LISTING PROSPECTUS

TELECOM ITALIA CAPITAL

(Incorporated with limited liability under the laws of the Grand Duchy of Luxembourg)

$1,000,000,000 6.175% Guaranteed Senior Notes due 2014

$1,000,000,000 7.175% Guaranteed Senior Notes due 2019

Guaranteed on a senior, unsecured basis by

TELECOM ITALIA S.p.A.

(Incorporated with limited liability under the laws of the Republic of Italy)

Interest on the 2014 notes and the 2019 notes will be paid on June 18 and December 18 of each year, beginning on December 18, 2009. The 2014 notes will mature on June 18, 2014 and the 2019 notes will mature on June 18, 2019.

Telecom Italia Capital, a *société anonyme*, or TI Capital, and Telecom Italia S.p.A., or Telecom Italia, may redeem some or all of the notes at any time on and after December 21, 2010 at the redemption prices described in this listing prospectus. The notes may also be redeemed at 100% of their principal amount in whole but not in part upon the occurrence of certain tax events described in this listing prospectus.

The notes are unsecured obligations and rank equally with TI Capital's other unsecured senior indebtedness. The notes are fully, unconditionally and irrevocably guaranteed by Telecom Italia. The guarantees rank equally in right of payment with all of Telecom Italia's senior unsecured indebtedness. The notes have been issued in minimum denominations of $2,000 and integral multiples of $1,000.

This listing prospectus (the "listing prospectus") will be used to make an application to trade the notes on the regulated market and to list the notes on the official list of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market of financial assets in accordance with Directive 2004/39/EC of the European Commission. This listing prospectus constitutes a Prospectus under Article 5.4 of European Commission Directive 2003/71/EC (the "Prospectus Directive").

The notes may not be held by persons in the Republic of Italy or in any jurisdiction where holding the notes is not permitted.

Investing in the notes involves risks that are described in the "Risk Factors" section beginning on page 13 of this listing prospectus.

	Per 2014 Note	Total	Per 2019 Note	Total
Public Offering Price	100%	$1,000,000,000	100%	$1,000,000,000
Underwriting Discount	0.35%	$3,500,000	0.45%	$4,500,000
Proceeds, before expenses, to Telecom Italia Capital	99.65%	$996,500,000	99.55%	$995,500,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this listing prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes were delivered in book-entry form only through The Depository Trust Company and its participants including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on June 18, 2009 and are expected to be issued as listed securities on November 4, 2009.

Joint Bookrunners

BNP PARIBAS **DEUTSCHE BANK SECURITIES** **GOLDMAN, SACHS & CO.**

J.P. MORGAN **MITSUBISHI UFJ SECURITIES** **MORGAN STANLEY**

The date of this listing prospectus is November 3, 2009.

CERTAIN DEFINED TERMS

In this listing prospectus, references to the **"Issuer"** and **"TI Capital"** refer to Telecom Italia Capital. References to the **"Guarantor"** and **"Telecom Italia"** refer to Telecom Italia S.p.A. References to **"we"**, **"us"** and **"our"** refer to Telecom Italia Capital or, if the context so requires, also to Telecom Italia S.p.A. and, if the context so requires, its consolidated subsidiaries (including TI Capital). References to **"Telecom Italia Group"** refer to Telecom Italia S.p.A. and its consolidated subsidiaries (including TI Capital). References to **"Old Telecom Italia"** refer to Telecom Italia S.p.A. and its consolidated subsidiaries as they existed immediately prior to August 4, 2003, the effective date of the merger (the **"Merger"**) between Olivetti S.p.A. (**"Olivetti"**) and Old Telecom Italia.

PERSONS RESPONSIBLE

TI Capital and Telecom Italia accept responsibility for the information contained in this listing prospectus. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this listing prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

NOTICE TO INVESTORS

You understand that an investor in the notes covered hereby must be resident for income tax purposes in one of the countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended. Accordingly, upon agreeing to purchase any notes covered hereby, you are deemed to represent and agree that you are resident for income tax purposes in one of the countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended. A copy of the decree can be obtained from the website of the Ministry of Finance of Italy at www.finanze.it. See "Description of the Notes and Guarantees—Transfer Restrictions". You also understand that it is the intention of Telecom Italia that the notes will be held only by investors resident in countries identified in the above mentioned decree. If Telecom Italia becomes the obligor under the notes due to substitution or otherwise (see "Description of the Notes and Guarantees—Mergers and Similar Events"), including under its guarantee of amounts payable on the notes, and Telecom Italia were obligated to withhold on any payments made on the notes, there would be no obligation to gross up such payments to investors resident in the countries identified in the above Decree (including investors resident in the United States) who do not furnish the required certifications under applicable Italian tax requirements. See "Description of the Notes and Guarantees—Payment of Additional Amounts". Please refer to "Description of the Notes and Guarantees—Transfer Restrictions due to Certain Tax Considerations" for the current exclusive list of countries or territories where, if the notes were held by residents for income tax purposes of such countries or territories, and Telecom Italia were to become the obligor on the notes, including under its guarantee of amounts payable on the notes, Telecom Italia would have, on certain conditions, an obligation to gross up payments in the event of a withholding on any payments on the notes (if and only if an investor provides the required certifications under applicable Italian tax requirements). See "Risk Factors".

