7 of Legislative Decree 303/2006, to extend the engagement of Reconta Ernst & Young S.p.A. (entered in the special register of auditing firms) to audit the annual financial statements of Telecom Italia S.p.A. and the consolidated financial statements of the Telecom Italia Group for the fiscal years 2007, 2008 and 2009 and approves the fees payable to that auditing firm for each of the foregoing

- years of €1,260,000 for the annual financial statements of Telecom Italia S.p.A. and €230,000 for the consolidated financial statements of the Telecom Italia Group;
2. consequently, in accordance also with Consob Communication no. 97001574 of 20 February 1997, to extend the engagement of Reconta Ernst & Young S.p.A. to carry out the limited review of the Telecom Italia company and consolidated half-yearly reports for the fiscal years 2007, 2008 and 2009 and approves the fees payable to that auditing firm for each of the foregoing years of €280,000;
 3. that the above-mentioned fees be revised annually (with the first revision to be made on 1 July 2007) on the basis of the overall change in the Istat cost-of-living index (national index of consumer prices for the entire population - NIC - including tobacco products) compared with the previous year (base: June 2006);
 4. that the above-mentioned fees may be adjusted ex post if exceptional or unforeseeable circumstances occur during the engagement that increase or decrease the planned commitments in terms of resources and time.

Amendments to the Meeting Regulations approved by the shareholders' meeting on 6 May 2004

Dear Shareholders,

In close connection with the amendments to the Company's bylaws to be examined in the extraordinary shareholders' meeting, you are called on to examine the revision of the Meeting Regulations adopted by the shareholders' meeting on 6 May 2004 (following the merger of the "old" Telecom Italia, which had such an instrument, into Olivetti, which lacked one) pursuant to Article 20 of the Company's bylaws.

The most important changes concern the impact on the organization of the conduct of the shareholders' meeting of the introduction by Law 262/2005 (the so-called Law on the Protection of Savings) of the possibility for items to be added to the agenda at the request of shareholders. Consequently, explicit provision is made for the possibility of the Chairman of the meeting

- to grant room for oral presentations by the shareholders proposing the items of the subjects they have added to the agenda;
- to change the order in which the subjects are to be discussed, to take account of the agenda as supplemented at the request of the shareholders.

At the same time, the shareholders proposing the items are ensured the same right as recognized to the Board of Directors to amend their proposals during the proceedings.

With regard to postal voting, the relevant provisions are reduced to the essential aspects, in order to give the Company the maximum flexibility in adjusting the related technicalities, with account also taken of the stimuli coming from the European Commission to consider the new opportunities offered by the technologies for voting *in absentia*. It therefore appears appropriate to endow the Company immediately with the necessary instruments so that it can seize the above-mentioned possible opportunities promptly, within a continuing framework of protection of its shareholders and thus without prejudice to the need to ensure the efficiency of the proceedings at shareholders' meetings.

The remaining amendments are formal and made for the purposes of clearer wording.

In the light of the above, the Board of Directors invited you to approve the following

Resolution

The ordinary shareholders’ meeting of Telecom Italia S.p.A.,

- having regard to Article 20 of the Company’s bylaws;
- having regard to the resolution adopted by the shareholders’ meeting on 6 May 2004;
- having examined the report by the Board of Directors,

resolves

to amend the current Articles 3, 4, 11, 13, 14 and 15 of the Meeting Regulations, approved by the shareholders’ meeting of 6 May 2004 referred to in the preamble, and to introduce a new Article 8, with a consequent updating of the overall numbering of the articles, in accordance with the text shown below:

CURRENT TEXT	PROPOSED TEXT (WITH THE CHANGES HIGHLIGHTED)
<p>ARTICLE 1</p> <p>- These Rules shall apply to the Company’s ordinary and extraordinary shareholders’ meetings.</p>	<p>ARTICLE 1</p> <p><u>1.1</u> - These Rules shall apply to the Company’s ordinary and extraordinary shareholders’ meetings.</p>
<p>ARTICLE 2</p> <p>- To ensure the regular conduct of shareholders’ meetings, for matters not expressly governed by these Rules, the Chairman of the meeting (hereinafter the “Chairman”) shall adopt the measures and solutions deemed most appropriate, in compliance with the law and the bylaws.</p>	<p>ARTICLE 2</p> <p><u>2.1</u> - To ensure the regular conduct of shareholders’ meetings, for matters not expressly governed by these Rules, the Chairman of the meeting (hereinafter the “Chairman”) shall adopt the measures and solutions deemed most appropriate, in compliance with the law and the bylaws.</p>
<p>ARTICLE 3</p> <p>- Meetings may be attended, with the right to take part in the discussion and to vote, by persons entitled to do so pursuant to the applicable provisions (hereinafter the “Participants”).</p> <p>- Unless stated otherwise in the notice convening the meeting, personal identification and verification of the right to attend the meeting shall begin at the place where it is to be held at least one hour before the time fixed for it to start. When the Participants have been identified and their right to attend verified, under the supervision of the Chairman, the auxiliary staff</p>	<p>ARTICLE 3</p> <p><u>3.1</u> - Meetings may be attended, with the right to take part in the discussion and to vote, by persons entitled to do so pursuant to the applicable provisions (hereinafter the “Participants”).</p> <p><u>3.2</u> - Unless stated otherwise in the notice convening the meeting, personal identification and verification of the right to attend the meeting shall begin at the place where it is to be held at least one hour before the time fixed for it to start. When the Participants have been identified and their right to attend verified, under the supervision of the Chairman, the auxiliary staff provided by the Company shall issue <u>them with</u></p>

