PRESS RELEASE

TELECOM ITALIA BOARD OF DIRECTORS EXAMINES AND APPROVES GROUP ANNUAL REPORT ON OPERATIONS AT 31 DECEMBER 2012

- CONSOLIDATED NET INCOME: -€1.6 BILLION (-€4.8 BILLION IN FY 2011); THE LOSS IS ATTRIBUTABLE IN PARTICULAR TO GOODWILL WRITE-DOWNS FOR OVER €4 BILLION. NORMALIZED PROFITS COME TO €2.4 BILLION (€2.5 BILLION IN 2011)
- CONSOLIDATED EBIT: €1,926 MILLION (-€680 MILLION IN PREVIOUS YEAR); EXCLUDING GOODWILL WRITE-DOWN EBIT COMES TO €6,215 MILLION (€6,684 MILLION IN 2011)
- PROPOSED DIVIDEND DISTRIBUTION OF 2 EURO CENTS PER ORDINARY SHARE AND 3,1 EURO CENTS PER SAVINGS SHARE FOR TOTAL OF €454.4 MILLION
- SHAREHOLDERS' MEETING CONVENED FOR 17 APRIL 2013

BERNABE': "THE WRITE-DOWN OF GOODWILL CREATED FOLLOWING THE OLIVETTI/TELECOM ITALIA DEALS AND THE PURCHASE OF THE TIM MINORITIES WAS MADE NECESSARY BY THE PERSISTING RECESSIONARY TENSIONS AND THE CHALLENGING GLOBAL MACROECONOMIC CLIMATE. AS WITH PREVIOUS WRITE-DOWNS, THIS HAS A PURELY ACCOUNTING IMPACT AND IN NO WAY COMPROMISES THE COMPANY'S DEBT REDUCTION STRATEGY."

"MEANWHILE OUR 2013-2015 PLAN CONFIRMS OUR CONTINUED COMMITMENT TO INVEST IN NEXT GENERATION NETWORKS, WHICH WILL ENABLE US TO STRENGTHEN OUR COMPETITIVE ADVANTAGE IN THE TECHNOLOGICAL CHALLENGE OF THE SECTOR AND OUR MARKET POSITIONING."

TELECOM ITALIA GROUP:

- REVENUES: €29,503 MILLION, (+0.5% IN ORGANIC TERMS COMPARED WITH 2011)
- EBITDA: €11,645 MILLION (-2.0% IN ORGANIC TERMS COMPARED WITH 2011)
- ADJUSTED NET FINANCIAL POSITION: €28,274 MILLION, DOWN €2,140 MILLION ON 31 DECEMBER 2011 (€30,414 MILLION); IN Q4 2012 ALONE ADJUSTED NET FINANCIAL DEBT FELL BY €1,211 MILLION
- OPERATING FREE CASH FLOW AMOUNTED TO €6,470 MILLION, A €703 MILLION INCREASE ON 2011

- **LIQUIDITY MARGIN AT 31 DECEMBER 2012: €16.1 BILLION (€14.7 BILLION AT END OF 2011), COVERS FINANCIAL LIABILITIES BEYOND THE NEXT 24 MONTHS**

- **CAPEX: €5,196 MILLION, OF WHICH €3,072 MILLION IN ITALY; EXCLUDING THE IMPACT ON THE PREVIOUS YEAR OF THE LTE SPECTRUM PURCHASE, THE OVERALL FIGURE ROSE BY €324 MILLION COMPARED WITH 2011**

The financial results of Telecom Italia Group and Telecom Italia S.p.A. for FY 2012 and the previous year provided for comparison were drafted in accordance with the international accounting principles issued by the International Accounting Standards Board and approved by the European Union ("IFRS").
In FY 2012 Telecom Italia adopted the same accounting principles as those of the previous year, apart from:

- *the early and retrospective adoption of the new version of IAS 19 (employee benefits). As a consequence the data for FY 2011 has been duly restated, as illustrated in the attachments to the press release;*
- *the new standards / interpretations adopted from 1 January 2012 which have had no impact on the results of FY 2012.*

In addition to the conventional financial performance indicators contemplated under IFRS, Telecom Italia Group uses certain alternative performance measures in order to give a clearer picture of the trend of operations and the company's financial position. These are: EBITDA; EBIT; organic difference in revenues, EBITDA and EBIT; Net Financial Debt and Adjusted Net Financial Debt. These terms are defined in the Appendix.
Note that this release contains forward-looking statements about the Group's intentions, beliefs and current expectations with regard to its financial results and other aspects of operations and strategies. Readers should not place undue reliance on such forward-looking statements, as final results may differ significantly from those contained in the statements owing to a number of factors, the majority of which are beyond the Group's control.
Finally we should point out that the auditing of the consolidated and separate statements of Telecom Italia at 31 December 2012 is still in progress.

