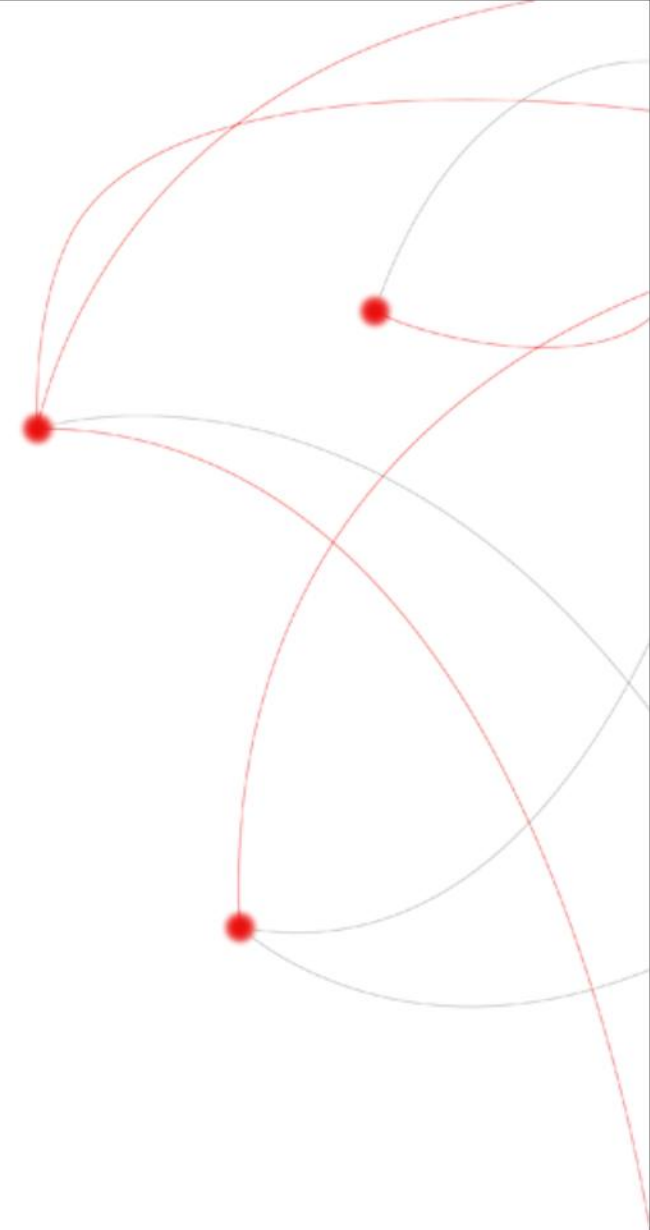


TELECOM ITALIA

FY 2010 RESULTS

February 24th, 2011

Telecom Italia Group 2010 Results



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.

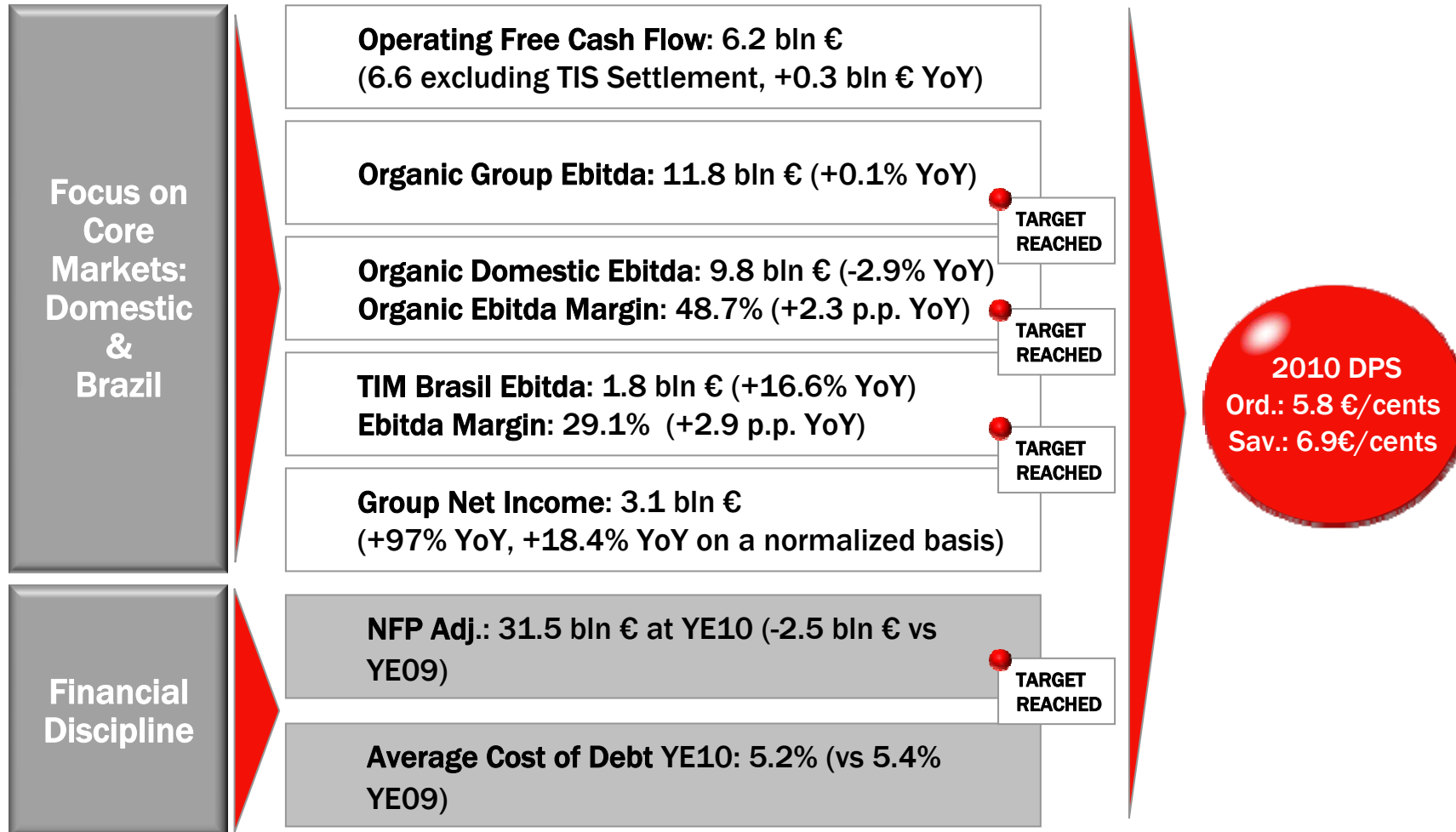
Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telecom Italia S.p.A. undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect 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.

It should also be noted that starting from the year 2010, Telecom Italia reclassified some taxes paid in Brazil of non-material amount, previously included in "Other operating expenses", in reduction of "Revenues" and "Other income" in order to ensure a better comparability and intelligibility of the financial information.

Agenda

- ▶ **TI Group Main Achievements**
- ▶ **Focus on Domestic Business**
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- ▶ **Appendix**

TI Group FY10 Progress Report



Telecom Argentina results are included only in the 4Q 2010. Organic comparison considers Telecom Argentina in 4Q09 at the same exchange rate

TI Group FY10 Main Results

Euro mln

	Reported Data				
	Impact of 4Q10 TEO consolidation ⁽¹⁾	FY 10	FY 09	YoY	YoY Organic
Revenues	798	27,571	26,894	+2.5%	-3.8%
Ebitda	245	11,412	11,115	+2.7%	+0.1%
Ebitda margin	30.7%	41.4%	41.3%	+0.1pp	+1.7pp
Ebit	105	5,813	5,493	+5.8%	+5.3%
Ebit margin	13.2%	21.1%	20.4%	+0.7pp	+2.0pp
Net Income post minorities	9	3,121	1,581	+1,540	
Capex	185	4,583	4,543	+40	
Operating FCF	195	6,213	6,298	-85	
Net Cash Flow	n.m.	2,481	577	+1,904	
Net Debt Adjusted	(86) ⁽²⁾	31,468	33,949	-2,481	

+18.4% on a normalized basis (2010 headcount reduction costs, Sofora FV, Brazilian Tax Asset and other non recurring impacts; 2009 HNS GW writedown and other non recurring impacts)

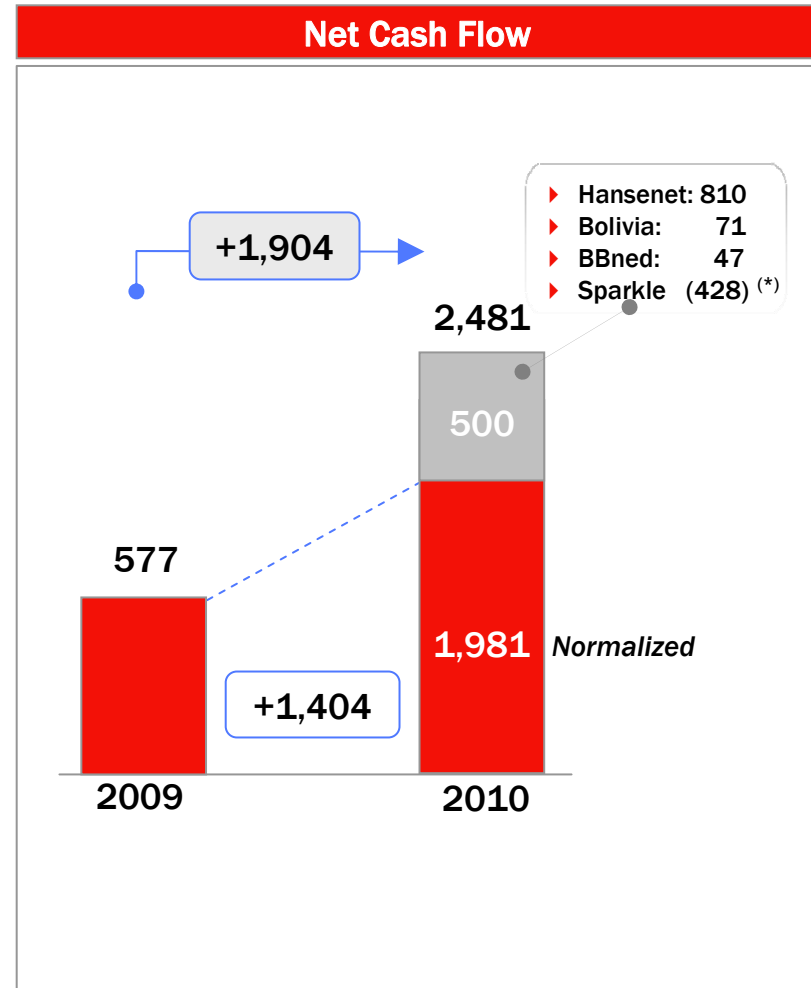
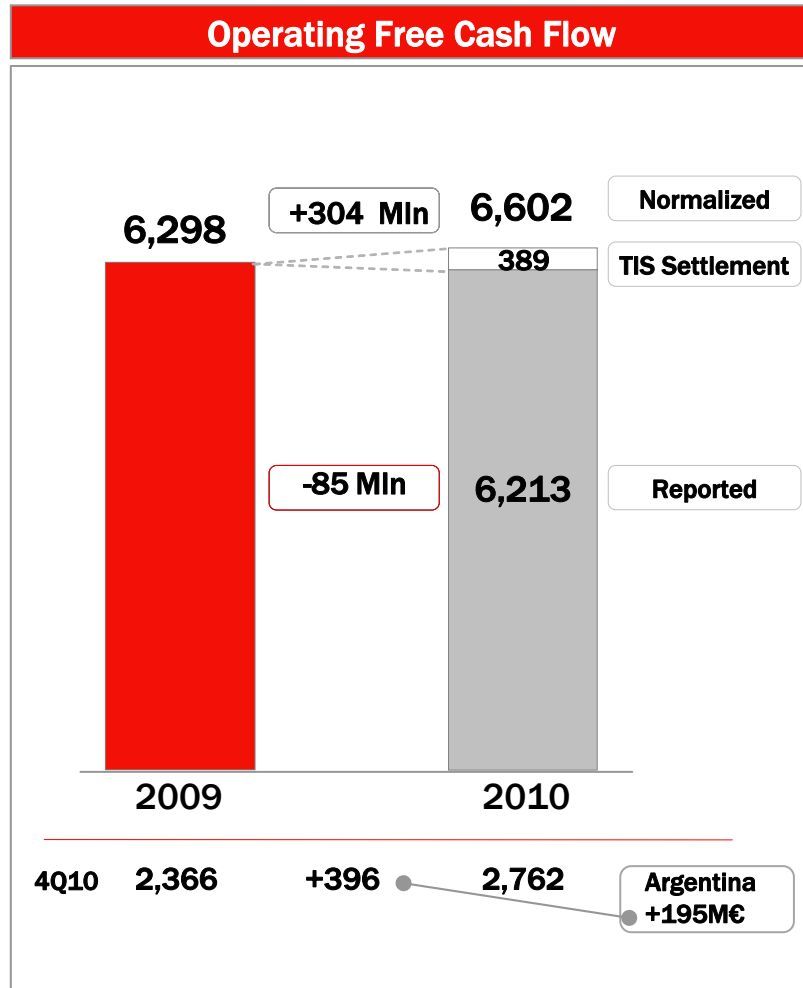
+304M€ excl. TIS settlement payment