<p>provided by the Company shall issue badges serving for the purposes of control and the exercise of the right to vote.</p> <ul style="list-style-type: none"> - The Participants shall be enabled to follow the debate, intervene therein and exercise their right to vote in the ways specified on each occasion by the Chairman. - Participants who, after being admitted to the meeting, intend for any reason to leave the premises where it is being held must inform the auxiliary staff. <p>ARTICLE 4</p> <ul style="list-style-type: none"> - Directors, managers and employees of the Company and of Group companies may attend meetings, as may other persons whose presence is deemed useful in relation to the matters to be discussed. - With the agreement of the Chairman, the proceedings may be followed by professionals, consultants, experts, financial analysts and suitably qualified journalists, accredited for a single meeting. - Persons accredited to follow the proceedings must report for identification by the Company's appointees at the entrance of the premises where the meeting is to be held and collect a special badge to be exhibited upon request. <p>ARTICLE 5</p> <ul style="list-style-type: none"> - In accordance with the law and the Bylaws, it is up to the Chairman to direct the meeting and ensure the best conditions for its orderly and effective conduct. - The Chairman may authorize the use of recording and transmission equipment. <p>ARTICLE 6</p> <ul style="list-style-type: none"> - The Chairman shall be assisted in the conduct of the meeting and the preparation of the minutes by a Secretary, where a Notary public is not present. The Secretary or the Notary public may in turn arrange to be assisted by persons of their trust. - The Chairman, for the purposes of conducting the voting procedures (including the verification of the validity of mail votes), shall be assisted by scrutineers; he may use auxiliary staff to provide the necessary technical support and to maintain order. <p>ARTICLE 7</p> <ul style="list-style-type: none"> - When the quorum is not reached, after a congruous length of time the Participants shall be informed of the fact and the discussion of the matters on the agenda shall be understood as deferred to the subsequent call, if any. - During a meeting the Chairman may, if he deems it desirable and the majority of the capital represented at the meeting does not object, suspend the proceedings for up to three hours. 	<p>badges serving for the purposes of control and the exercise of the right to vote.</p> <p><u>3.3</u> - The Participants shall be enabled to follow the debate, intervene therein and exercise their right to vote in the ways specified on each occasion by the Chairman.</p> <p><u>3.4</u> - Participants who, after being admitted to the meeting, intend for any reason to leave the premises where it is being held must inform the auxiliary staff.</p> <p>ARTICLE 4</p> <p><u>4.1</u> - Directors <u>may attend meetings, as may, in the manner established by the Chairman,</u> managers and employees of the Company and of Group companies may attend meetings, and as may other persons whose presence is deemed useful in relation to the matters to be discussed.</p> <p><u>4.2</u> - With the agreement of the Chairman <u>and in the manner established by same,</u> the proceedings may be followed by professionals, consultants, experts, financial analysts and suitably qualified journalists, accredited for a single meeting.</p> <p><u>4.3</u> - Persons accredited to follow the proceedings must report for identification by the Company's appointees at the entrance of the premises where the meeting is to be held and collect a special badge to be exhibited upon request.</p> <p>ARTICLE 5</p> <p><u>5.1</u> - In accordance with the law and the bylaws, it is up to the Chairman to direct the meeting and ensure the best conditions for its orderly and effective conduct.</p> <p><u>5.2</u> - The Chairman may authorize the use of recording and transmission equipment.</p> <p>ARTICLE 6</p> <p><u>6.1</u> - The Chairman shall be assisted in the conduct of the meeting and the preparation of the minutes by a Secretary, where a Notary public is not present. The Secretary or the Notary public may in turn arrange to be assisted by persons of their trust.</p> <p><u>6.2</u> - The Chairman, for the purposes of conducting the voting procedures (including the verification of the validity of mail votes), shall be assisted by scrutineers; he may use auxiliary staff to provide the necessary technical support and to maintain order.</p> <p>ARTICLE 7</p> <p><u>7.1</u> - When the quorum is not reached, after a congruous length of time the Participants shall be informed of the fact and the discussion of the matters on the agenda shall be understood as deferred to the subsequent call, if any.</p> <p><u>7.2</u> - During a meeting the Chairman may, if he deems it desirable and the majority of the capital represented at the meeting does not object, suspend the proceedings for up to three hours.</p>
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<p>ARTICLE 8</p> <ul style="list-style-type: none"> - The Chairman shall establish the order in which the items on the agenda are to be discussed, which may differ from that indicated in the notice convening the meeting. - He may provide for several items to be discussed together or for the discussion to proceed item by item. - The Chairman and, at his invitation, persons attending the meeting pursuant to the first paragraph of Article 4, shall explain the items on the agenda. <p>ARTICLE 9</p> <ul style="list-style-type: none"> - It is up to the Chairman to direct and regulate the discussion, ensure its correctness and prevent the regular course of the meeting from being disturbed. - The Chairman, taking account of the subject matter and importance of the individual items on the agenda, may establish at the start of the meeting the time – not less than 15 minutes – available to each speaker. - The Chairman shall call on Participants to comply with the time limits established in advance for interventions and to keep to the matters specified in the agenda. In the event of an overrun and/or an abuse, the Chairman shall interrupt the speaker. <p>ARTICLE 10</p> <ul style="list-style-type: none"> - Persons who intend to speak must apply to the Chairman or the Secretary, indicating the subject they will address. Such requests may be submitted until the Chairman closes the discussion on the subject to which they refer. - Participants may ask to take the floor a second time during the same discussion, for not more than five minutes, exclusively in response to other interventions or to declare how they intend to vote. <p>ARTICLE 11</p> <ul style="list-style-type: none"> - The Board of Directors and the Participants may put forward, giving reasons, proposals for alternative or amended resolutions with respect to those originally put forward by the Board of Directors. - The Chairman shall evaluate the compatibility of such proposals in relation to the agenda of the meeting and to the applicable provisions. In any 	<p>ARTICLE 8</p> <p><u>8.1- At the start of the proceedings the Chairman shall summarize the items on the agenda.</u></p> <p><u>8.2- The Chairman may grant shareholders who have requested, in accordance with the law and the bylaws, the addition of items to the agenda up to 15 minutes to describe the corresponding proposed resolutions and set out the reasons therefor.</u></p> <p>ARTICLE 98</p> <p><u>9.1 - The Chairman shall establish the order in which the items on the agenda are to be discussed, which may differ from that indicated in the notice convening the meeting.</u></p> <p><u>9.2 - He may provide for several items to be discussed together or for the discussion to proceed item by item.</u></p> <p><u>9.3 - The Chairman and, at his invitation, persons attending the meeting pursuant to the first paragraph of Article 4, shall explain the items on the agenda.</u></p> <p>ARTICLE 109</p> <p><u>10.1 - It is up to the Chairman to direct and regulate the discussion, ensure its correctness and prevent the regular course of the meeting from being disturbed.</u></p> <p><u>10.2 - The Chairman, taking account of the subject matter and importance of the individual items on the agenda, may establish at the start of the meeting the time – not less than 15 minutes – available to each speaker.</u></p> <p><u>10.3 - The Chairman shall call on Participants to comply with the time limits established in advance for interventions and to keep to the matters specified in the agenda. In the event of an overrun and/or an abuse, the Chairman shall interrupt the speaker.</u></p> <p>ARTICLE 11</p> <p><u>11.1 - Persons who intend to speak must apply to the Chairman or the Secretary, indicating the subject they will address. Such requests may be submitted until the Chairman closes the discussion on the subject to which they refer.</u></p> <p><u>11.2 - Participants may ask to take the floor a second time during the same discussion, for not more than five minutes, exclusively in response to other interventions or to declare how they intend to vote.</u></p> <p>ARTICLE 121</p> <p><u>12.1- The Board of Directors and the Participants may put forward, giving reasons, proposals for alternative, or amended <u>and additional</u> resolutions with respect to any those originally put forward by the Board of Directors <u>or by shareholders requesting the addition of the item to the agenda in accordance with the law and the bylaws.</u></u></p> <p><u>12.2 The Chairman shall evaluate the compatibility of such proposals in relation to the agenda of the meeting and to the applicable provisions. In any case</u></p>
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<p>case Participants proposals for matters on which, in compliance with the law, the Meeting resolves on Directors proposals or on the basis of a plan or report prepared by them, are not accepted.</p> <p>ARTICLE 12</p> <ul style="list-style-type: none"> - The members of the Board of Directors and the Board of Auditors may intervene in the discussion; at the invitation of the Chairman, persons attending the meeting pursuant to the first paragraph of Article 4 may also take the floor, <i>inter alia</i> to respond to requests for clarification. <p>ARTICLE 13</p> <ul style="list-style-type: none"> - The Chairman shall take appropriate measures to ensure the orderly conduct of polls and provide for the poll on an item to be held immediately after the close of the discussion thereof or at the end of the discussion of all the items on the agenda. - The Chairman shall establish how each poll is to be conducted and the procedures for identifying and counting the votes cast and shall be responsible for ascertaining the results. <p>ARTICLE 14</p> <ul style="list-style-type: none"> - Votes may only be cast by mail using the vote by mail ballot issued by the Company, which must reach the address indicated in the notice convening the meeting not later than 48 hours before the date set for the meeting in question. - Proxies may not cast votes by mail. - The vote by mail ballot must be filled in according to the instructions given on the accompanying form and bear the voter's signature. Where the right to vote is jointly held, all the joint holders are required to sign. - The vote by mail ballot must be accompanied by suitable documents authenticating the entitlement of the person(s) signing it. The suitability of such documents shall be evaluated by the Chairman. - Interpreting the votes indicated on the voting by mail ballot shall be up to the Chairman. Ballots shall not be counted in the poll where the Chairman deems the voting intentions they express to be ambiguous. <p>ARTICLE 15</p> <ul style="list-style-type: none"> - Upon completion of the polling and the necessary counting of the votes with the help of the scrutineers and the Secretary, the results of the poll shall be announced. 	<p>Participants proposals for matters on which, in compliance with the law, the Meeting resolves on Directors proposals or on the basis of a plan or report prepared by them, are not accepted.</p> <p>ARTICLE 132</p> <p>13.1 - The members of the Board of Directors and the Board of Auditors may intervene in the discussion; at the invitation of the Chairman, persons attending the meeting pursuant to the first paragraph of Article 4 may also take the floor, <i>inter alia</i> to respond to requests for clarification.</p> <p>ARTICLE 143</p> <p>14.1 - The Chairman shall take appropriate measures to ensure the orderly conduct of polls and provide for the poll on an item to be held immediately after the close of the discussion thereof or at the end of the discussion of all the items on the agenda.</p> <p>14.2 - The Chairman shall establish <u>the order of voting on the proposals concerning the various items and</u> how each poll is to be conducted and the procedures for identifying and counting the votes cast and shall be responsible for ascertaining the results.</p> <p>ARTICLE 154</p> <p>15.1 - Votes may only be cast by mail using the vote by mail ballot issued instruments made available by the Company, which must reach the address indicated in the notice convening the meeting not later than 48 hours before the date set for the meeting in question. Proxies may not cast votes by mail. The vote by mail ballot must be filled in according to the instructions given on the accompanying form and bear the voter's signature. Where the right to vote is jointly held, all the joint holders are required to sign.</p> <p>15.2 - The Chairman shall be responsible for <u>verifying voters' right to vote and in general for evaluating the validity of votes and interpreting them.</u> The vote by mail ballot must be accompanied by suitable documents authenticating the entitlement of the person(s) signing it. The suitability of such documents shall be evaluated by the Chairman. Interpreting the votes indicated on the voting by mail ballot shall be up to the Chairman. Ballots shall not be counted in the poll where the Chairman deems the voting intentions they express to be ambiguous.</p> <p>ARTICLE 165</p> <p>16.1 - Upon completion of the polling and the necessary counting of the votes with the help of the scrutineers and the Secretary, the results of the poll shall be announced.</p> <p>.....</p>
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Amendment of the following articles of the Company's bylaws: 3 (purpose); 6 (savings shares); 8 (bonds); 9 (appointment of the Board of Directors); 10 (corporate officers); 11 (meetings of the Board of Directors); 12 (powers of the Board of Directors); 13 (manager responsible for the preparation of the Company's financial reports); 14 (information flows from the executive directors to the other directors and the members of the Board of Auditors); 15 (representation of the Company); 16 (compensation of the Board of Directors); 17 (Board of Auditors); 18 (calling of shareholders' meetings); 19 (participation in shareholders' meetings); 20 (conduct of shareholders' meetings); and 21 (allocation of the profit); numbering of the paragraphs of the articles of the bylaws; and related and consequent resolutions

Dear Shareholders,

You are also called upon, in the extraordinary shareholders' meeting, to examine a considerable series of proposed amendments to the Company's bylaws.

The occasion for action is the need to adapt the text of the bylaws to the provisions of Law 262/2005 (the so-called Law on the Protection of Savings), as amended by Legislative Decree 303/2006, not later than 30 June 2007. Some amendments are also proposed that respond to the recommendations and criteria drawn from Borsa Italian's new Corporate Governance Code (March 2006 edition).

Unfortunately, it has not been possible instead to take into account the Consob regulations implementing the Law on the Protection of Savings inasmuch as they were not available at the time this shareholders' meeting was called. In this regard, the Board will proceed subsequently, when and as appropriate, in light of the number and type of interventions suggested by the reading of the Consob regulations.

The necessity of submitting the above-mentioned "other-directed" amendments to the bylaws to the shareholders' meeting also represents an opportunity to propose additional amendments to update and – in the opinion of the Board of Directors – improve the text, with a view to making the set of rules on which the relationship among Telecom Italia shareholders is based clearer, more systematic and more complete.

The proposed amendments are summarized below.

Purpose (Article 3)

The amendments to Article 3 serve to bring the description of the Company's mission (dating back to 1997 in its current formulation) into line with a reality that has changed considerably.

The telecommunications services that are at the centre of the description of Telecom Italia's corporate purpose are distinguished in the text by a dynamic reference represented by technological evolution. On the other hand, the wording of the text gives prominence to activities that have been dropped or are out of date, while a series of references are now out of date in the light of legislative and regulatory developments.

The formal revision of the clause therefore serves to clarify and modernize a text that is now obsolete, obviously without making any substantive change and thus without constituting grounds for withdrawal under Article 2437 of the Civil Code.

Savings shares and bonds (Articles 6 and 8)

Rules are introduced for the first time concerning the organization of savings shareholders (Article 6) and bondholders (Article 8). In both cases the principle is introduced that the Company should bear the related costs, primarily in connection with the organizational costs of the meetings and the compensation of the common representative of the savings shareholders (inasmuch as they too are shareholders) and only secondarily, and in any case within the limits to be fixed in advance by the Board of Directors, in connection with the compensation of the common representatives of the bondholders (inasmuch as they are creditors and third parties vis-à-vis the Company) or of the plurality of common representatives of the holders of the various bond issues made by the Company.

The aim of this is to find a practical remedy, respectful of the roles and autonomy of the different stakeholders, to the difficulties of functioning encountered by the meetings of these important providers of finance for the business, difficulties that are probably due to a legislative framework no longer suited to the reality of the financial markets.

Board of Directors (Articles 9, 10, 11, 12, 13, 14, 15 and 16)

Various changes are proposed to the provisions on the Board of Directors, some serving merely to clarify or simplify the text (specifically, Articles 15 and 16), others instead to adapt the provisions to the new legislative and regulatory framework.

As regards the procedures for electing the Board (Article 9), the system of competing slates, adopted in 1997 at the time of privatization, stands. However, more diversified provisions are introduced governing the percentage shareholding needed to present a slate of candidates in relation to the possibility of a Consob regulation allowing this fundamental right to be exercised by a smaller number of shareholders.

The time limit for the presentation by shareholders of slates of candidates is made more demanding for those who put forward the candidates, to meet the market's general interest in having the necessary information promptly available in preparation for the shareholders' meeting. To bring the time limit into line with that recommended Borsa Italiana's 2006 Corporate Governance Code, the documentation must be filed at least fifteen (rather than ten) days before the meeting. The same purposes motivate the changes regarding the prior publication of the information required (candidates' acceptance of the candidacy, declarations of eligibility, and curricula vitae, etc.).