THE MAIN VARIATIONS TO THE CONSOLIDATION AREA

The following changes occurred during 2012:
- *Matrix – Other Operations: the company was sold on 31 October 2012, and consequently excluded from the consolidation area.*

The following changes occurred during 2011:
- *TIM Fiber – Brazil: On 31 October 2011, acquisition of 100% of Eletropaulo Telecomunicações Ltda and 98.3% of AES Communications Rio de Janeiro S.A., telecommunications infrastructure operators in the states of San Paolo and Rio de Janeiro, later renamed TIM Fiber SP and TIM Fiber RJ respectively. The stake originally acquired in TIM Fiber RJ was subsequently raised to 99.1% and the remaining 0.9% was the object of a purchase bid which concluded at the end of February 2012 bringing the ownership level to 99.7%. The operation was carried out through the subsidiary TIM Celular S.A. in which the two companies were recently merged.*
- *4GH Group - Domestic: On 27 July 2011 the 4G Holding group (retail sales of telephony equipment) entered the consolidation area following the purchase of 71% of the ordinary shares of 4G Holding S.p.A. which in turn held 100% of 4G Retail S.r.l.; the two companies were merged in 2012.*
- *Loquendo – Domestic: On 30 September 2011 Loquendo S.p.A. was sold and consequently excluded from the consolidation area.*

Milan, 7 March 2013

The Telecom Italia Board of Directors, chaired by Franco Bernabè, today examined and approved the Group's Financial Statements at 31 December 2012.

TELECOM ITALIA GROUP RESULTS

Revenues in FY 2012 came to **€29,503 million**, down 1.5% from €29,957 million in 2011; the fall of €454 million is primarily due to the Domestic Business Unit, offset by improvements enjoyed by the Argentina Business Unit (+€564 million) and the Brazil Business Unit (+€134 million). In terms of organic variation, consolidated revenues rose by 0.5% (+€151 million).
In detail, the organic variation in revenues is calculated by excluding:

- the effect of foreign exchange rate fluctuations of -€569 million, mainly affecting the Brazil Business Unit (-€535 million) and to a largely negligible extent the Argentina Business Unit (-€55 million) and other Group companies (+€21 million);
- the effect of changes to the consolidation area (-€14 million), largely due to sale of Loquendo (Domestic BU) on 30 September 2011 and Matrix (Other Operations) on 31 October 2012;
- the effect of a €22 million reduction in revenues due to the settlement of business disputes with other carriers.

Revenues, broken down by business unit, are as follows:

(millions of euros)	2012		2011		Change		
		%		%	absolute	%	% organic
Domestic	17,884	60.6	18,991	63.4	(1,107)	(5.8)	(5.8)
Core Domestic	*16,933*	*57.4*	*18,082*	*60.4*	*(1,149)*	*(6.4)*	*(6,2)*
International Wholesale	*1,393*	*4.7*	*1,393*	*4.6*	*–*	*–*	*(1,4)*
Brazil	7,477	25.3	7,343	24.5	134	1.8	9.8
Argentina	3,784	12.8	3,220	10.7	564	17.5	19.6
Media, Olivetti and Other Operations	564	1.9	700	2.3	(136)		
Adjustments and eliminations	*(206)*	*(0.6)*	*(297)*	*(0.9)*	*91*		
Total Consolidated	**29,503**	**100.0**	**29,957**	**100.0**	**(454)**	**(1.5)**	**0.5**

EBITDA came to **€11,645 million**, down €526 million (-4.3%) on the previous year, with EBITDA margin of 39.5% of revenues (40.6% in FY 2011). In organic terms EBITDA fell by €246 million (-2.0%), 1 pp lower in proportion to revenues, down from 41.2% in 2011 to 40.2% in 2012, due to the greater weight of South American revenues, where margins are lower than for Domestic Business, and to higher mobile handset sales, aimed at a greater penetration of data services.

