

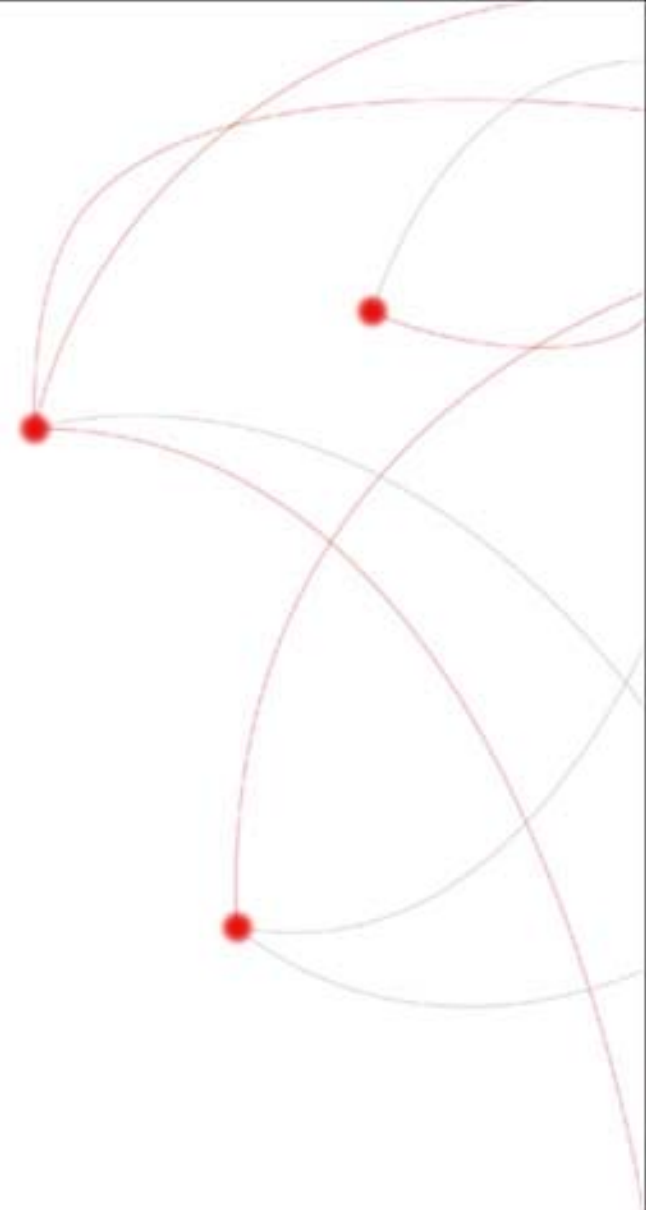
TELECOM ITALIA GROUP

9M 2010 Results

Milan, November 4th, 2010

Telecom Italia 9M 2010 Results

FRANCO BERNABE'



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 and the Group.

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

Forward-looking information is based on certain key assumptions which we believe to be reasonable as of the date hereof, but forward looking information by its nature involves risks and uncertainties, which are outside our control, and could significantly affect expected results.

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 S.p.A. 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 S.p.A. business or acquisition strategy or planned capital expenditures 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.

In addition, it should be noted that starting from the half-year condensed consolidated financial statements at June 30, 2010 of the Telecom Italia Group, following a detailed review of indirect taxes paid by the Group in the various tax jurisdictions, Telecom Italia reclassified some taxes paid in Brazil, previously included in "Other operating expenses", in reduction of "Revenues" and "Other income". In particular, such reclassifications were carried out also in connection with the forthcoming first-time adoption of IFRS by the Tim Brasil group companies and because they allow the alignment of the accounting representation of the Telecom Italia Group to that of the main TLC operators, ensuring a better comparability and intelligibility of the financial information.

Agenda

- ▶ **TI Group Main Achievements**
- ▶ International Presence
- ▶ Operating Performance
 - ▶ Domestic Business
 - ▶ TIM Brasil
- ▶ Financial Performance
- ▶ Appendix

TI Group 9M10 Key Financial Achievements

Focus on
Core
Markets:
Domestic
&
Brazil

Financial
Discipline

Group Revenues Trend

Reported -0.5% YoY; Organic -4.9% YoY

Group EBITDA:

Reported -0.6% YoY, Organic -0.8% YoY

Cash Cost Control:

Domestic Cash Cost -1.2€ BLN, -11.0% YoY (-12.2% in 3Q)

Net Income Growth:

1,819€ MLN +57.2% YoY

Contribution from Brazil:

Service Revenues Organic +5.9% YoY (+6.1% in 3Q),
Ebitda +18.4% YoY, Ebitda Margin 28.5% (+3.6 p.p. YoY)

Net Cash Flow Growth:

Net Cash Flow 9M10 1.0€ BLN (+1.5€ BLN YoY)

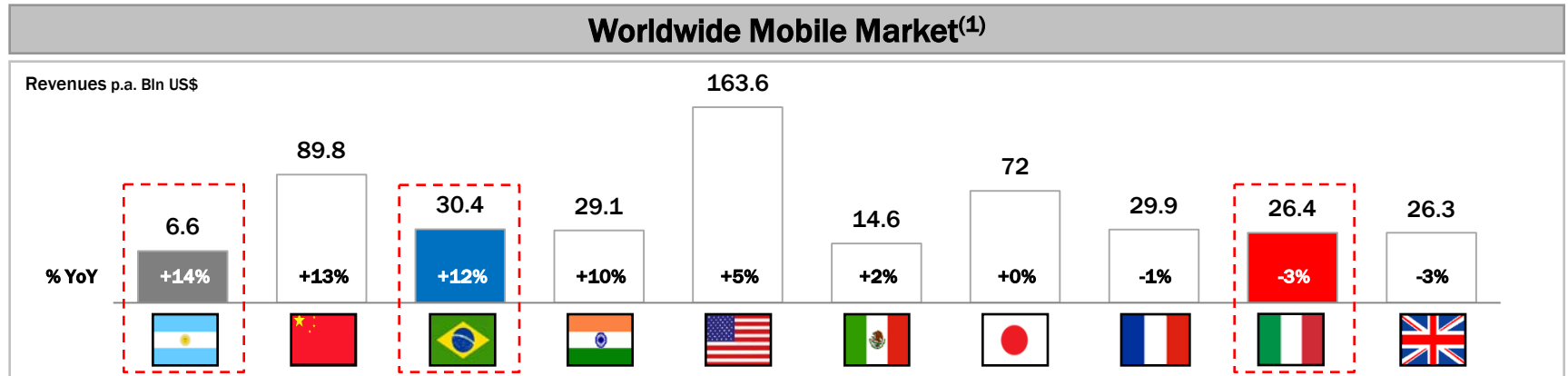
Adjusted Net Debt:

33€ BLN, -1.0€ BLN vs YE09; -2.1€ BLN YoY

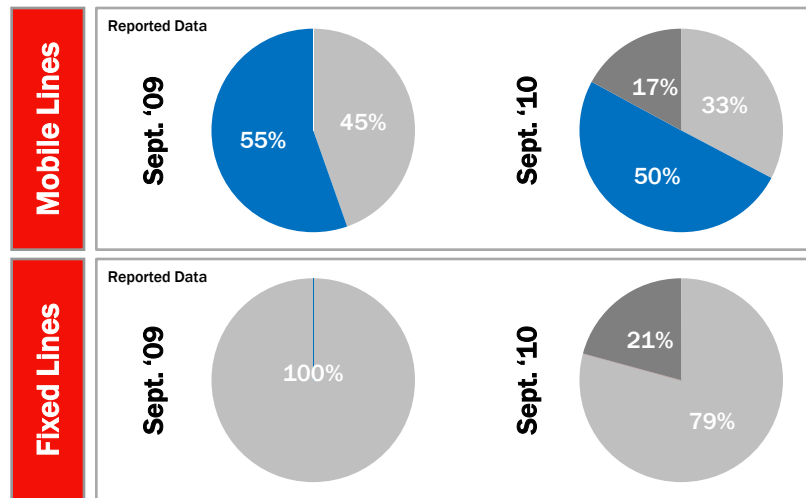
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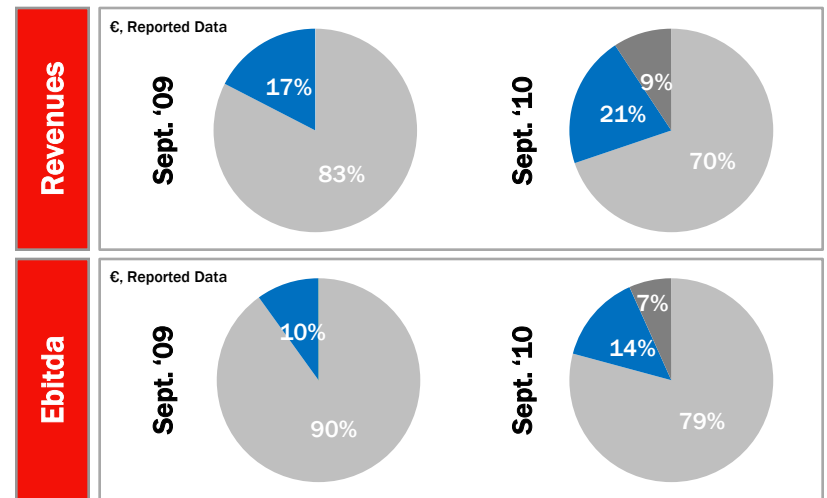
LATAM is the Place to be



TI International Presence



100%= Domestic Business+ Brazilian Business + Argentine Business
⁽¹⁾Source: Merrill Lynch Global Matrix



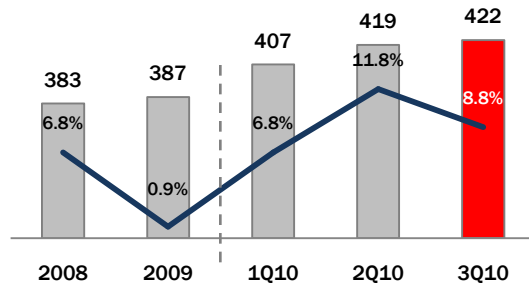
■ % Domestic ■ % Brazil ■ % Argentina

Telecom Argentina: Macro-economic and TLC overview

Macro-economic Scenario (1)

