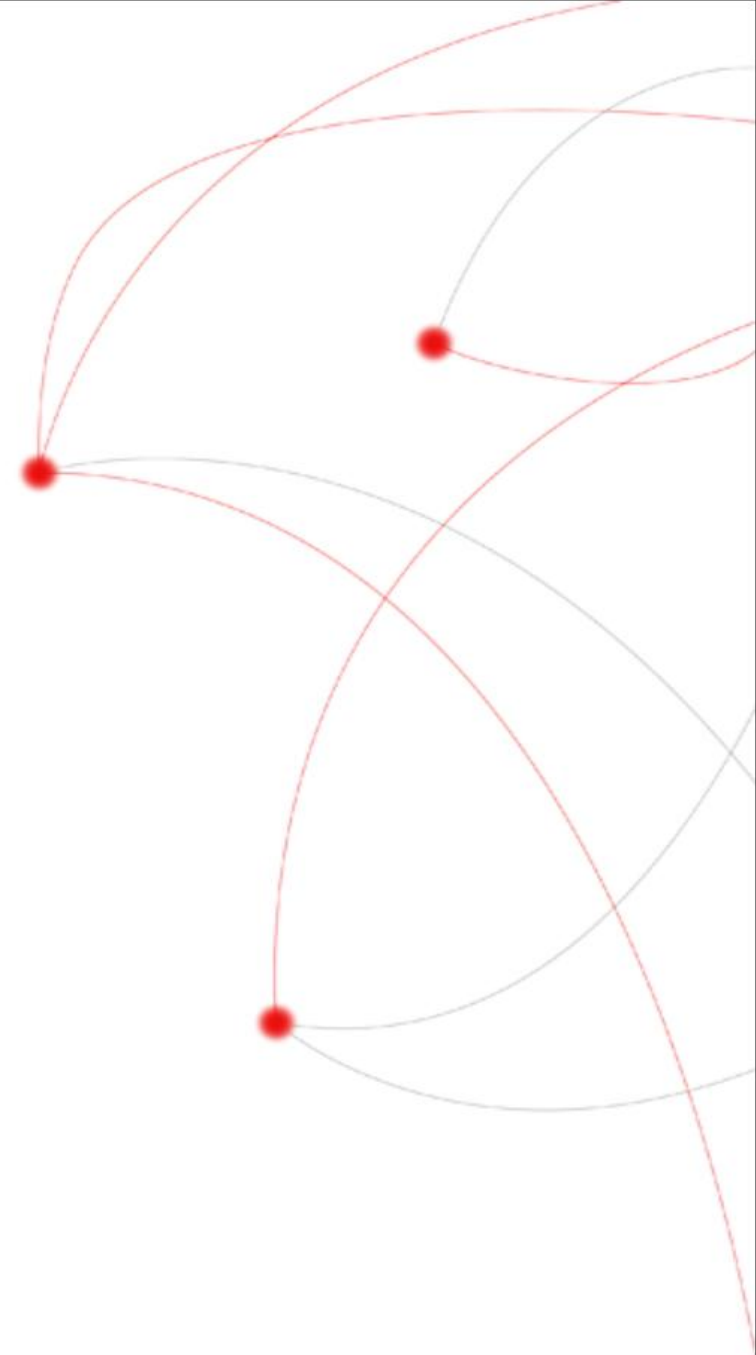


TELECOM ITALIA GROUP
Frankfurt, September 9, 2009

Telecom Italia Group's approach to sustainability

Telecom Italia/External Relations
Paolo Nazzaro
Head of Group Sustainability



Safe Harbour

These presentations contain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company.

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors.

Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telecom Italia Spa undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telecom Italia Spa business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission.

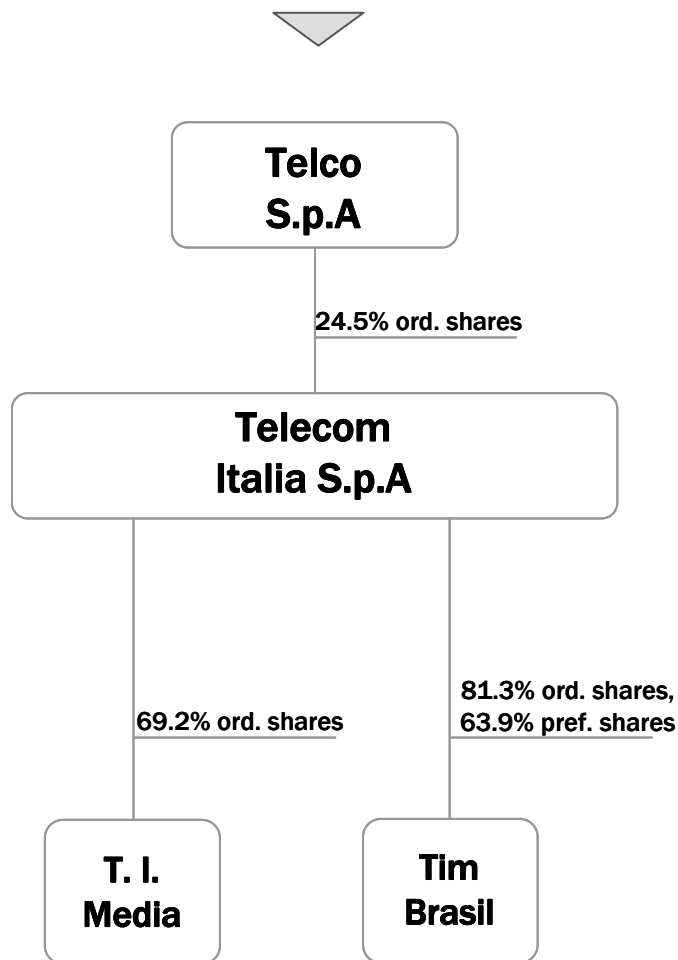
Agenda

- ▶ **Telecom Italia Group: an overview**

- ▶ **Telecom Italia Group's approach to sustainability**
 - ▶ **Corporate Governance**