The following table shows a breakdown of EBITDA and EBITDA margin by business unit:

(millions of euros)	2012	%	2011	%	Change absolute	Change %	Change % organic
Domestic	8,676	74.5	9,173	75.4	(497)	(5.4)	(4.9)
% of Revenues	*48.5*		*48.3*			*0.2 pp*	*0.4 pp*
Brazil	1,996	17.1	1,990	16.4	6	0.3	8.9
% of Revenues	*26.7*		*27.1*			*(0.4) pp*	*(0.2) pp*
Argentina	1,121	9.6	1,035	8.5	86	8.3	11.7
% of Revenues	*29.6*		*32.2*			*(2.6) pp*	*(2.2) pp*
Media, Olivetti and Other Operations	(139)	(1.1)	(26)	(0.3)	(113)		
Adjustments and eliminations	*(9)*	*(0.1)*	*(1)*	–	*(8)*		
Total Consolidated	**11,645**	**100.0**	**12,171**	**100.0**	**(526)**	**(4.3)**	**(2.0)**
% of Revenues	*39.5*		*40.6*			*(1.1) pp*	*(1.0) pp*

EBIT came to **€1,926 million** (-€680 million in FY 2011), impacted in particular by goodwill write-downs resulting from the impairment test totalling €4.4 billion (€7.4 billion in 2011).
Organic EBITDA came to €6,504 million, down €157 million compared with 2011 (-2.4%), with EBITDA margin of 22.0% of revenues (22.7% in FY 2011).

The **consolidated net result** came to **-€1,627 million,** mainly due to the goodwill write-down. Excluding the impact of the write-down. Excluding the impact from the write-down, other non-recurring items and the tax refund of €319 million in IRES for recognition of the deductibility of IRAP on labour costs, the result comes to €2,394 million, slightly lower than the normalized result for FY 2011 (€2,518 million).

Capex came to **€5,196 million** in FY 2012, of which **€3,072 million** relating to the Domestic Business Unit, a decrease of €899 million compared with 2011.
In particular:

- the **Domestic Business Unit** reported a fall of €1,113 million. Excluding FY 2011 investments in purchasing the rights to use LTE mobile telephony frequency bands (€1,223 million) there is a €110 million increase attributable in particular to the development of next generation networks (LTE and fibre) in part offset by the lower requirement in relation to delivery of new systems owing to the slowdown of fixed-line business;
- the **Brazil Business Unit** reported an increase of €210 million (including a negative forex effect of €94 million), for the purchase of rights to use fourth generation (4G) mobile telephony frequency bands (€145 million) as well as investments to improve the quality of the network infrastructure;
- the **Argentina Business Unit** reported capex in line with the previous year (+ €1 million already including a negative forex effect of €9 million). Besides the costs of client acquisition, expenditure was aimed at enlarging and upgrading broadband services to improve transmission capacity and increase access speed, traditional fixed-line access to meet demand and backhauling to support mobile access growth. Telecom Personal also invested primarily in increased capacity and enlargement of the 3G network to support Mobile Internet growth.

Operating free cash flow came to **€6,470 million**, up €703 million compared with 2011 (€5,767 million), making a positive contribution to the reduction in net indebtedness.
In particular **adjusted net financial debt** at 31 December 2012 amounts to **€28,274 million**, down €2,140 million compared with 31 December 2011 (€30,414 million).
In Q4 2012 adjusted net financial debt fell by €1,211 million from the end of September 2012; in particular, operating free cash flow amply covered the income tax requirements of around €700 million. Accounting net financial debt at 31 December 2012 amounts to €29,053 million, down €1,766 million compared with 31 December 2011 (€30,819 million).

The **liquidity margin** at 31 December 2012 stood at **€16.14 billion** (€14.7 billion at end of 2011) and consists of €8.19 billion in cash (€7.72 billion at 31 December 2011) and unused committed credit lines for a total €7.95 billion (€7 billion at end of 2011). This will cover the Group's liabilities beyond the next 24 months.

At 31 December 2012 Group **headcount** stood at **83,184** employees, of whom 54,419 in Italy (84,154 at the end of 2011, of which 56,878 in Italy).

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The 2012 figures for Telecom Italia Media can be found in the press release issued on 4 March 2013, following the Board Meeting's approval.

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DOMESTIC

Matrix, sold on 31 October 2012, was classified among Other Operations in 2012, and thus excluded from the Domestic–Core Domestic BU. The comparable periods were reclassified accordingly.

Domestic revenues came to **€17,884 million**, falling equally by 5.8% in reported and in organic terms (€18,991 million in 2011).