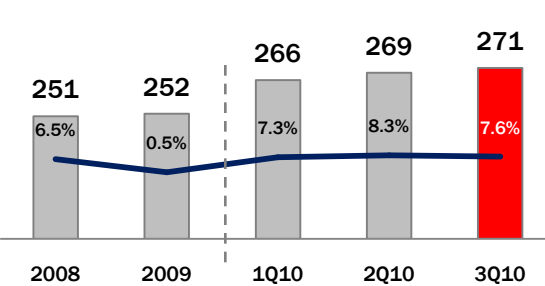
Real GDP

Billion ARS, 1993 based prices, Δ% YoY



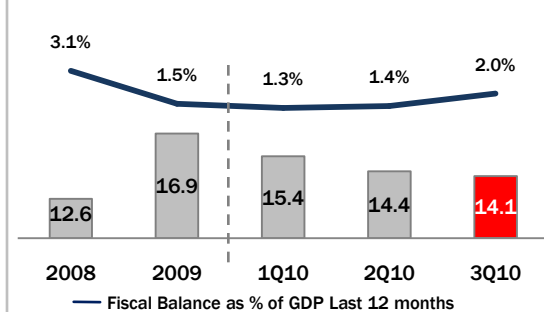
Consumption

Billion ARS, 1993 based prices, Δ % YoY



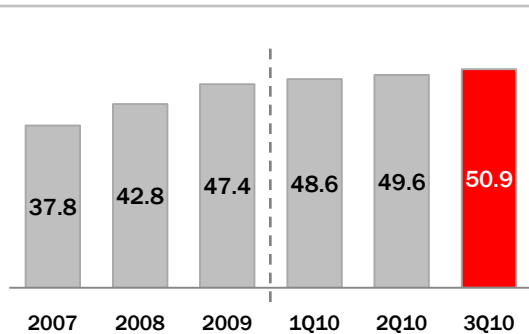
Trade&Fiscal Balance

Trade Balance (BLN USD) Last 12 months

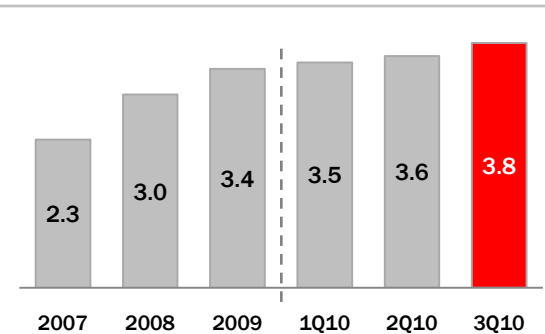


TLC - Market Accesses (mln)

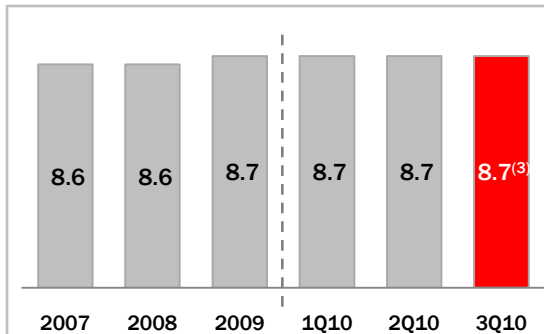
Mobile (2)



Broadband



Fixed



(1) Source: Ministerio de Economía, Instituto Nacional de Estadística y Censos and Telecom Argentina estimates

(2) Does not include trunking subscribers

(3) Estimated, data not available for 3Q10

Telecom Argentina: Overview

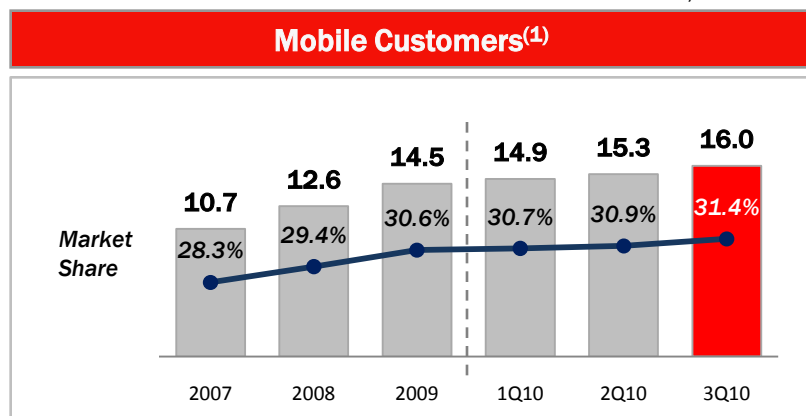
ARS mln, % - Argentine GAAP



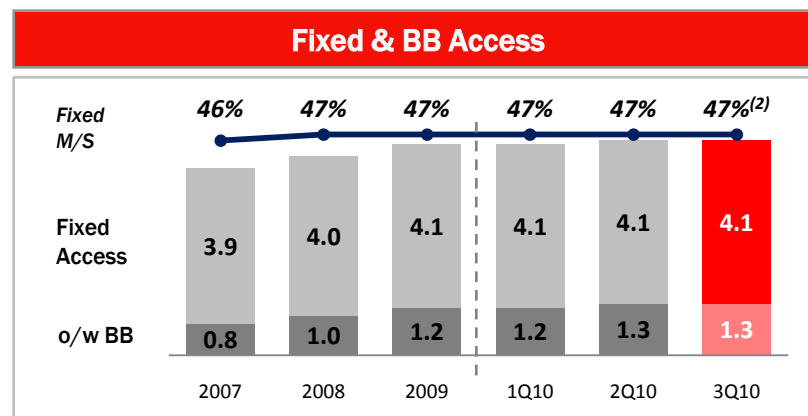
Revenues
Opbda Opbda Margin
Net Income
CAPEX
Net Debt(*)

9M10	9M09	% YoY	FY09	FY08	% YoY
10,484	8,861	+18.3%	12,226	10,608	+15.3%
3,282	2,855	+15.0%	3,900	3,330	+17.1%
31.3%	32.2%		31.9%	31.4%	
1,309	1,006	+30.1%	1,405	961	+46.2%
1,074	1,022	+5.1%	1,694	1,599	+5.9%
-850	143	n.m.	-469	912	n.m.

* + Debt/-Cash



(1) Argentinean Operation only
 (2) Estimated, data not available for 3Q10

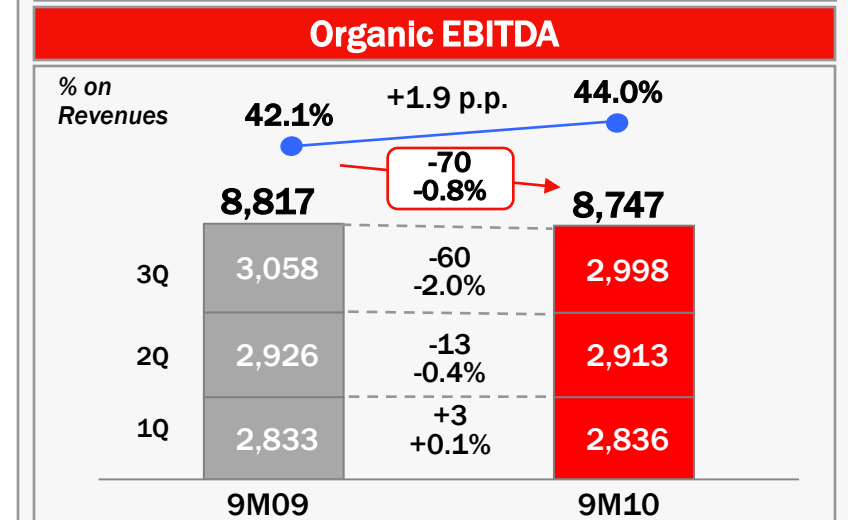
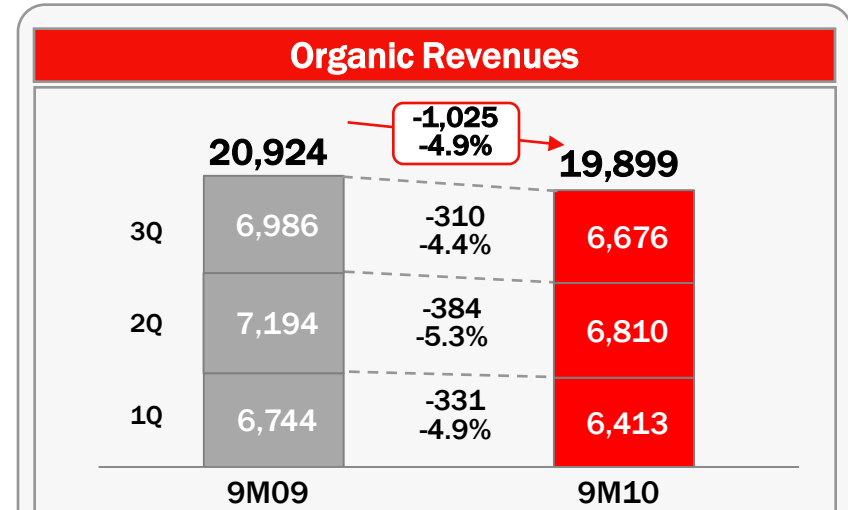
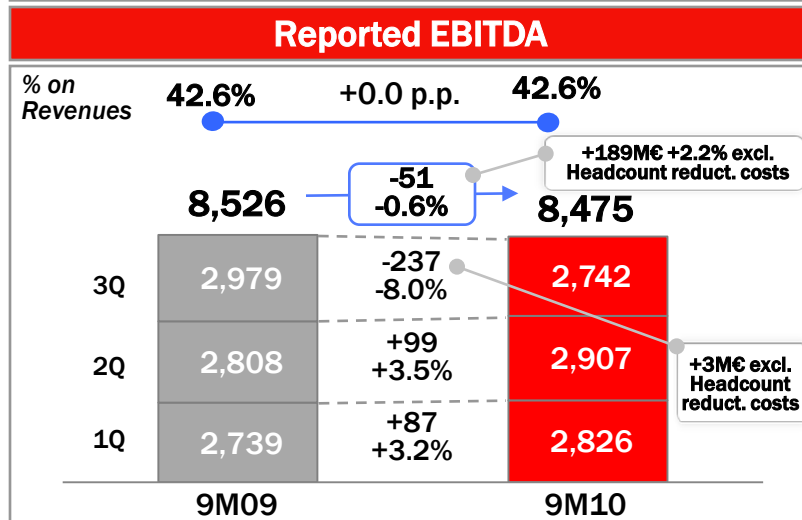
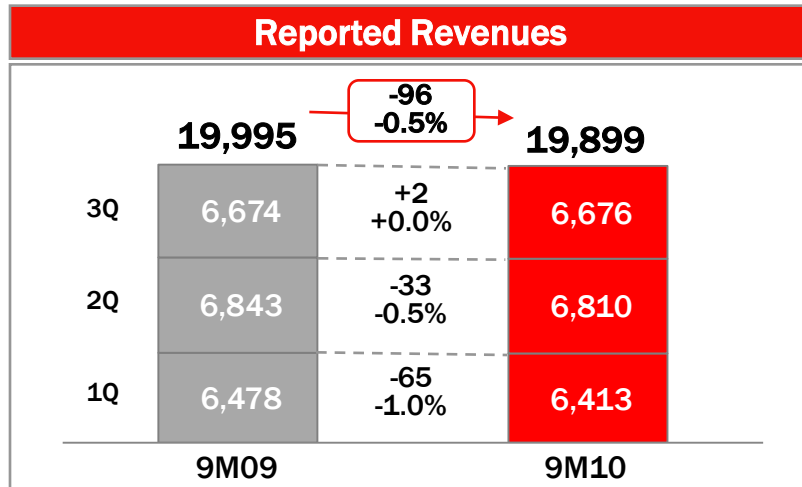