Telecom Italia Group: Shareholder Structure and Brief Company History

Generali Group 28.1%, Intesa San Paolo Bank S.p.A 10.6%, Mediobanca S.p.A. 10.6%, Sintonia S.A. 8.4%, Telefónica S.A. 42.3%



Brief Company History

- ▶ July 1995, TIM spin-off and IPO
- ▶ November 1997, privatization of Telecom Italia
- ▶ June 2006, Telecom Italia-TIM merger
- ▶ October 2007, Telco S.p.A. became the main Telecom Italia's shareholder
- ▶ December 2007, new management appointed

Telecom Italia stocks are listed on the Milan and New York Stock Exchanges (the latter via ADR)

Market cap: around 19,3 bln of euro, of which 14,7 bln for ordinary shares and 4,6 bln for savings shares (as of August, 25)

TI shares are included in the main international indexes (FTSE Eurotop100, DJ STOXX 600, DJ Stoxx Telecom, FTSE Mib, MSCI Pan-Euro, MSCI Euro, etc.)

and SRI indexes (DJSI World, DJSI STOXX, FTSE4Goods Europe, ESI Global, etc.)

Telecom Italia at a glance

Key Numbers (as of June 30, 2009)

16.6 million fixed access

8.4 million broadband connections in Italy - around 2,5 million in Germany and Holland

About 32.6 million TIM mobile lines in Italy

7.4 million UMTS mobile lines

About 77K employees of which 61K in the Domestic Business

Economic and financial results (as of June 30, 2009)

Revenues: 13,95 billion € (-5.8% vs. 1H08)

Reported EBITDA: 5,67 billion € (+3.1% vs. 1H08)

Industrial investments: 2,04 billion € (-30,9% vs. 1H08)

International presence

▶ **European Broadband**

▶ **HanseNet
(Germany)**

▶ **BBNed (The
Netherlands)**

▶ **ETECSA Cuba
(Fixed and Mobile)**

▶ **Telecom Argentina (Fixed and Mob)**
▶ **TIM Brasil (Mobile)**



Int'l Wholesale Services

NETWORK COVERAGE

MNCs Proprietary Network



TI global presence through:

- ▶ **Proprietary Network (112 access POPs)**
- ▶ **Partnership agreements with Global Carriers (i.e. C&W, Verizon) and Regional Operators**

Telecom Italia Group brands

The Telecom Italia Group is active on the market in all sectors of advanced communication through brands known for their competence, reliability and familiarity. Each brand has the aim of responding to different customer needs through criteria such as quality and innovation, and of strengthening the connection and confidence built up over time



FIXED LINE COMMUNICATIONS



MOBILE COMMUNICATIONS



IT SECTOR AND DIGITAL SYSTEM
FOR PRINTING



HIGH-SPEED INTERNET



WEB CONTENTS



TRADITION AND MULTIMEDIA
CONTENTS

Agenda

- ▶ **Telecom Italia Group: an overview**
- ▶ **Telecom Italia Group's approach to sustainability**
 - ▶ **Corporate Governance**

Highlights

Highlights

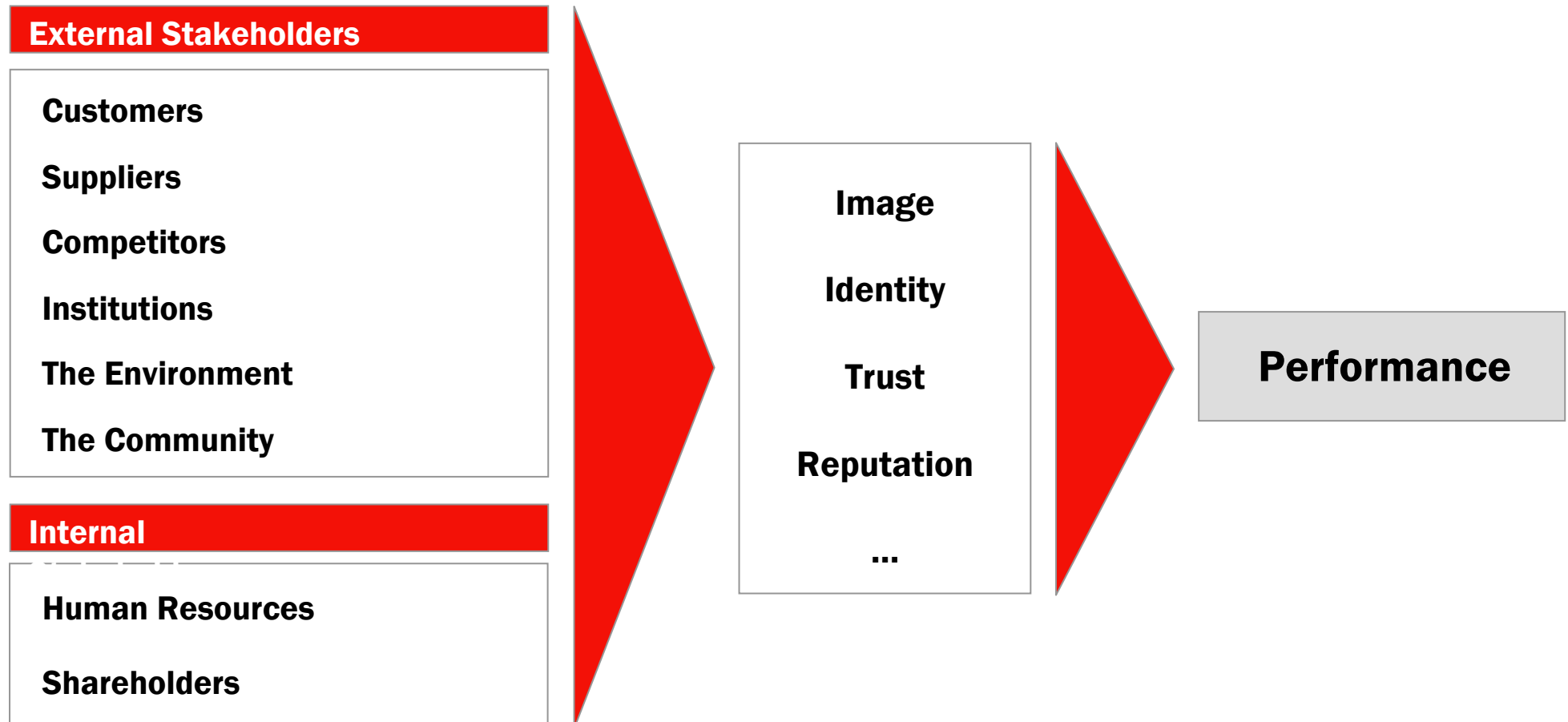
Integration of sustainability data in the financial statement