(1) BU Argentina stand alone

(2) TEO Net Financial Position (Cash)=231 mln euro net of other Argentine Group Companies Debt

Strong Free Cash Flow Generation

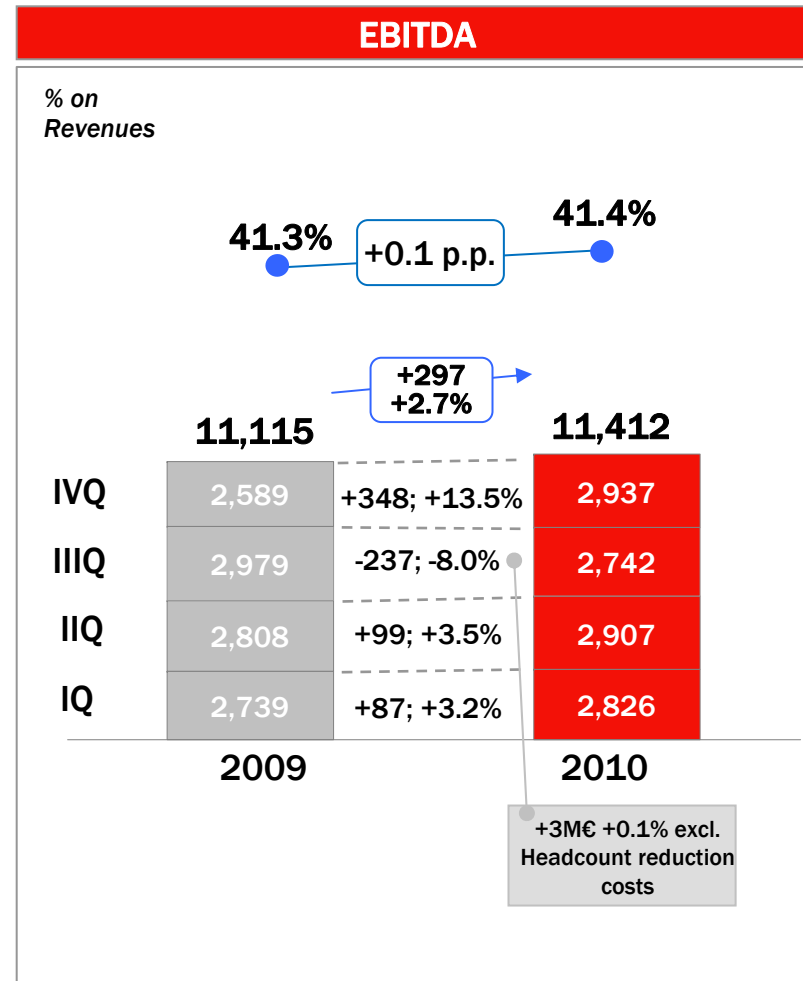
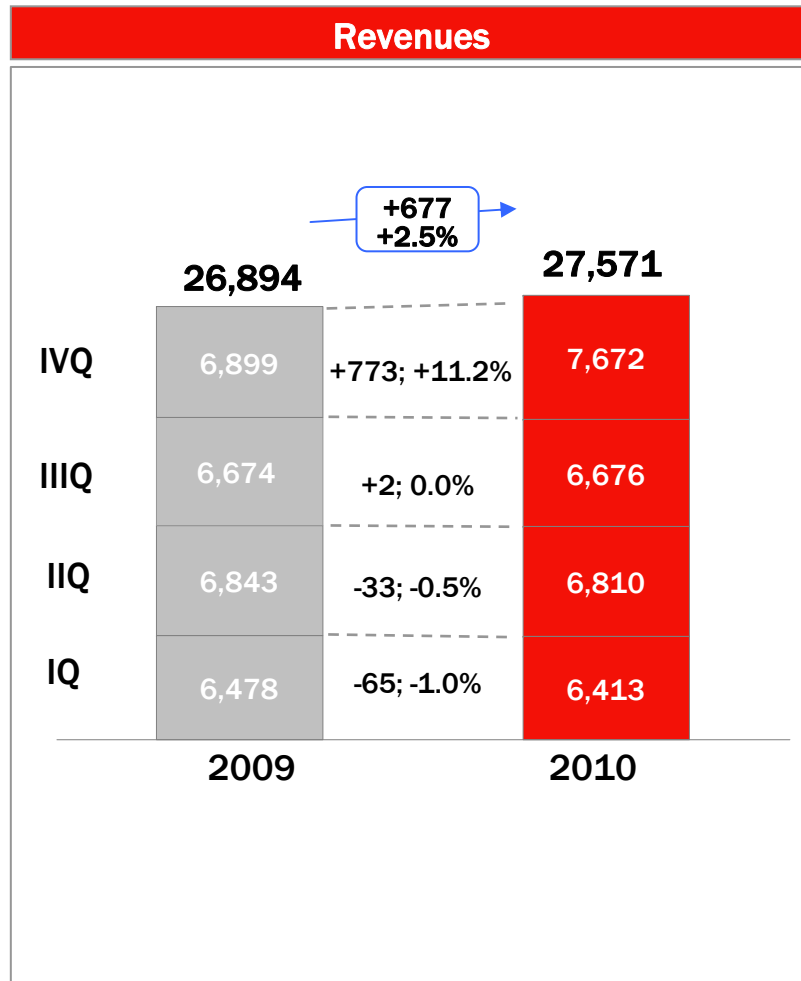
Euro mln, Reported Data



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

TI Group: Reported Results

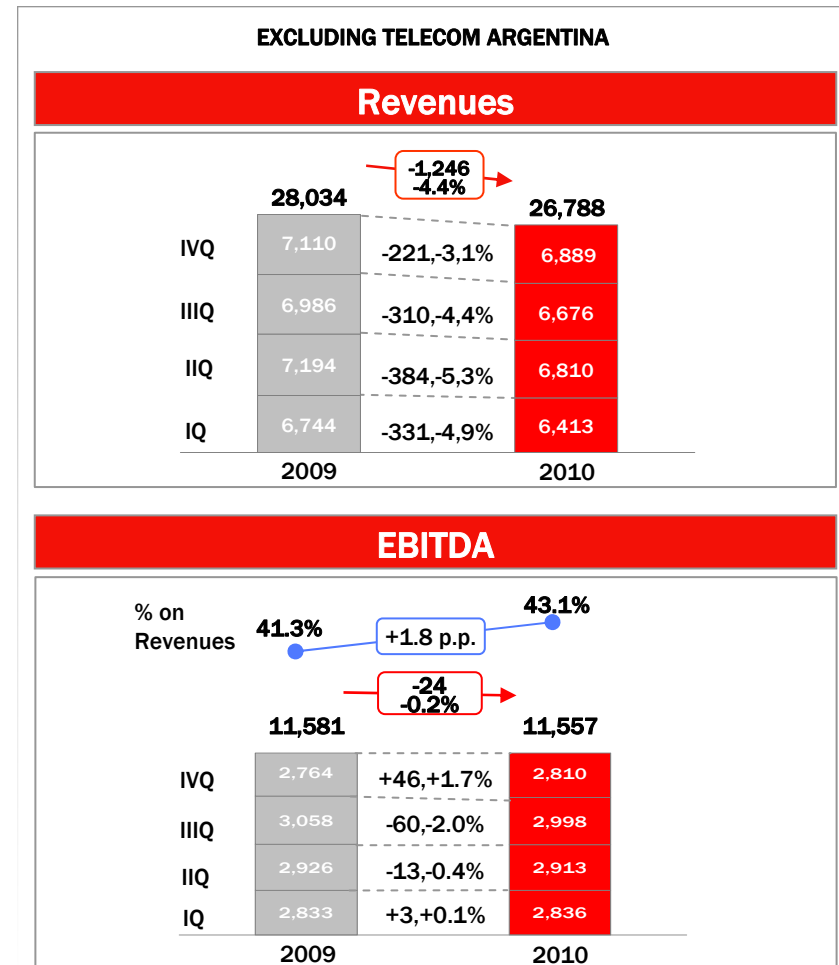
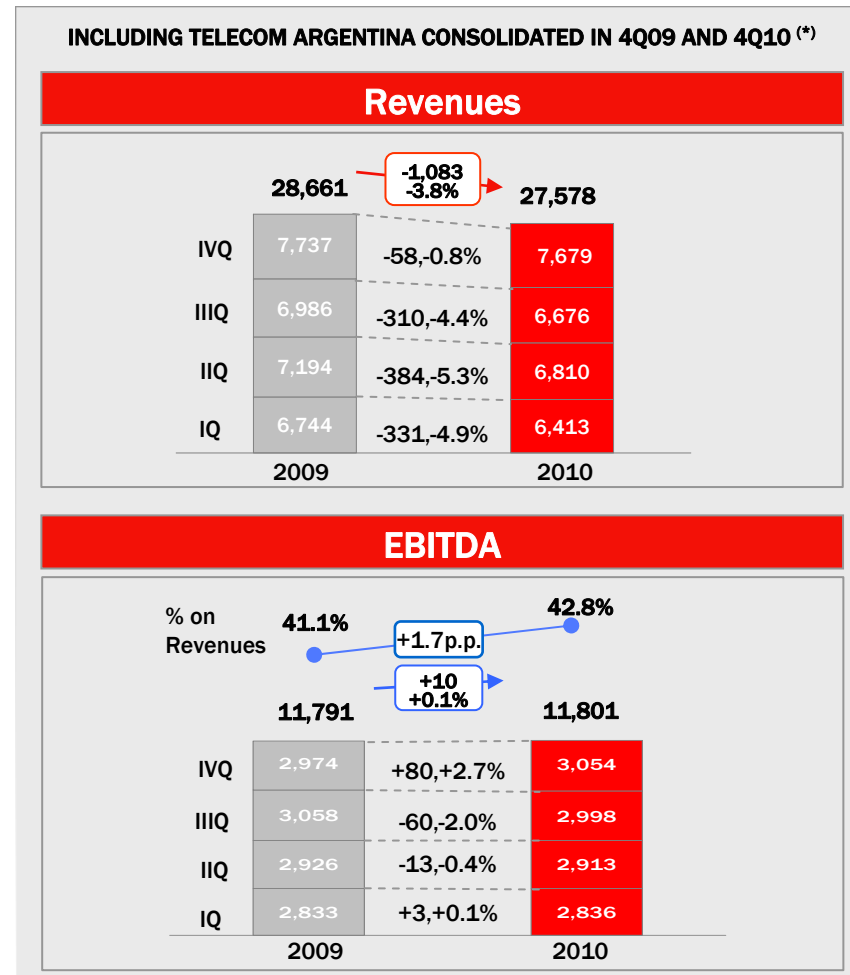
Reported Data, Euro mln, %