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- ▶ **Operating Performance**
 - ▶ **Domestic Business**
 - ▶ **TIM Brasil**
- ▶ Financial Performance
- ▶ Appendix

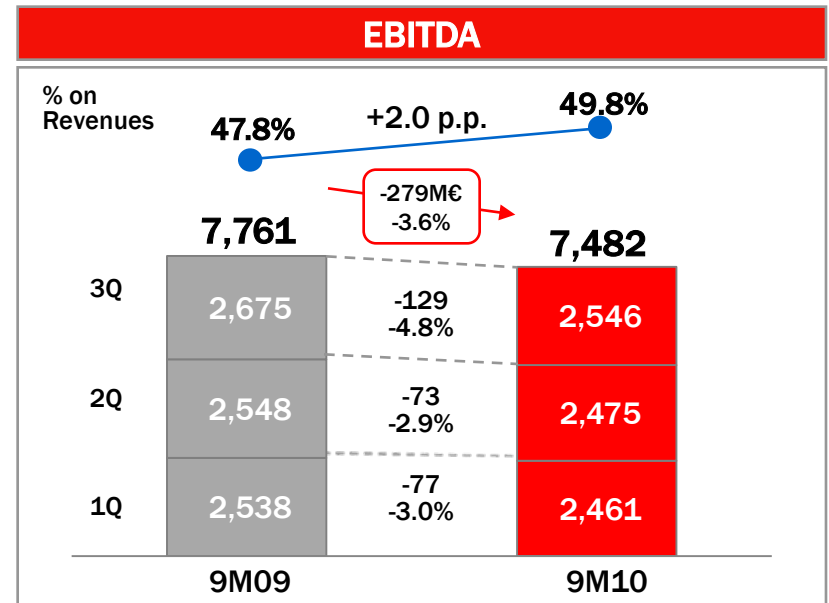
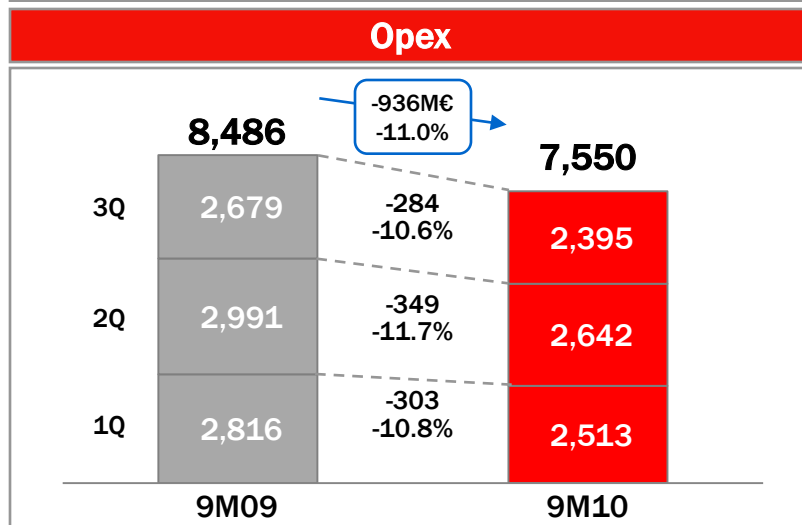
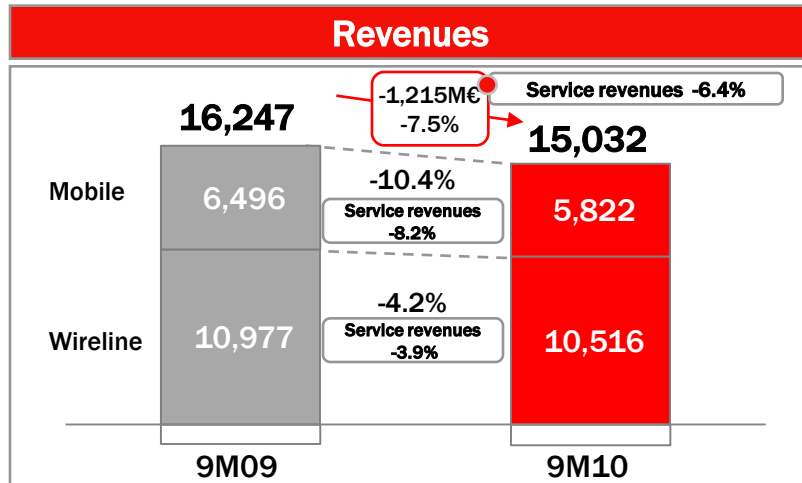
TI Group: Reported & Organic Results

Euro mln, %



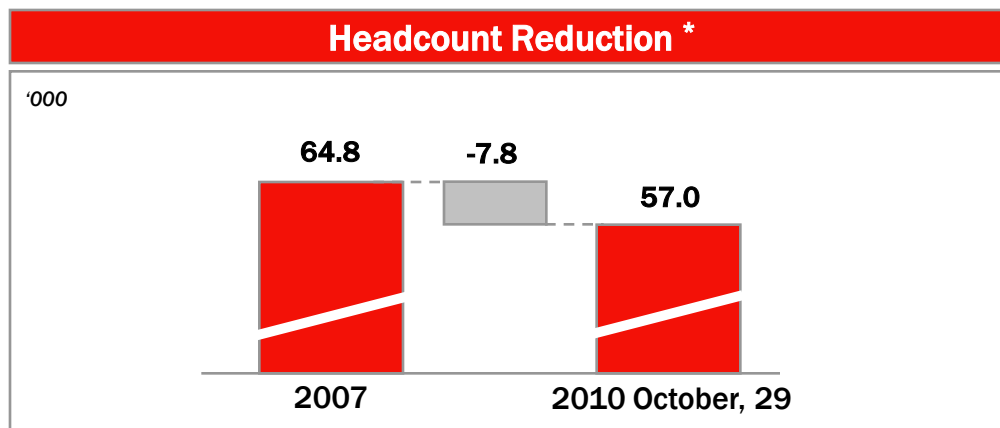
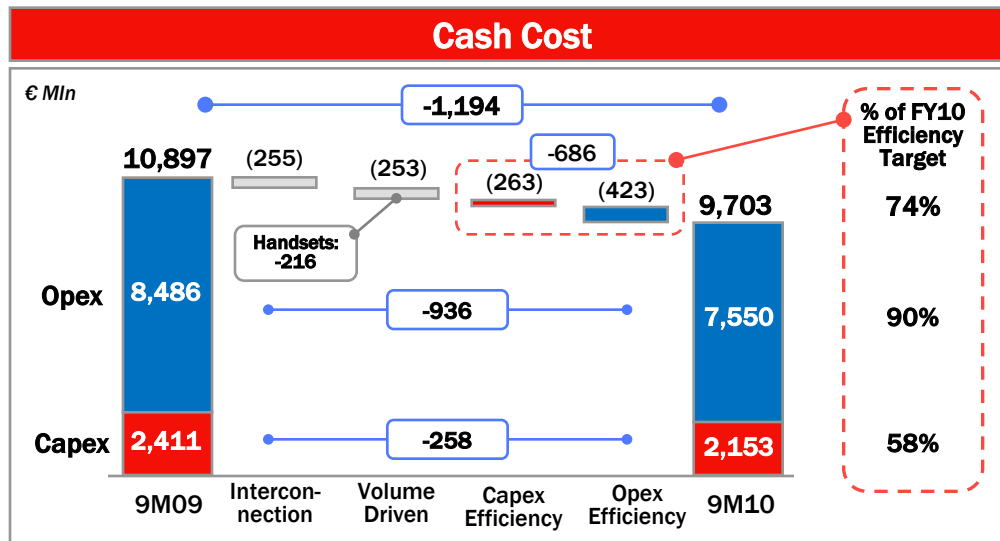
Domestic Revenues and EBITDA Trend