Disclosure of sustainability targets

Focus on communication

Focus on intangible assets

Approach

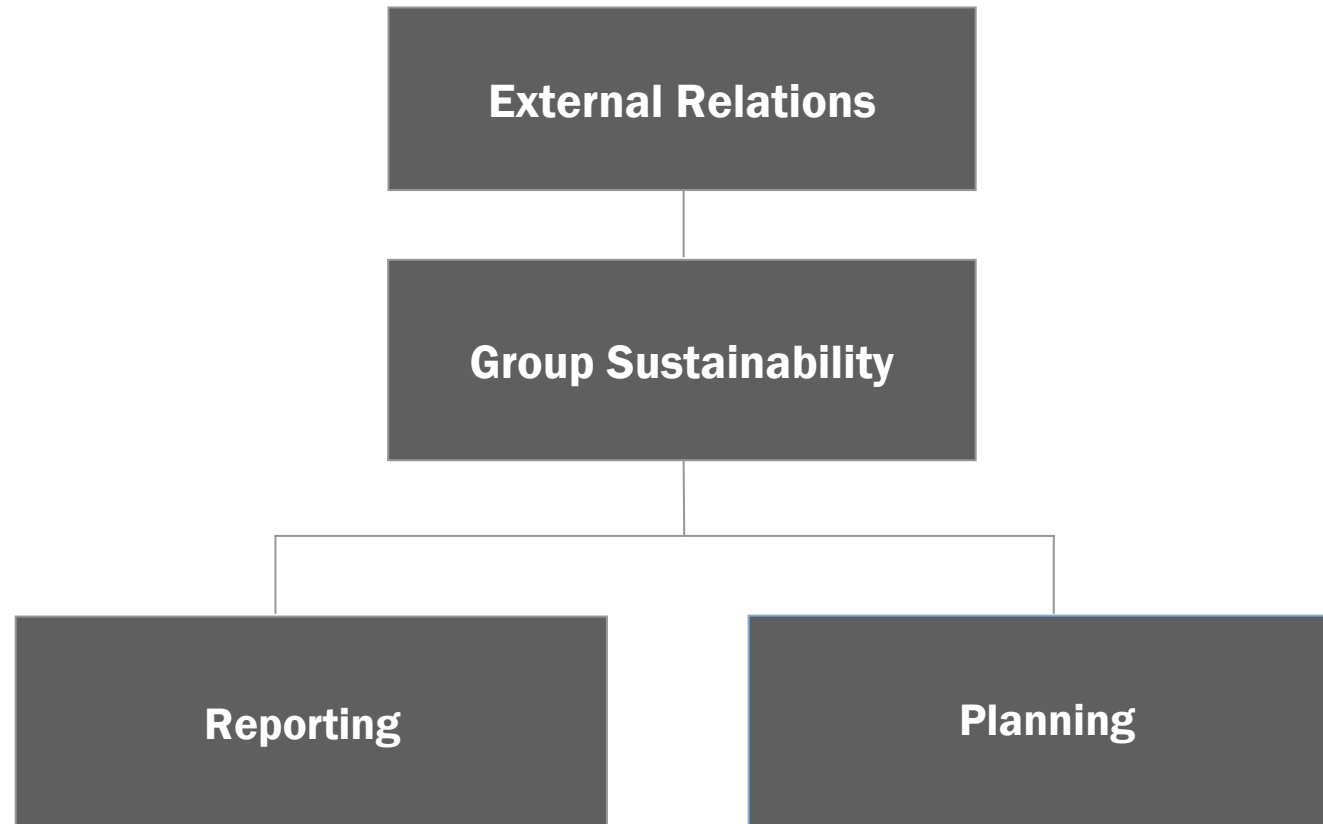


Evolution

◀ 1997 - 1999 ▶ ◀ 2000 - 2001 ▶ ◀ 2002 - 2005 ▶ ◀ 2006 - 2009 ▶

<p>Charters And Codes</p> <p>Reporting</p> <p>Involvement With other Organizations</p> <p>Governance</p>	▶ Charter of Values	▶ TIM's Code of Ethics	▶ Group's Code of EthicsC	▶ CSR policy regarding employees ▶ CSR policy regarding suppliers
	▶ Socio-environmental reports		▶ Integration of Sustainability Reporting into the Group Financial Statement (TBL)	▶ Quantitative targets in the sustainability reporting ▶ GRI: A+ level
	▶ ETNO ▶ Sodalitas ▶ CSR Europe		▶ Global Compact (ONU)	▶ European Alliance on CSR ▶ GeSi ▶ WBCSD
			▶ Internal reporting system ▶ Evaluation form for the sustainability projects	▶ Supervision from ICCG Committee ▶ New sustainability planning model

Organizational model



20 Key people in charge for collecting data and information for sustainability reporting and questionnaires from the rating agencies