Telecom Argentina results are included only in the 4Q 2010 consolidated results

TI Group – Organic Revenues and EBITDA

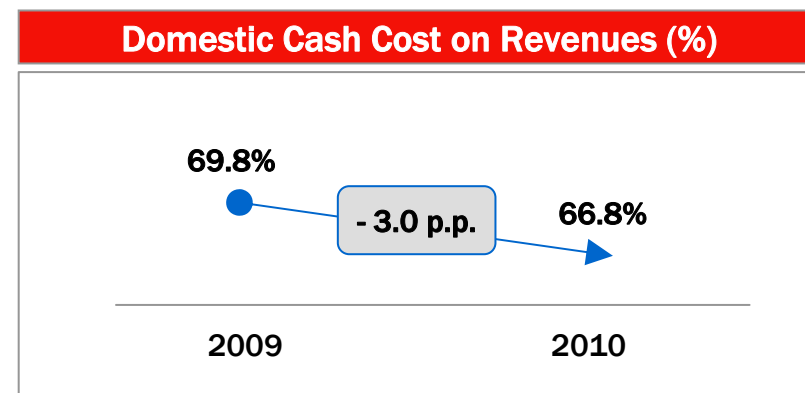
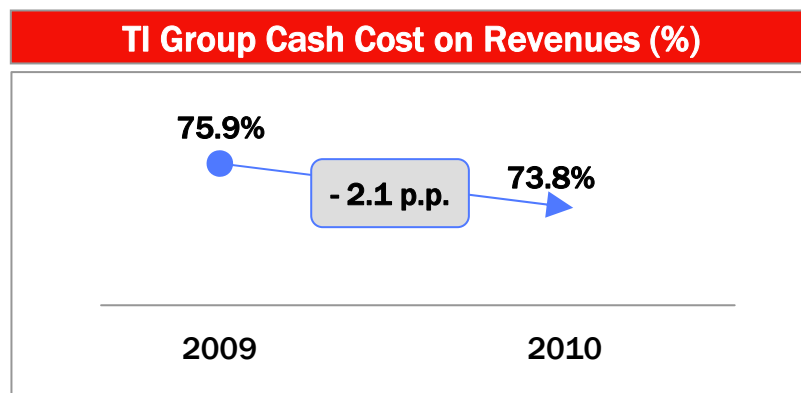
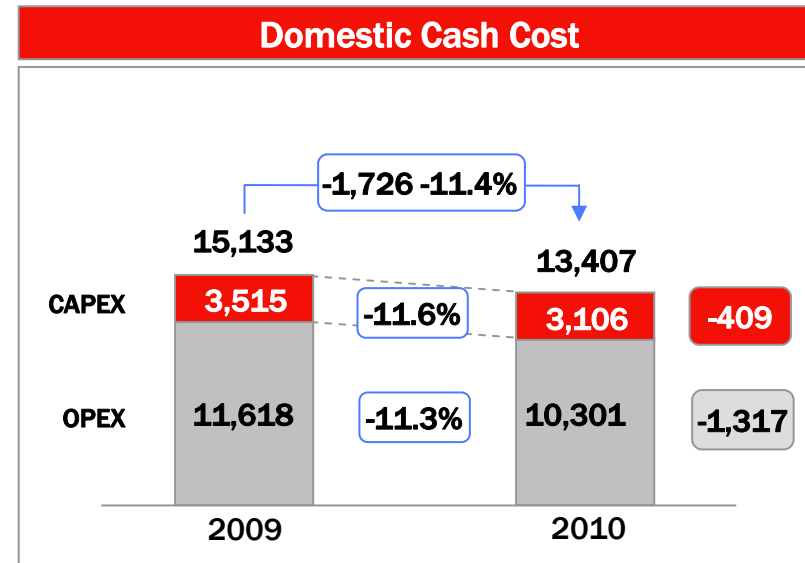
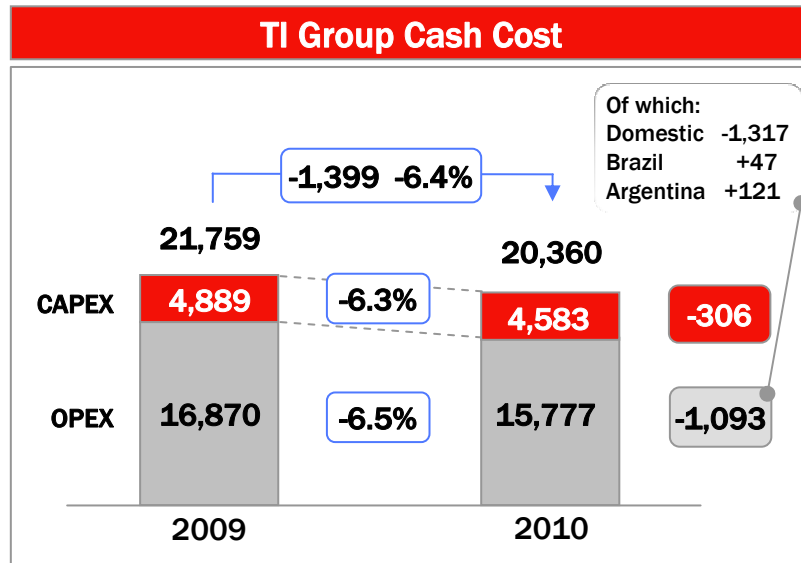
Organic Data, Euro mln, %



(*) Telecom Argentina results are included in the 4Q2010 and for comparison purpose in 4Q 2009 consolidated results (proforma unadited at the same Exchange Rate).

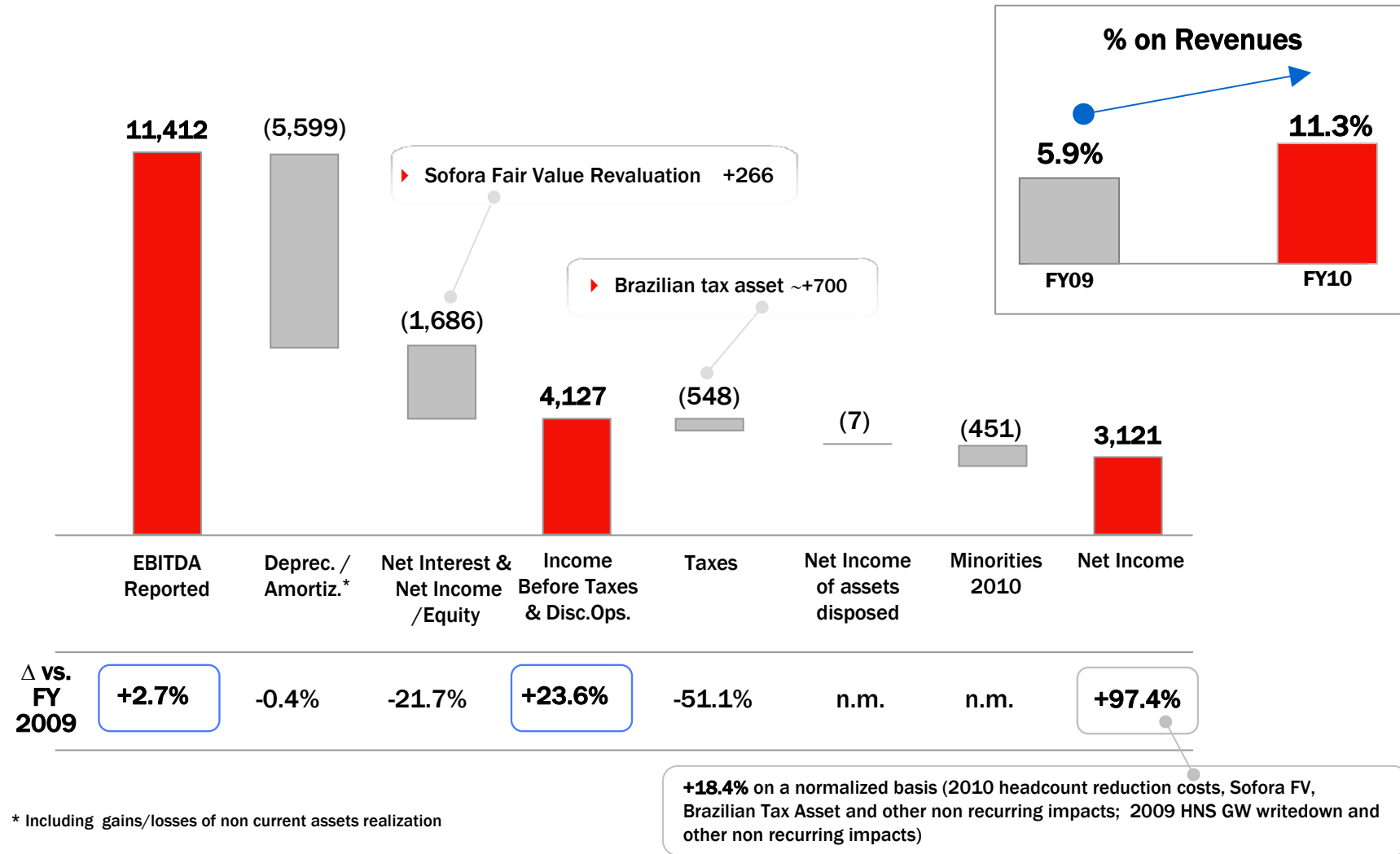
Group Cash Cost Control to improve Operating Cash Flow