Euro mln, Organic Data, %

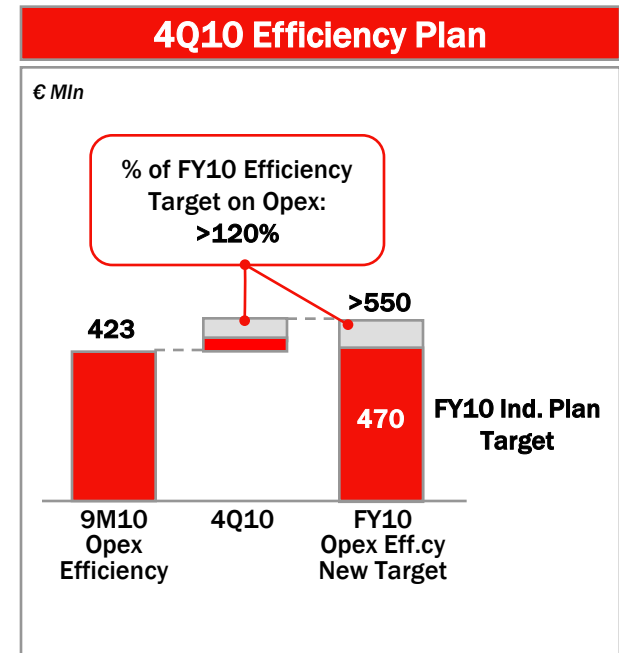


Domestic - Progress on Cash Cost Rationalization

Euro mln, Organic Data, %

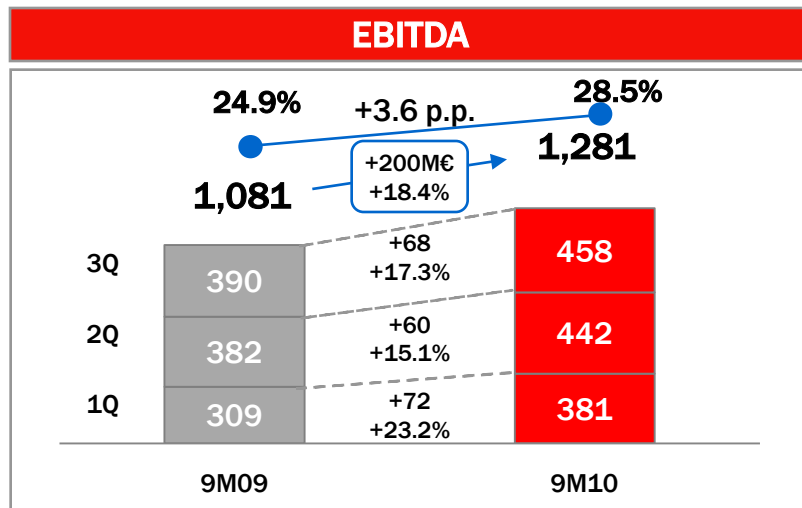
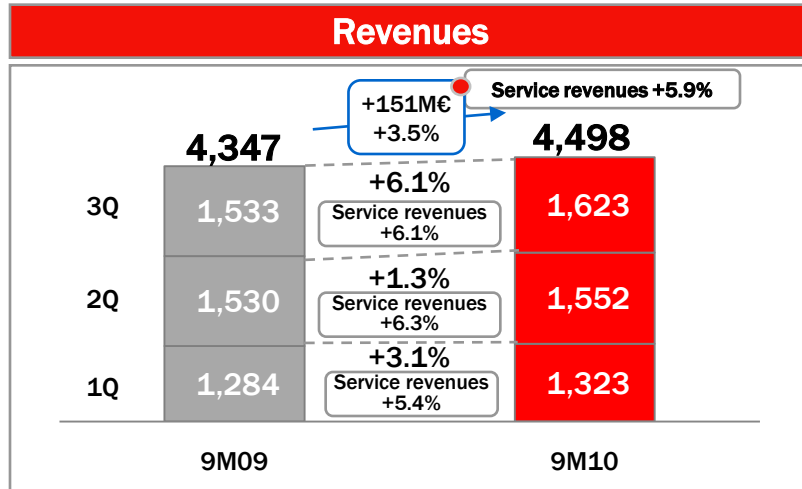


* TLC Italy Perimeter - 2007 Pro Forma with SSC and HR Services



TIM Brasil: Organic Main Results & KPIs

Euro mln, Organic Data, %



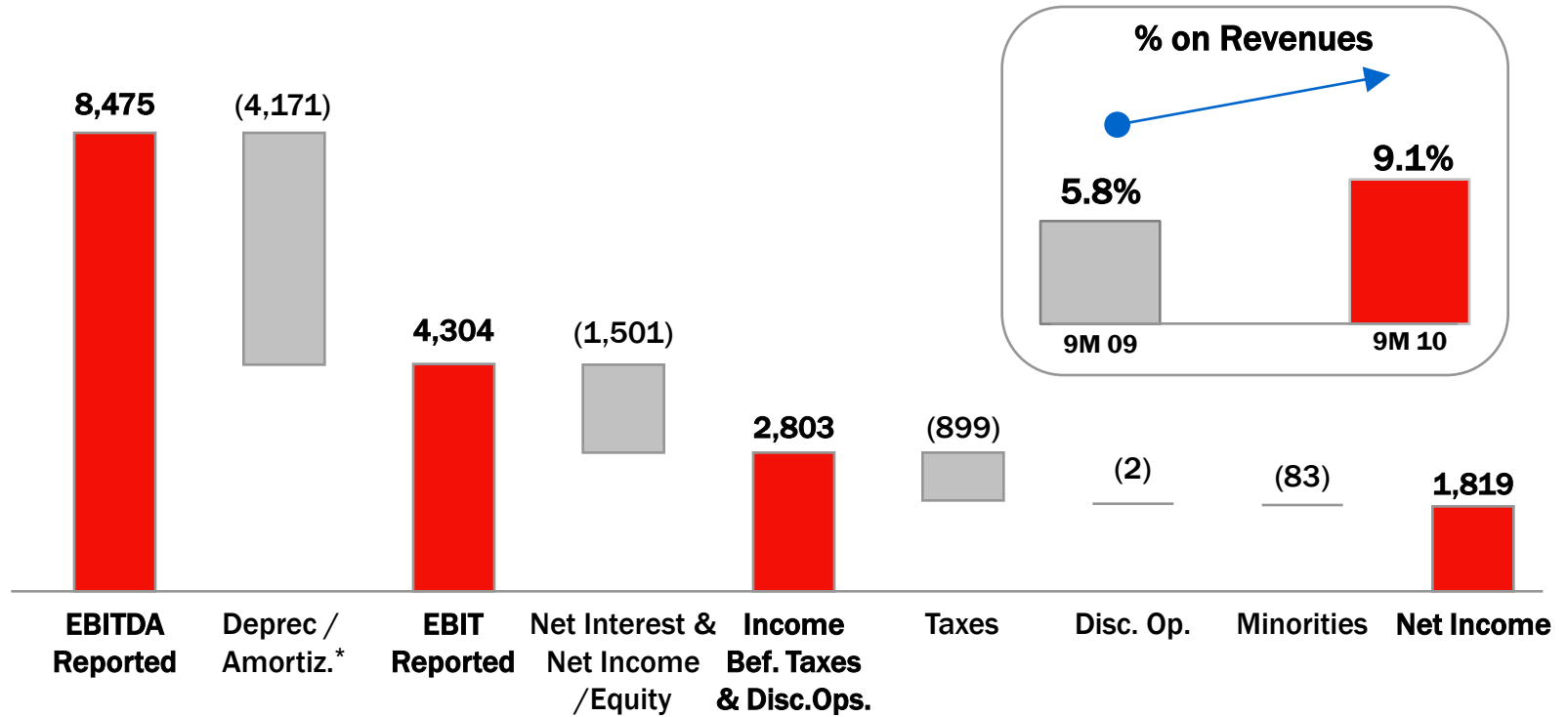
- ### Key KPIs
- ▶ Customer base grew 19% Year-on-Year and reached 46.9 million customers: TIM Brasil number 1 in Q3 marginal market share (40%)
 - ▶ Market Share at 24.5%, up 0.5 pp vs. Q2
 - ▶ Back to number 2 position in São Paulo, the most competitive and important market of Brazil
 - ▶ Back to number 1 position in the Northeast Region
 - ▶ MOU reached 123min/user/month due to the success of innovative Liberty and Infinity plans and will further accelerate with the FMS
 - ▶ Outstanding Network Quality: 100% of Anatel's target reached for the seventh consecutive month.

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TI Group – Upside in Net Income