Telecom Italia Group sustainability acknowledgements

- ▶ **Telecom Italia has been included in all the main sustainability indexes worldwide (see next slide)**
- ▶ **Tim Participações has been included in the ISE Index (Índice de Sustentabilidade Empresarial), managed by Bovespa (San Paolo Stock Exchange) and other partners**
- ▶ **Telecom Italia has been ranked among the best 100 companies worldwide with reference to the quality of its sustainability reporting in "The Global Reporters 2006 Survey of Corporate Sustainability Reporters" conducted by the specialised agency SustainAbility in co-operation with UNEP and the rating agency Standard & Poor's**
- ▶ **Telecom Italia scored first in the Carbon Disclosure Project Report 2008 Global, among Italian companies included in the "Global 500" index, with regard to the disclosure of environmental data**
- ▶ **Telecom Italia 2008 sustainability report has been ranked A+ by Global Reporting Initiative**

Sustainability indexes in which Telecom Italia is included

Dow Jones Sustainability Indexes

World (DJSI World)

STOXX (DJSI STOXX)

FTSE4Good

Global

Europe

Environmental Leaders Europe

ESI (Ethibel Sustainability Indexes)

Excellence Europe

Excellence global

Pioneer global

ASPI (Advanced Sustainable Performance Index)

ECPI (E.Capital Partners Indexes)

ECPI Ethical Index Global

ECPI Ethical Index Euro

ECPI Ethical Index €uro

Axia

Ethical

Euro Ethical

CSR

KLD Sustainability Indexes

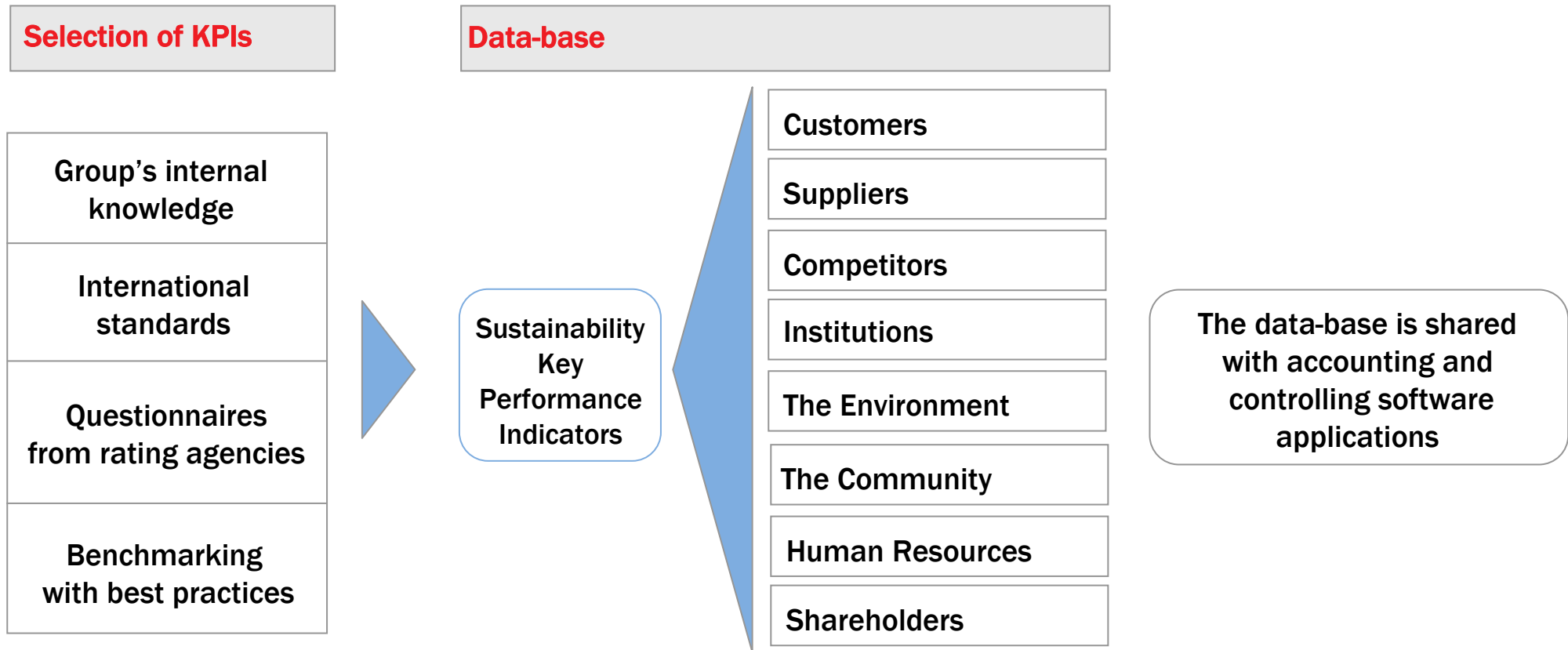
Global

Global ex US

Europe

Euro Asia Pacific

Internal reporting system



KPI Main areas

Customers	Suppliers	Competitors	Institutions
<ul style="list-style-type: none"> ▶ Number of Lines ▶ Customer Relationship Management ▶ Service Quality ▶ Claims ▶ Services for customers with special needs ▶ Involvement 	<ul style="list-style-type: none"> ▶ Supply chain management ▶ Joint actions ▶ Involvement 	<ul style="list-style-type: none"> ▶ Involvement ▶ Anti-trust procedures and claims ▶ Legislation updates 	<ul style="list-style-type: none"> ▶ Tax and added value ▶ Grants ▶ Involvement ▶ Legislation updates
Environment	Community	Human Resources	Shareholders
<ul style="list-style-type: none"> ▶ Natural resources consumption (energy, water, fuel, etc..) ▶ Emissions ▶ Waste Management ▶ Electromagnetism 	<ul style="list-style-type: none"> ▶ Donations ▶ Investments ▶ R & D ▶ Involvement 	<ul style="list-style-type: none"> ▶ Compensation policies ▶ Training and development ▶ Health and Safety ▶ Equal opportunities ▶ Industrial relations ▶ Welfare ▶ Human rights and labour standards 	<ul style="list-style-type: none"> ▶ Dividends ▶ Net debt ▶ Corporate Governance ▶ Risk management