Euro mln, Organic data, %



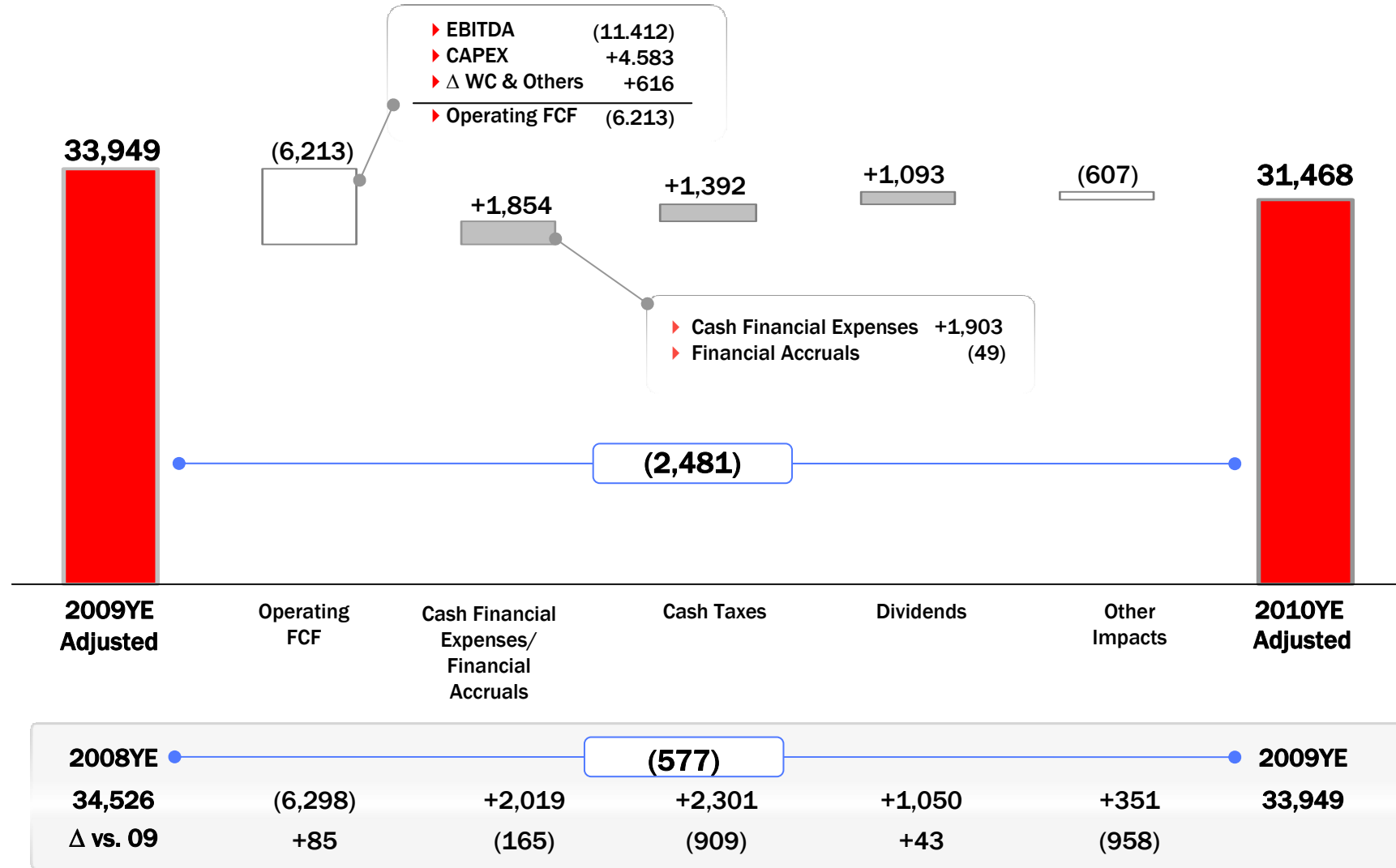
Net Income Evolution

Euro mln; reported data



Net Debt Dynamics

Euro mln; reported data

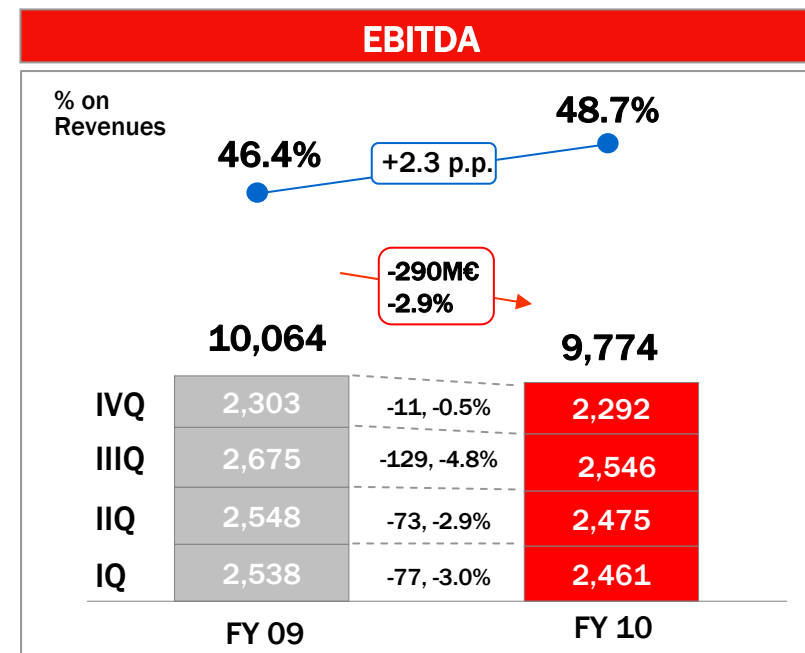
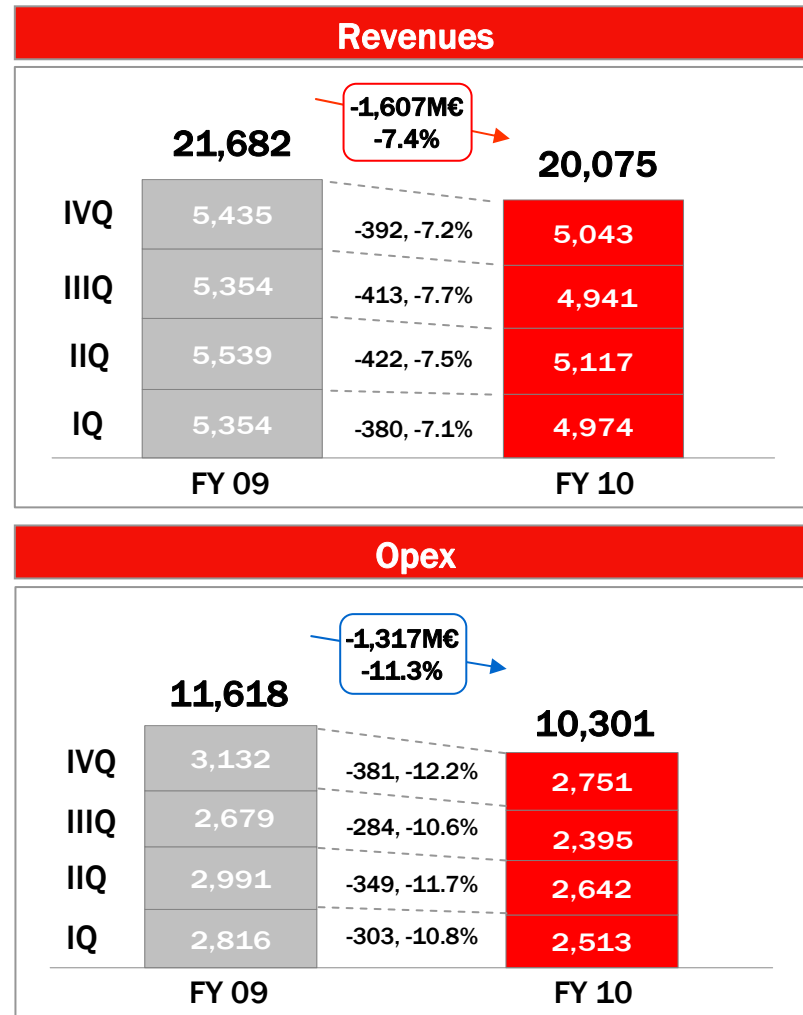


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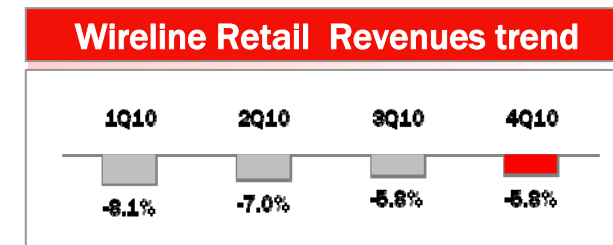
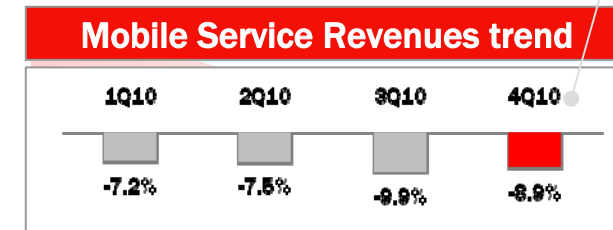
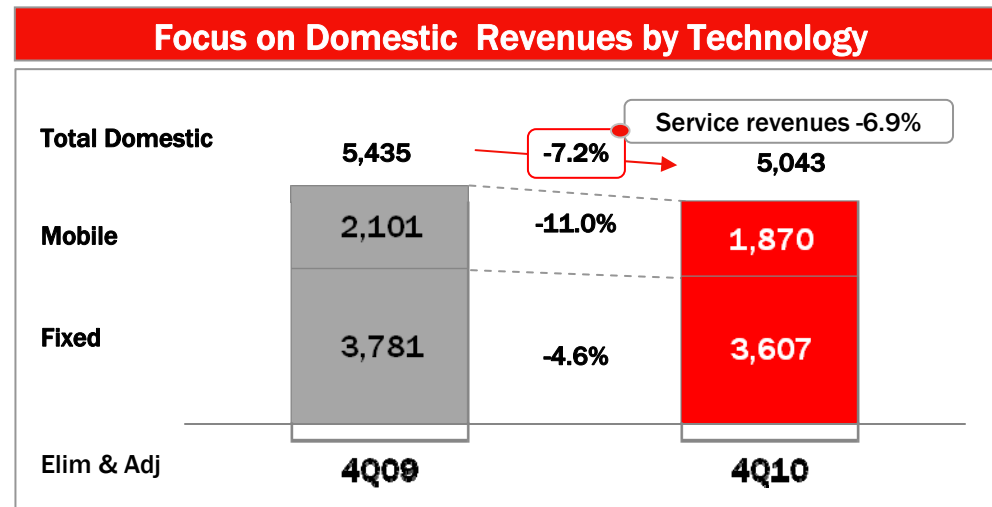
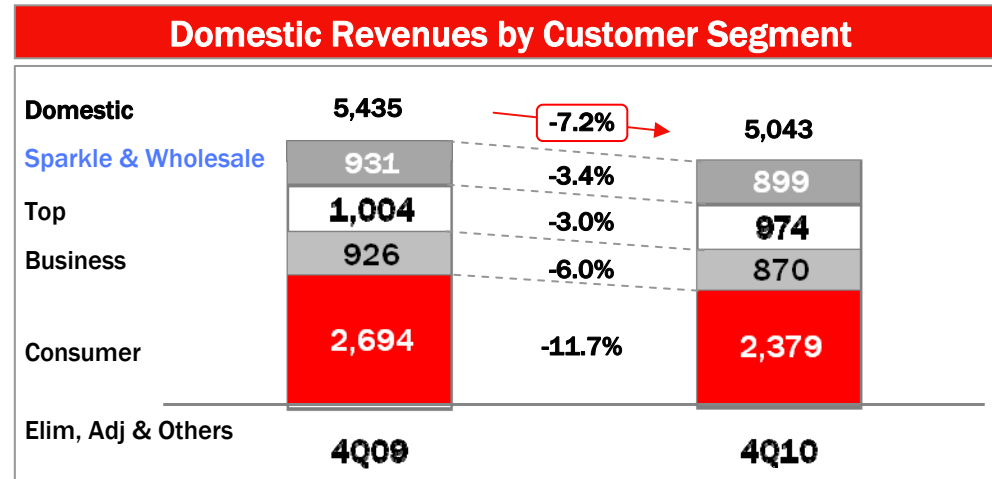
Domestic: Organic Results

Euro mln, Organic data, %

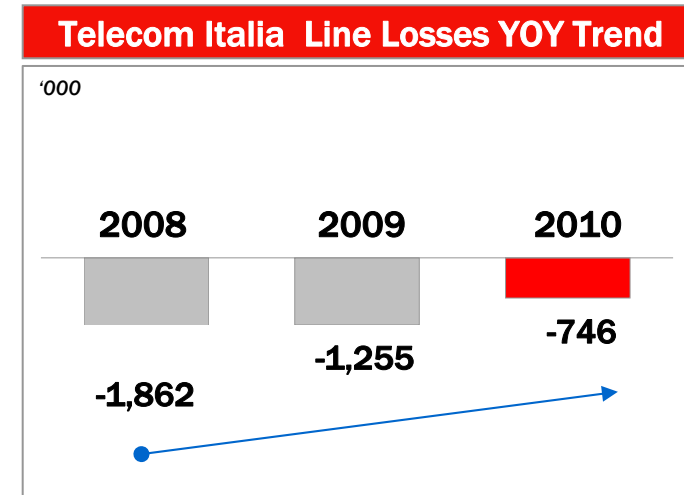
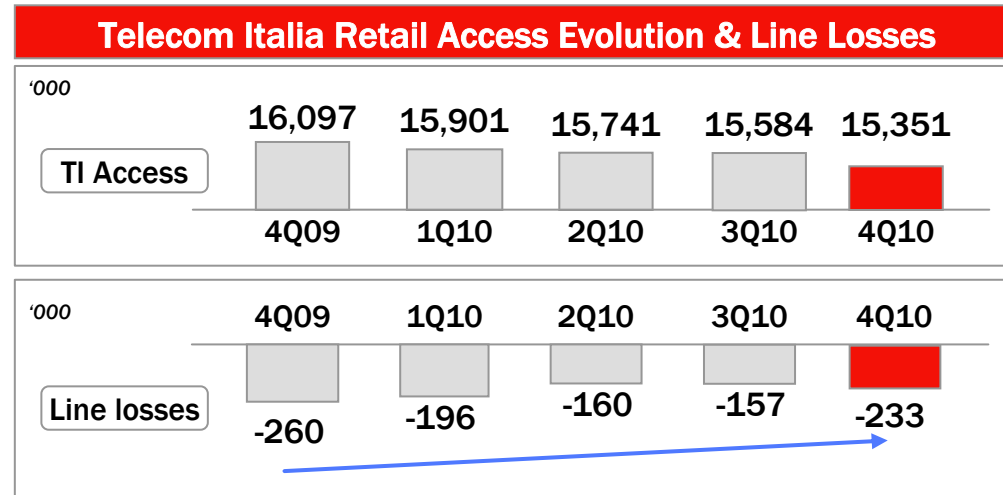


Domestic Market – 4Q 2010 Results at a Glance

Euro mln, Organic data, %



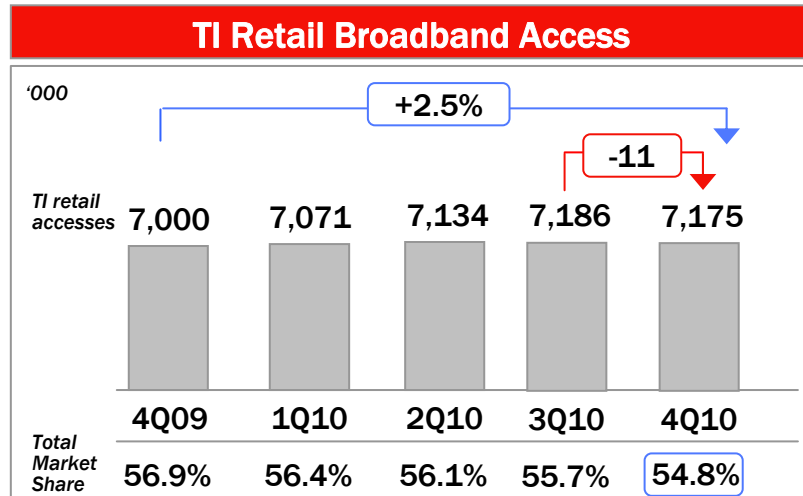
Domestic Fixed: TI Access Performance



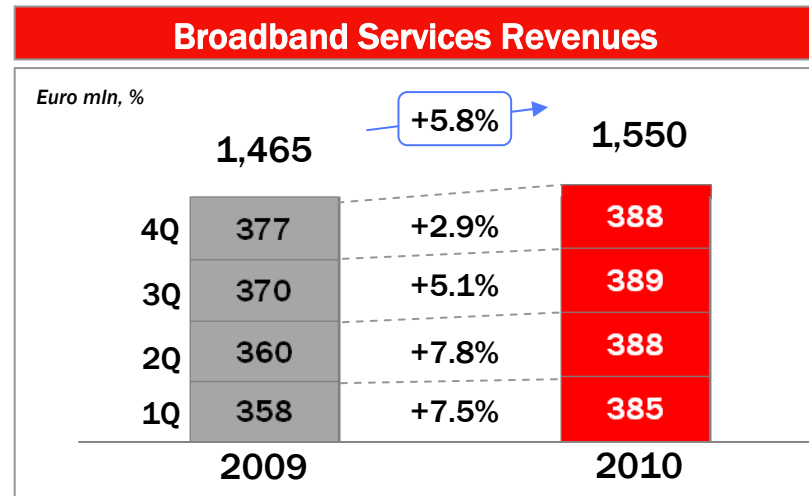
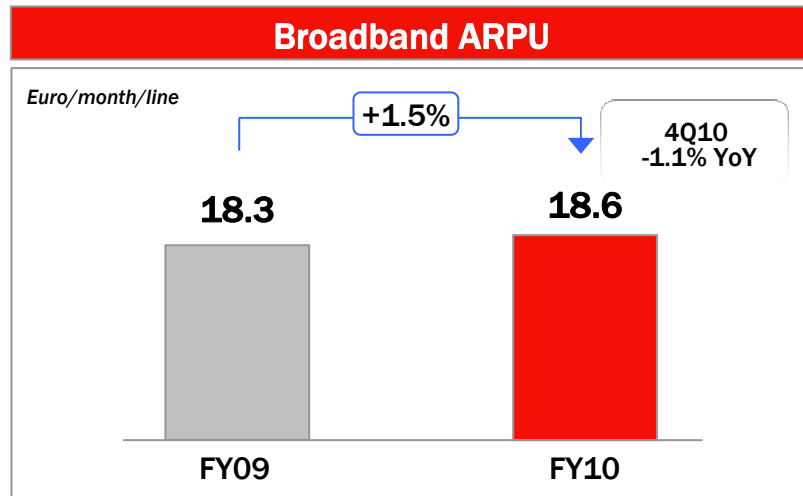
Key Highlights