Euro mln, Reported Data



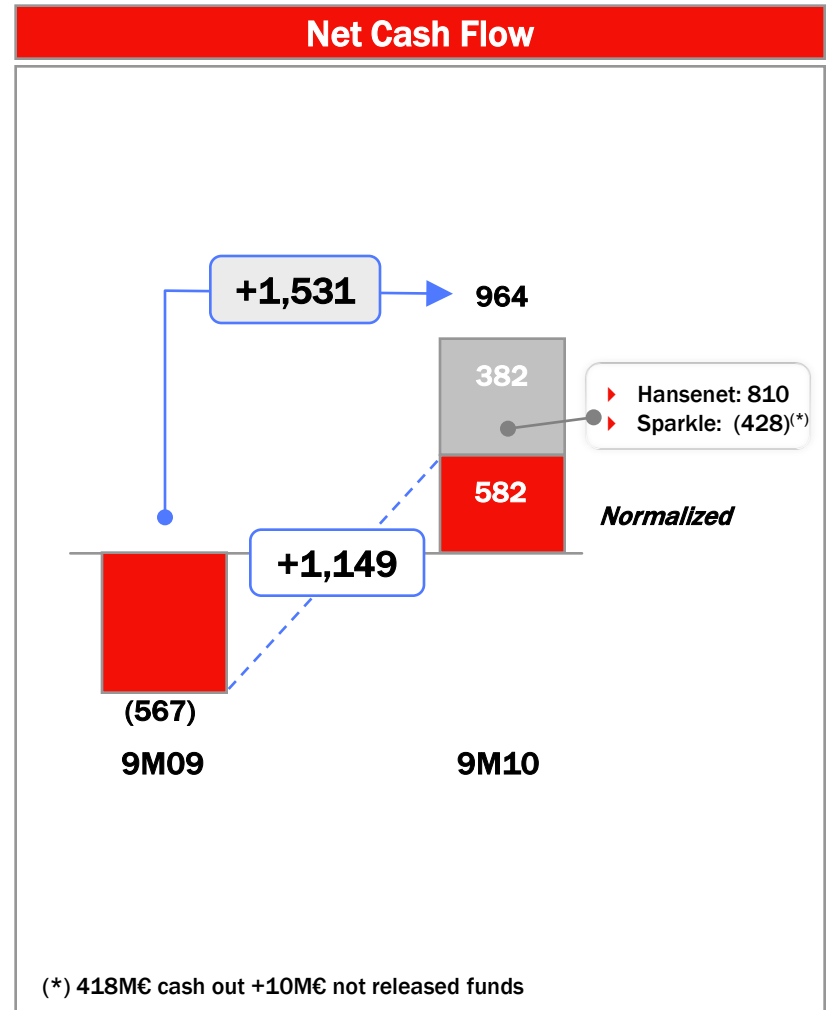
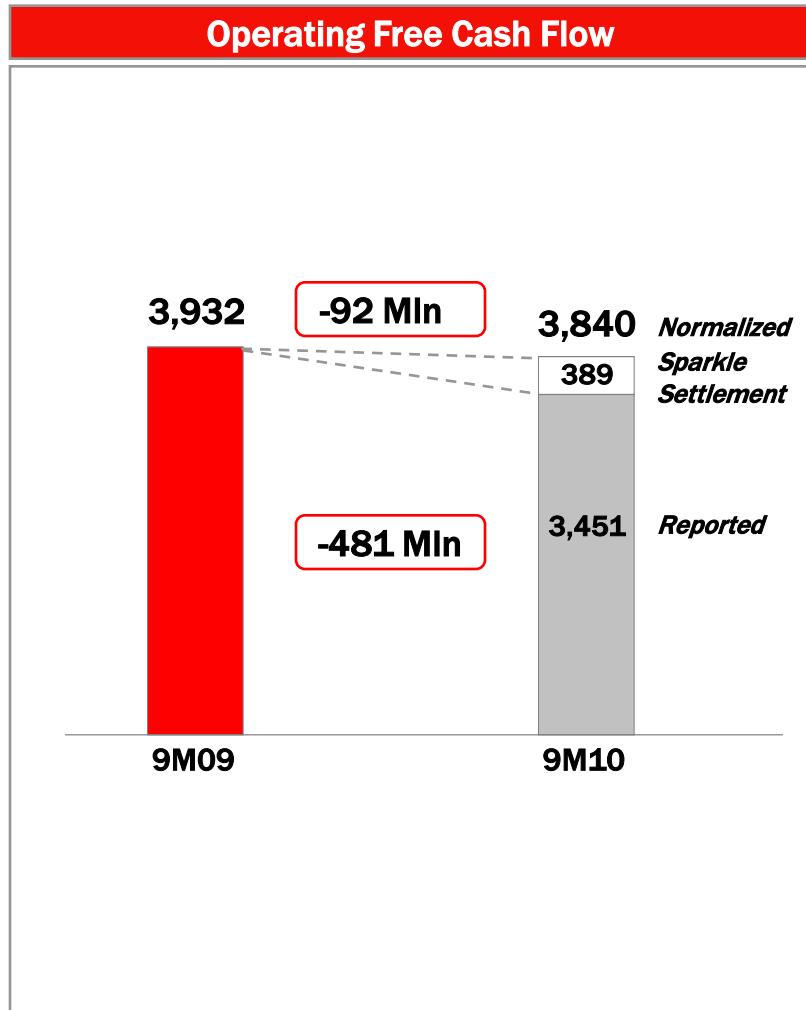
Δ vs. 9M 2009	-0.6%	-1.5%	+0.3%	-7.6%	+5.1%	-7.2%	n.m.	n.m.	+57.2%
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+14.6% normalized (2010 headcount reduction costs, 2009 HNS GW writedown and other non recurring impacts)

