

TELECOM ITALIA ANALYST & INVESTOR BRIEFING

London, December 3rd, 2008 - Grocers Hall - Princes Street, London EC2R 8AD

2009-2011 Strategic Plan Update

MARCO PATUANO

Safe Harbour

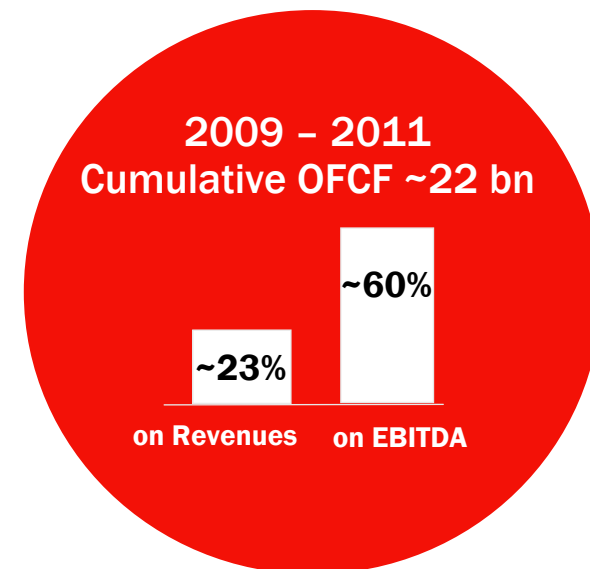
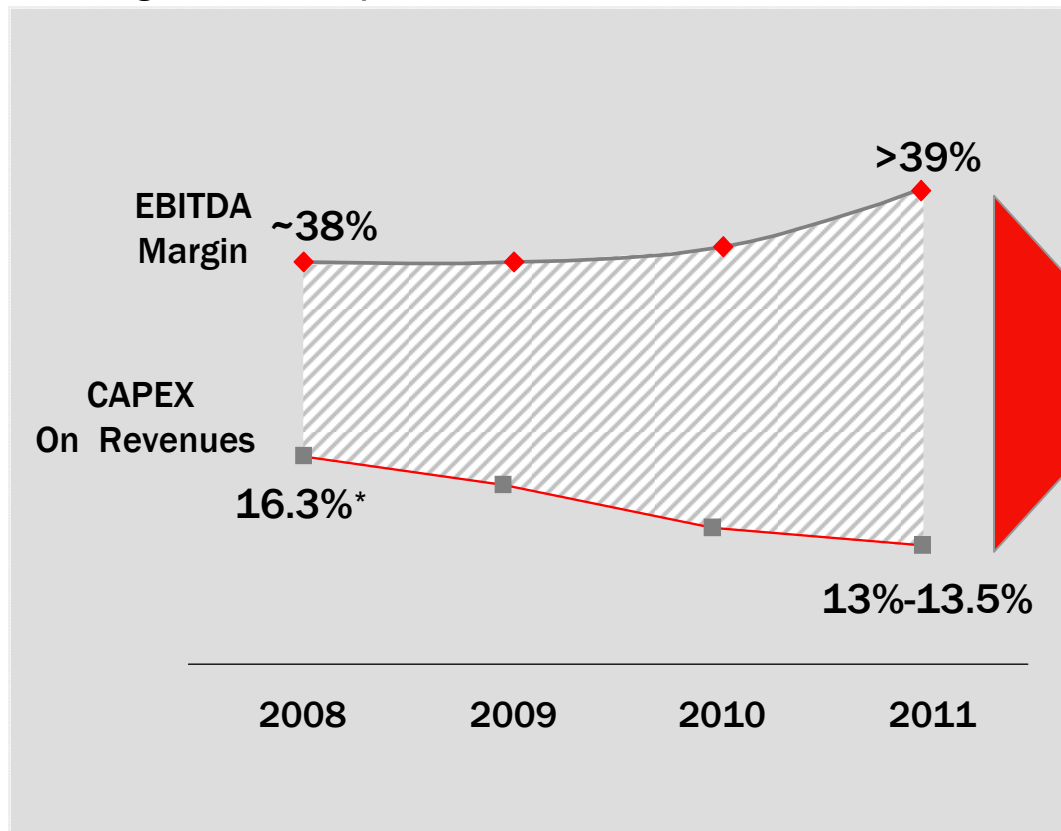
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Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors.