- ▶ Strong improvement in 2010 line losses trend
- ▶ 4Q10 line losses (233k) affected by :
 - ▶ aggressive competitors' promos
 - ▶ reduction of TI advertising pressure
- ▶ TI confirms its focus on Quality of Service to sustain price premium

Domestic Fixed: Focus on Broadband



- ### Highlights
- ▶ Highest market share among European incumbents
 - ▶ 2010 ARPU supported by a strong increase of Flat offers penetration
 - ▶ 4Q10 BB net adds affected by strong OLOs aggressiveness
 - ▶ 4Q10 ARPU: competitive pressure in Top segment, stable in Consumer and Business



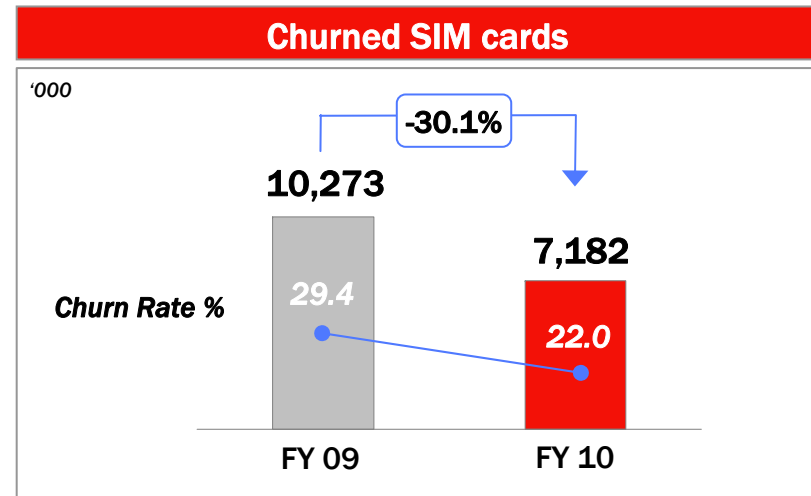
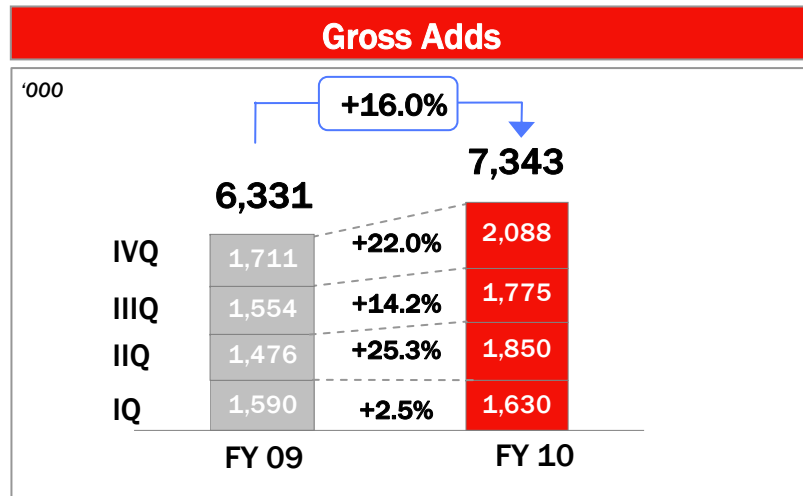
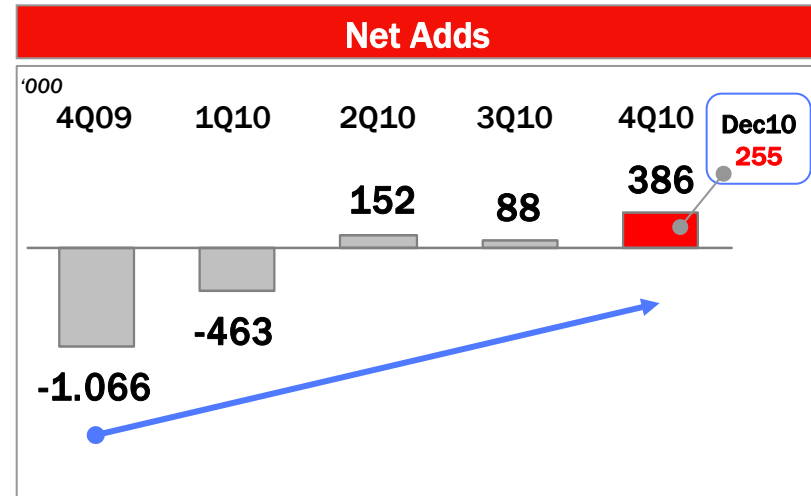
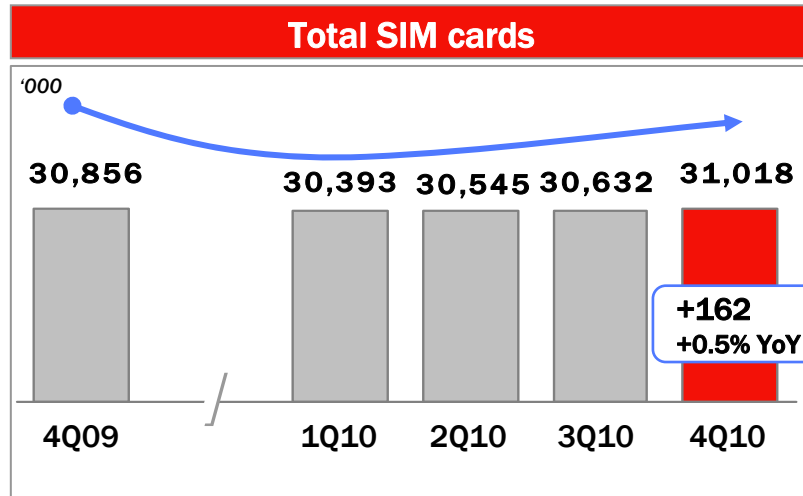
Domestic Wireline Revenues

Euro mln, Organic data, %

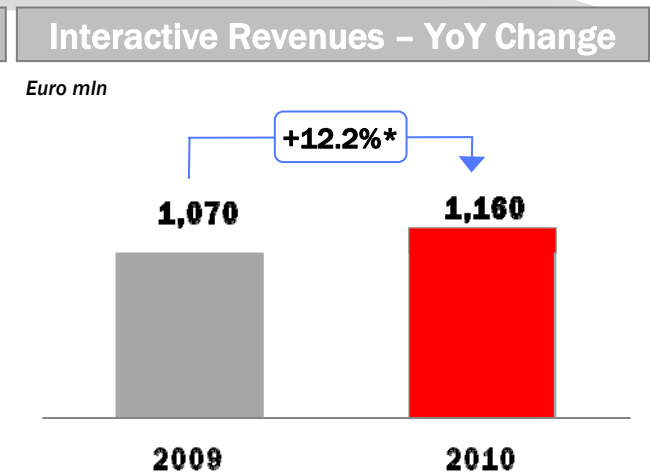
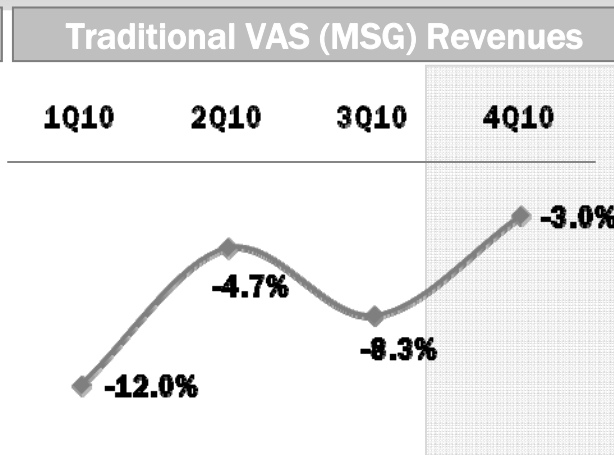
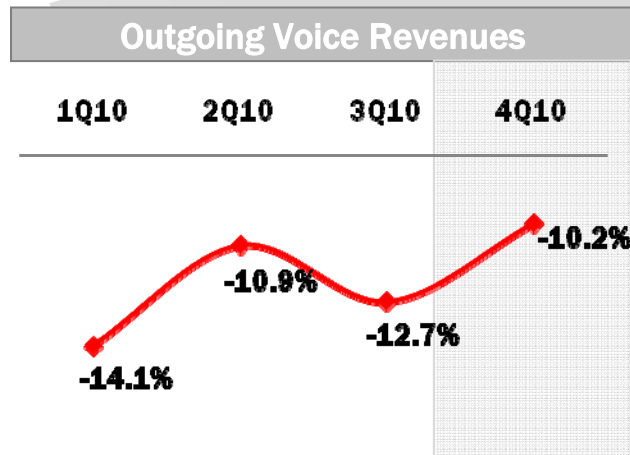
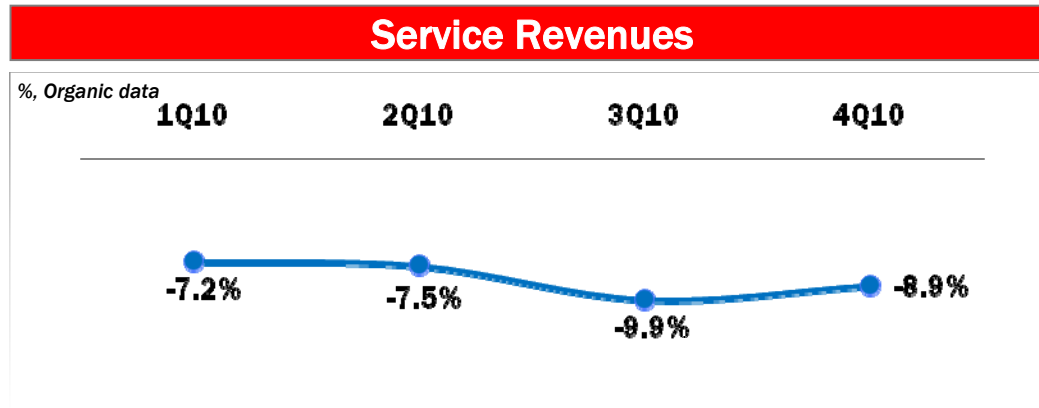
	4Q09	4Q10	Δ% YoY
Total	3,781	3,607	(4.6)
Services	3,554	3,365	(5.3)
o/w Voice	1,635	1,485	(9.2)
o/w Internet	425	420	(1.2)
o/w Business Data	333	316	(5.1)
o/w Wholesale	1,067	1,042	(2.3)
<i>National</i>	<i>771</i>	<i>791</i>	<i>+2.6</i>
<i>International</i>	<i>297</i>	<i>251</i>	<i>(15.5)</i>
o/w Other	94	102	<i>n.m.</i>
Equipment	227	242	+6.6

**BB Services
+2.9%**

Domestic Mobile: Customer Base Trend



Domestic Mobile: Service Revenues Key Trends



Domestic Mobile Revenues

Euro mln, Organic data, %

	4Q09	4Q10	Δ %YoY
Total	2,101	1,870	(11.0)
Services	1,958	1,784	(8.9)
o/w Outgoing Voice	1,075	965	(10.2)
o/w VAS	525	509	(3.0)
o/w Business Received (*)	359	310	(13.6)
Handsets	143	86	(39.9)

Normalized
 of Try & Buy
 -1.6%

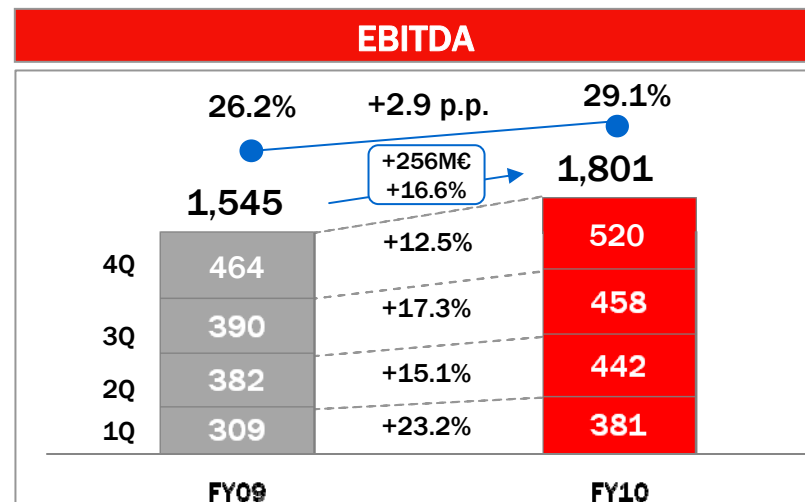
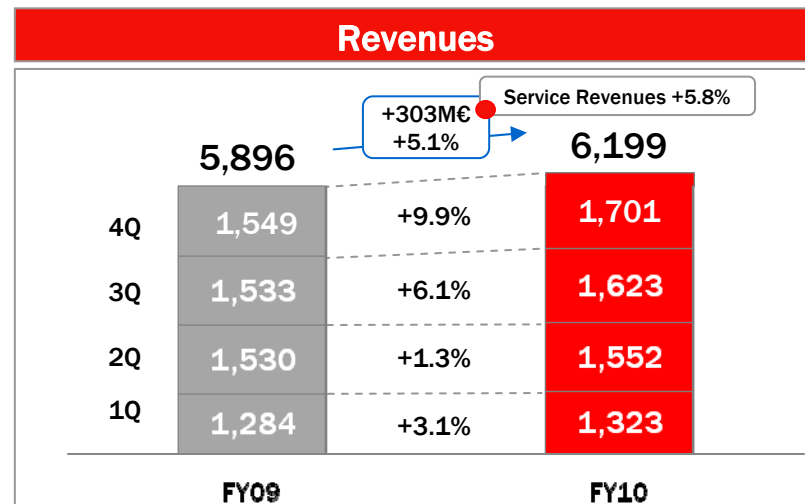
(*) Incoming + Visitors & Others