Operational needs make it advisable to revise the provisions concerning corporate offices (Article 10) with the possibility of appointing more than one Deputy Chairman, which also requires governing their acting as substitutes. Operational considerations also dictate the elimination of the reference to the (disused) mechanism of the issue of extracts from the register of minutes of Board meetings by the Directors together with the Secretary.

Article 11 contains a better formulation of the Chairman's power to call Board meetings. In the second paragraph, taking into account technological innovation and the growing availability of rapid and effective means of communication, it is proposed that the minimum notice for calling Board meetings in urgent cases be reduced from twenty-four to twelve hours.

With a view to adapting Article 12 to the provisions of law, the references in the first paragraph regarding the Board's powers are simplified and the possibility of so-called simplified spin-offs is added to the decision-making powers listed in the second

paragraph, completing those already provided for in the case of mergers of companies that are at least 90% owned by Telecom Italia.

As established by law, the Board is entrusted with appointing the manager responsible for the preparation of the Company's financial reports (Article 13), a figure instituted by the Law on the Protection of Savings, whose incorporation into the bylaws is required. The proposed clause links the term of office of the manager responsible for the preparation of the Company's financial statements to that of the Board of Directors that appointed him: in view of the close fiduciary relationship between the two, in the event of the cessation of the term of office of the Board, the manager also ceases to hold office. As regards the experience requirements, provision is made for the manager to be an expert in administration, finance and auditing, and for failure to satisfy these requirements to result in removal from office.

The amendments to Article 14 clarify the references to the (written) reports that must be made by the Executive Directors to the remaining Directors and the members of the Board of Auditors.

Board of Auditors (Article 17)

Pending the issue of the relevant Consob regulation, the description of the election procedure (slate voting) is aligned with that for the Board of Directors.

The occasion has been taken to eliminate the possibility of an alternative composition of the Board of Auditors consisting of seven members (which derived from an obsolete legislative framework), while the clause entrusting the Board of Auditors with electing its Chairman is eliminated, in order to take into account the power given to the shareholders' meeting by the Law on the Protection of Savings. Similarly, the clause setting a limit on the number of positions held by members of the Board of Auditors appears obsolete and is eliminated, considering that the matter is now entrusted by law to Consob.

The remaining changes to Article 17 (in particular the system for substituting the Chairman of the Board of Auditors and the powers of members of the Board of Auditors to call meetings thereof) are also the consequence of the legislative developments on which the amendments already described are based.

Shareholders' meeting (Articles 18, 19 and 20)

The articles concerning the shareholders' meeting are modified by amendments serving both to adapt them to the new legislative provisions and to clarify and simplify their formulation.

The amendments of the first type include the proposed rules for the addition of items to the agenda at the request of shareholders (new paragraph 4 of Article 18). The clause completes the legal rules by requiring that those requesting the addition bear the cost of preparing an ad hoc report for the benefit of fellow shareholders and making it promptly available (albeit within less demanding time limits than those applied to the Board of Directors).

Similarly aimed at completing the rules of the bylaws are the provisions specifying the manner of calling meetings of savings shareholders (Article 18, paragraph 3) and regulating the chairing of the various types of shareholders' meetings (Article 20).

The amendments to Article 19 concerning shareholders' meetings and Article 21 regarding the allocation of the profit for the year are of a purely formal nature.

The resolution proposed to the shareholders' meeting is given below with the complete text of the bylaws in the current version shown side by side with that incorporating the proposed amendments.

In light of the foregoing, the Board of Directors invites you to approve the following

Resolution

The extraordinary shareholders' meeting of Telecom Italia S.p.A.,

- having regard to Law 262/2005 (the so-called Law on the Protection of Savings), as amended by Legislative Decree 303/2006;
- having examined the report of the Board of Directors,

resolves

1. to amend Articles 3, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21 of the bylaws of Telecom Italia S.p.A. as in the text given below highlighting the amendments introduced

CURRENT TEXT	PROPOSED TEXT (WITH THE CHANGES HIGHLIGHTED)
<p>NAME - REGISTERED OFFICE - PURPOSE AND DURATION OF THE COMPANY</p> <p>Article 1 The name of the Company shall be "TELECOM ITALIA S.p.A."</p> <p>Article 2 The registered office of the Company shall be in Milan.</p> <p>Article 3 The Company's purpose shall be:</p> <ul style="list-style-type: none"> - the installation and operation, using any technique, method or system, of fixed and mobile equipment and installations, including space systems which use artificial satellites, radio stations, including shipboard stations, links for maritime wireless communications, and dedicated and/or integrated networks, for the purpose of providing and operating, without territorial restrictions, licensed telecommunications services for public use and telecommunications services in a free-market environment, including those resulting from technological progress, and the performance of activities directly or indirectly related thereto, including the design, construction, operation, maintenance and distribution of telecommunications, remote-computing, online and electronic products, services and systems; - the performance of activities related to or otherwise serving the pursuit of the corporate purpose, including publishing, advertising, information technology, online and multimedia activities and, in general, all commercial, financial, property, research, training and consulting activities; - the acquisition, provided it is not the Company's principal activity, of equity interests in other companies and 	<p>NAME - REGISTERED OFFICE - PURPOSE AND DURATION OF THE COMPANY</p> <p>Article 1 <u>1.1 -</u> The name of the Company shall be "TELECOM ITALIA S.p.A."</p> <p>Article 2 <u>2.1 -</u> The registered office of the Company shall be in Milan.</p> <p>Article 3 <u>3.1 -</u> The Company's purpose shall be:</p> <ul style="list-style-type: none"> - the installation and operation, using any technique, method or system, of fixed and mobile equipment and installations, including space systems which use artificial satellites, radio stations, including shipboard stations, links for maritime wireless communications, and dedicated and/or integrated networks, for the purpose of providing, and operating <u>and marketing</u>, without territorial restrictions, licensed telecommunications services for public use and telecommunications services in a free-market environment, including those resulting from technological progress, and the performance of activities directly or indirectly related thereto, including the design, construction, operation, maintenance, <u>integration</u> and <u>marketing distribution</u> of telecommunications, <u>information technology remote computing,</u> online and electronic products, services, <u>networks</u> and systems <u>and, in general, ICT (Information Communication Technology) solutions for final users;</u> - the performance of <u>related and instrumental</u> activities related to or otherwise serving the pursuit of the corporate purpose, including publishing, advertising, information technology, online and multimedia activities and, in general, all commercial, financial, property, research, training and consulting activities; - the acquisition, provided it is not the Company's principal activity, of equity interests in other companies and