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.

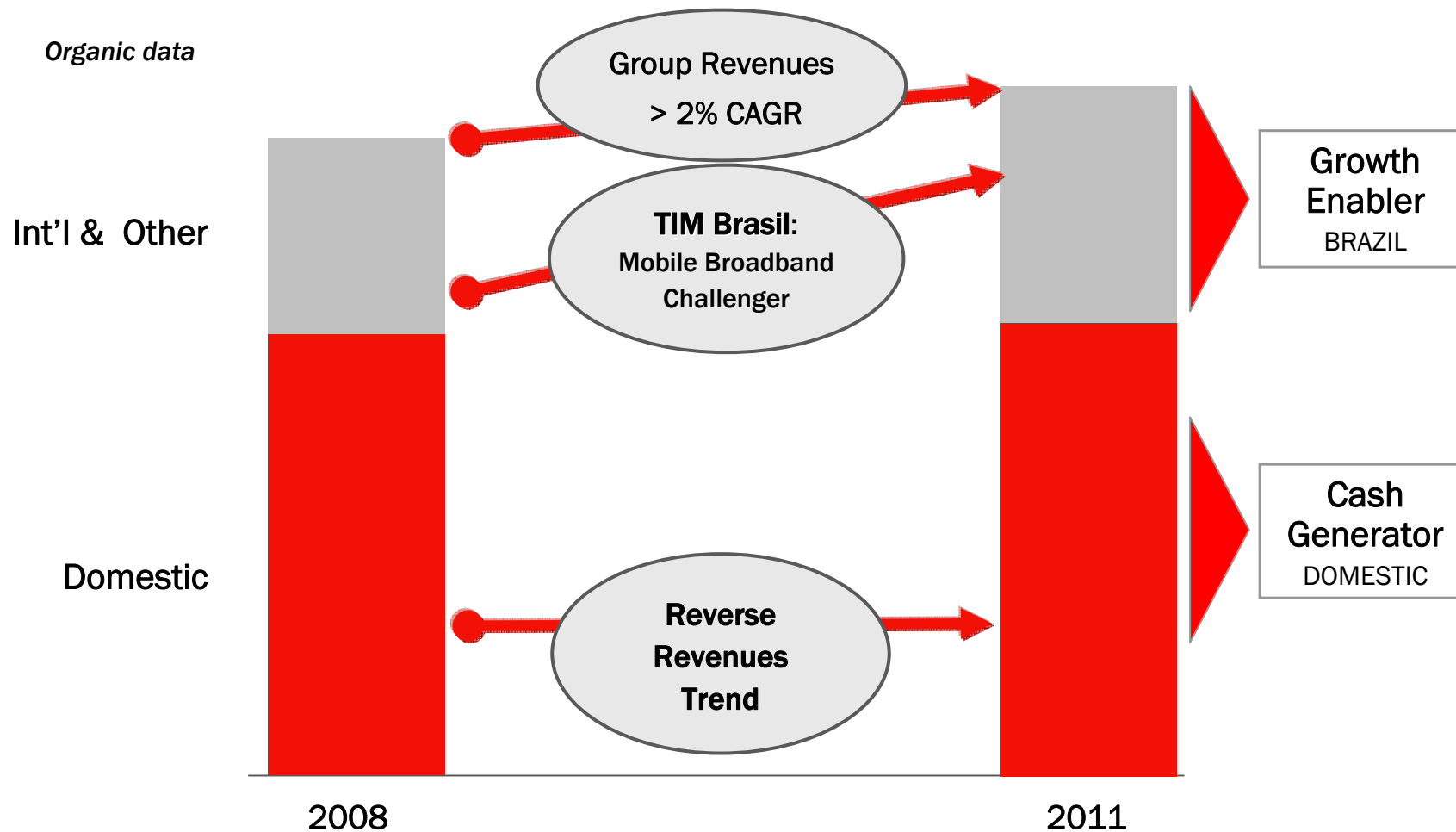
Operating Performance Boosts Value Creation