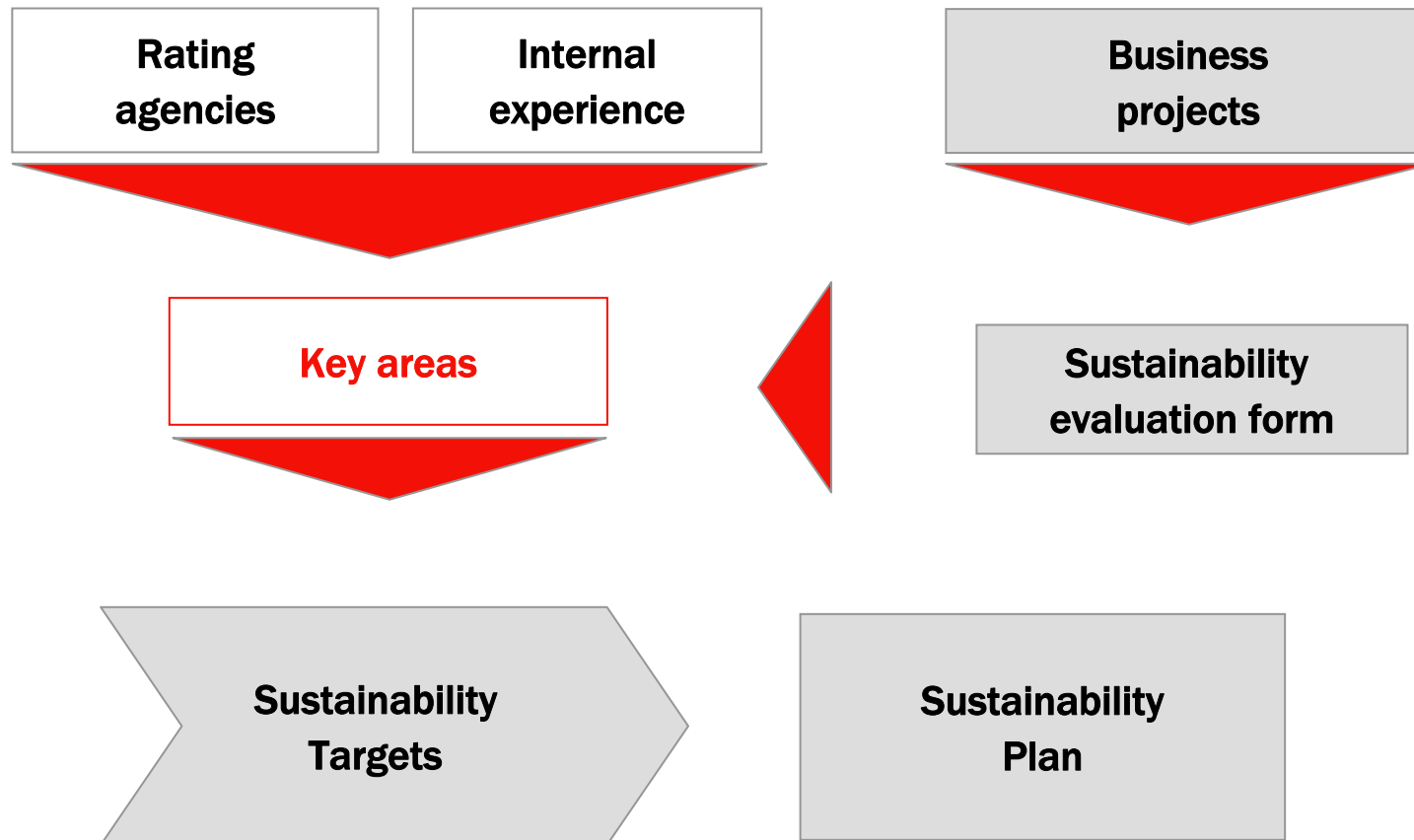
Sustainability Strategy for 2009-2011 (2008 Report)

- ▶ Attention to quality of the service
- ▶ Attention to energy efficiency and the development of solutions aimed at reducing environmental impact
- ▶ Commitment in support of the communities in which the Group operates, promoting ideas and projects aimed at improving people's quality of life through the Telecom Italia Foundation
- ▶ Integration of sustainability data within the Group Annual Report, in confirmation of the Group's intention to present its financial performance jointly with non-financial information
- ▶ Evaluation of the impact in terms of sustainability of the business projects
- ▶ Involvement of the stakeholders in the company activities
- ▶ Development of the reporting in order to achieve greater adherence to the guidelines of the Global Reporting Initiative (GRI)
- ▶ The definition of quantitative objectives in line with the most important sustainability issues
- ▶ Integration of Sustainability and Innovation (Technological Plan)
- ▶ Confirmation of the international commitments in the area of sustainability (GC, EU Alliance)
- ▶ Monitoring of the sustainability targets set into managers' MBO (see next chart)

Sustainability into Managers' MBO (Report 2008)

Stakeholder	Objectives
Customers	<ul style="list-style-type: none"> - Customer Satisfaction - Quality of provided service
Human Resources	<ul style="list-style-type: none"> - Surveys on employees' satisfaction - Employees' health and safety - Training programs and professional development - Welfare activities for employees
Environment	<ul style="list-style-type: none"> - Consumption of materials, energy and water - Emissions
Market and Institutions	<ul style="list-style-type: none"> - Compliance with laws, regulation and codes - Quality and promptness of company communication
Community	<ul style="list-style-type: none"> - Organisation of cultural initiatives - Quality of the initiatives/projects for the Community