<p>undertakings falling within the scope of the corporate purpose or related, complementary or similar thereto, including companies involved in manufacturing electronic products and insurance;</p> <p>- the control and the strategic, technical and administrative and financial coordination of subsidiary companies and undertakings, and the financial planning and management thereof, with the implementation of all related transactions.</p> <p>Activities reserved to persons entered in a professional register, activities involving dealings with the public covered by Article 106 of Legislative Decree 385/1993, and those which are otherwise prohibited by applicable legislation shall be expressly excluded.</p> <p>Article 4 The duration of the Company shall be until December 31, 2100. Extension of the time limit shall not result in shareholders who do not vote in favour of such resolution having the right of withdrawal.</p> <p>SHARE CAPITAL – SHARES - BONDS</p> <p>Article 5 The subscribed and fully paid-up share capital shall be equal to Euro 10,673,764,056.45, divided into 13,380,723,078 ordinary shares with a par value of Euro 0.55 each and 6,026,120,661 savings shares with a par value of Euro 0.55 each.</p> <p>In resolutions to increase the share capital by issuing shares for cash, the right of pre-emption may be excluded for up to a maximum of ten per cent of the previously existing capital, provided the issue price corresponds to the market value of the shares and this is confirmed in a report prepared by the firm appointed to audit the accounts.</p> <p>The Shareholders' Meeting of May 26, 2003, reiterating, updating and, where necessary, renewing earlier resolutions of the Shareholders' Meeting and the Board of Directors resolved to increase the share capital by up to a maximum of Euro 624,936,779.50 (at December 31, 2006 Euro 125,784,211.30), by means of the issue of up to a maximum of 1,136,248,690 (at December 31, 2006 228,698,566) ordinary shares with a par value of Euro 0.55 each to be reserved irrevocably and exclusively for the conversion of the "Olivetti 1.5% 2001-2010 convertibile con premio al rimborso" (now Prestito "Telecom Italia 1.5% 2001-2010 convertibile con premio al rimborso") convertible bonds, on the basis of 0.471553 ordinary shares for each bond presented for conversion.</p> <p>The Shareholders' Meeting of May 26, 2003 also resolved to increase the share capital by up to a maximum of Euro 183,386,986.75 (at December 31,</p>	<p>undertakings falling within the scope of the corporate purpose or related, complementary or similar thereto, including companies involved in manufacturing electronic products and insurance;</p> <p>- the control and the strategic, technical and administrative and financial coordination of subsidiary companies and undertakings, and the financial planning and management thereof, with the implementation of all related transactions.</p> <p><u>3.2 -</u> Activities reserved to persons entered in a professional register; <u>and</u> activities involving dealings with the public covered by Article 106 of Legislative Decree 385/1993, and those which are otherwise prohibited by applicable legislation shall be expressly excluded.</p> <p>Article 4 <u>4.1 -</u> The duration of the Company shall be until December 31, 2100. Extension of the time limit shall not result in shareholders who do not vote in favour of such resolution having the right of withdrawal.</p> <p>SHARE CAPITAL – SHARES – BONDS</p> <p>Article 5 <u>5.1 -</u> The subscribed and fully paid-up share capital shall be equal to Euro 10,673,764,056.45, divided into 13,380,723,078 ordinary shares with a par value of Euro 0.55 each and 6,026,120,661 savings shares with a par value of Euro 0.55 each.</p> <p><u>5.2 -</u> In resolutions to increase the share capital by issuing shares for cash, the right of pre-emption may be excluded for up to a maximum of ten per cent of the previously existing capital, provided the issue price corresponds to the market value of the shares and this is confirmed in a report prepared by the firm appointed to audit the accounts.</p> <p><u>5.3 -</u> The Shareholders' Meeting of <u>26</u> May 26, 2003, reiterating, updating and, where necessary, renewing earlier resolutions of the Shareholders' Meeting and the Board of Directors resolved to increase the share capital by up to a maximum of Euro 624,936,779.50 (at December 31, 2006 Euro 125,784,211.30), by means of the issue of up to a maximum of 1,136,248,690 (at December 31, 2006 228,698,566) ordinary shares with a par value of Euro 0.55 each to be reserved irrevocably and exclusively for the conversion of the "Olivetti 1.5% 2001-2010 convertibile con premio al rimborso" (now Prestito "Telecom Italia 1.5% 2001-2010 convertibile con premio al rimborso") convertible bonds, on the basis of 0.471553 ordinary shares for each bond presented for conversion.</p> <p><u>5.4 -</u> The Shareholders' Meeting of May 26, 2003 also resolved to increase the share capital by up to a maximum of Euro 183,386,986.75 (at December 31,</p>
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<p>2006 Euro 114,644,297.90), by means of the issue of up to a maximum of 333,430,885 (at December 31, 2006 208,444,178) ordinary shares with a par value of Euro 0.55 each, divided into the following outstanding divisible tranches:</p> <ol style="list-style-type: none"> 1 a tranche of up to a maximum of Euro 37,398,868.65 (at December 31, 2006 Euro 9,712,784.40) for the exercise of the “Piano di Stock Option 2000” stock options, increase to be implemented by July 30, 2008 by means of the issue of up to a maximum of 67,997,943 (at December 31, 2006 17,659,608) shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 13.815 per option held (i.e. at a price of Euro 4.185259 for each newly-issued share); 2 a tranche of up to a maximum of Euro 58,916,834.35 (at December 31, 2006 Euro 57,818,129.05) for the exercise of the “Piano di Stock Option 2001” stock options, increase to be implemented by April 30, 2008 by means of the issue of up to a maximum of 107,121,517 (at December 31, 2006 105,123,871) shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 10.488 per option held (i.e. at a price of Euro 3.177343 for each newly-issued share); 3 a tranche of up to a maximum of Euro 21,422,652.90 (at December 31, 2006 Euro 17,210,733.65) for the exercise of the “Piano di Stock Option Top 2002” stock options, increase to be implemented by February 28, 2010 by means of the issue of up to a maximum of 38,950,278 (at December 31, 2006 31,292,243) shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 9.203 per option held (i.e. at a price of Euro 2.788052 for each newly-issued share); 4 a tranche of up to a maximum of Euro 50,268,799.90 (at December 31, 2006 Euro 29,902,650.80) for the exercise of the “Piano di Stock Option 2002” stock options, increase to be implemented by March 31, 2008 for the first lot, by March 31, 2009 for the second lot and by March 31, 2010 for the third lot by means of the issue of up to a maximum of 91,397,818 (at December 31, 2006 54,368,456) shares with a par value of Euro 0.55 each, to be subscribed for at a total price for the different options of respectively Euro 9.665, Euro 7.952 and Euro 7.721 per option held (i.e. at a price for the different options of respectively Euro 2.928015 Euro 2.409061 and Euro 2.339080 for each newly-issued share). <p>The Shareholders’ Meeting of April 7, 2005 resolved to increase the share capital by up to a maximum of Euro 38,655,832.60 (at December 31, 2006 Euro 27,475,990.30), by means of the issue of up to a maximum of 70,283,332 (at December 31, 2006 49,956,346) ordinary shares with a par value of Euro 0.55 each, divided into the following outstanding divisible tranches:</p> <ol style="list-style-type: none"> 1. a tranche of up to a maximum of Euro 11,705,656.05 (at December 31, 2006 Euro 	<p>2006 Euro 114,644,297.90), by means of the issue of up to a maximum of 333,430,885 (at December 31, 2006 208,444,178) ordinary shares with a par value of Euro 0.55 each, divided into the following outstanding divisible tranches:</p> <ol style="list-style-type: none"> 1 a tranche of up to a maximum of Euro 37,398,868.65 (at December 31, 2006 Euro 9,712,784.40) for the exercise of the “Piano di Stock Option 2000” stock options, increase to be implemented by July 30, 2008 by means of the issue of up to a maximum of 67,997,943 (at December 31, 2006 17,659,608) shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 13.815 per option held (i.e. at a price of Euro 4.185259 for each newly-issued share); 2 a tranche of up to a maximum of Euro 58,916,834.35 (at December 31, 2006 Euro 57,818,129.05) for the exercise of the “Piano di Stock Option 2001” stock options, increase to be implemented by April 30, 2008 by means of the issue of up to a maximum of 107,121,517 (at December 31, 2006 105,123,871) shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 10.488 per option held (i.e. at a price of Euro 3.177343 for each newly-issued share); 3 a tranche of up to a maximum of Euro 21,422,652.90 (at December 31, 2006 Euro 17,210,733.65) for the exercise of the “Piano di Stock Option Top 2002” stock options, increase to be implemented by February 28, 2010 by means of the issue of up to a maximum of 38,950,278 (at December 31, 2006 31,292,243) shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 9.203 per option held (i.e. at a price of Euro 2.788052 for each newly-issued share); 4 a tranche of up to a maximum of Euro 50,268,799.90 (at December 31, 2006 Euro 29,902,650.80) for the exercise of the “Piano di Stock Option 2002” stock options, increase to be implemented by March 31, 2008 for the first lot, by March 31, 2009 for the second lot and by March 31, 2010 for the third lot by means of the issue of up to a maximum of 91,397,818 (at December 31, 2006 54,368,456) shares with a par value of Euro 0.55 each, to be subscribed for at a total price for the different options of respectively Euro 9.665, Euro 7.952 and Euro 7.721 per option held (i.e. at a price for the different options of respectively Euro 2.928015 Euro 2.409061 and Euro 2.339080 for each newly-issued share). <p><u>5.5 -</u> The Shareholders’ Meeting of April 7, 2005 resolved to increase the share capital by up to a maximum of Euro 38,655,832.60 (at December 31, 2006 Euro 27,475,990.30), by means of the issue of up to a maximum of 70,283,332 (at December 31, 2006 49,956,346) ordinary shares with a par value of Euro 0.55 each, divided into the following outstanding divisible tranches:</p> <ol style="list-style-type: none"> 1. a tranche of up to a maximum of Euro 11,705,656.05 (at December 31, 2006 Euro
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<p>9,320,515.05) for the exercise of the “2000-2002 Stock-Option Plans” stock options, increase to be implemented by December 31, 2008 by means of the issue of up to 21,283,011 (at December 31, 2006 16,946,391) Telecom Italia ordinary shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 6.42 per option held (i.e. at a price of Euro 3.710983 for each newly-issued share);</p> <p>2. a tranche of up to a maximum of Euro 22,150,920 (at December 31, 2006 Euro 16,551,342.50) for the exercise of the “2002-2003 Stock-Option Plans” stock options, increase to be implemented by December 31, 2008 by means of the issue of up to 40,274,400 (at December 31, 2006 30,093,350) Telecom Italia ordinary shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 5.67 per option held (i.e. at a price of Euro 3.277457 for each newly-issued share);</p> <p>3. a tranche of up to a maximum of Euro 3,192,173.05 (at December 31, 2006 Euro 1,604,132.75) for the exercise of the “2003-2005 Stock-Option Plans” stock options, increase to be implemented by December 31, 2008 for the first lot, by December 31, 2009 for the second lot and by December 31, 2010 for the third lot by means of the issue of up to a maximum of 5,803,951 (at December 31, 2006 2,916,605) shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 5.07 per option held (i.e. at a price of Euro 2.930636 for each newly-issued share).</p> <p>For five years starting from May 6, 2004 the Directors may increase the share capital in one or more tranches by up to a maximum total amount of Euro 880,000,000 by means of cash issues of up to a maximum of 1,600,000,000 ordinary shares, all or part of which:</p> <p>(i) to be offered with the right of pre-emption to shareholders and holders of convertible bonds; or</p> <p>(ii) to be offered for subscription to employees of Telecom Italia S.p.A. or its subsidiaries, with the exclusion of the right of pre-emption, provided such increase in capital does not exceed 1% of the capital attested at the date of the offering, pursuant to the combined effects of Article 2441, last paragraph, of the Civil Code and Articles 134(2) of Legislative Decree 58/1998.</p> <p>Resolutions to increase the share capital adopted by the Board of Directors in exercising the powers attributed above shall set the subscription price (including any premium) and a time limit for the subscription of the shares; they may also provide, in the event that the increase approved is not fully subscribed within the time limit established for each issue, for the capital to be increased by an amount equal to the subscriptions received up to such time.</p> <p>The Board of Directors may issue, in one or more tranches and for up to a maximum of five years from May 6, 2004, convertible bonds up to a maximum amount of Euro 880,000,000.</p>	<p>9,320,515.05) for the exercise of the “2000-2002 Stock-Option Plans” stock options, increase to be implemented by December 31, 2008 by means of the issue of up to 21,283,011 (at December 31, 2006 16,946,391) Telecom Italia ordinary shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 6.42 per option held (i.e. at a price of Euro 3.710983 for each newly-issued share);</p> <p>2. a tranche of up to a maximum of Euro 22,150,920 (at December 31, 2006 Euro 16,551,342.50) for the exercise of the “2002-2003 Stock-Option Plans” stock options, increase to be implemented by December 31, 2008 by means of the issue of up to 40,274,400 (at December 31, 2006 30,093,350) Telecom Italia ordinary shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 5.67 per option held (i.e. at a price of Euro 3.277457 for each newly-issued share);</p> <p>3. a tranche of up to a maximum of Euro 3,192,173.05 (at December 31, 2006 Euro 1,604,132.75) for the exercise of the “2003-2005 Stock-Option Plans” stock options, increase to be implemented by December 31, 2008 for the first lot, by December 31, 2009 for the second lot and by December 31, 2010 for the third lot by means of the issue of up to a maximum of 5,803,951 (at December 31, 2006 2,916,605) shares with a par value of Euro 0.55 each, to be subscribed for at a total price of Euro 5.07 per option held (i.e. at a price of Euro 2.930636 for each newly-issued share).</p> <p><u>5.6-</u> For five years starting from May 6, 2004 the Directors may increase the share capital in one or more tranches by up to a maximum total amount of Euro 880,000,000 by means of cash issues of up to a maximum of 1,600,000,000 ordinary shares, all or part of which:</p> <p>(i) to be offered with the right of pre-emption to shareholders and holders of convertible bonds; or</p> <p>(ii) to be offered for subscription to employees of Telecom Italia S.p.A. or its subsidiaries, with the exclusion of the right of pre-emption, provided such increase in capital does not exceed 1% of the capital attested at the date of the offering, pursuant to the combined effects of Article 2441, last paragraph, of the Civil Code and Article 134(2) of Legislative Decree 58/1998.</p> <p><u>5.7-</u> Resolutions to increase the share capital adopted by the Board of Directors in exercising the powers attributed above shall set the subscription price (including any premium) and a time limit for the subscription of the shares; they may also provide, in the event that the increase approved is not fully subscribed within the time limit established for each issue, for the capital to be increased by an amount equal to the subscriptions received up to such time.</p> <p><u>5.8-</u> The Board of Directors may issue, in one or more tranches and for up to a maximum of five years from May 6, 2004, convertible bonds up to a maximum amount of Euro 880,000,000.</p>
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<p>Article 6 Savings shares shall have the preferential rights set forth in this Article.</p> <p>The net profit shown in the duly approved annual accounts, less the amount to be allocated to the legal reserve, must be distributed to the savings shares up to five per cent of their par value.</p> <p>The net profit that remains after the allocation to the savings shares of the preferred dividend provided for in the second paragraph, payment of which must be approved by the Shareholders' Meeting, shall be divided among all the shares in such a way that the dividend per savings share is higher by two per cent of its par value than the dividend per ordinary share.</p> <p>When the dividend paid on savings share in a fiscal year is less than that indicated in the second paragraph, the difference shall go to increase the preferred dividend in the next two fiscal years.</p> <p>In the event of a distribution of reserves, the savings shares have the same rights as the other shares. If the net profit for the year is nil or insufficient to satisfy the property rights referred to in the preceding paragraphs, the Shareholders' Meeting called to approve the annual accounts may resolve to satisfy the right referred to in the second paragraph and/or the right to the premium referred to in the third paragraph by drawing on the reserves. Payment made by drawing on the reserves shall exclude application of the mechanism for carrying over, to the two following fiscal years, the right to preferred dividends not received through the distribution of profits referred to in the fourth paragraph.</p> <p>A reduction of the share capital due to losses shall not entail a reduction of the par value of the savings shares, except for the amount of the loss that exceeds the total par value of the other shares.</p> <p>Upon dissolution of the Company, the savings shares shall have priority in the repayment of the capital up to their entire par value.</p> <p>If the Company's ordinary or savings shares are delisted, holders of savings shares may apply to the Company for their conversion into ordinary shares, in the manner approved by an ad hoc Extraordinary Shareholders' Meeting called within two months of the delisting.</p> <p>Article 7 The shares shall be indivisible. In the event of joint</p>	<p>Article 6 <u>6.1 -</u> Savings shares shall have the preferential rights set forth in this Article.</p> <p><u>6.2 -</u> The net profit shown in the duly approved annual accounts, less the amount to be allocated to the legal reserve, must be distributed to the savings shares up to five per cent of their par value.</p> <p><u>6.3 -</u> The net profit that remains after the allocation to the savings shares of the preferred dividend provided for in the second paragraph, payment of which must be approved by the Shareholders' Meeting, shall be divided among all the shares in such a way that the dividend per savings share is higher by two per cent of its par value than the dividend per ordinary share.</p> <p><u>6.4 -</u> When the dividend paid on savings share in a fiscal year is less than that indicated in the second paragraph, the difference shall go to increase the preferred dividend in the next two fiscal years.</p> <p><u>6.5 -</u> In the event of a distribution of reserves, the savings shares have the same rights as the other shares. If the net profit for the year is nil or insufficient to satisfy the property rights referred to in the preceding paragraphs, the Shareholders' Meeting called to approve the annual accounts may resolve to satisfy the right referred to in the second paragraph and/or the right to the premium referred to in the third paragraph by drawing on the reserves. Payment made by drawing on the reserves shall exclude application of the mechanism for carrying over, to the two following fiscal years, the right to preferred dividends not received through the distribution of profits referred to in the fourth paragraph.</p> <p><u>6.6 -</u> A reduction of the share capital due to losses shall not entail a reduction of the par value of the savings shares, except for the amount of the loss that exceeds the total par value of the other shares.</p> <p><u>6.7 -</u> Upon dissolution of the Company, the savings shares shall have priority in the repayment of the capital up to their entire par value.</p> <p><u>6.8 -</u> If the Company's ordinary or savings shares are delisted, holders of savings shares may apply to the Company for their conversion into ordinary shares, in the manner approved by an ad hoc Extraordinary Shareholders' Meeting called within two months of the delisting.</p> <p><u>6.9 -</u> <u>The organization of savings shareholders shall be governed by law and these bylaws. The costs associated with organizing special meetings of savings shareholders and remunerating the common representative shall be borne by the Company.</u></p> <p>Article 7 <u>7.1 -</u> The shares shall be indivisible. In the event of</p>
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<p>ownership, the rights of the joint owners shall be exercised by a common representative. Fully paid-up shares may be bearer shares when the law permits. In such case, shareholders may apply for their shares to be converted, at their own expense, into registered shares or vice versa.</p> <p>Vis-à-vis the Company, shareholders shall be deemed to elect domicile for all legal purposes at the domicile indicated in the Shareholders' Register.</p> <p>The imposition or removal of restrictions on the circulation of shares shall not result in shareholders who do not vote in favour of such resolution having the right of withdrawal.</p> <p>Article 8 The Company may issue bonds and shall establish the terms and conditions of their placement.</p>	<p>joint ownership, the rights of the joint owners shall be exercised by a common representative. Fully paid-up shares may be bearer shares when the law permits. In such case, shareholders may apply for their shares to be converted, at their own expense, into registered shares or vice versa.</p> <p><u>7.2 -</u> Vis-à-vis the Company, shareholders shall be deemed to elect domicile for all legal purposes at the domicile indicated in the Shareholders' Register.</p> <p><u>7.3 -</u> The imposition or removal of restrictions on the circulation of shares shall not result in shareholders who do not vote in favour of such resolution having the right of withdrawal.</p> <p>Article 8 <u>8.1 -</u> The Company may issue bonds and shall establish the terms and conditions of their placement.</p> <p><u>8.2 - The costs associated with organizing meetings of bondholders shall be borne by the Company, which, in the absence of a bondholder resolution in the form prescribed by law, shall also bear the cost of the common representatives up to the maximum amount set by the Board of Directors for each issue, taking account of its size.</u></p>
<p>BOARD OF DIRECTORS</p> <p>Article 9 The Company shall be managed by a Board of Directors consisting of not less than seven and not more than twenty-three members. The Shareholders' Meeting shall establish the number of members of the Board, which shall remain unchanged until the Meeting establishes a different number.</p> <p>The Board of Directors shall be appointed on the basis of slates presented by the shareholders pursuant to the following paragraphs or by the outgoing Board of Directors, on which the candidates shall be listed by serial number.</p> <p>When the Board of Directors presents its own slate, it shall be filed at the registered office of the Company and published in at least one Italian daily newspaper with national circulation, at least twenty days prior to the date set for the Shareholders' Meeting on the first call.</p> <p>The slates presented by the shareholders shall be filed at the registered office of the Company and published at the expense of the shareholders in the manner indicated in the preceding paragraph at least ten days prior to the date set for the Shareholders' Meeting on the first call.</p> <p>Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate on pain of ineligibility.</p>	<p>BOARD OF DIRECTORS</p> <p>Article 9 <u>9.1 -</u> The Company shall be managed by a Board of Directors consisting of not less than seven and not more than twenty-three members. The Shareholders' Meeting shall establish the number of members of the Board <u>of Directors</u>, which shall remain unchanged until the Meeting establishes a different number <u>is established</u>.</p> <p><u>9.2 -</u> The Board of Directors shall be appointed on the basis of slates presented by the shareholders pursuant to the following paragraphs or by the outgoing Board of Directors, on which the candidates shall be listed by serial number.</p> <p><u>9.3 -</u> When the Board of Directors presents its own slate, it shall be filed at the registered office of the Company and published in at least one Italian daily newspaper with national circulation, at least twenty days prior to the date set for the Shareholders' Meeting on the first call.</p> <p><u>9.4 -</u> The slates presented by the shareholders shall be filed at the registered office of the Company and published at the expense of the shareholders in the manner indicated in the preceding paragraph at least <u>fifteen</u> ten days prior to the date set for the Shareholders' Meeting on the first call.</p> <p><u>9.5 -</u> Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate on pain of ineligibility.</p>