Organic data, Group

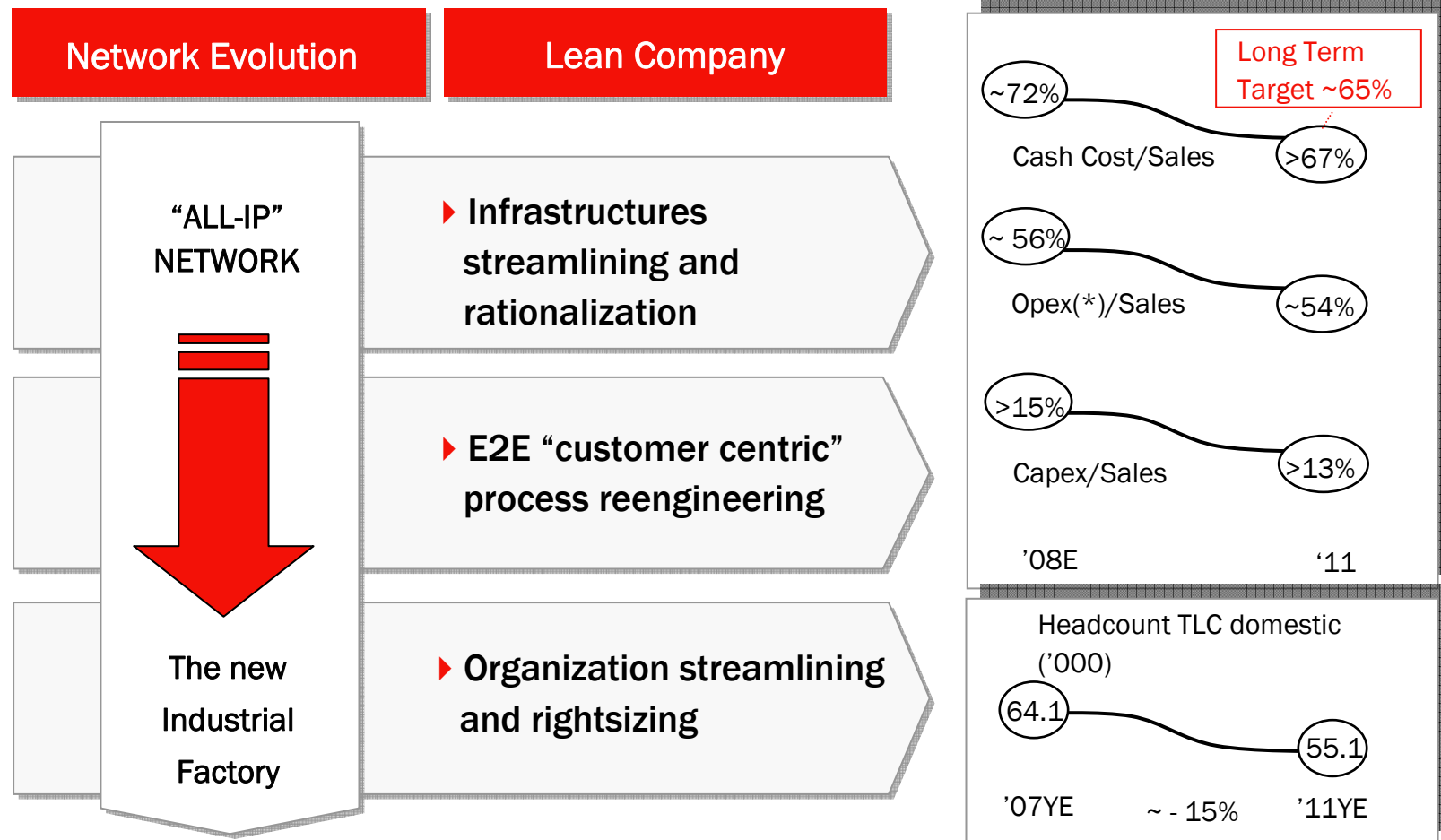


* Net of 3G licenses in Brazil

Group Revenues Trend: A Balanced Portfolio



Reduce Domestic Cash Costs Through A Lean Organization