* Including gains/losses of non current assets realization

Operating and Net Cash Flow Dynamics

Euro mln, Reported Data

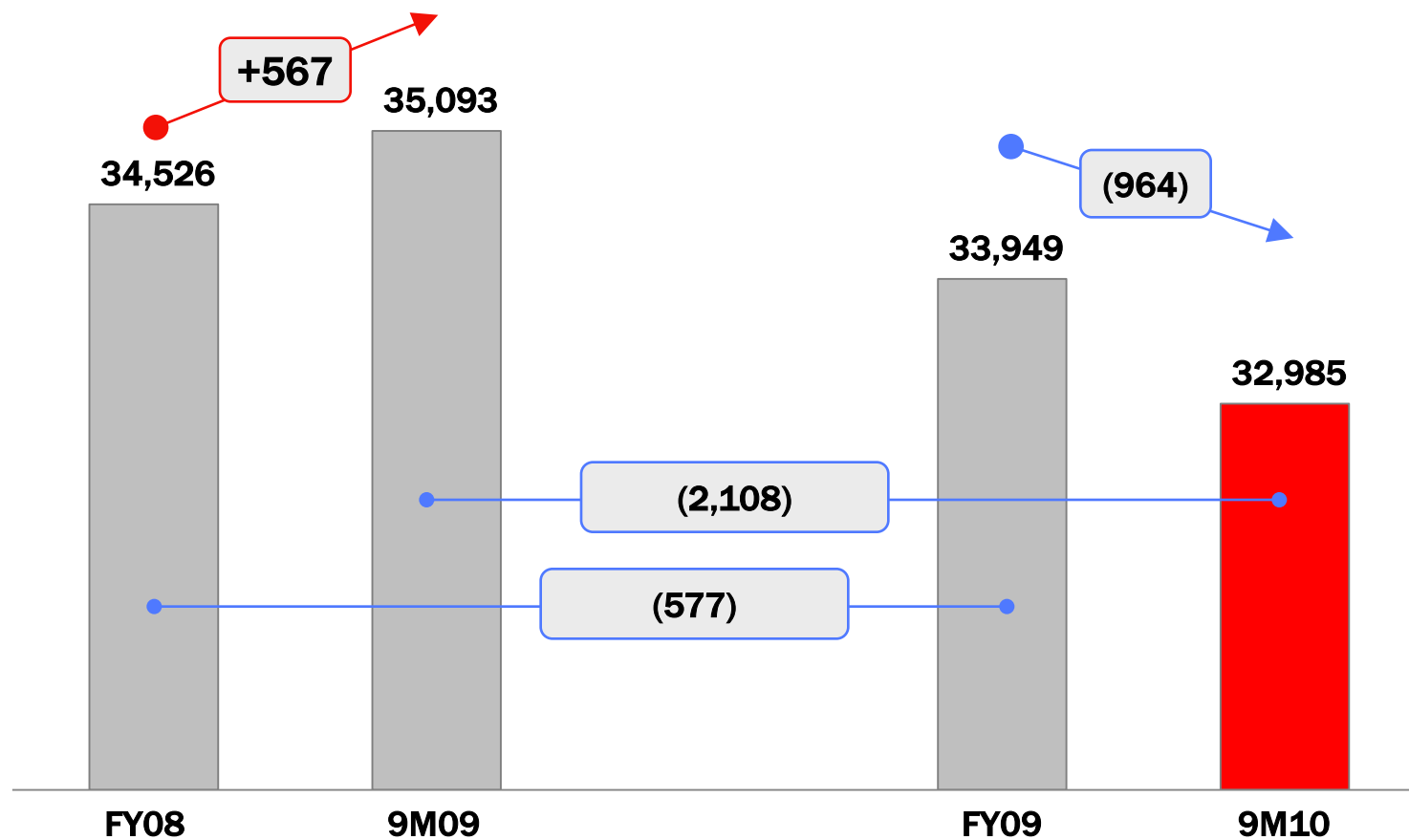


(*) 418M€ cash out +10M€ not released funds

Net Debt Evolution

Euro mln, Reported Data

Adjusted Net Financial Position

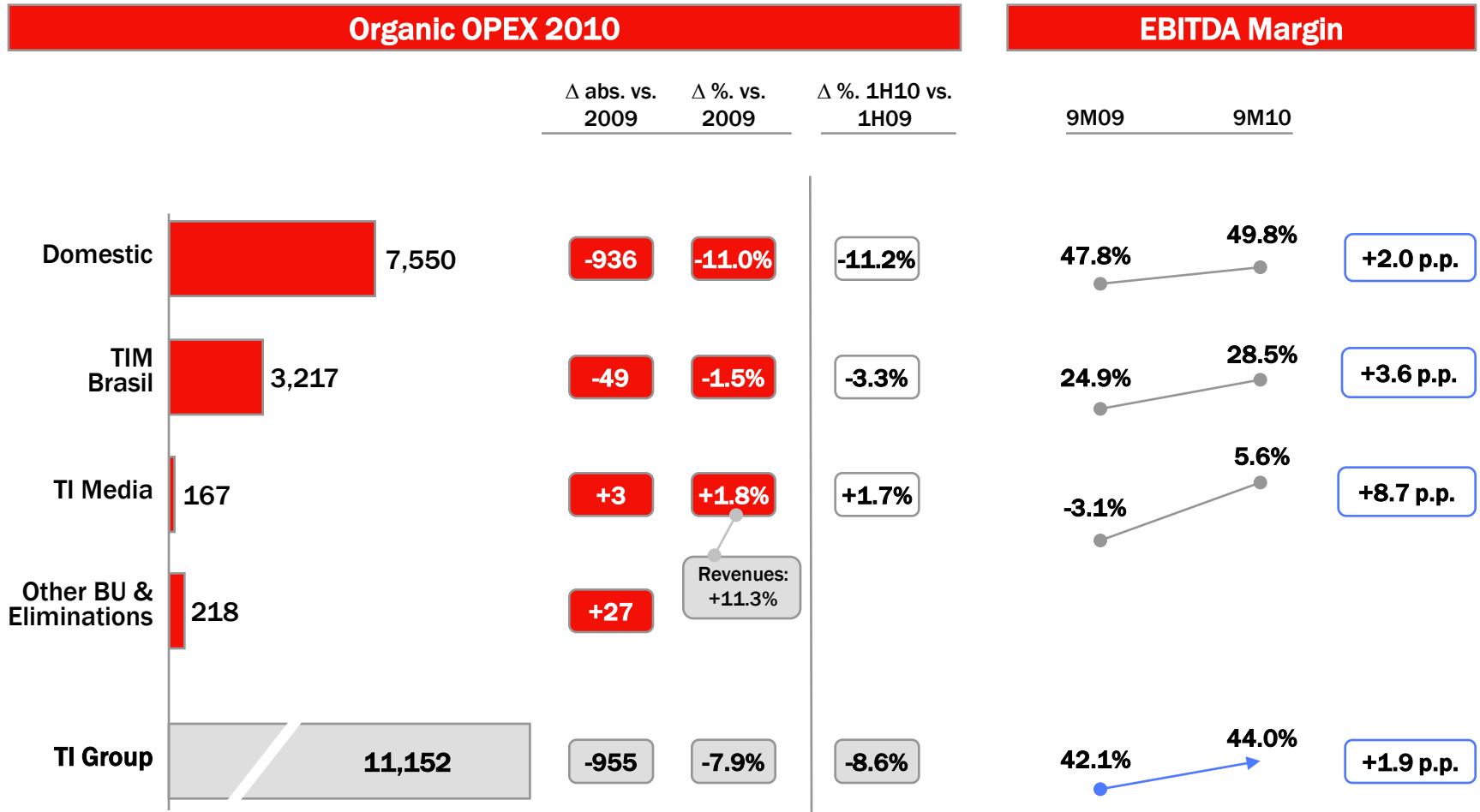


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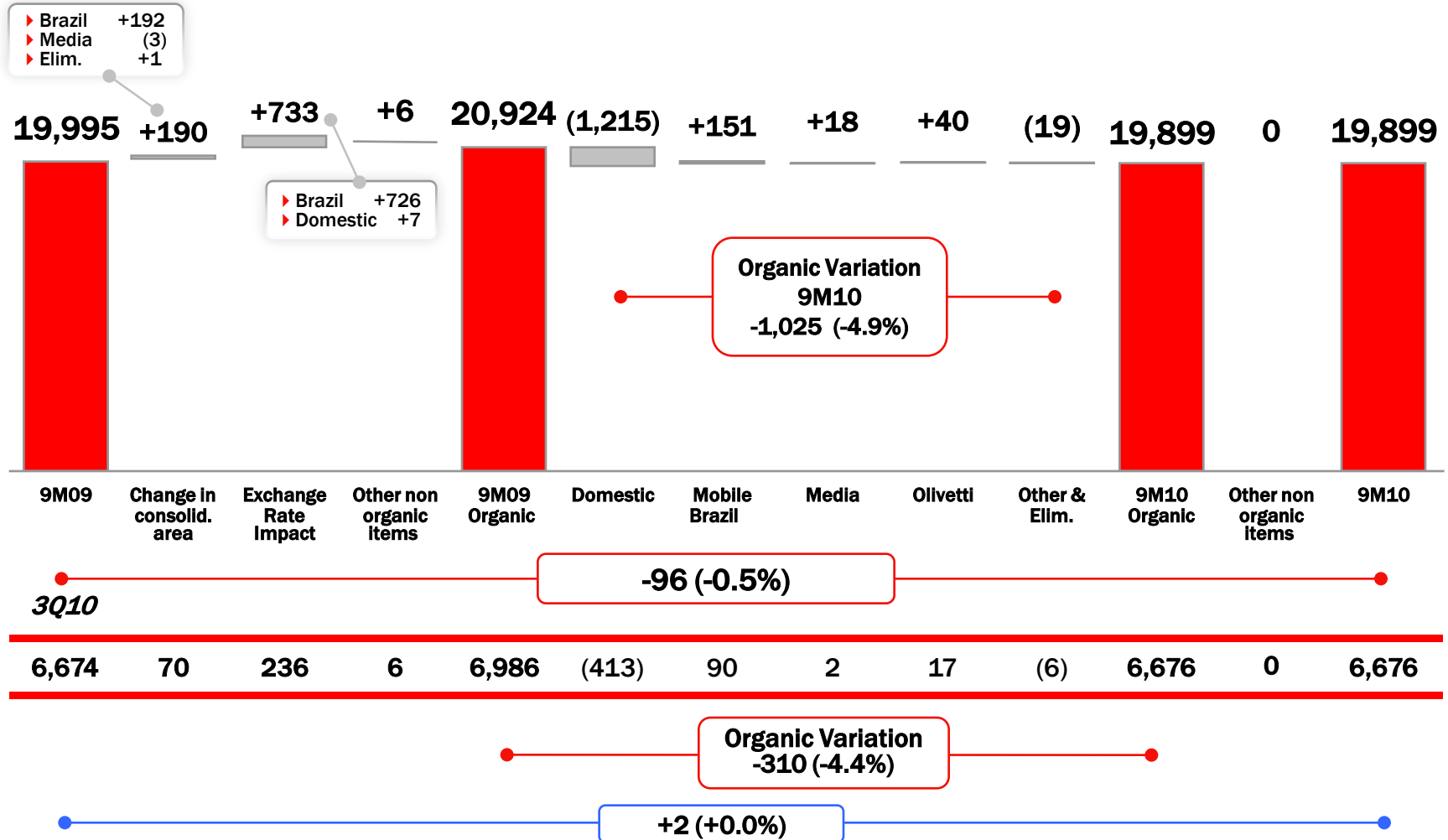
Cost Control: a Group-Wide Commitment