Planning



Example of sustainability evaluation form

Stakeholder	Key areas	Impact						
		negative			0	positive		
		low	medium	high		low	medium	high
Customers	Qualità of service (caring, assistance, etc.)							
	Maintenance and network upgrade							
	Innovation, research and development							
The Environment	Environmental footprint (CO ₂ emissions, waste management, etc.)							
The Community	Services for customers with special needs (disables, the elderly, etc..)							
	Digital inclusion							
Human Resources	Talent retention							
	Equal opportunities							
	Health and safety							
Vendors	Social and environmental impact in the supply chain							

2009 Objectives – TI - Customers (2008 Report)

Area	Indicator	Unit of measurement	Target 2009
CUSTOMERS - MOBILE	Activation time for voice service – Prepaid service – Percentage of valid orders completed within the maximum terms provided by contract	%	97
CUSTOMERS - MOBILE	Activation time for voice service – Post-paid – Percentage of valid orders completed within the maximum terms provided by contract	%	97
CUSTOMERS - MOBILE	Customer assistance services – Average time of response by operators to incoming calls	seconds	40
CUSTOMERS - MOBILE	Complaints about charges – Ratio between the number of complaints about invoice charges received in the survey period and the number of invoices issued in the same period (post-paid service)	%	1.8
CUSTOMERS - MOBILE	Complaints about charges – Ratio between the number of complaints about pre-paid cards received in the survey period and the average number of SIM/USIM active in the same period (post-paid service)	%	5
CUSTOMERS INTERNET -	Activation time for broadband access – Percentage of valid orders completed within the date agreed with the customer (active telephone line)	%	90
CUSTOMERS INTERNET -	Activation time for broadband access – Average time of supply (active telephone lines)	days	11
CUSTOMERS INTERNET -	Malfunctions in broadband Internet access service – Average time of repairs	hours	34
CUSTOMERS INTERNET -	Customer assistance service – Average time of response by operators to incoming calls	seconds	105
CUSTOMERS INTERNET -	Disputed charges – Ratio between the number of complaints about invoice charges relating to all Internet access services (received in the survey period) and the total number of invoices issued in the same period	%	1.5
CUSTOMERS - IPTV	Activation time for the IPTV service – Percentage of valid orders completed within the date agreed with the customer	%	78
CUSTOMERS - IPTV	Customer assistance response times – Average time of response by operators to incoming calls	seconds	105
CUSTOMERS - IPTV	Disputed invoices – Ratio between the number of complaints about invoice charges related to IPTV service (received in the survey period) and the number of invoices containing charges related to the same service (issued in the same survey period)	%	1.6
CUSTOMERS - IPTV	Availability of the IPTV service – Average unavailability of the service	Hours/year	50

2009 Objectives – TI - Other stakeholders (2008 Report)

Area	Indicator	Unit of measurement	Year end 2008	Target 2009
THE COMMUNITY	Telecom Italia Foundation – Forecast financial commitment in relation to the Group's EBITDA	%	/	0.05
HUMAN RESOURCES - TRAINING	Training in health and safety	Training hours	87,141	90,000
HUMAN RESOURCES - TRAINING	Training – Italian companies	Training hours per head ⁽³⁾	32.7	33
HUMAN RESOURCES - TRAINING	Training – coverage of italian companies (number of people who have taken part in at least one training exercise out of the total population)	%	71.5	71.5
THE ENVIRONMENT – ECO-EFFICIENCY	Eco-efficiency indicator	bit/Joule	1,177	1,410
THE ENVIRONMENT – ELECTROMAGNETISM	SAR qualification	%	100	100
THE ENVIRONMENT – ELECTROMAGNETISM	Number of UMTS Radio Station cells with second carrier installed	Number of cells	2,837	2,500
THE ENVIRONMENT – NATURAL RESOURCES	FSC certified paper purchase for office use	%	0	90
THE ENVIRONMENT – NATURAL RESOURCES	Used paper sent for recycling	Tons	10,835	13,540
THE ENVIRONMENT – ATMOSPHERIC IMPACT	Reduction of CO ₂ emissions from the substitution of diesel boilers with plant causing less impact	Tons	200	200
THE ENVIRONMENT – ATMOSPHERIC IMPACT	Reduction of quantity of ozone depleting gases used in air conditioning equipment and refrigerating systems	Kg	4,000	6,400
THE ENVIRONMENT – ATMOSPHERIC IMPACT	Reduction of CO ₂ emissions from the substitution of Euro3 vehicles with Euro4 vehicles	Tons	2,986	1,630
CUSTOMERS - DIGITAL INCLUSION	ADSL coverage	%	95.8	96.5
CUSTOMERS - DIGITAL INCLUSION	IPTV coverage	%	53.8	54.8
CUSTOMERS - DIGITAL INCLUSION	UMTS and HSDPA coverage	%	80.7	82.4

2009 Objectives – Tim Brasil (2008 Report)

Area	Indicator	Unit of measurement	Year end 2008	Target 2009
HUMAN RESOURCES	Employee satisfaction measured by the questionnaire “Group Photo”	Average level of satisfaction	7.36	7.5
HUMAN RESOURCES	Reduction in staff turn-over	% (monthly)	2.8	2.2
HUMAN RESOURCES	Reduction of the absenteeism rate	%	3.4	3.2
HUMAN RESOURCES	Training (number of total hours: in class + on line + at work)	Hours of training	732,815	715,000
HUMAN RESOURCES	Training – Coverage (number of people who have taken part in at least one training exercise out of the total population)	%	95.2	95.2
HUMAN RESOURCES	Training – Sustainability (number of managers who have taken part in at least one training exercise on the subject of Sustainability out of the total population)	%	1	47
THE ENVIRONMENT	Reduction in the total paper purchased (for office use only)	%	0	2.1
THE ENVIRONMENT	Ratio between recycled waste and the total waste generated by offices	%	41	43
THE ENVIRONMENT	Cellphone, batteries and accessories collected and sent for recycling	Tons	10	11
THE ENVIRONMENT	SAR qualification - Brazil	%	25	25
SUPPLIERS	Percentage of the main suppliers evaluated with Sustainability criteria	%	0	30