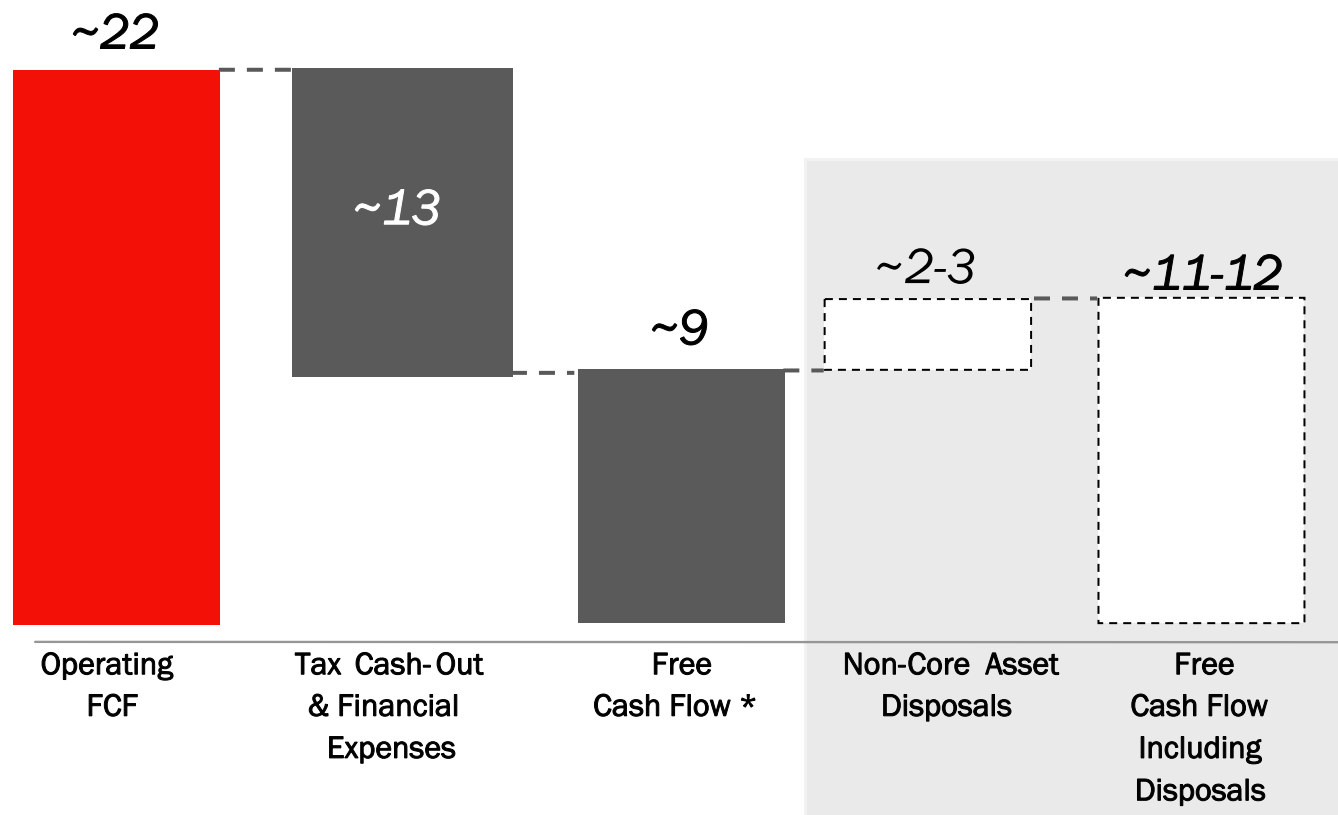


* Organic data

Free Cash Flow Generation '09 – '11

Cumulative '09-'11

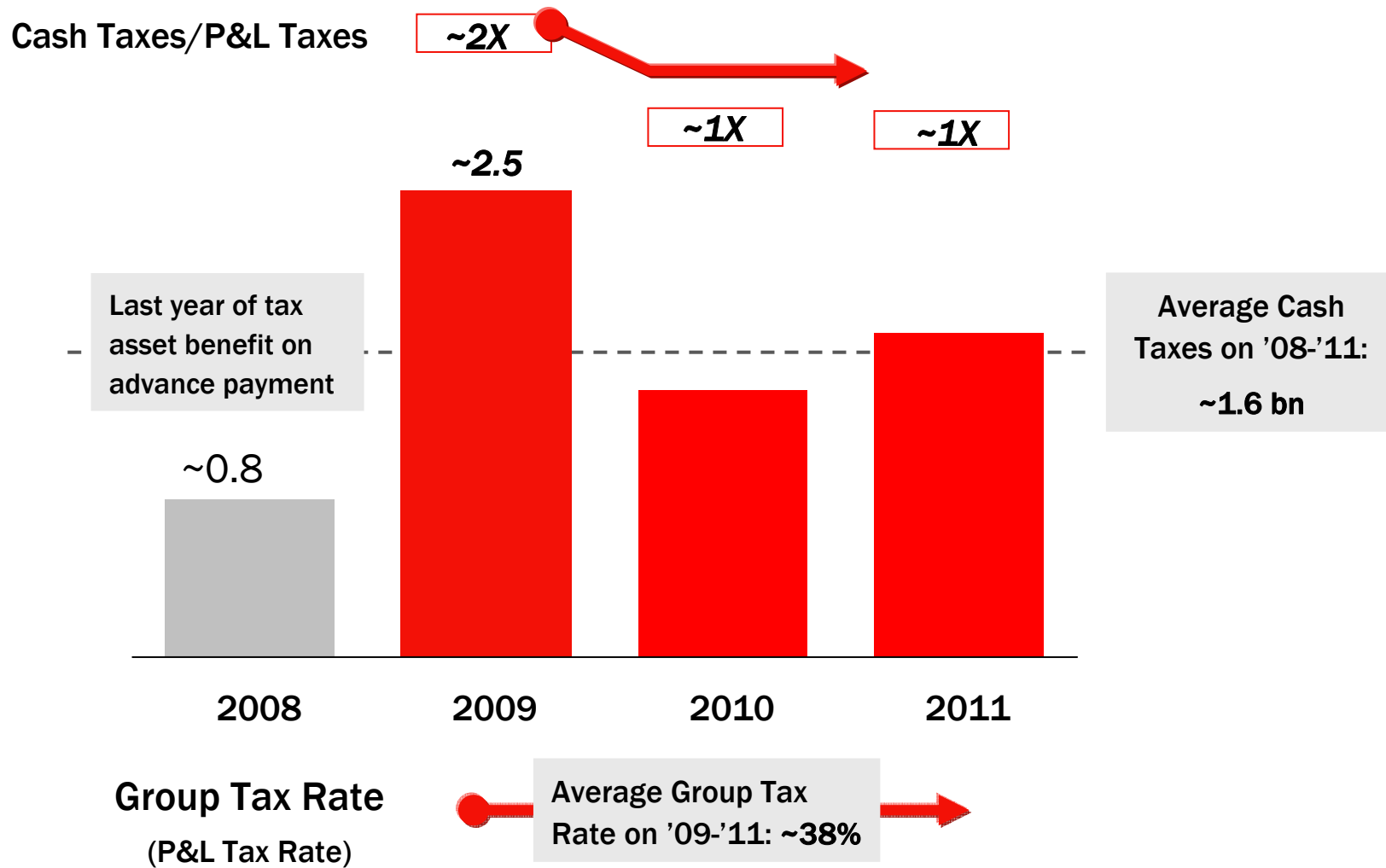
€ Bn