EBITDA for the Domestic Business Unit amounted to **€8,676 million**, down €497 million from 2011 (-5.4%). **EBITDA margin** was 48.5%, **up 0.2 percentage points** from 2011.

Organic EBITDA came to **€8,829 million** (-€458 million, -4.9% compared with 2011) with EBITDA margin at 49.3% of revenues, higher than the previous year (+0.4 percentage points).

EBIT rose by €3,074 million to reach a positive **€1,078 million**, compared with a negative €1,996 million in 2011. The result is affected in particular to the goodwill write-down of the Core Domestic cash generating unit of €4,016 million, (€7,307 million in FY 2011), based on the outcome of the impairment test.

Organic EBIT, calculated excluding in particular the goodwill write-downs referred to above, slipped €139 million compared with 2011 to **€5,226 million** (-2.6%), while **EBIT margin** rose from 28.2% in FY 2011 to 29.2% in FY 2012.

Headcount at the end of the year stood at **53,224** employees, down 1,823 compared with 31 December 2011 (the variation includes the effects of the acquisition, with effect from 1 January 2012, of the Contact Center and its 249 resources from the company Advalso belonging to the Olivetti Business Unit).

BRAZIL (average real/euro exchange rate 2.50953)

Revenues of Tim Brasil Group in FY 2012 came to **18,764 million reais**, 1,678 million reais higher (**+9.8%**) than in 2011. Revenues from services grew to reach 16,420 million reais, up from 15,353 million reais in 2011 (+6.9%). Revenues from product sales rose from 1,733 million reais in 2011 to 2,344 million reais in 2012 (+35.3%), reflecting the company's strategy of market penetration with high-end handsets (smartphones/webphones and tablets) as a lever to grow mobile data services.
Mobile **ARPU** *(*Average Revenue Per User*)* stood at **19.1 reais** in FY 2012 compared with 21.4 reais in FY 2011 (-10.7%). The total number of **lines** at 31 December 2012 was **70.4 million**, **9.8% higher** than on 31 December 2011, representing a **26.9% market share.**

EBITDA amounted to **5,008 million reais**, up 377 million reais from FY 2011 (**+8.1%**); operating margin growth was sustained by the increase in revenues, mainly VAS, essentially counterbalanced by the higher termination rates due to increased traffic volumes and costs strictly linked to changes in the customer base.
EBITDA margin was 26.7%, 0.4 percentage points lower than 2011.

Organic EBITDA in 2012 amounted to **5,061 million reais**, an improvement of 412 million reais on 2011 (+8.9%). Organic EBITDA margin was 27.0%, 0.2 percentage points lower than the previous year. The increased margin in revenues from services was countered by the greater share of turnover from sales of smartphones/webphones.

EBIT amounted to **2,424 million reais**, an improvement of 135 million on FY 2011. This is explained by the higher contribution of EBITDA, partially offset by increased amortisations of 241 million reais.

Compared to the same period of 2011, the **organic change in EBIT** was positive by 170 million reais, with EBIT margin standing at 13.2% (13.5% in FY 2011).

The **headcount** at 31 December 2012 stood at **11,622** employees (10,539 at 31 December 2011).

ARGENTINA (average peso/euro exchange rate 5.84408)

2012 **revenues** came to **22,116 million pesos**, an increase of 3,620 million pesos (**+19.6%**) compared with 2011 (18,496 million pesos) thanks to growth of the Broadband and Mobile client bases, as well as ARPU.
The main revenue source for the Argentina Business Unit is mobile telephony which grew by more than 22% on the previous year and delivers 73% of the BU's consolidated revenues.

EBITDA rose by **606 million pesos** to reach 6,553 million pesos, +10.2% compared with 2011. The EBITDA margin was 29.6%, 2.6 percentage points less than in FY 2011, mainly due to the higher incidence of purchases of materials and services and labour costs.

Organic EBITDA - calculated excluding the 90 million pesos in restructuring costs involving employees of certain specific segments - grew by 11.7% compared with FY 2011 with an EBITDA margin of 30%.

FY 2012 **EBIT** came to **1,253 million pesos** compared with 2,925 million pesos in the previous year.
The fall (1,672 million pesos) is largely due, besides the restructuring charges described above, to the complete write-off of goodwill with the acquisition of control by Telecom Italia Group (979 million pesos), the partial write-down of the customer relationships (501 million pesos) and the higher amortisations of these assets following review of their useful lives (383 million pesos).
Without the above write-downs and restructuring charges, FY 2012 EBIT amounted to 2,823 million pesos, a fall of 102 million pesos compared with FY 2011, with EBITDA margin of 12.7% (3.1 percentage points lower than the previous year).