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TIM Brasil: Organic Main Results & KPIs

Euro mln, Organic data, %



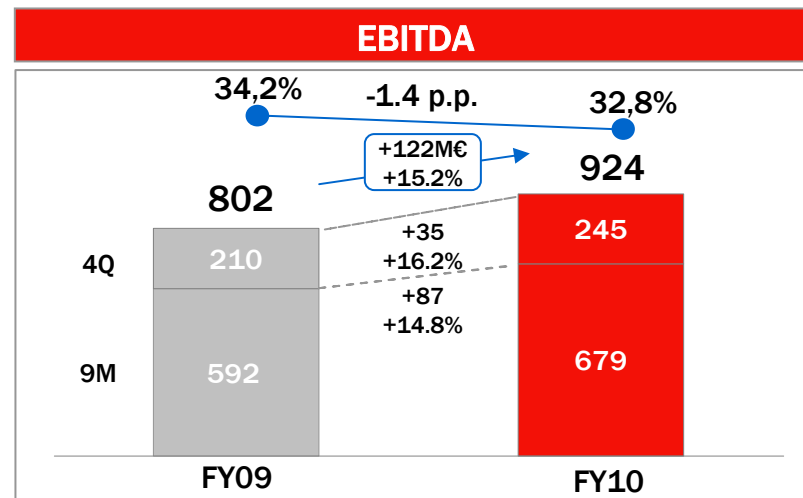
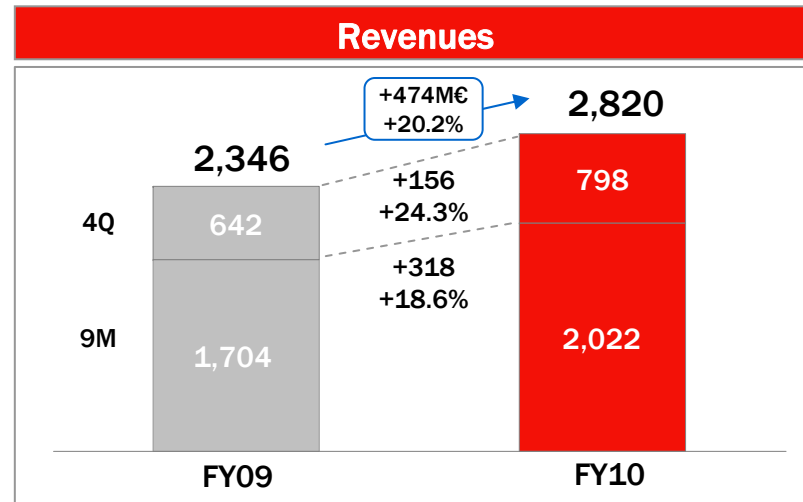
- ### Key KPIs
- ▶ Customer base grew 24% Year-on-Year and reached over 51 million customers: TIM Brasil number 1 in incremental market share (34.2%)
 - ▶ Market Share at 25.14%, up 1.5 pp vs. YE2009
 - ▶ Back to number 2 position in São Paulo, the most competitive and important market of Brazil
 - ▶ Back to number 1 position in the Northeast Region
 - ▶ FY10MOU reached 116min/user/month up ~ 40% YoY 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.

Agenda

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Argentina: Organic Main Results & KPIs

Euro mln, Organic data, %



Key KPIs

- ▶ Customer base increased strongly in every business..
 - ▶ mobile customers⁽¹⁾ grew 13% YoY reaching over 16.3 million with high profile postpaid/prepaid mix (30%-70%)
 - ▶ Personal 2010 marginal market share: 46%, Total market share: 31.8%⁽²⁾
 - ▶ ADSL customers reached 1.4 million accesses, up 14% vs YE2009, at 35.3% market share. 30% of Broadband net adds chose bundled offers (BB+ pack of minutes)

- ▶ ... while ARPUs grew significantly:
 - ▶ mobile ARPU⁽¹⁾ reached 44 Ars/month, up 9% YoY, driven by higher VAS contribution (+46% YoY in VAS revenues)
 - ▶ Broadband ARPU stood at 76 Ars/month, 13% up vs YE2009

- ▶ Smartphones leadership (53% market share in 2010) boosting VAS revenues. 3G devices reached ~ 10% of Personal customer base

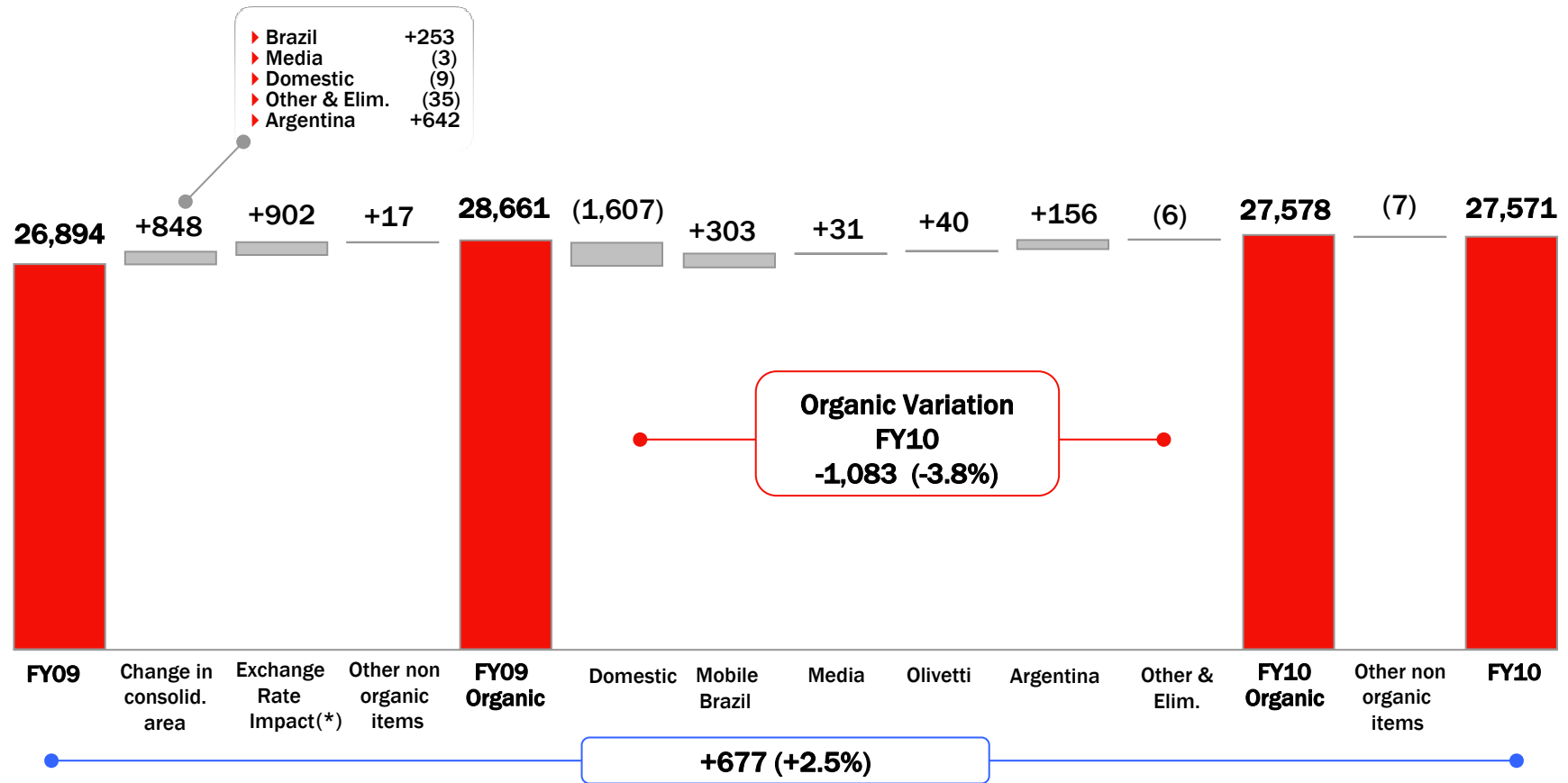
(1) Argentinian operations only; (2) Telecom Argentina Estimates

Agenda

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TI Group - Revenues Evolution