FCF generation: a key reference in managing our business

* Before dividends

Cash Taxes Towards Normalization



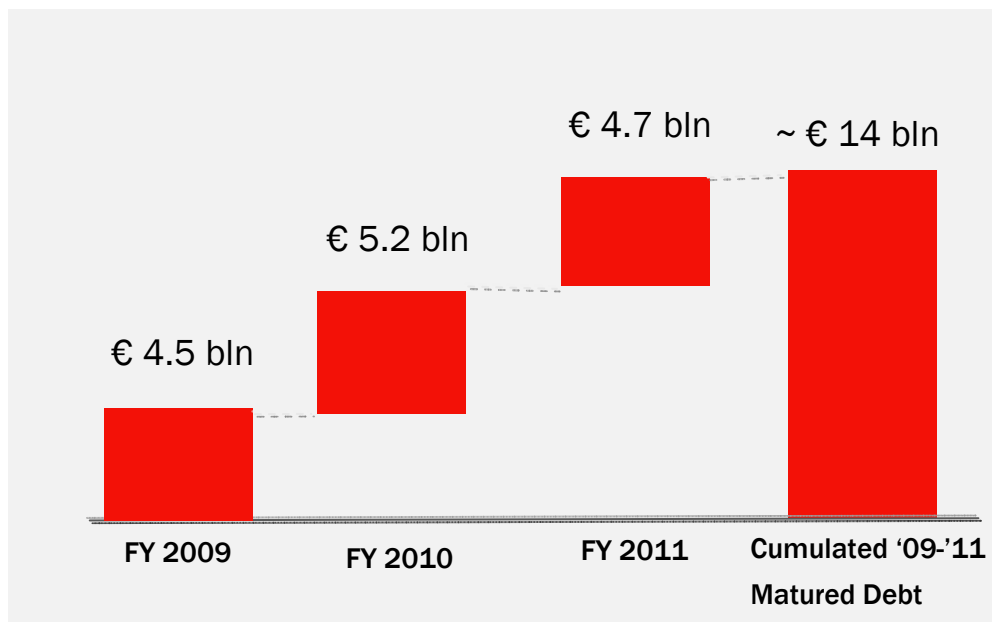
Financial Expenses: No Major Worsening Foreseen