<p>Only shareholders who alone or together with other shareholders hold a total number of shares representing at least 1% of the share capital entitled to vote at the Ordinary Shareholders' Meeting may submit slates, subject to their proving ownership of the number of shares needed for the presentation of slates at least two days prior to the date set for the Shareholders' Meeting at the first call on pain of nullity.</p> <p>Together with each slate, and within the respective time limits specified above, declarations must be filed in which the individual candidates agree to their candidacy and attest, on their own responsibility, that there are no grounds for ineligibility or incompatibility, and that they meet any requirements prescribed for the positions in question. Together with the declarations, a curriculum vitae shall be filed for each candidate setting out their main personal and professional data with an indication, where appropriate, of the grounds for their qualifying as independent.</p> <p>Each person entitled to vote may vote for only one slate.</p> <p>The Board of Directors shall be elected as specified below:</p> <p>a) four fifths of the directors to be elected shall be chosen from the slate that obtains the majority of the votes cast by the shareholders, in the order in which they are listed on the slate; in the event of a fractional number, it shall be rounded down to the nearest whole number;</p> <p>b) the remaining directors shall be taken from the other slates; to that end, the votes obtained by the various slates shall be divided first by one, then by two, then by three, then by four and then by five, up to the number of directors to be chosen. The quotients thus obtained shall be assigned to the candidates on each slate in the order specified thereon. On the basis of the quotients assigned, the candidates on the various slates shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected.</p> <p>If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected any director or that has elected the smallest number of directors shall be elected.</p> <p>If none of such slates has yet elected a director or all of them have elected the same number of directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the</p>	<p><u>9.6 -</u> Only shareholders who alone or together with other shareholders hold a total number of shares representing at least 1% <u>(or less, according to Consob regulations)</u> of the share capital entitled to vote at the Ordinary Shareholders' Meeting may submit slates, subject to their proving ownership of the number of shares needed for the presentation of slates at least two days prior to the date set for the Shareholders' Meeting at the first call on pain of nullity.</p> <p><u>9.7 -</u> Together with each slate, and within the respective time limits specified above, <u>it is necessary to file individual candidates' acceptances of their candidacy and declarations must be filed in which the individual candidates agree to their candidacy and in which they</u> attest, on their own responsibility, that there are no grounds for ineligibility or incompatibility, and that they meet any requirements prescribed for the positions in question <u>as well as any other piece of information requested by applicable law or regulation or the bylaws.</u> Together with the declarations, a curriculum vitae shall be filed for each candidate setting out their main personal and professional data with an indication—<u>where appropriate, of the positions held in management and control bodies of other companies and</u> of the grounds for their qualifying as independent <u>in accordance with the criteria established by law and the Company. Any changes that occur up to the day the Shareholders' Meeting is held must be promptly notified to the Company.</u></p> <p><u>9.8 -</u> Each person entitled to vote may vote for only one slate.</p> <p><u>9.9 -</u> The Board of Directors shall be elected as specified below:</p> <p>a) four fifths of the directors to be elected shall be chosen from the slate that obtains the majority of the votes cast by the shareholders, in the order in which they are listed on the slate; in the event of a fractional number, it shall be rounded down to the nearest whole number;</p> <p>b) the remaining directors shall be taken from the other slates; to that end, the votes obtained by the various slates shall be divided <u>successively by whole numbers from one first by one, then by two, then by three, then by four and then by five,</u> up to the number of directors to be chosen. The quotients thus obtained shall be assigned to the candidates on each slate in the order specified thereon. On the basis of the quotients assigned, the candidates on the various slates shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected.</p> <p>If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected any director or that has elected the smallest number of directors shall be elected.</p> <p>If none of such slates has yet elected a director or all of them have elected the same number of directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the</p>
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<p>same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes shall be elected.</p> <p>In appointing directors who for any reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting shall vote on the basis of the majorities required by law.</p> <p>If in the course of the fiscal year one or more vacancies occur on the Board, the procedure specified in Article 2386 of the Civil Code shall be followed.</p> <p>Should a majority of the seats on the Board of Directors become vacant for any cause or reason, the remaining directors shall be deemed to have resigned and they shall cease to hold office from the time the Board has been reconstituted by persons appointed by the Shareholders' Meeting.</p> <p>Article 10 The Board of Directors shall elect a Chairman from among its member — if the Shareholders' Meeting has not already done so — and may also appoint a Deputy Chairman; both may be re-elected.</p> <p>If the Chairman is absent or unable to act, the Deputy Chairman, if appointed, shall take his/her place or, in the absence of a Deputy Chairman, the most senior director by age.</p> <p>The Board of Directors may elect a Secretary who need not be a director. Extracts from the register of the minutes of meetings of the Board of Directors signed by the Chairman or by two directors and countersigned by the Secretary shall be conclusive evidence.</p> <p>Article 11 The Chairman or his/her substitute shall call meetings of the Board of Directors at the Company's registered office or elsewhere, whenever he/she deems this appropriate in the interests of the Company or receives a written request to do so from at least one fifth of the directors holding office or from the members of the Board of Auditors. The Chairman shall give advance notice of the matters to be discussed in Board meetings and arrange for adequate information on the questions to be examined to be provided to all the Directors, taking account of the circumstances of each case.</p> <p>In general, meetings shall be called at least five days prior to the date thereof, except in urgent cases, when it may be given by telegram, fax or e-mail with at least twenty-four hours' notice.</p>	<p>same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes shall be elected.</p> <p><u>9.10 -</u> In appointing directors who for any reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting shall vote on the basis of the majorities required by law.</p> <p><u>9.11 -</u> If in the course of the fiscal year one or more vacancies occur on the Board, the procedure specified in Article 2386 of the Civil Code shall be followed.</p> <p><u>9.12 -</u> Should a majority of the seats on the Board of Directors become vacant for any cause or reason, the remaining directors shall be deemed to have resigned and they shall cease to hold office from the time the Board <u>of Directors</u> has been reconstituted by persons appointed by the Shareholders' Meeting.</p> <p>Article 10 <u>10.1 -</u> The Board of Directors shall elect a Chairman from among its member — if the Shareholders' Meeting has not already done so — and may also appoint <u>one or more a</u> Deputy Chairman<u>an; both may be re-elected.</u></p> <p><u>10.2 -</u> If the Chairman is absent or unable to act, the <u>senior</u> Deputy Chairman <u>by age</u>, if appointed, shall take his/her place or, in the absence of a Deputy Chairman, the most senior director by age.</p> <p><u>10.3 -</u> The Board of Directors may elect a Secretary who need not be a director. Extracts from the register of the minutes of meetings of the Board of Directors signed by the Chairman or by two directors and countersigned by the Secretary shall be conclusive evidence.</p> <p>Article 11 <u>11.1 -</u> The Chairman or his/her substitute shall call meetings of the Board of Directors at the Company's registered office or elsewhere, <u>on his/her own initiative and</u> whenever he/she deems this appropriate in the interests of the Company or receives a written request to do so from at least one fifth of the directors holding office or from the members of the Board of Auditors. The Chairman shall give advance notice of the matters to be discussed in Board meetings and arrange for adequate information on the questions to be examined to be provided to all the Directors, taking account of the circumstances of each case.</p> <p><u>11.2 -</u> In general, Meetings shall be called, <u>using suitable means in relation to the notice to be given, normally</u> at least five days prior to the date thereof, except in urgent cases, when it may be given by telegram, fax or e-mail with at least <u>twelve twenty-four</u> hours' notice <u>must in any case be given.</u></p>
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<p>Notice shall be given to the Board of Auditors within the same time limits.</p> <p>Participation in Board meetings may – if the Chairman or his/her substitute verifies the necessity – be by means of telecommunication techniques that permit participation in the discussion and informational equality for all those taking part.</p> <p>Article 12 The Board of Directors shall have the broadest possible powers of ordinary and extraordinary administration of the Company, since all matters not expressly reserved to the General Shareholders’ Meeting by law or these bylaws are within its jurisdiction.</p> <p>Within the limits established by law, the Board of Directors shall be entrusted with deciding on the merger of companies of which Telecom Italia owns at least 90% of the shares or capital parts, the reduction of the share capital in the event of the withdrawal of shareholders, the revision of the bylaws to conform with statutory provisions, the relocation of the registered office within Italy, and the opening and closing of secondary offices.</p> <p>Article 13 To implement its own resolutions and manage the Company, the Board of Directors, subject to the limits provided for by law, may:</p> <ul style="list-style-type: none"> - create an Executive Committee, establishing its powers and the number of members; - delegate suitable powers, establishing the limits thereof, to one or more directors, possibly with the title of Chief Executive Officer; - appoint one or more General Managers, establishing their powers and duties; - appoint attorneys, who may be members of the Board of Directors, for specific transactions and for a limited period of time. <p>The Board may set up committees from among its members charged with giving advice and making proposals and shall establish their powers and duties.</p>	<p><u>11.3 -</u> Notice shall be given to the Board of Auditors within the same time limits.</p> <p><u>11.4 -</u> Participation in Board meetings may – if the Chairman or his/her substitute verifies the necessity – be by means of telecommunication techniques that permit participation in the discussion and informational equality for all those taking part.</p> <p>Article 12 <u>12.1 -</u> The Board of Directors shall <u>be responsible for running</u> have the broadest possible powers of ordinary and extraordinary administration of the Company, since all matters not expressly reserved to the General Shareholders’ Meeting by law or these bylaws are within its jurisdiction.</p> <p><u>12.2 -</u> Within the limits established by law, the Board of Directors shall be entrusted with deciding on the merger <u>into Telecom Italia and the spin-off in favour of Telecom Italia</u> of companies of which Telecom Italia owns at least 90% of the shares or capital parts, the reduction of the share capital in the event of the withdrawal of shareholders, the revision of the bylaws to conform with statutory provisions, the relocation of the <u>Company’s</u> registered office within Italy, and the opening and closing of secondary offices.</p> <p>Article 13 <u>13.1 -</u> To implement its own resolutions and manage the Company, the Board of Directors, subject to the limits provided for by law, may:</p> <ul style="list-style-type: none"> - create an Executive Committee, establishing its powers and the number of members; - delegate suitable powers, establishing the limits thereof, to one or more directors, possibly with the title of Chief Executive Officer; - appoint one or more General Managers, establishing their powers and duties; - appoint attorneys, who may be members of the Board of Directors, for specific transactions and for a limited period of time. <p><u>13.2 -</u> The Board <u>of Directors</u> may set up committees from among its members charged with giving advice and making proposals and shall establish their powers and duties.</p> <p><u>13.3 -</u> <u>The Board of Directors shall appoint the manager responsible for preparing the Company’s financial reports after consulting the Board of Auditors. Unless revoked for good cause after consulting the Board of Auditors, the appointment shall terminate together with that of the Board of Directors that made it.</u></p> <p><u>13.4 -</u> <u>The manager responsible for preparing the Company’s financial reports must be an expert in the fields of administration, finance and control and satisfy the integrity requirements established for directors. Subsequent failure to satisfy these</u></p>