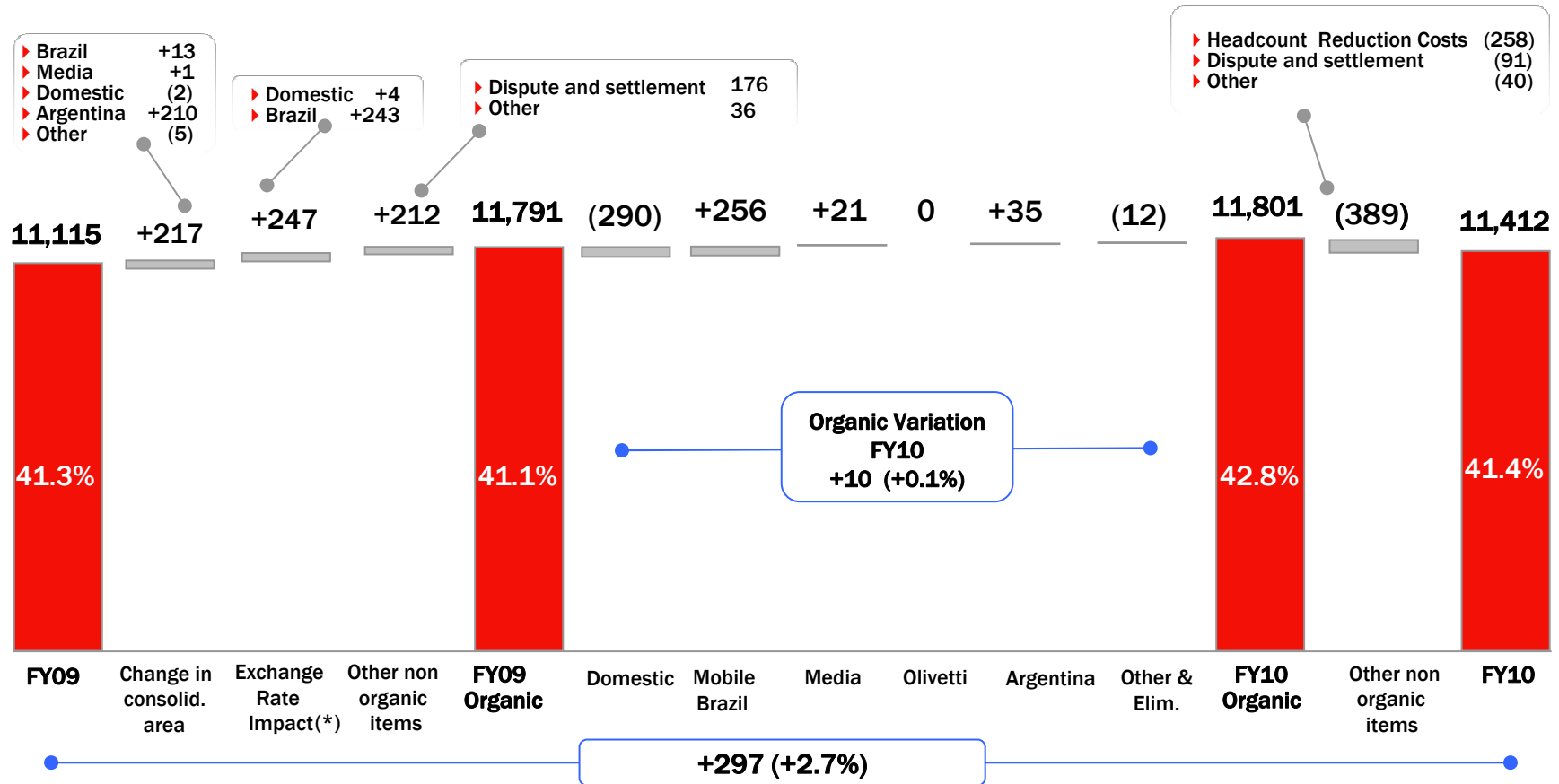
Euro mln



* Exchange rate (Real/Euro): 2.33 in 2010, 2.77 in 2009

TI Group – EBITDA Evolution

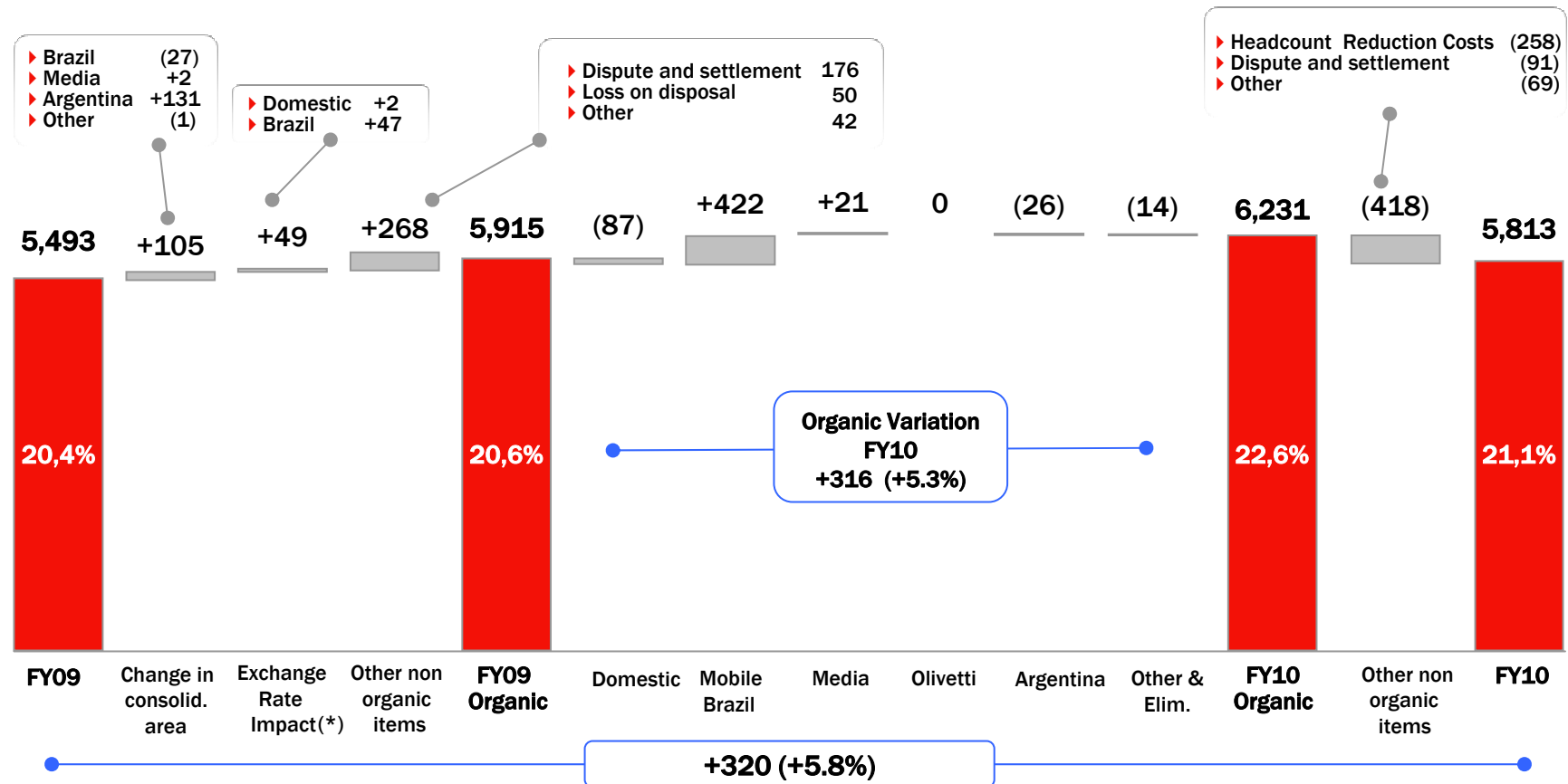
Euro mln



* Exchange rate (Real/Euro): 2.33 in 2010, 2.77 in 2009

TI Group - EBIT Evolution

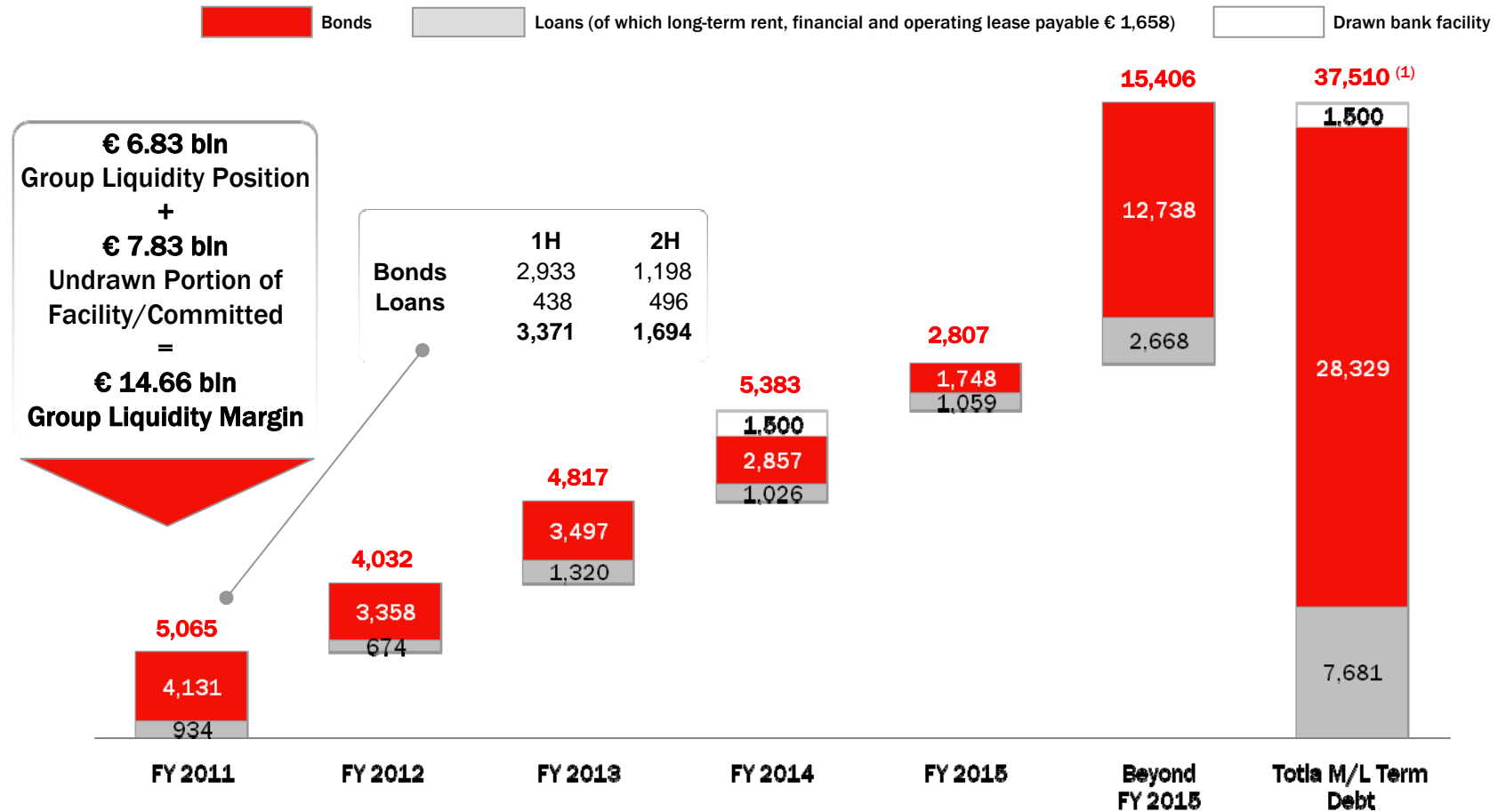
Euro mln



* Exchange rate (Real/Euro): 2.33 in 2010, 2.77 in 2009

Even and Back-Loaded Maturities

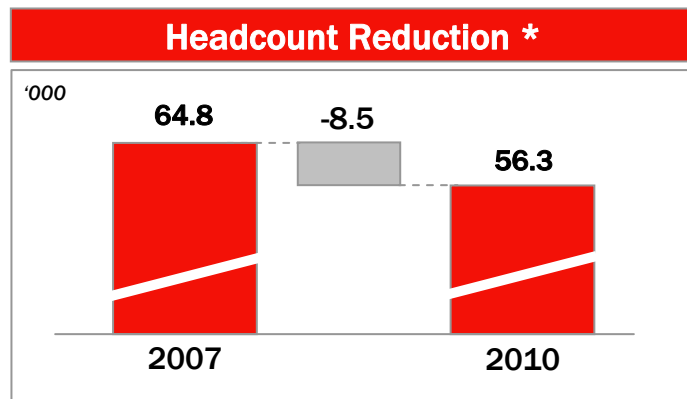
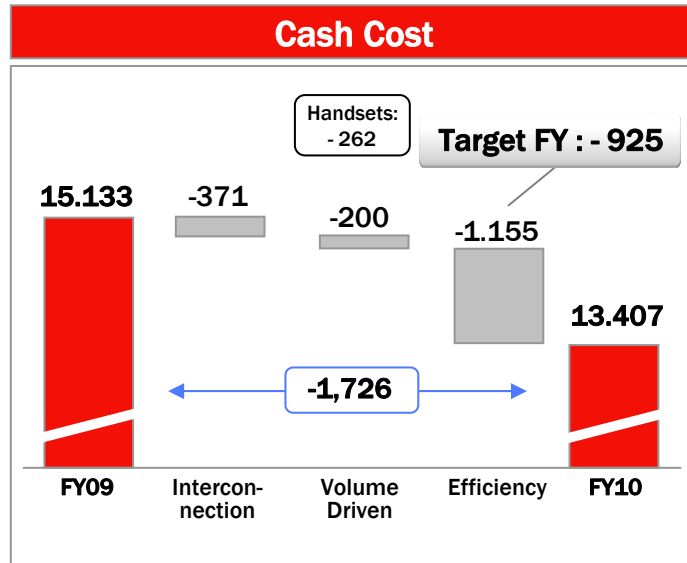
Euro mln



(1) € 37,510 mln is the nominal amount of outstanding medium-long term debt. By adding IAS adjustments (€ 1,144 mln) and current liabilities (€ 729 mln), the gross debt figure of € 39,383 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).

Main 2010 Achievements – Progress on Cash Cost Rationalization



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

Euro mln, Organic data, %

Delta Cash Cost FY10 vs FY09		Δ ITX	Δ Vol. Driven	Δ Efficiency	
	FY10	Δ Abs '10 vs '09			
Total Opex	10.301	-1.317	-371	-211	-735
ITX	2.687	-371	-371	-	-
Mktg & Sales	2.597	-521	-	-242	-279
Industrial	1.011	-98	-	-18	-80
Personnel	3.219	-148	-	-4	-144
G&A & Other	787	-179	-	+53	-232
Total Capex	3.106	-409	-	+11	-420
Total Cash Cost	-1.726	-371	-200	-1.155	

TI Group FY10 Results – P&L

Euro mln	September YTD				IV Quarter				Full Year			
	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %	2010	2009	Δ Abs	Δ %
REVENUES	19.899	19.995	(96)	(0,5)	7.672	6.899	773	11,2	27.571	26.894	677	2,5
Other Operating Income	160	183	(23)	(12,6)	95	97	(2)	(2,1)	255	280	(25)	(8,9)
TOTAL REVENUES & OTHER INCOME	20.059	20.178	(119)	(0,6)	7.767	6.996	771	11,0	27.826	27.174	652	2,4
Total Purchases of materials and external services	(8.097)	(8.362)	265	(3,2)	(3.286)	(3.118)	(168)	5,4	(11.383)	(11.480)	97	(0,8)
Personnel	(2.911)	(2.737)	(174)	6,4	(1.110)	(997)	(113)	11,3	(4.021)	(3.734)	(287)	7,7
of which payroll	(2.631)	(2.696)	65	(2,4)	(1.067)	(968)	(99)	10,2	(3.698)	(3.664)	(34)	0,9
Other operating costs	(862)	(884)	22	(2,5)	(560)	(461)	(99)	21,5	(1.422)	(1.345)	(77)	5,7
Capitalized Cost and Others	286	331	(45)	(13,6)	126	169	(43)	(25,4)	412	500	(88)	(17,6)
EBITDA	8.475	8.526	(51)	(0,6)	2.937	2.589	348	13,4	11.412	11.115	297	2,7
% on Revenues	42,6%	42,6%			38,3%	37,5%			41,4%	41,3%		
Depreciation & Amortization	(4.173)	(4.178)	5	(0,1)	(1.374)	(1.373)	(1)	0,1	(5.547)	(5.551)	4	(0,1)
Writedowns and revaluations of non current assets	(12)	0	(12)	-	(51)	(12)	(39)	325,0	(63)	(12)	(51)	425,0
Gains/losses of non current assets realization	14	(55)	69	-	(3)	(4)	1	25,0	11	(59)	70	-
EBIT	4.304	4.293	11	0,3	1.509	1.200	309	25,8	5.813	5.493	320	5,8
% on Revenues	21,6%	21,5%			19,7%	17,4%			21,1%	20,4%		
Income (loss) equity invest. valued equity method	48	49	(1)		51	18	33		99	67	32	
Other income (expenses) from investments	1	(34)	35		288	(17)	305		289	(51)	340	
Net Financial Income / (Expenses)	(1.550)	(1.640)	90		(524)	(530)	6		(2.074)	(2.170)	96	
Income before Taxes & Discontinued Op.	2.803	2.668	135		1.324	671	653		4.127	3.339	788	
% on Revenues	14,1%	13,3%			17,3%	9,7%			15,0%	12,4%		
Taxes	(899)	(969)	70		351	(152)	503		(548)	(1.121)	573	
Income before Discontinued Op.	1.904	1.699	205		1.675	519	1.156		3.579	2.218	1.361	
Net income (loss) of assets disposed	(2)	(559)	557		(5)	(63)	58		(7)	(622)	615	
Net Income (ante Minorities)	1.902	1.140	762		1.670	456	1.214		3.572	1.596	1.976	
% on Revenues	9,6%	5,7%			21,8%	6,6%			13,0%	5,9%		
Minorities	(83)	17	(100)		(368)	(32)	(336)		(451)	(15)	(436)	
Net Income (post Minorities)	1.819	1.157	662		1.302	424	878		3.121	1.581	1.540	
% on Revenues	9,1%	5,8%			17,0%	6,1%			11,3%	5,9%		