The list of countries included in the Decree of the Ministry of Finance of Italy of September 4, 1996 is expected to be replaced in the future by a new list attached to a ministerial decree yet to be issued. If a holder of the notes is not resident in one of the countries that will be identified in the forthcoming decree, that holder will not have a right to receive a gross-up in the event of a tax withholding as described above. Accordingly, holders will bear the risk of changes in the list of countries that will be included in the forthcoming decree.

ADDITIONAL INVESTOR RESTRICTIONS

Substantial additional restrictions exist with respect to the holding and resale of the notes. See pages 24-25 for further information.

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This listing prospectus incorporates important business and financial information about us that is not included in or delivered with this listing prospectus. This information is available without charge to you upon written or oral request. If you would like a copy of this information, please submit your request to our listing agent in Luxembourg, The Bank of New York Mellon (Luxembourg) S.A., Corporate Trust Services, Aerogolf Center, 1A, Hoehenhof, L-1736 Senningerberg, Luxembourg, Telephone +35 2 34 20 90 6035, or as set forth on page 26 of this listing prospectus.

SUMMARY

This summary should be read as an introduction to this listing prospectus. Any decision you make to invest in the notes should be based on consideration of the listing prospectus as a whole. If you bring a claim relating to the information contained in this listing prospectus, you might be required to bear the costs of translating the listing prospectus before any such legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the listing prospectus.

Issuer	TI Capital
Guarantor	Telecom Italia
Securities	$1,000,000,000 6.175% Guaranteed Senior Notes due 2014 (CUSIP 87927VAW8; ISIN US87927VAW81, Common Code 043536753) (the **"2014 notes"**); and $1,000,000,000 7.175% Guaranteed Senior Notes due 2019 (CUSIP 872456AA6; ISIN US872456AA66, Common Code 043550128) (the **"2019 notes"** and, together with the 2014 notes, the **"notes"**).
Guarantee	Telecom Italia irrevocably and unconditionally guarantees the full and punctual payment of principal, interest, additional amounts and all other amounts, if any, that may become due and payable in respect of the notes. If TI Capital fails to punctually pay any such amount, Telecom Italia will immediately pay the same.
Issue price	100% of the principal amount for the 2014 notes; and 100% of the principal amount for the 2019 notes.
Maturities	June 18, 2014 for the 2014 notes; and June 18, 2019 for the 2019 notes.
Interest rate	The 2014 notes will bear interest at a rate of 6.175% per annum; and the 2019 notes will bear interest at a rate of 7.175% per annum. The notes will bear interest from June 18, 2009.
Interest payment dates	June 18 and December 18, beginning on December 18, 2009, for the 2014 notes. June 18 and December 18, beginning on December 18, 2009 for the 2019 notes.
Regular record dates	June 1 and December 1 for the 2014 notes. June 1 and December 1 for the 2019 notes.
Settlement date	June 18, 2009.
Use of proceeds	The net proceeds from this offering (after deducting the underwriting discount but excluding expenses) were approximately $1,992 million. The net proceeds from the sale of the notes have been used to make inter-company loans to Telecom Italia Group companies for their general corporate purposes, which may include the repayment of existing indebtedness. See "Use of Proceeds".
Ranking	The notes are unsecured by assets or property. The notes rank equally in right of payment with all other senior unsecured indebtedness of TI Capital from time to

	time outstanding. The guarantee ranks equally in right of payment with all of Telecom Italia's senior unsecured indebtedness.
Payment of additional amounts	TI Capital, as issuer, and Telecom Italia, as guarantor, will pay additional amounts in respect of any payments of interest or principal so that the amount you receive after Luxembourg or Italian withholding tax will equal the amount that you would have received if no withholding of tax had been applicable, subject to some exceptions as described under "Description of the Notes and Guarantees—Payment of Additional Amounts" in this listing prospectus. See "Description of the Notes and Guarantees—Transfer Restrictions Due to Certain Tax Considerations".
Optional redemption	Beginning on December 21, 2010, the notes will be redeemable in whole or in part at TI Capital's option at any time at a redemption price equal to the greater of: • 100% of the principal amount of the applicable notes, or • as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued and unpaid as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 50 basis points, plus accrued and unpaid interest thereon to the date of redemption. See "Description of the Notes and Guarantees—Redemption at TI Capital's Option".
Tax redemption	If, due to changes in Italian or Luxembourg laws relating to withholding taxes applicable to payments of principal or interest, or in connection with certain merger or similar transactions of Telecom Italia or TI Capital, TI Capital, as issuer, or Telecom Italia, as guarantor (or its respective successors), is obligated to pay additional amounts on the notes, TI Capital may redeem the outstanding notes in whole, but not in part, at any time at a price equal to 100% of their principal amount plus accrued interest to the redemption date.
Form and denomination	Delivery of the notes was made on June 18, 2009 as described below. The notes were issued only in fully registered form in minimum denominations of \$2,000 and integral multiples of \$1,000, unless otherwise specified by us. Each series of the notes was evidenced by a separate note in global form, which was deposited with a custodian for and registered in the name of a nominee of The Depositary Trust Company (**"DTC"**). You may hold a beneficial interest in the global notes through DTC, directly as a participant in DTC or indirectly through financial institutions that are DTC participants. Both Euroclear and Clearstream are DTC participants. As an owner of a beneficial interest in the global notes, you will generally not be entitled to have your notes registered in your name, will not be entitled to receive certificates in your name evidencing the notes and will not be considered the holder of any notes under the indenture for the global notes.
Mergers and assumptions	Each of TI Capital and Telecom Italia is generally permitted to consolidate or merge with another company. TI Capital will be permitted to merge with an Italian company and either Telecom Italia or any Italian subsidiary of Telecom Italia will be permitted to assume the obligations of TI Capital subject to the delivery of certain legal opinions. To the extent that an Italian company, including