- ▶ Average cost of debt at YE 2008 is foreseen to be approximately 6%
- ▶ Fixed rate portion on gross debt ~72%*
- ▶ Given limited size of refinancing compared with total debt stock the impact of increased funding costs is limited. Net financial charges stabilized by deleveraging policy.
- ▶ Due to recent market evolution, the average cost of debt for 2009 – 2011 is expected to increase by approx. 50/75 bps
- ▶ TI will exploit its multi-markets and multi-products access in order to further diversify investor base

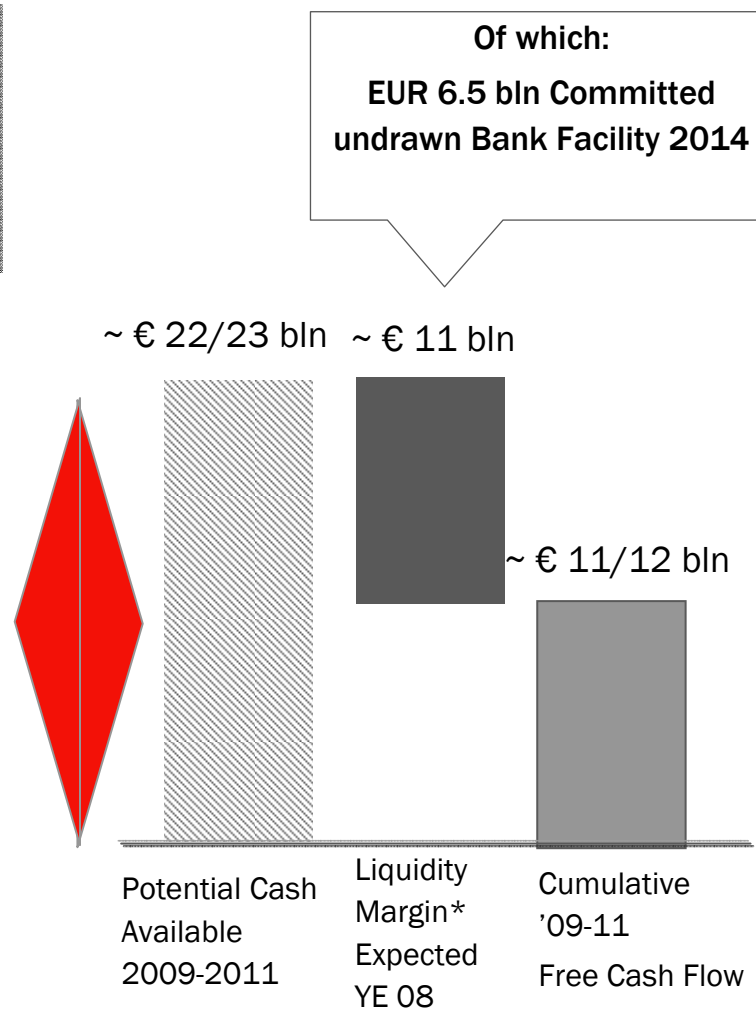
* As of September 30th, 2008

Debt Evolution and Liquidity Margin

Liquidity position will be managed during the plan through refinancing at market conditions and will grant debt maturities coverage together with cash flow generation and committed undrawn bank lines.



*Liquidity position Expected YE 08 + Unfunded Credit Facility



Continuous Deleveraging

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- ▶ Deleveraging is a key priority on the 3 year plan
- ▶ Targeting:
 - ▶ Reduction of Net Debt of at least ~€5.0 Bn by 2011
 - ▶ Target of ~ 2.3x Net Debt/EBITDA in 2011