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<p>Article 14 Persons with delegated powers shall report to the Board of Directors and the Board of Auditors on the activities carried out, the general results of operations and their foreseeable development, and the transactions of greatest economic, financial or balance sheet significance concluded by the Company or its subsidiaries; in particular, they shall report on transactions in which they have an interest, directly or on behalf of third parties, or that are influenced by the person, if any, who performs the activity of direction and coordination. Such reports shall be made promptly, and at least once in each quarter, on the occasion of the meetings of the Board of Directors and the Executive Committee or in a written memorandum.</p> <p>In accordance with the times and procedures for disclosing information to the market, the representative of the holders of savings shares must be informed by the Board of Directors or the persons delegated to that end of any corporate events that might affect the price of the shares of that class.</p> <p>Article 15 The representation of the Company vis-à-vis third parties and in legal proceedings shall pertain to the Chairman and, or if he/she is absent or unable to act, the Deputy Chairman, if one is appointed; it shall also pertain severally to each of the directors with delegated powers.</p> <p>Article 16 The directors shall be entitled to the reimbursement of expenses incurred in the performance of their duties. The Ordinary Shareholders' Meeting shall also decide the annual remuneration payable to the Board. Once fixed, this remuneration shall remain unchanged until a different amount is established.</p> <p>BOARD OF AUDITORS</p> <p>Article 17 The Board of Auditors shall consist of five or seven auditors. The Shareholders' Meeting shall establish the exact number, which shall remain unchanged until the Meeting establishes a different number. The Meeting shall also appoint two alternates.</p> <p>The Board of Auditors shall elect a Chairman from among its members by majority vote. In the absence or disability to act of the Chairman, he/she shall be replaced by the most senior auditor by age.</p>	<p><u>requirements shall entail disqualification from the position, which must be announced by the Board of Directors within thirty days of its learning of the failure.</u></p> <p>Article 14 <u>14.1 -</u> Persons with delegated powers shall report to the Board of Directors and the Board of Auditors on the activities carried out, the general results of operations and their foreseeable development, and the transactions of greatest economic, financial or balance sheet significance concluded by the Company or its subsidiaries; in particular, they shall report on transactions in which they have an interest, directly or on behalf of third parties, or that are influenced by the person, if any, who performs the activity of direction and coordination. Such reports shall be made promptly, and at least once in each quarter, <u>in meetings or in writing on the occasion of the meetings of the Board of Directors and the Executive Committee or in a written memorandum.</u></p> <p><u>14.2 -</u> In accordance with the times and procedures for disclosing information to the market, the representative of the holders of savings shares must be informed by the Board of Directors or the persons delegated to that end of any corporate events that might affect the price of the shares of that class.</p> <p>Article 15 <u>15.1 -</u> The representation of the Company vis-à-vis third parties and in legal proceedings shall pertain to the Chairman or if he/she is absent or unable to act, the Deputy Chairman, if one is appointed; it shall also pertain severally to each of the <u>Chief Executive Officers, directors with delegated powers.</u></p> <p>Article 16 <u>16.1 -</u> The directors shall be entitled to the reimbursement of expenses incurred in the performance of their duties. The Ordinary Shareholders' Meeting shall also decide the annual remuneration payable to the Board <u>of Directors.</u> Once fixed, this remuneration shall remain unchanged until a different amount is established.</p> <p>BOARD OF AUDITORS</p> <p>Article 17 <u>17.1 -</u> The Board of Auditors shall consist of five or seven auditors. The Shareholders' Meeting shall establish the exact number, which shall remain unchanged until the Meeting establishes a different number. <u>The Meeting</u> shall also appoint two alternates. The Board of Auditors shall elect a Chairman from among its members by majority vote. In the absence or disability to act of the Chairman, he/she shall be replaced by the most senior auditor by age.</p>
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<p>Without prejudice to the situations of incompatibility established by law, persons who are members of the boards of auditors of more than five companies listed on Italian regulated markets may not be appointed auditors and shall forfeit the post if they are elected. Telecom Italia S.p.A. and its subsidiaries shall not be included when computing the above limit.</p> <p>For the purposes of Articles 1(2)(b) and 1(2)(c) of the regulation referred to in Justice Minister Decree 162/2000, the following sectors of activity and matters shall be considered closely linked to those of the Company: telecommunications, information technology, online systems, electronics and multimedia technology, and matters related to private and administrative law, economics and business administration.</p> <p>The appointment of the Board of Auditors shall be based on the slates presented by shareholders who individually or together with other shareholders hold a total number of shares representing at least 1% of the share capital entitled to vote at the Ordinary Shareholders' Meeting, subject to their proving ownership of the number of shares needed for the presentation of slates at least two days prior to the date set for the Shareholders' Meeting at the first call on pain of nullity.</p> <p>Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate on pain of ineligibility.</p> <p>The slates must be filed at the registered office of the Company and published at the expense of the shareholders who present them in at least one Italian daily newspaper with national circulation, at least ten days prior to the date set for the Shareholders' Meeting on the first call.</p> <p>Together with each slate, declarations must be filed in which the individual candidates agree to their candidacy and attest, on their own responsibility, that there are no grounds for ineligibility or incompatibility, and that they meet the requirements prescribed by law and these bylaws. Together with the declarations, a curriculum vitae for each candidate shall be filed setting out their main personal and professional data.</p>	<p>Without prejudice to the situations of incompatibility established by law, persons who are members of the boards of auditors of more than five companies listed on Italian regulated markets may not be appointed auditors and shall forfeit the post if they are elected. Telecom Italia S.p.A. and its subsidiaries shall not be included when computing the above limit.</p> <p><u>17.2 -</u> For the purposes of Articles 1(2)(b) and 1(2)(c) of the regulation referred to in Justice Minister Decree 162/2000, the following sectors of activity and matters shall be considered closely linked to those of the Company: telecommunications, information technology, online systems, electronics and multimedia technology, and matters related to private and administrative law, economics and business administration.</p> <p><u>17.3 -</u> The appointment of the Board of Auditors shall be based on the slates presented by shareholders, <u>filed at the Company's registered office and published at the expense of the shareholders who present them in at least one daily newspaper with national circulation at least fifteen days prior to the date set for the Shareholders' Meeting on the first call, who individually or together with other shareholders hold a total number of shares representing at least 1% of the share capital entitled to vote at the Ordinary Shareholders' Meeting, subject to their proving ownership of the number of shares needed for the presentation of slates at least two days prior to the date set for the Shareholders' Meeting at the first call on pain of nullity.</u></p> <p><u>17.4 -</u> Each shareholder may present or participate in the presentation of only one slate and each candidate may appear on only one slate on pain of ineligibility.</p> <p><u>17.5 -</u> <u>Only shareholders who alone or together with other shareholders hold a total number of shares representing at least 1% (or less, according to Consob regulations for the appointment of the Board of Directors) of the voting share capital, may submit slates, subject to their proving ownership of the number of shares needed for the presentation of slates at least two days prior to the date set for the Shareholders' Meeting at the first call on pain of nullity.</u></p> <p>The slates must be filed at the registered office of the Company and published at the expense of the shareholders who present them in at least one Italian daily newspaper with national circulation, at least ten days prior to the date set for the Shareholders' Meeting on the first call.</p> <p><u>17.6 -</u> Together with each slate, <u>it is necessary to file individual candidates' acceptances of their candidacy and declarations must be filed in which they individually agree to their candidacy and attest, on their own responsibility, that there are no grounds for ineligibility or incompatibility, and that they meet the requirements as well as any other piece of information requested prescribed by applicable law and these bylaws, or regulation or the bylaws</u></p>
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<p>The slates shall be divided into two sections: one for candidates to the position of auditor and the other for candidates to the position of alternate. The first candidate in each section must be selected from among persons entered in the register of auditors who have worked on statutory audits for a period of not less than three years.</p> <p>Each person entitled to vote may vote for only one slate.</p> <p>The Board of Auditors shall be elected as specified below:</p> <p>a) from the slate that obtains the majority of the votes cast by the shareholders (the Majority Slate) one alternate and all the auditors not chosen from the other slates (the Minority Slates) shall be chosen in the order in which they are listed on the slate;</p> <p>b) from the Minority Slates two auditors shall be chosen. One alternate shall be chosen from the Minority Slate that obtains the largest number of votes.</p> <p>For the appointment of the auditors from the Minority Lists, the votes obtained by the various slates shall be divided first by one and then by two. The quotients thus obtained shall be assigned to the candidate auditors on each slate in the order specified thereon. On the basis of the quotients assigned, the candidates on the various slates shall be arranged in a single decreasing ranking and those who have obtained the highest quotients shall be elected.</p> <p>If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected an auditor shall be elected or, subordinately, there shall be a tiebreaker vote by the entire Shareholders' Meeting and the slate that obtains the simple majority of the votes shall prevail.</p> <p>In appointing auditors who for any reason have not been appointed pursuant to the procedure specified</p>	<p><u>17.7 -</u> Together with the declarations, a curriculum vitae for each candidate shall be filed setting out their main personal and professional data <u>with an indication of the positions held in management and control bodies of other companies. Any changes that occur up to the day the Shareholders' Meeting is held must be notified to the Company.</u></p> <p><u>17.8 -</u> The slates shall be divided into two sections: 8one for candidates to the position of auditor and the other for candidates to the position of alternate. The first candidate in each section shall <u>must</u> be selected from among persons entered in the register of auditors who have worked on statutory audits for a period of not less than three years.</p> <p><u>17.9 -</u> Each person entitled to vote may vote for only one slate.</p> <p><u>17.10 -</u> The Board of Auditors shall be elected as specified below:</p> <p>a) from the slate that obtains the majority of the votes cast by the shareholders (the Majority Slate) one alternate and three all the <u>auditors not chosen from the other slates (the Minority Slates)</u> shall be chosen in the order in which they are listed on the slate;</p> <p>b) two auditors from the Minority Slates two auditors shall be chosen from the other slates (the Minority Slates); <u>One alternate shall be chosen from the Minority Slate that obtains the largest number of votes.</u> For the appointment of the auditors from the Minority Lists, To this end the votes obtained by the various slates shall be divided first by one and then by two. The quotients thus obtained shall be assigned to the candidate auditors on each slate in the order specified thereon. On the basis of the quotients assigned, the candidates on the various slates shall be arranged in a single decreasing ranking and those who have obtained the highest quotients shall be elected.</p> <p>If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected an auditor shall be elected or, subordinately, there shall be a tiebreaker vote by the entire Shareholders' Meeting and the candidate who slate that obtains the simple majority of the votes shall be elected <u>prevail.</u></p> <p>c) one alternate auditor shall be chosen from the Minority Slate that obtained the largest number of votes. <u>In the event of a tie, there shall be a tiebreaker vote by the entire Shareholders' Meeting and the candidate who obtains the simple majority of the votes shall be elected.</u></p> <p><u>17.11 -</u> The Shareholders' Meeting shall appoint the <u>Chairman of the Board of Auditors from among the auditors elected from Minority Slates.</u></p> <p><u>17.12 -</u> In appointing auditors who for any reason have not been appointed pursuant to the procedure</p>