TI Group – Main Results by BU – Reported Figures

Euro mln	September YTD				IV Quarter				Full Year			
	2010	2009	Δ Abs.	Δ %	2010	2009	Δ Abs.	Δ %	2010	2009	Δ Abs.	Δ %
REVENUES												
Domestic	15.032	16.234	-1.202	(7,4)	5.036	5.429	-393	(7,2)	20.068	21.663	-1.595	(7,4)
Wireline Domestic	10.516	10.964	-448	(4,1)	3.600	3.775	-175	(4,6)	14.116	14.739	-623	(4,2)
Tim Domestic	5.822	6.496	-674	(10,4)	1.870	2.101	-231	(11,0)	7.692	8.597	-905	(10,5)
Mobile Brasile	4.498	3.429	1.069	31,2	1.701	1.324	377	28,5	6.199	4.753	1.446	30,4
Media	177	162	15	9,3	81	68	13	19,1	258	230	28	12,2
Olivetti	259	219	40	18,3	132	131	1	0,8	391	350	41	11,7
Other Activities	64	68	-4	(5,9)	0	22	-22	(100,0)	64	90	-26	(28,9)
Elim.	-131	-117	-14		-68	-75	7		-199	-192	-7	
TI Group	19.899	19.995	-96	(0,5)	6.882	6.899	-17	(0,2)	26.781	26.894	-113	(0,4)
Argentina			0		798	0	798	-	798		798	-
Elim.			0		-8	0	-8	-	-8		-8	-
TI Group con Argentina	19.899	19.995	-96	(0,5)	7.672	6.899	773	11,2	27.571	26.894	677	2,5

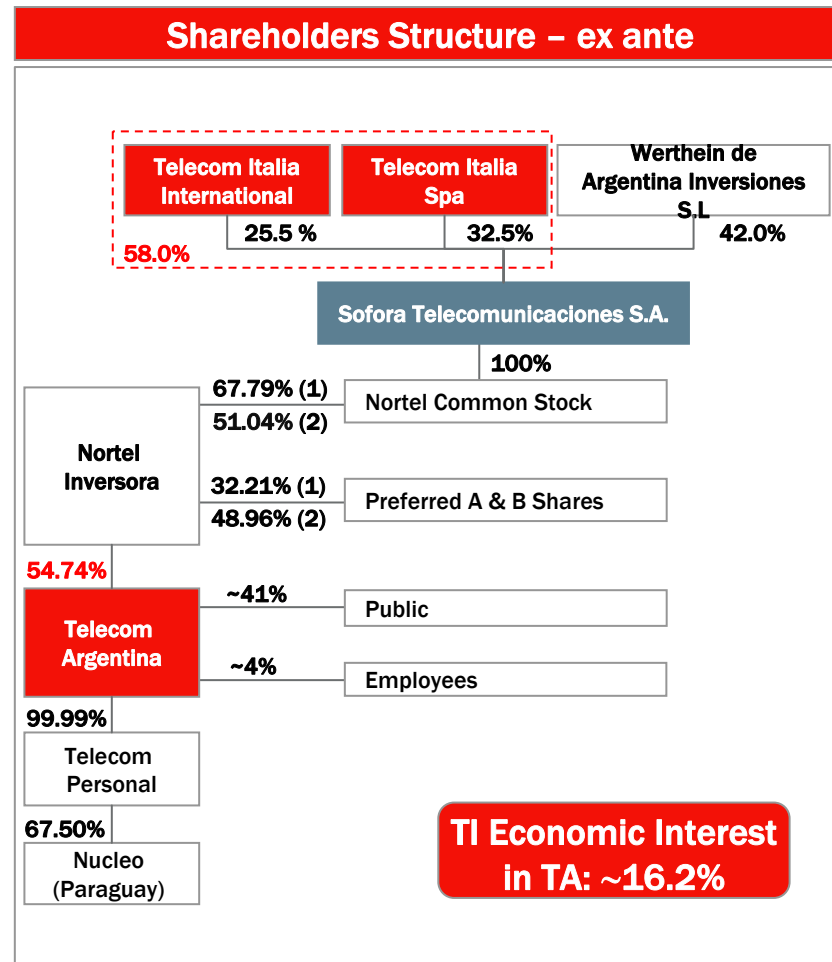
EBITDA	September YTD				IV Quarter				Full Year			
	2010	2009	Δ Abs.	Δ %	2010	2009	Δ Abs.	Δ %	2010	2009	Δ Abs.	Δ %
Domestic	7.210	7.703	-493	(6,4)	2.183	2.180	3	0,1	9.393	9.883	-490	(5,0)
Mobile Brasile	1.281	849	432	50,9	520	406	114	28,1	1.801	1.255	546	43,5
Media	10	-6	16	-	3	-3	6	-	13	-9	22	-
Olivetti	-24	-18	-6	(33,3)	5	4	1	25,0	-19	-14	-5	(35,7)
Other Activities	-3	-3	0	0,0	-18	0	-18	-	-21	-3	-18	(600,0)
Elim.	1	1	0		0	2	-2		1	3	-2	
TI Group	8.475	8.526	-51	(0,6)	2.693	2.589	104	4,0	11.168	11.115	53	0,5
Argentina			0		245	0	245	-	245		245	-
Elim.			0		-1	0	-1	-	-1		-1	-
TI Group con Argentina	8.475	8.526	-51	(0,6)	2.937	2.589	348	13,5	11.412	11.115	297	2,7
EBITDA MARGIN w/o Argentina	42,6%	42,6%	0,0 p.p.		39,1%	37,5%	1,6 p.p.		41,7%	41,3%	0,4 p.p.	
EBITDA MARGIN with Argentina	42,6%	42,6%	0,0 p.p.		38,3%	37,5%	0,8 p.p.		41,4%	41,3%	0,1 p.p.	

EBIT	September YTD				IV Quarter				Full Year			
	2010	2009	Δ Abs.	Δ %	2010	2009	Δ Abs.	Δ %	2010	2009	Δ Abs.	Δ %
Domestic	4.038	4.297	-259	(6,0)	1.124	1.096	28	2,6	5.162	5.393	-231	(4,3)
Mobile Brasile	332	85	247	290,6	353	124	229	184,7	685	209	476	227,8
Media	-35	-62	27	43,5	-57	-18	-39	(216,7)	-92	-80	-12	(15,0)
Olivetti	-27	-22	-5	(22,7)	3	3	0	0,0	-24	-19	-5	(26,3)
Other Activities	-19	-19	0	0,0	-19	-11	-8	(72,7)	-38	-30	-8	(26,7)
Elim.	15	14	1		0	6	-6		15	20	-5	
TI Group	4.304	4.293	11	0,3	1.404	1.200	204	17,0	5.708	5.493	215	3,9
Argentina			105		105	0	105	-	105		105	-
Elim.			0		0	0	0	-	0		0	-
TI Group con Argentina	4.304	4.293	11	0,3	1.509	1.200	309	25,8	5.813	5.493	320	5,8
EBIT MARGIN w/o Argentina	21,6%	21,5%	0,1 p.p.		20,4%	17,4%	3,0 p.p.		21,3%	20,4%	0,9 p.p.	
EBIT MARGIN with Argentina	21,6%	21,5%	0,1 p.p.		19,7%	17,4%	2,3 p.p.		21,1%	20,4%	0,7 p.p.	

TI Group – Main Results by BU – Organic Figures

Euro mln	September YTD				IV Quarter				Full Year			
	2010	2009	Δ Abs.	Δ %	2010	2009	Δ Abs.	Δ %	2010	2009	Δ Abs.	Δ %
REVENUES												
Domestic	15.032	16.247	-1.215	(7,5)	5.043	5.435	-392	(7,2)	20.075	21.682	-1.607	(7,4)
Wireline Domestic	10.516	10.977	-461	(4,2)	3.607	3.781	-174	(4,6)	14.123	14.758	-635	(4,3)
Tim Domestic	5.822	6.496	-674	(10,4)	1.870	2.101	-231	(11,0)	7.692	8.597	-905	(10,5)
Mobile Brasile	4.498	4.347	151	3,5	1.701	1.549	152	9,9	6.199	5.896	303	5,1
Media	177	159	18	11,3	81	68	13	19,1	258	227	31	13,7
Olivetti	259	219	40	18,3	132	132	0	0,0	391	351	40	11,4
Other Activities	64	68	-4	(5,9)	0	1	-1	(100,0)	64	69	-5	(7,2)
Elim.	-131	-116	-15		-68	-75	7		-199	-191	-8	
TI Group	19.899	20.924	-1.025	(4,9)	6.889	7.110	-221	(3,1)	26.788	28.034	-1.246	(4,4)
Argentina					798	642	156	24,3	798	642	156	24,3
Elim.					-8	-15	7		-8	-15	7	
TI Group con Argentina	19.899	20.924	-1.025	(4,9)	7.679	7.737	-58	(0,8)	27.578	28.661	-1.083	(3,8)
EBITDA												
Domestic	7.482	7.761	-279	(3,6)	2.292	2.303	-11	(0,5)	9.774	10.064	-290	(2,9)
Mobile Brasile	1.281	1.081	200	18,4	520	464	56	12,5	1.801	1.545	256	16,6
Media	10	-5	15	-	3	-3	6	-	13	-8	21	-
Olivetti	-24	-19	-5	(26,3)	9	4	5	125,0	-15	-15	0	0,0
Other Activities	-3	-3	0	0,0	-15	-5	-10	(200,0)	-18	-8	-10	(125,0)
Elim.	1	2	-1		1	1	0		2	3	-1	
TI Group	8.747	8.817	-70	(0,8)	2.810	2.764	46	1,7	11.557	11.581	-24	(0,2)
Argentina					245	210	35	16,2	245	210	35	16,2
Elim.					-1	0	-1		-1	0	-1	
TI Group con Argentina	8.747	8.817	-70	(0,8)	3.054	2.974	80	2,7	11.801	11.791	10	0,1
EBITDA MARGIN w/o Argentina	44,0%	42,1%	1,9 p.p.		40,8%	38,9%	1,9 p.p.		43,1%	41,3%	1,8 p.p.	
EBITDA MARGIN with Argentina	44,0%	42,1%	1,9 p.p.		39,8%	38,4%	1,4 p.p.		42,8%	41,1%	1,7 p.p.	
EBIT												
Domestic	4.291	4.393	-102	(2,3)	1.234	1.219	15	1,2	5.525	5.612	-87	(1,6)
Mobile Brasile	332	117	215	182,9	353	146	207	143,0	685	263	422	161,0
Media	-35	-49	14	28,6	-11	-18	7	38,9	-46	-67	21	31,3
Olivetti	-27	-23	-4	(17,4)	7	3	4	133,3	-20	-20	0	0,0
Other Activities	-17	-19	2	10,5	-16	-5	-11	(220,0)	-33	-24	-9	(37,5)
Elim.	15	14	1	7,1	0	6	-6		15	20	-5	
TI Group	4.559	4.433	126	2,8	1.587	1.351	216	16,0	6.126	5.784	342	5,9
Argentina					105	131	-26	(20,2)	105	131	-26	(20,2)
Elim.					0	0	0		0	0	0	
TI Group con Argentina	4.559	4.433	126	2,8	1.672	1.482	190	12,8	6.231	5.915	316	5,3
EBIT MARGIN w/o Argentina	22,9%	21,2%	1,7 p.p.		22,7%	19,0%	3,7 p.p.		22,9%	20,6%	2,3 p.p.	
EBIT MARGIN with Argentina	22,9%	21,2%	1,7 p.p.		21,8%	19,2%	2,6 p.p.		22,6%	20,6%	2,0 p.p.	

Telecom Argentina – Shareholders Structure



(1) % of capital ownership; (2) % economic interest;

