

Final Terms dated 17 May 2006

**TELECOM ITALIA S.p.A.**

**Issue of £400,000,000 5.875 per cent. Notes due 2023**

**under the €15,000,000,000**

**Euro Medium Term Note Programme**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the EMTN Programme Prospectus dated 2 December 2005 as supplemented by the Supplement dated 10 February 2006 (the **Supplemental Prospectus**), which together, constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the EMTN Programme Prospectus as so supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the EMTN Programme Prospectus as so supplemented. The EMTN Programme Prospectus and the Supplemental Prospectus are available for viewing at [www.telecomitalia.it](http://www.telecomitalia.it) and [www.bourse.lu](http://www.bourse.lu) and copies may be obtained free of charge from the Issuer at its registered office. In addition, the EMTN Programme Prospectus and the Supplemental Prospectus will be available from the specified office of each of the Paying Agents.

This document constitutes the Final Terms relating to the issue of Notes described herein.

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|-----|--|---|
| 1.  | Issuer:  | Telecom Italia S.p.A.   |
| 2.  | (a) Series Number:                                     | 13  |
|     | (b) Tranche Number:                                    | 1   |
| 3.  | Specified Currency or Currencies:                      | British Pound ( <b>GBP</b> or <b>£</b> )                            |
| 4.  | Aggregate Nominal Amount of Notes admitted to trading: |   |
|     | (a) Series:  | £400,000,000  |
|     | (b) Tranche:   | £400,000,000  |
| 5.  | Issue Price:   | 99.622 per cent. of the Aggregate Nominal Amount                    |
| 6.  | Specified Denominations:                               | £50,000   |
| 7.  | (a) Issue Date:  | 19 May 2006   |
|     | (b) Interest Commencement Date:                        | Issue Date  |
| 8.  | Maturity Date:   | 19 May 2023   |
| 9.  | Interest Basis:  | 5.875 per cent. Fixed Rate<br>(further particulars specified below) |
| 10. | Redemption/Payment Basis:                              | Redemption at par   |

11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	(a) Status of the Notes:	Senior
	(b) Date of Board approval for issuance of Notes obtained:	21 December 2005
14.	Method of distribution:	Syndicated

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15.	Fixed Rate Note Provisions:	Applicable
	(a) Rate(s) of Interest:	5.875 per cent. per annum
	(b) Interest Payment Date(s):	19 May in each year commencing from, and including, 19 May 2007 up to, and including, the Maturity Date
	(c) Fixed Coupon Amount(s):	£2,937.50 per £50,000 in nominal amount
	(d) Broken Amount(s):	Not Applicable
	(e) Day Count Fraction:	Actual/Actual
	(f) Determination Date(s):	19 May in each year
	(g) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
16.	Floating Rate Note Provisions:	Not Applicable
17.	Zero Coupon Note Provisions:	Not Applicable
18.	Index Linked Interest Note Provisions:	Not Applicable
19.	Dual Currency Interest Note Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

20.	Issuer Call:	Not Applicable
21.	Investor Put:	Not Applicable
22.	Final Redemption Amount of each Note:	£50,000 per Note

23. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.5): As set out in Condition 7.5

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice given only upon an Exchange Event
25. Additional Financial Centre(s) or other special provisions relating to Payment Days: Not Applicable
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): Not Applicable
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
28. Details relating to Instalment Notes: Not Applicable
29. Redenomination applicable: Redenomination not applicable
30. Other final terms: Not Applicable

#### DISTRIBUTION

31. (a) If syndicated, names of Managers: BNP PARIBAS  
CALYON  
Deutsche Bank AG, London Branch  
HSBC Bank plc
- (b) Stabilising Manager(s) (if any): CALYON
32. If non-syndicated, name of relevant Dealer: Not Applicable
33. Date of the underwriting agreement: 17 May 2006
34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
35. Additional selling restrictions: Not Applicable

## LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €15,000,000,000 Euro Medium Term Note Programme of Telecom Italia S.p.A. and Telecom Italia Finance S.A.

Telecom Italia S.p.A., with registered office at Milan (Italy), Piazza degli Affari 2, registered at the Company Register in Milan with number 00488410010.

Share capital at the Issue Date €10,673,750,069.40.


Reserves at the Issue Date €5,176,126,000.

Issue approved by the Issuer's Board of Directors on 21 December 2005, registered at the Company Register in Milan on 22 December 2005.


## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Final Terms.

Signed on behalf of the Issuer:

By:   
\_\_\_\_\_  
*Duly authorised*  
ATTORNEY-IN-FACT

Signed in London in my presence:

  
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## PART B – OTHER INFORMATION

### 1. LISTING

- |       |   |  |
|-------|---|--|
| (i)   | Listing:  | Luxembourg   |
| (ii)  | Admission to trading:                                       | Application has been made for the Notes to be admitted to trading on the EEA Regulated Market of the Luxembourg Stock Exchange with effect from 19 May 2006. |
| (iii) | Estimate of total expenses related to admission to trading: | €5,160   |

### 2. RATINGS

The Notes to be issued have been rated:

S & P:	BBB+
Moody's:	Baa2
Fitch:	BBB+

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

### 4. YIELD (*Fixed Rate Notes only*)

Indication of yield:	5.911 per cent. The yield is calculated at the Issue Date on the basis of the Issue Price on an annual basis. It is not an indication of future yield.
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### 5. OPERATIONAL INFORMATION

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|-------|---|--------------------------|
| (i)   | ISIN Code:  | XS0254907388             |
| (ii)  | Common Code:  | 025490738                |
| (iii) | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s) | Not Applicable           |
| (iv)  | Delivery:   | Delivery against payment |
| (v)   | Names and addresses of additional Paying Agent(s) (if any):   | Not Applicable           |