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<p>above, the Shareholders' Meeting shall vote on the basis of the majorities required by law.</p> <p>In the event of the substitution of an auditor chosen from the Majority Slate or one of the Minority Slates, the alternate chosen respectively from the Majority Slate or the Minority Slates shall take his/her place. Appointments to fill vacancies on the Board of Auditors pursuant to Article 2401 of the Civil Code shall be made by the Shareholders' Meeting on the basis of the majorities required by law.</p> <p>After notifying the Chairman of the Board of Directors, the Board of Auditors, or at least two auditors, may call, as provided for by law, a meeting of the shareholders, the Board of Directors or the Executive Committee.</p> <p>Participation in the meetings of the Board of Auditors may – if the Chairman verifies the necessity – be by means of telecommunication techniques that permit participation in the discussion and informational equality for all those taking part.</p> <p>SHAREHOLDERS' MEETING</p> <p>Article 18 An Ordinary Shareholders' Meeting must be called within 120 days or, where special circumstances make this necessary, within 180 days of the end of the fiscal year; if the meeting is called within 180 days, the Directors shall give the reasons for the delay in the report on operations included in the annual report.</p> <p>An Extraordinary Shareholders' Meeting shall be called whenever it is deemed desirable by the Board of Directors and when it is required in accordance with the law. If the quorum is not reached at the second call, there may be a third call.</p> <p>Ordinary and Extraordinary Shareholders' Meetings</p>	<p>specified above, the Shareholders' Meeting shall vote on the basis of the majorities required by law.</p> <p><u>17.13 - In the event of the termination of the appointment substitution of an auditor chosen from the Majority Slate or one of the Minority Slates, the alternate chosen respectively from the Majority Slate or the Minority Slates shall take his/her place. Appointments to fill vacancies on the Board of Auditors pursuant to Article 2401 of the Civil Code shall be made by the Shareholders' Meeting on the basis of the majorities required by law.</u></p> <p><u>17.14 - After notifying the Chairman of the Board of Directors, the Board of Auditors, or at least two auditors, may call, as provided for by law, a Shareholders' Meeting or a meeting of the Board of Directors or the Executive Committee. This power to call meetings may be exercised individually by each auditor, except for the power to call a Shareholders' Meeting, which must be exercised by at least two auditors.</u></p> <p><u>17.15 - Participation in the meetings of the Board of Auditors may – if the Chairman verifies the necessity – be by means of telecommunication techniques that permit participation in the discussion and informational equality for all those taking part.</u></p> <p><u>17.16 - If the Chairman is absent or unable to act, the other auditor elected from the Minority Slates shall take his/her place.</u></p> <p>SHAREHOLDERS' MEETING</p> <p>Article 18 <u>18.1 - An Ordinary Shareholders' Meeting must be called within 120 days or, where special circumstances make this necessary, within 180 days of the end of the fiscal year; if the meeting is called within 180 days, the Directors shall give the reasons for the delay in the report on operations included in the annual report.</u></p> <p><u>18.2 - An Extraordinary Shareholders' Meeting shall be called whenever it is deemed desirable by the Board of Directors and when it is required in accordance with the law. If the quorum is not reached at the second call, there may be a third call.</u></p> <p><u>18.3 - Special meetings of savings shareholders shall be called by the common representative of the savings shareholders or by the Company's Board of Directors whenever they deem this to be desirable or when requested in accordance with the law.</u></p> <p><u>18.4 - Requests by shareholders to add items to the agenda of a Shareholders' Meeting in accordance with the law must be accompanied by a report, to be filed at the Company's registered office in time to be made available to shareholders at least 10 days prior to the date set for the meeting on the first call.</u></p> <p><u>18.5 - Ordinary and Extraordinary Shareholders'</u></p>
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<p>may be held in a place other than the Registered Office, provided it is in Italy.</p> <p>Article 19 Shareholders are entitled to attend a Shareholders' Meeting when the Company has received the documentation for them pursuant to Article 2370, second paragraph of the Civil Code, at least two days prior to the date set for each meeting.</p> <p>Ordinary shareholders may exercise their right to vote by mail in accordance with the applicable law.</p> <p>Every shareholder entitled to attend may be represented at the Shareholders' Meeting by giving a proxy to an individual or legal entity, subject to the restrictions established by law.</p> <p>In order to facilitate the collection of proxies among employees of the Company or its subsidiaries who hold shares of the Company and belong to shareholder associations satisfying the requirements established by law, special areas shall be made available in accordance with the procedures and time limits established by the Board of Directors either directly or through its agents where information can be provided and proxy forms collected.</p> <p>Article 20 The Chairman of the Board of Directors or his/her substitute or, in the absence thereof, the person elected with the favourable vote of the majority of the capital represented at the meeting, shall chair the Shareholders' Meeting and govern its proceedings.</p> <p>To this end, the Chairman of the Meeting shall, amongst other things, verify its regularity, ascertain the identity and right to attend of those present, direct the business, including by establishing a different order for the discussion of the items indicated in the notice convening the Meeting.</p> <p>The Chairman shall take appropriate measures to ensure the orderly conduct of the discussion and polls; he shall establish how each poll is to be conducted and verify the results; he may choose two or more scrutineers from among those present.</p> <p>The Secretary shall be appointed with the favourable vote of the majority of the capital represented at the meeting and a person who is not a shareholder may be selected.</p>	<p>Meetings <u>and special meetings of savings shareholders</u> may be held in a place other than the registered office, provided it is in Italy.</p> <p>Article 19 <u>19.1 -</u> Shareholders are entitled to attend a Shareholders' Meeting when the Company has received the documentation for them pursuant to Article 2370, second paragraph of the Civil Code, at least two days prior to the date set for each meeting.</p> <p><u>19.2 -</u> Ordinary shareholders may exercise their right to vote by mail in accordance with the applicable law.</p> <p><u>19.3 -</u> Every shareholder entitled to attend may be represented at the Shareholders' Meeting by giving a proxy to an individual or legal entity, subject to the restrictions established by law.</p> <p><u>19.4 -</u> In order to facilitate the collection of proxies among employees of the Company or its subsidiaries who hold <u>ordinary</u> shares of the Company and belong to shareholder associations satisfying the requirements established by law, special areas shall be made available in accordance with the procedures and time limits established by the Board of Directors either directly or through its agents where information can be provided and proxy forms collected.</p> <p>Article 20 <u>20.1 -</u> The Chairman of the Board of Directors or his/her substitute or, in the absence thereof, the person elected with the favourable vote of the majority of the capital represented at the meeting, shall chair <u>Ordinary and Extraordinary the</u> Shareholders' Meeting and govern its proceedings; <u>the same function shall be performed by the common representative in special meetings of savings shareholders. In the absence respectively of the Chairman of the Board of Directors (and his/her substitute) and of the common representative, the meeting shall be chaired by the person elected with the favourable vote of the majority of the capital represented at the meeting.</u></p> <p><u>20.2 -</u> To this end, The Chairman of the <u>m</u>Meeting shall, amongst other things, verify its regularity, ascertain the identity and right to attend of those present, direct the business, including by establishing a different order for the discussion of the items indicated in the notice convening the <u>m</u>Meeting. The Chairman shall take appropriate measures to ensure the orderly conduct of the discussion and polls; he shall establish how each poll is to be conducted and verify the results; he may choose two or more scrutineers from among those present.</p> <p><u>20.3 -</u> The Secretary shall be appointed with the favourable vote of the majority of the capital represented at the meeting and a person who is not a shareholder may be selected.</p>
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<p>Shareholders' meetings shall be governed by the law, these bylaws and the Rules of Proceeding approved by the Ordinary Shareholders' Meeting.</p> <p>FISCAL YEAR - DIVIDENDS</p> <p>Article 21 The fiscal year shall end on December 31 of each year.</p> <p>From the net profit reported in the annual accounts, 5% shall be allocated to the legal reserve until this reaches an amount equal to one-fifth of the share capital.</p> <p>The remainder shall be used to pay the dividend determined by the Shareholders' Meeting, and for such other purposes as the Meeting deems most appropriate or necessary.</p> <p>During the course of the fiscal year, the Board of Directors may distribute interim dividends to the shareholders.</p>	<p><u>20.4 -</u> Shareholders' meetings shall be governed by the law, these bylaws and, <u>exclusively for Ordinary an Extraordinary Shareholders' Meetings,</u> the Rules of Proceeding approved by the Ordinary Shareholders' Meeting.</p> <p>FISCAL YEAR - DIVIDENDS</p> <p>Article 21 <u>21.1 -</u> The fiscal year shall end on December 31 of each year.</p> <p><u>21.2 -</u> From the net profit reported in the annual accounts, 5% shall be allocated to the legal reserve until this reaches an amount equal to one-fifth of the share capital.</p> <p><u>21.3 -</u> The remainder shall be used to pay the dividend determined by the Shareholders' Meeting, and for such other purposes as the <u>Shareholders'</u> Meeting deems most appropriate or necessary.</p> <p><u>21.4 -</u> During the course of the fiscal year, the Board of Directors may distribute interim dividends to the shareholders.</p>
<p>SPECIAL POWERS</p> <p>Article 22 Pursuant to Article 2(1) of Decree Law 332/1994, ratified with amendments by Law 474/1994, as replaced by Article 4(227) of Law 350/2003, the Minister for the Economy and Finance, in agreement with the Minister for Productive Activities, shall have the following special powers:</p> <p>a) to oppose the acquisition by parties subject to the limitations on share ownership referred to in Article 3 of Decree Law 332/1994, ratified with amendments by Law 474/1994, of major holdings, taken to mean holdings that, as specified by Treasury Minister Decree of 24 March 1997, are equal to at least 3% of the share capital represented by shares with a right to vote in ordinary shareholder's meetings. The objection must be made within ten days of the date of the communication that the directors must send at the time of the application for entry in the shareholders' register if the Minister deems that the transaction is prejudicial to the vital interests of the state. During the interval for the exercise of the right of objection the voting rights and any rights other than the property rights attaching to the shares that represent the major holding shall be suspended. In the event of the exercise of the right of objection, by means of a measure giving the reasons in relation to the actual prejudice caused by the transaction to the vital interests of the state, the transferee may not exercise the voting rights or any rights other than the property rights attaching to the shares that represent the major holding and</p>	<p>SPECIAL POWERS</p> <p>Article 22 <u>22.1 -</u> Pursuant to Article 2(1) of Decree Law 332/1994, ratified with amendments by Law 474/1994, as replaced by Article 4(227) of Law 350/2003, the Minister for the Economy and Finance, in agreement with the Minister for Productive Activities, shall have the following special powers:</p> <p>a) to oppose the acquisition by parties subject to the limitations on share ownership referred to in Article 3 of Decree Law 332/1994, ratified with amendments by Law 474/1994, of major holdings, taken to mean holdings that, as specified by Treasury Minister Decree of 24 March 1997, are equal to at least 3% of the share capital represented by shares with a right to vote in ordinary shareholder's meetings. The objection must be made within ten days of the date of the communication that the directors must send at the time of the application for entry in the shareholders' register if the Minister deems that the transaction is prejudicial to the vital interests of the state. During the interval for the exercise of the right of objection the voting rights and any rights other than the property rights attaching to the shares that represent the major holding shall be suspended. In the event of the exercise of the right of objection, by means of a measure giving the reasons in relation to the actual prejudice caused by the transaction to the vital interests of the state, the transferee may not exercise the voting rights or any rights other than the property rights attaching to the shares that represent the major holding and</p>