The **headcount** at 31 December 2012 stood at **16,803** employees (16,350 at 31 December 2011).

OLIVETTI

On 1 January 2012, the activities and resources of the Advalso S.p.A. contact center were sold to Telecontact Center S.p.A. (subsidiary of Telecom Italia – Domestic Business Unit), as part of a project to bring all Telecom Italia Group call center operations under centralised management.
In addition, on 13 June 2012 the shareholders of the subsidiary Olivetti I-Jet S.p.A. voted to place the company in liquidation.

2012 **revenues** were **€280 million**, down €63 million compared to 2011.

EBITDA was a negative €57 million, €21 million lower than 2011. Net of provisions following the liquidation of Olivetti I-Jet S.p.A., the change in **organic EBITDA** was a positive for €10 million (+27.8%).

EBIT was a negative €65 million, down €22 million from -€43 million of FY 2011.
Organic EBIT grew by €12 million (+27.9%) from -€43 million in 2011 to -€31 million in 2012.

The **headcount** at 31 December 2012 stood at **778** employees (1,075 at the end of 2011).

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TELECOM ITALIA S.p.A. RESULTS

THE MAIN VARIATIONS TO THE CORPORATE PERIMETER

2012 saw the following variations, which had no significant impact on the results of Telecom Italia S.p.A.:

- ***Merger by incorporation of TI Audit and Compliance Services S.c.a.r.l. and SAIAT in Telecom Italia****; both operations took effect on 1 January 2012.*
- ***Transfer of the "Information Technology" business of Telecom Italia to SSC,*** *subsequently renamed Telecom Italia Information Technology: on 1 November 2012 the transfer of the "Information Technology" business of Telecom Italia to SSC took effect. The operation involved the transfer of the Information Technology business, composed of the Information Technology unit and Information Technology Human Resources and Organization, together with the transfer of 1,177 resources to the new company. Following the operation working relations between Telecom Italia and Telecom Italia Information Technology will continue on the basis of agreements negotiated between the parties.*

Revenues amounted to **€16,940 million**, down €1,105 million (-6.1%) from FY 2011. This is due to the physiological decline in revenues from traditional business in the Consumer (-3.6%), Business (-9.4%), Top (-12.4%) and National Wholesale (-2,4%) segments. However, positive trends were seen in handset sales and revenues from Fixed Broadband and Mobile services in the Consumer segment.

EBITDA amounted to **€8,433 million**, down €503 million (-5.6%) from FY 2011. The organic change in EBITDA was a negative 5% (-€449 million). The EBITDA margin rose from 49.5% in 2011 to 49.8% in 2012; in organic terms the EBITDA margin stood at 50.7% of revenues (50.1% in 2011).

EBIT came to **€944 million** (-€246 million in 2011 due to a goodwill write-down for €5,376 million). This includes a write-down of Telecom Italia S.p.A. goodwill of €4,016 million. The EBITDA margin rose from -1.4% in 2011 to 5.6% in 2012.
The organic change in EBIT was -2.6% (-€137 million); in organic terms the margin stood at 30% of revenues (28.9% in 2011).

The net result came to **-€1,821 million** (-€3,645 million in 2011); excluding non-recurring items including the goodwill write-down and the posting of the IRES tax refund for deductible IRAP on labour costs, the result would be a positive €1,908 million (€1,691 million in 2011).

The headcount at 31 December 2012 stood at **44,606** employees (47,801 at the end of 2011).

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EVENTS SUBSEQUENT TO 31 DECEMBER 2012

Dismissal of La7 S.r.l.
On 4 March 2013 the Board of Directors of Telecom Italia Media S.p.A., a subsidiary of Telecom Italia S.p.A., agreed the finalisation of the agreement with Cairo Communication S.p.A. for the sale of the entire stake in La7 S.r.l., with the exclusion of 51% of MTV Italia S.r.l.. On 6 March 2013 Telecom Italia Media S.p.A. and Cairo Communication S.p.A. have signed the agreement concerning the sale of 100% of La7 S.r.l..