Euro mln, Organic Data, %



TI Group – Revenues Evolution

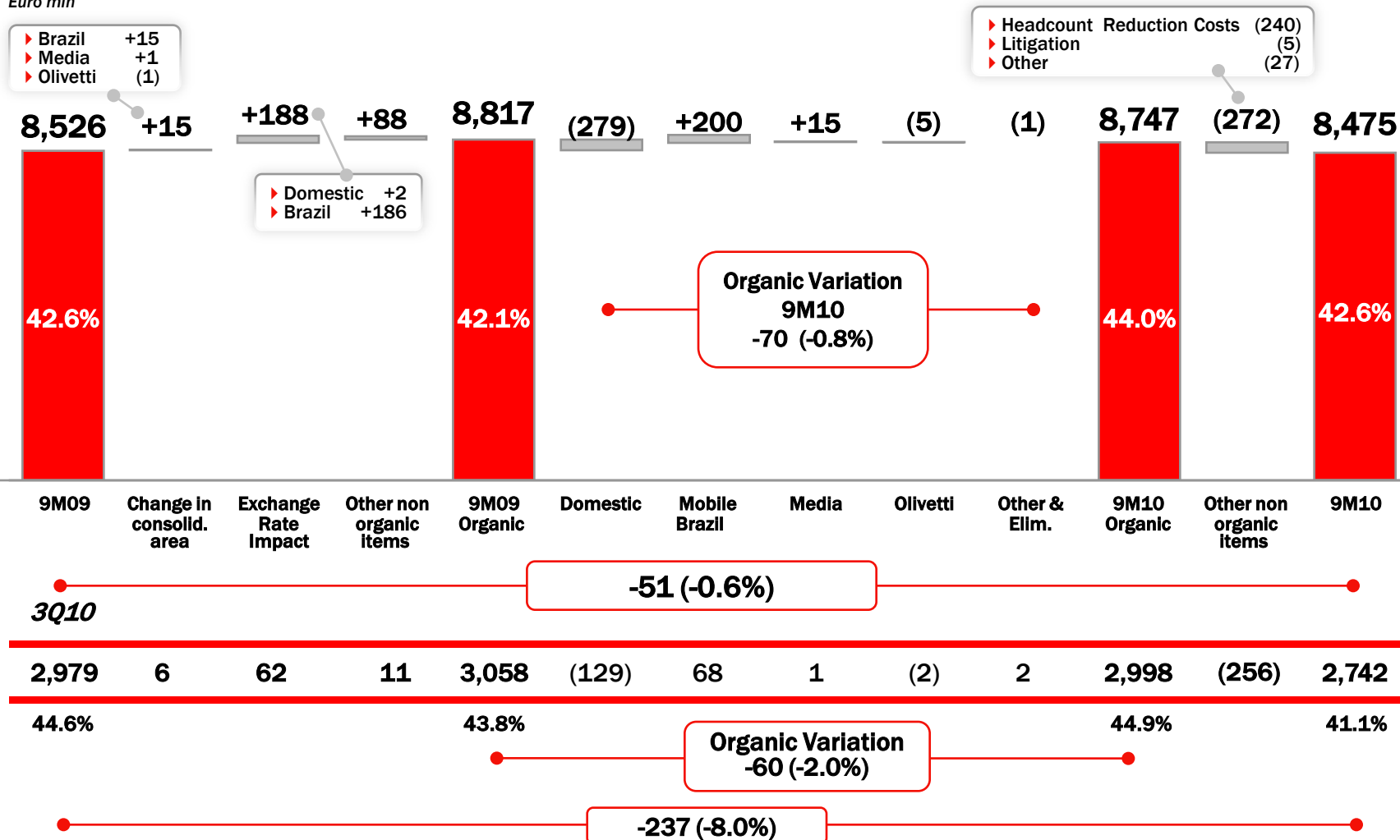
Euro mln



Exchange rate (Real/Euro): 2.34 in 2010, 2.84 in 2009

TI Group – EBITDA Evolution

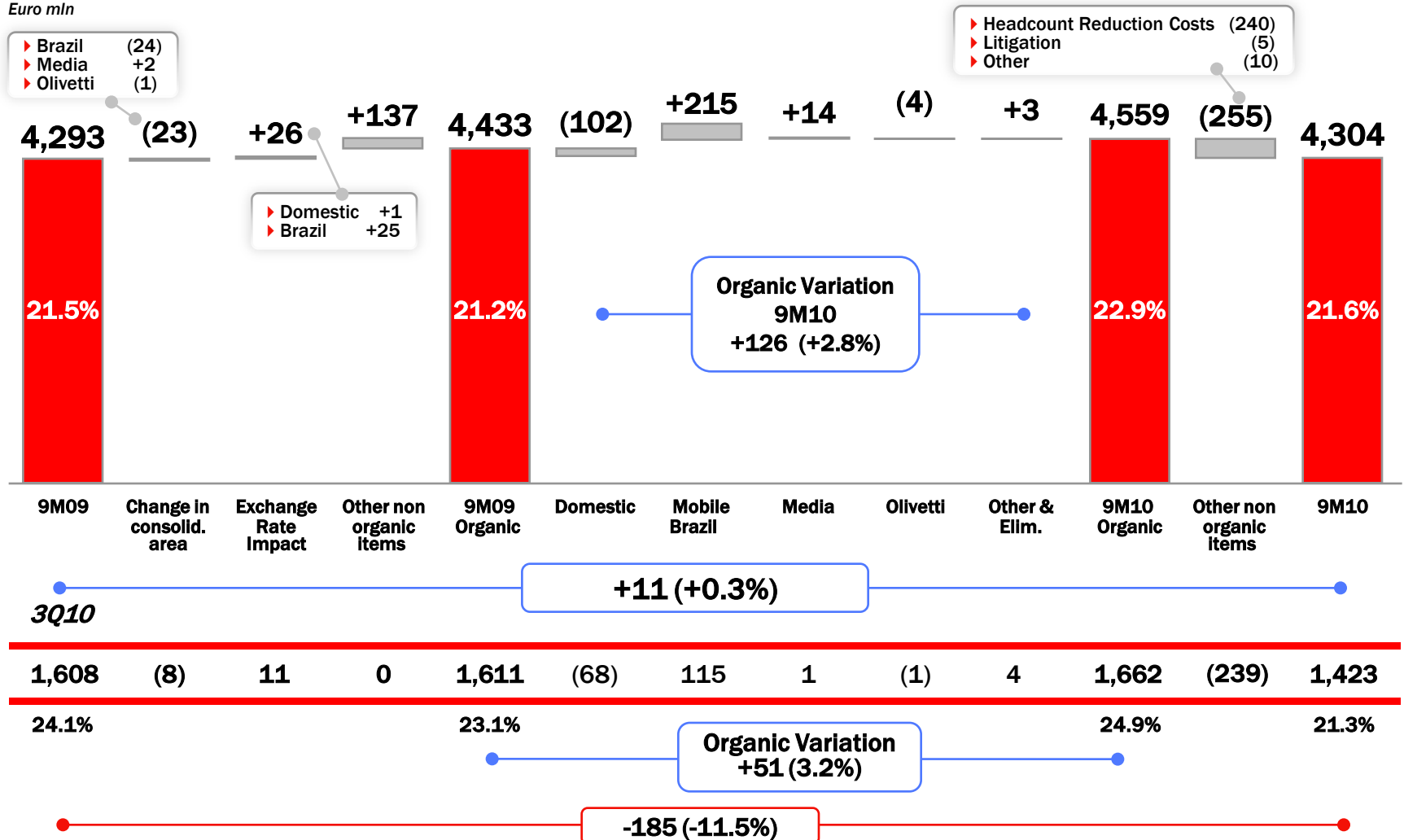
Euro mln



Exchange rate (Real/Euro): 2.34 in 2010, 2.84 in 2009

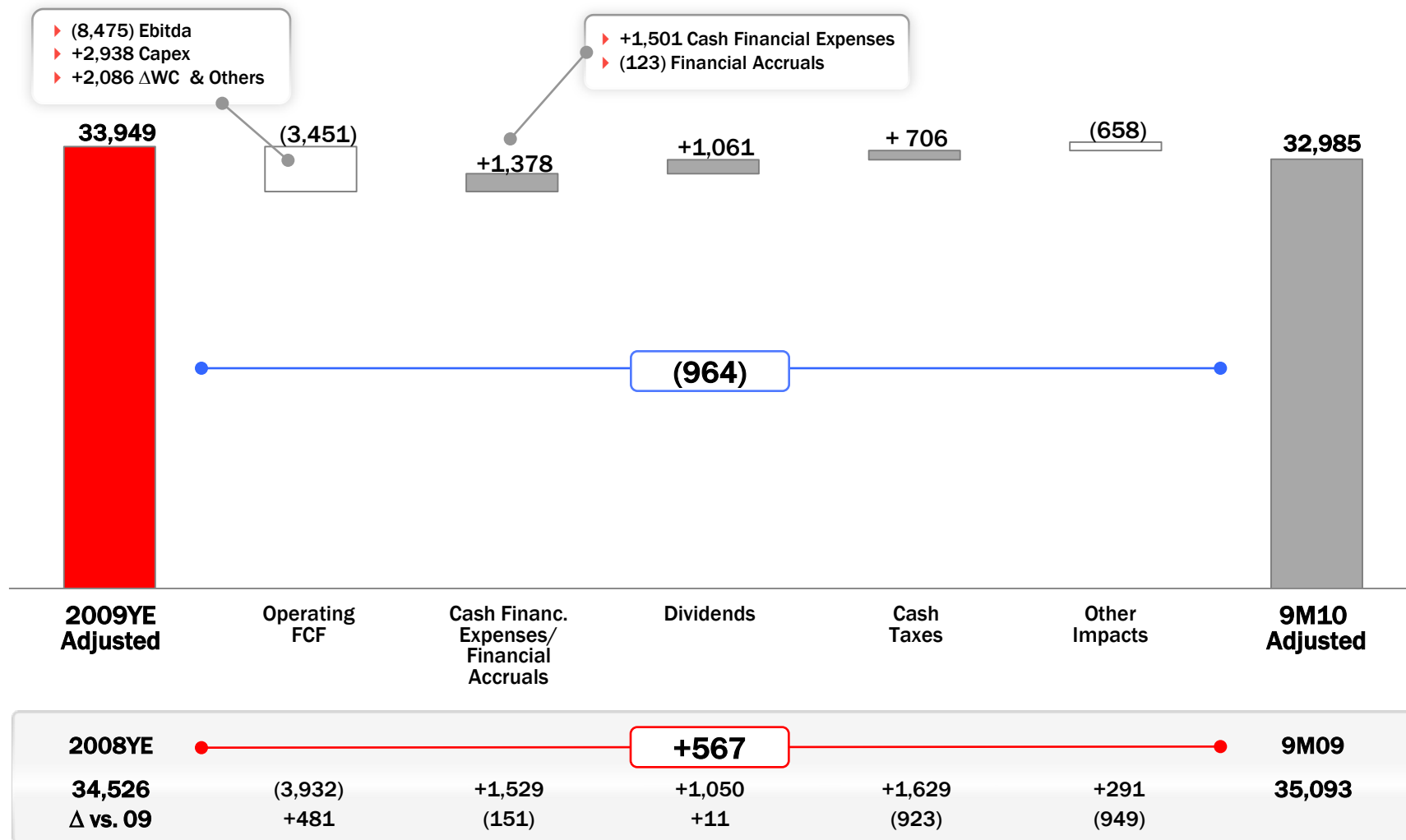
TI Group – EBIT Evolution

Euro mln

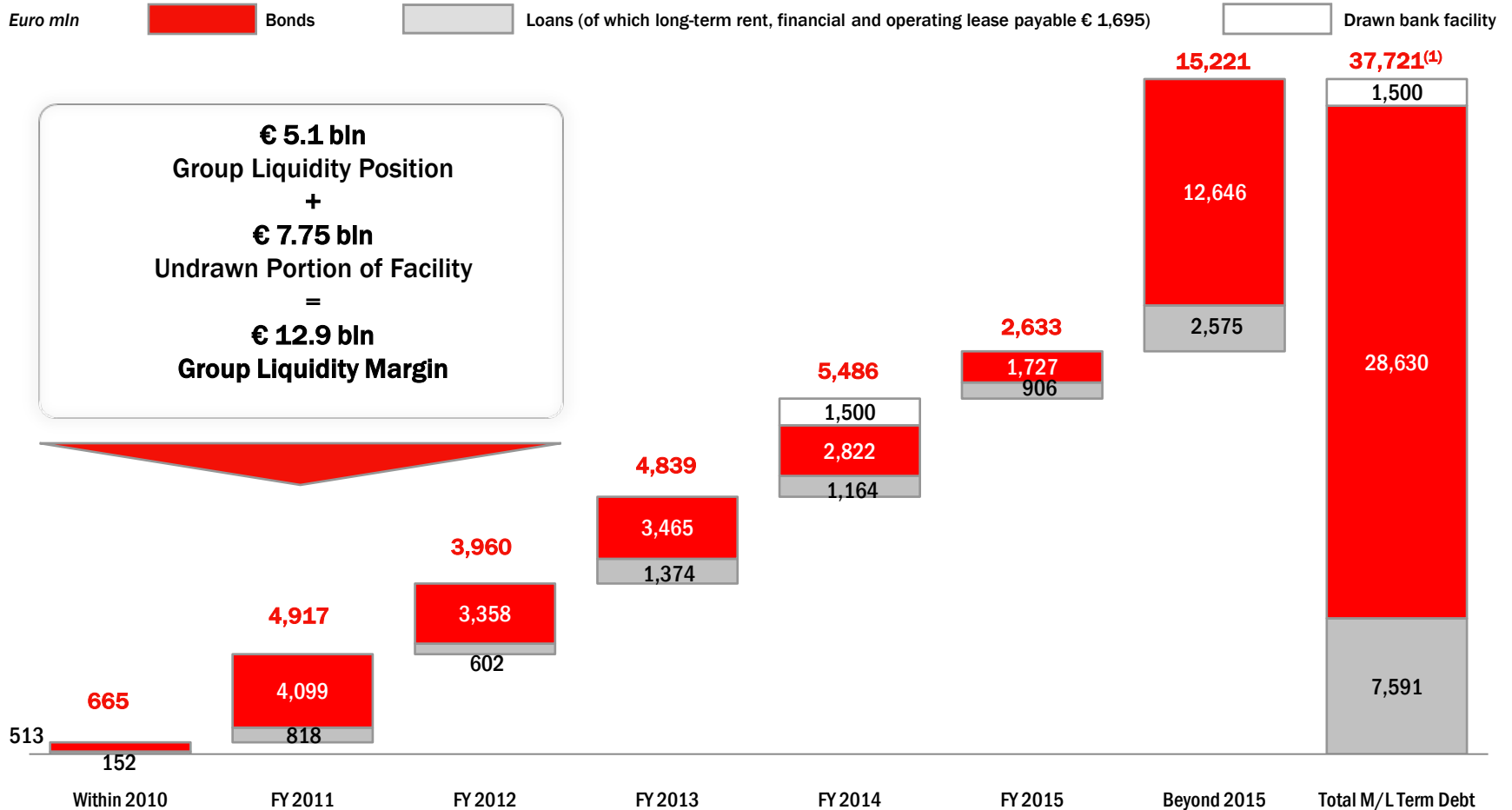


Net Debt Dynamics

Euro mln, Reported Data



Even Back-Loaded Maturities



(1) € 37,721 mln is the nominal amount of outstanding medium-long term debt by adding IAS adjustments (€ 1,142 of which € -2,509 mln due to interest rates impact on derivatives valuation) and current liabilities (€ 472 mln), the gross debt figure of € 39,335 mln is reached.