Results 2008 vs Objectives 2008 (2008 Report)

Area	Indicator	Unit of Measurement	Target 2008	Final balance 2008	Target Status 2008
CUSTOMERS	Punctuality of appointments for visits by technicians to customers' premises	%	98	96.5	▼
HUMAN RESOURCES	Employee satisfaction measured by the questionnaire "Group Photo"	Average level of satisfaction	≥ 6.21	6.35	▲
HUMAN RESOURCES	Training - Italian companies	Training hours per head	30.5	32.7	▲
HUMAN RESOURCES	Training - Italian companies: coverage (percentage of people who have taken part in at least one training exercise)	%	85	71.5	▼
THE ENVIRONMENT	Eco-efficiency indicator	bit/Joule	1,130	1,177	▲
THE ENVIRONMENT	Energy saving from low-consumption lighting system (10 sites)	kWh	3,000,000	480,000	▼
THE ENVIRONMENT	Energy saving by optimizing the electricity yield of 50 sub-stations through power factor correction	kvar/h	1,950,000	11,019,600	▲
THE ENVIRONMENT	Number of cells in UMTS Radio Stations in which a second carrier has been installed	Number of cells	600	2,837	▲
THE ENVIRONMENT	SAR Qualification - Italy	%	100	100	▲
THE ENVIRONMENT	SAR Qualification - Brazil	%	25	25	▲
THE ENVIRONMENT	SAR Qualification - Bolivia	%	40	-	
THE ENVIRONMENT	Other corporate offices with differentiated waste	Number of offices	100	123	▲
THE ENVIRONMENT	Reduction of paper consumption	%	3	7	▲
THE ENVIRONMENT	Purchased recycled paper	%	60	53.7	▼
THE ENVIRONMENT	Conversion of 15 diesel-fired boilers with new generators/heat pumps	Tons of CO ₂ not emitted	200	200	▲
THE ENVIRONMENT	Substitution of Euro3 vehicles with Euro4 vehicles	Tons of CO ₂ not emitted	2,700	2,986	▲
SUPPLIERS	Increase of audits on suppliers regarding Ethics and Sustainability	%	10	12	▲
DIGITAL DIVIDE	ADSL Coverage	%	96	95.8	▶
DIGITAL DIVIDE	IPTV Coverage	%	54	53.8	▶
DIGITAL DIVIDE	UMTS Coverage	%	81	80.7	▶
DIGITAL DIVIDE	HSDPA Coverage	%	81	80.7	▶

London Benchmarking Group (LBG) Model

Contribution to the Community

Year 2008
36 million euro



Intermittent support to a wide range of “social” issues in response to the needs and appeals of community organisations, increasingly through partnerships between the company, its employees, customers and suppliers

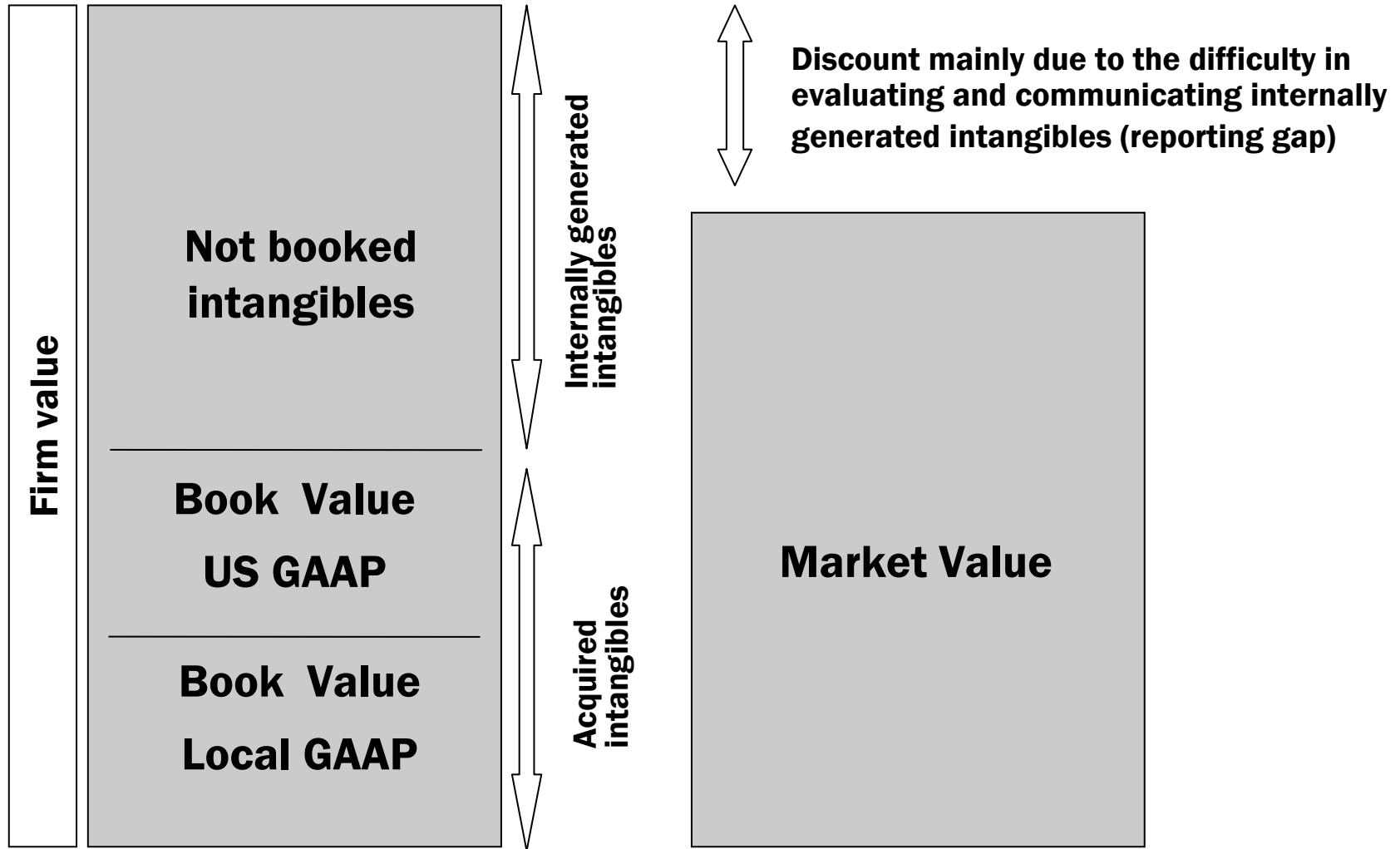
Long-term strategic involvement of the company to address a limited range of “social” issues