<p>must sell the shares within one year. If this is not done, the Court, at the request of the Minister for the Economy and Finance, shall order the sale of the shares representing the major holding pursuant to the procedures established in Article 2359-ter of the Civil Code. The objection may be appealed within sixty days by the transferee before the Lazio Regional Administrative Court;</p> <p>b) to veto, giving the reasons in relation to the actual prejudice caused to the vital interests of the state, the adoption of resolutions to dissolve the Company, transfer the business, merge or divide the Company, transfer the registered office outside Italy, change the corporate object, or amend these bylaws with a view to eliminating or modifying the powers specified in this article. The veto may be appealed within sixty days by the transferee before the Lazio Regional Administrative Court.</p> <p>The right of objection referred to in subparagraph a) may be exercised with reference to the cases specified in Article 4(228) of Law 350/2003. The special powers referred to in subparagraphs a) and b) shall be exercised in conformity with the criteria established by the decree issued by the President of the Council of Ministers on 10 June 2004.</p>	<p>must sell the shares within one year. If this is not done, the Court, at the request of the Minister for the Economy and Finance, shall order the sale of the shares representing the major holding pursuant to the procedures established in Article 2359-ter of the Civil Code. The objection may be appealed within sixty days by the transferee before the Lazio Regional Administrative Court;</p> <p>b) to veto, giving the reasons in relation to the actual prejudice caused to the vital interests of the state, the adoption of resolutions to dissolve the Company, transfer the business, merge or divide the Company, transfer the registered office outside Italy, change the corporate object, or amend these bylaws with a view to eliminating or modifying the powers specified in this article. The veto may be appealed within sixty days by the transferee before the Lazio Regional Administrative Court.</p> <p><u>22.2 -</u> The right of objection referred to in subparagraph a) may be exercised with reference to the cases specified in Article 4(228) of Law 350/2003. The special powers referred to in subparagraphs a) and b) shall be exercised in conformity with the criteria established by the decree issued by the President of the Council of Ministers on 10 June 2004.</p>
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2. to number the articles as amended above, identifying the individual paragraphs;
3. to confer severally on the Company's legal representatives *pro tempore* the powers needed to perform all the necessary formalities for the approved resolutions to be entered in the Company Register, accepting and making thereto any changes, additions or deletions not of a substantive nature that may be requested by the competent authorities.