N.B. Debt maturities are net of € 180 mln (face value) of repurchased own bonds (TI Spa € 850 mln 5.25 % Notes due 2055), € 77 mln (face value) of repurchased own bonds (TI Spa € 750 mln 4.75 % Notes due 2014), € 35 mln (face value) of repurchased own bonds (TIF € 1,050 mln 7.75 % Notes due 2033) and € 116 mln (face value) of repurchased own bonds (TIF € 2,000 mln 7.50 % Notes due 2011).

TI Group 9M10 Results – P&L

Euro mln

	I Half				III Quarter				September YTD			
	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %
REVENUES	13,223	13,321	(98)	(0.7)	6,676	6,674	2	0.0	19,899	19,995	(96)	(0.5)
Other Operating Income	104	115	(11)	(9.6)	56	68	(12)	(17.6)	160	183	(23)	(12.6)
TOTAL REVENUES & OTHER INCOME	13,327	13,436	(109)	(0.8)	6,732	6,742	(10)	(0.1)	20,059	20,178	(119)	(0.6)
Total Purchases of materials and external services	(5,368)	(5,600)	232	4.1	(2,760)	(2,762)	2	0.1	(8,097)	(8,362)	265	3.2
Personnel	(1,845)	(1,903)	58	3.0	(1,066)	(834)	(232)	(27.8)	(2,911)	(2,737)	(174)	(6.4)
of which payroll	(1,822)	(1,862)	40	2.1	(809)	(834)	25	3.0	(2,631)	(2,696)	65	2.4
Other operating costs	(570)	(606)	36	5.9	(292)	(278)	(14)	(5.0)	(862)	(884)	22	2.5
Capitalized Cost and Others	189	220	(31)	(14.1)	128	111	17	15.3	286	331	(45)	(13.6)
EBITDA	5,733	5,547	186	3.4	2,742	2,979	(237)	(8.0)	8,475	8,526	(51)	(0.6)
% on Revenues	43.4%	41.6%			41.1%	44.6%			42.6%	42.6%		
Depreciation & Amortization	(2,845)	(2,799)	(46)	(1.6)	(1,328)	(1,379)	51	3.7	(4,173)	(4,178)	5	0.1
Writedowns and revaluations of non current assets	(5)	(48)	43	89.6	(7)	9	(16)	-	(12)	0	(12)	-
Gains/losses of non current assets realization	(2)	(15)	13	86.7	16	(1)	17	-	14	(55)	69	-
EBIT	2,881	2,685	196	7.3	1,423	1,608	(185)	(11.5)	4,304	4,293	11	0.3
% on Revenues	21.8%	20.2%			21.3%	24.1%			21.6%	21.5%		
Income (loss) equity invest. valued equity method	39	33	6		9	16	(7)		48	49	(1)	
Other income (expenses) from investments	2	(34)	36		(1)	0	(1)		1	(34)	35	
Net Financial Income / (Expenses)	(998)	(1,082)	84		(552)	(558)	6		(1,550)	(1,640)	90	
Income before Taxes & Discontinued Op.	1,924	1,602	322		879	1,066	(187)		2,803	2,668	135	
% on Revenues	14.6%	12.0%			13.2%	16.0%			14.1%	13.3%		
Taxes	(682)	(647)	(35)		(217)	(322)	105		(899)	(969)	70	
Income before Discontinued Op.	1,242	955	287		662	744	(82)		1,904	1,699	205	
Net income (loss) of assets disposed	(2)	(19)	17		0	(540)	540		(2)	(559)	557	
Net Income (ante Minorities)	1,240	936	304		662	204	458		1,902	1,140	762	
% on Revenues	9.4%	7.0%			9.9%	3.1%			9.6%	5.7%		
Minorities	(29)	23	(52)		(54)	(6)	(48)		(83)	17	(100)	
Net Income (post Minorities)	1,211	959	252		608	198	410		1,819	1,157	662	
% on Revenues	9.2%	7.2%			9.1%	3.0%			9.1%	5.8%		

TI Group – Main Results by BU – Reported Figures

Euro mln

	I Half				III Quarter				September YTD			
	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %
REVENUES												
Domestic	10,091	10,892	-801	(7.4)	4,941	5,342	-401	(7.5)	15,032	16,234	-1,202	(7.4)
Wireline Domestic	7,058	7,401	-343	(4.6)	3,458	3,563	-105	(2.9)	10,516	10,964	-448	(4.1)
Tim Domestic	3,908	4,312	-404	(9.4)	1,914	2,184	-270	(12.4)	5,822	6,496	-674	(10.4)
Mobile Brasile	2,875	2,196	679	30.9	1,623	1,233	390	31.6	4,498	3,429	1,069	31.2
Media	127	114	13	11.4	50	48	2	4.2	177	162	15	9.3
Olivetti	176	153	23	15.0	83	66	17	25.8	259	219	40	18.3
Other Activities	43	46	-3	(6.5)	21	22	-1	(4.5)	64	68	-4	(5.9)
Elim.	-89	-80	-9	(11.3)	-42	-37	-5	(13.5)	-131	-117	-14	(12.0)
TI Group	13,223	13,321	-98	(0.7)	6,676	6,674	2	0.0	19,899	19,995	-96	(0.5)

	I Half				III Quarter				September YTD			
	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %
EBITDA												
Domestic	4,920	5,038	-118	(2.3)	2,290	2,665	-375	(14.1)	7,210	7,703	-493	(6.4)
Mobile Brasile	823	527	296	56.2	458	322	136	42.2	1,281	849	432	50.9
Media	9	-6	15	-	1	0	1	-	10	-6	16	-
Olivetti	-16	-12	-4	(33.3)	-8	-6	-2	(33.3)	-24	-18	-6	(33.3)
Other Activities	-4	0	-4	-	1	-3	4	-	-3	-3	0	0.0
Elim.	1	0	1	-	0	1	-1	(100.0)	1	1	0	0.0
TI Group	5,733	5,547	186	3.4	2,742	2,979	-237	(8.0)	8,475	8,526	-51	(0.6)
EBITDA MARGIN	43.4%	41.6%	1.8 pp		41.1%	44.6%			42.6%	42.6%		

	I Half				III Quarter				September YTD			
	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %
EBIT												
Domestic	2,758	2,711	47	1.7	1,280	1,586	-306	(19.3)	4,038	4,297	-259	(6.0)
Mobile Brasile	165	37	128	345.9	167	48	119	247.9	332	85	247	290.6
Media	-21	-47	26	55.3	-14	-15	1	6.7	-35	-62	27	43.5
Olivetti	-18	-15	-3	(20.0)	-9	-7	-2	(28.6)	-27	-22	-5	(22.7)
Other Activities	-14	-11	-3	(27.3)	-5	-8	3	37.5	-19	-19	0	0.0
Elim.	11	10	1	10.0	4	4	0	0.0	15	14	1	7.1
TI Group	2,881	2,685	196	7.3	1,423	1,608	-185	(11.5)	4,304	4,293	11	0.3
EBIT MARGIN	21.8%	20.2%	1.6 pp		21.3%	24.1%			21.6%	21.5%		

TI Group – Main Results by BU – Organic Figures

Euro mln

	I Half				III Quarter				September YTD			
	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %
REVENUES												
Domestic	10,091	10,893	-802	(7.4)	4,941	5,354	-413	(7.7)	15,032	16,247	-1,215	(7.5)
Wireline Domestic	7,058	7,402	-344	(4.6)	3,458	3,575	-117	(3.3)	10,516	10,977	-461	(4.2)
Tim Domestic	3,908	4,312	-404	(9.4)	1,914	2,184	-270	(12.4)	5,822	6,496	-674	(10.4)
Mobile Brasile	2,875	2,814	61	2.1	1,623	1,533	90	6.1	4,498	4,347	151	3.5
Media	127	111	16	14.4	50	48	2	4.2	177	159	18	11.3
Olivetti	176	153	23	15.0	83	66	17	25.8	259	219	40	18.3
Other Activities	43	46	-3	(6.5)	21	22	-1	(4.5)	64	68	-4	(5.9)
Elim.	-89	-79	-10		-42	-37	-5		-131	-116	-15	
TI Group	13,223	13,938	-715	(5.1)	6,676	6,986	-310	(4.4)	19,899	20,924	-1,025	(4.9)

	I Half				III Quarter				September YTD			
	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %
EBITDA												
Domestic	4,936	5,086	-150	(2.9)	2,546	2,675	-129	(4.8)	7,482	7,761	-279	(3.6)
Mobile Brasile	823	691	132	18.9	458	390	68	17.3	1,281	1,081	200	18.4
Media	9	-5	14	-	1	0	1	-	10	-5	15	-
Olivetti	-16	-13	-3	(23.1)	-8	-6	-2	(33.3)	-24	-19	-5	(26.3)
Other Activities	-4	0	-4	-	1	-3	4	-	-3	-3	0	0.0
Elim.	1	0	1		0	2	-2		1	2	-1	
TI Group	5,749	5,759	-10	(0.2)	2,998	3,058	-60	(2.0)	8,747	8,817	-70	(0.8)
EBITDA MARGIN	43.5%	41.3%	2.2 pp		44.9%	43.8%	1.1 pp		44.0%	42.1%	1.9 pp	

	I Half				III Quarter				September YTD			
	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %
EBIT												
Domestic	2,774	2,808	-34	(1.2)	1,517	1,585	-68	(4.3)	4,291	4,393	-102	(2.3)
Mobile Brasile	165	65	100	156.9	167	52	115	215.6	332	117	215	182.9
Media	-21	-34	13	38.2	-14	-15	1	6.7	-35	-49	14	28.6
Olivetti	-19	-16	-3	(18.8)	-8	-7	-1	(14.3)	-27	-23	-4	(17.4)
Other Activities	-14	-11	-3	(27.3)	-3	-8	5	62.5	-17	-19	2	10.5
Elim.	12	10	2		3	4	-1		15	14	1	
TI Group	2,897	2,822	75	2.7	1,662	1,611	51	3.2	4,559	4,433	126	2.8
EBIT MARGIN	21.9%	20.2%	1.7 pp		24.9%	23.1%	1.8 pp		22.9%	21.2%	1.7 pp	