Activities in the Community usually by commercial departments to support directly the success of the company, also in partnership with charities and community-based organisations

Focus on communication – the “CO₂ meter”

- ▶ **Developed in collaboration with Price Waterhouse Coopers and launched in July 2009**
- ▶ **Through simple questions on the lifestyle, estimates the CO₂ emissions that are generated by the daily behaviours in 4 main areas: home, work, purchases and relations with the Public Administration**
- ▶ **Demonstrates how ICT solutions (videonconference, purchases or other transactions carried out on line through the use of broadband solutions) can boost a more sustainable way of living**

Focus on intangibles



Agenda

- ▶ **Telecom Italia Group: an overview**
- ▶ **Telecom Italia Group's approach to sustainability**
 - ▶ **Corporate Governance**

Leadership functions of the Board of Directors

Main tasks

Strategic, operational and financial plans examination and approval

Budget analysis and approval

Examination and approval of strategic transactions and establishment of general criteria for their identification

General organizational, administrative and accounting structure check with special reference to the internal control system

Granting/cancellation of mandates to Executive Directors. Definition of exercise limits thereto and of frequency of reporting to the Board

Determination of General Managers powers nomination of persons to hold offices of Chairman and CEO in strategic subsidiaries

Assessing the overall performance of operations and periodically comparing the results achieved with those planned

Board of Directors Committees

Board of Directors Committees	Main Tasks
<p>Executive Committee: Chairman + CEO + 6 directors</p>	<ul style="list-style-type: none"> ▶ Monitoring the evolution of the management of the Company and of the Group, approving the organisational macrostructures of the Company ▶ Expressing an opinion to the Board on the budget and strategic, industrial and financial plans of the Company and the Group
<p>Internal control and Corporate Governance Committee: non-executive, mainly independent directors, one of which drawn from minority lists, with specific expertise</p>	<ul style="list-style-type: none"> ▶ Internal control system assessment ▶ Opinion on appointment, removal and duties of the manager responsible for financial reports and of the person in charge of internal control and assessment of the latter's programme ▶ Assessment of proposals by auditing firms to obtain engagement, of their work programme and of the result thereof ▶ Check on corporate governance rules compliance and their regular updates ▶ Check compliance with the principles for transactions with related parties ▶ Assessment of the correct use of accounting standards adopted and of their uniform application in the Group
<p>Nomination and Remuneration Committee: non-executive, mainly independent directors, one of which drawn from minority lists</p>	<ul style="list-style-type: none"> ▶ Proposing CEO and directors entrusted with special tasks compensations (to ensure their alignment with the objective of creating value for shareholders over time) and proposing the criteria for the remuneration of the Company's senior management ▶ Assessing the criteria periodically in addition to performing a monitoring function, proposing candidates for the Board of Directors in the event of replacement of an independent board member

Central role of the Board of Statutory Auditors (1/2)



Under the Italian corporate governance rules the Board of Auditors

Board of Statutory Auditors

5 independent members with top positions, specific financial expertise and significant control powers:

- ▶ 2 members (Chairman + 1 member) represent minority shareholders

- ▶ checks compliance with the law, corporate by-laws and principles of management;
- ▶ checks effectiveness of corporate governance rules
- ▶ assesses corporate internal control, administration and accounting systems;
- ▶ issues mandatory proposals for the appointment of the auditing firm;
- ▶ handles complaints by shareholders & stakeholders and refers on the matter in its Report to the annual shareholders' meeting and indicates follow-up policies.

Central role of the Board of Statutory Auditors (2/2)

**SEC regulation on the enforcement of the “Sarbanes Oxley Act”
acknowledging correspondence between the Board of Auditors and
the Audit Committee of US Listed Companies**



Board of Statutory Auditors

5 independent members with top positions, specific financial expertise and significant control powers:

- ▶ 2 members (Chairman + 1 member) represent minority shareholders

The Board of Statutory Auditors holds a legal and “de facto” responsibility for the **appointment**, retention and oversight of any **accounting firm** engaged in the drafting of an audit report or performing any other audit, review or certification services for Telecom Italia.

Any **accounting firm** performing audit work for Telecom Italia must duly **report** to the Board of Statutory Auditors on the following: (i) all **critical accounting policies and practices** to be implemented; (ii) all **optional processing of financial information within GAAP** discussed with the Telecom Italia management; (iii) any other written communication between the accounting firm and the Telecom Italia management (e.g., management correspondence, schedule of unadjusted discrepancies).

The Board of Statutory Auditors has adopted a complaint procedure for receiving, retaining and treating the “reports” it receives (including complaints on accounting, internal accounting controls or auditing matters and anonymous submission of concerns by employees regarding questionable accounting or auditing matters).

The Board has the authority to **appoint its legal counsel and/or any other advisors**, as the case may be, to carry out its duties.