The understandings reached foresee the payment to Telecom Italia Media S.p.A. of a sale price of €1 million. Prior to the sale, La7 S.r.l. will be recapitalised to give it a positive net financial position at sale date of not less than €88 million. The capital injection will also serve to bring the shareholders' equity to an agreed €138 million.
The agreements also foresee the signing of a multi-year contract between La7 S.r.l. and Telecom Italia Media Broadcasting S.r.l. to provide broadcasting capacity.
The sale allows Telecom Italia Group to end its financial support for La7 S.r.l. while keeping the network operator Telecom Italia Media Broadcasting S.r.l. within its own perimeter.
Within the framework of the deal, Telecom Italia S.p.A. undertakes to forgo loans due from Telecom Italia Media S.p.A. totalling €100 million.
Conclusion of the sale is subordinate to the proper authorisations required by law.

Capital increase to service the Long Term Incentives Plan 2010

The Board of Directors, exercising powers granted to it by the Shareholders' Meeting of 29 April 2010, has approved a paid increase in share capital, in tranches, via the issuance of a maximum 576,544 new ordinary shares to be set aside for subscription by the beneficiaries of the 2010 LTI Plan.

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OUTLOOK FOR THE 2013 FINANCIAL YEAR

As announced on 8 February 2013, regarding Telecom Italia Group's outlook for the current financial year, the targets linked to the main economic indicators, as described in the 2013-2015 Industrial Plan, foresee the following:

- Revenues stable YoY.
- Low-single digit percentage reduction in EBITDA.
- Adjusted net financial position of less than €27 billion.

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SHAREHOLDERS' MEETING CALLED

The Board of Directors has convened a Shareholders' Meeting for 17 April 2013 (single call) to take place at the Rozzano Auditorium (Milan), Viale Toscana 3.

Financial Statements/Dividend

Besides approval of the annual financial statements at 31 December 2012, the Board will submit a proposal to Shareholders to replenish the loss for the year from retained earnings, as well as to distribute a dividend of 2 euro cents per ordinary share and 3.1 euro cents per savings share, drawn from FY 2010 earnings. The dividend shall be paid out from April 25 2013, ex-coupon on April 22 2013.

Remuneration report

The Shareholders' Meeting will be called to give a non binding vote on section one of the Remuneration Report. This document will made available to the public as required by law together with the Annual

Report on Operations (and the customary Report on Corporate Governance and Shareholdings, also approved today by the Board of Directors) on the corporate web site, www.telecomitalia.com, under the Governance section, and from company head offices.

New appointments to the Statutory Board of Auditors

The Shareholders will be called to approve changes to the Statutory Board of Auditors with the nomination as effective auditor of Mr. Roberto Capone (replacing Ms. Sabrina Bruno who retired in September 2012), and the appointment of Mr Fabrizio Riccardo Di Giusto as alternate auditor. Both mandates will expire with that of the current Board of Statutory Auditors (approval of the financial statements at 31 December 2014). The new appointments to be submitted to the Shareholders' Meeting are the fruit of prior consultation with Assogestioni, which had previously presented the list from which both Ms. Bruno and Mr. Capone were chosen.
The CVs of Mr. Capone and Mr. Di Giusto are attached.

Employee Stock Ownership Plan

The Shareholders’ Meeting will be called to approve an employee stock ownership plan, similar to the plan launched in 2010. The scheme makes available a total 54,000,000 ordinary shares at a 10% discount off the market price, and in any case not below par value, in possible instalments. Individuals who hold shares for one year, and providing they remain employees, will be granted one free bonus share for every three shares purchased. To service the plan, it is proposed that the Board of Directors be granted powers to increase share capital by a maximum €39,600,000, part paid and part without charge, via the assignment of profits or profit reserves. The powers to increase the share capital described above, with consequent changes to the company by-laws, do not require the approval of the shareholders who do not have a right of withdrawal.
Meanwhile, in view of the current conjunction, the Board of Directors decided to suspend the Long Term Incentives Plan for top management and selected managers for FY 2013.

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CORPORATE GOVERNANCE ISSUES

The Board of Directors has ascertained that it fully meets the requisites for the composition of the board and the criteria of independence in the persons of Lucia Calvosa, Elio Cosimo Catania, Massimo Egidi, Jean Paul Fitoussi, Mauro Sentinelli and Luigi Zingales.

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The manager responsible for preparing the company's financial statements, Piergiorgio Peluso, declares under comma 2 of Article 154-(ii) of the Finance Consolidation Act that the information presented in this press release corresponds to the results documented in the company accounts and balance sheets.

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