	Telecom Italia or any Italian subsidiary of Telecom Italia, will become the obligor under the notes and that such Italian company will be required to withhold on any payments made on the notes, there would be no obligation to gross up such payments to investors (including investors resident in the United States) who do not furnish the required certifications under applicable Italian tax requirements.
Luxembourg listing and admission to trading	TI Capital has made application to trade the notes on the regulated market and to list the notes on the official list of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market of financial assets in accordance with Directive 2004/39 of the European Commission. Listing was not expected to be completed prior to the settlement date of the notes.
Trustee, principal paying agent, registrar and calculation agent	The Bank of New York Mellon.
Governing law	New York law. For the avoidance of doubt, the provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.
Ratings	Telecom Italia's long-term rating is Baa2 with a stable outlook according to Moody's, BBB with a stable outlook according to Standard & Poors and BBB with a stable outlook according to Fitch. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization and each rating should be evaluated independently of any other rating.
Risk factors	Prospective purchasers of the notes should consider carefully all of the information set forth in this listing prospectus and, in particular, the information set forth under "Risk Factors" and "Description of the Notes and Guarantees—Transfer Restrictions Due to Certain Tax Considerations".
Selling restrictions	There are restrictions on persons that can be sold notes, and on the distribution of this listing prospectus, as described in "Underwriting".
Transfer restrictions	Investors should also note that under certain circumstances Italian taxes could apply. See "Description of the Notes and Guarantees—Transfer Restrictions Due to Certain Tax Restrictions".
Further issues	TI Capital may issue as many distinct series of notes under the indenture as it wishes. TI Capital may, subject to certain conditions, without the consent of any holder of the notes, "reopen" any series of the notes and issue additional notes having the same ranking, maturity and other terms (except for the issue date and issue price) as the notes of the applicable series offered pursuant to this listing prospectus. Any further issue will be considered to be part of the notes of the applicable series offered hereby, will be fungible therewith after any applicable restricted period and will rank equally and ratably with the notes of the applicable series offered hereby.

Yield.. The yield on the notes is the return you will receive by holding the notes for a period of time. For example, current yield, which calculates the percentage return that annual interest payments might provide to you, is calculated as follows:

$$\text{Current Yield} = \frac{\text{Annual Dollar Interest Paid}}{\text{Market Price}} \times 100\%$$

You may wish to calculate the adjusted current yield, yields to maturity, yield to call and other yields in making an investment decision with respect to the notes.

TI Capital Summary Selected Financial Data

BALANCE SHEET AS OF JUNE 30, 2009

ASSETS – (EUR)		SHAREHOLDERS' EQUITY AND LIABILITIES – (EUR)	
A. Not paid in subscribed capital	**-**	**A. Share capital**	**15,392,126**
		I. Subscribed share capital	2,336,000
		II. Issuance premium	11,810,696
		IV. Reserves	
		1. Legal reserves	234,000
		4. Other reserves	1,235,541
B. Incorporation expenses	**-**	V. Retained earnings	-
		VI. Result of the period	(224,111)
C. Non current assets	**10,694,450,174**	**B. Provisions for liabilities and charges**	**-**
II. Tangible assets			
2. Plant and equipment	-		
III. Non current financial assets		**C. Liabilities**	**11,899,814,554**
		1. Notes	
		b) Non convertible notes	
2. Receivables from group companies	10,684,859,452	a) payable within 1 year	884,392,246
3. Other receivables	9,590,722	b) payable beyond 1 year	10,152,822,980
		2. Payables to banks and financial institutions	
		b) payable beyond 1 year	49,653,286
		4. Trade and services payables	
D. Current assets	**1,154,573,132**	a) payable within 1 year	1,406,909
II. Financial receivables		6. Payables to group companies	
2. Receivables from group companies	1,047,751,159	a) payable within 1 year	104,252,496
4. Other receivables		b) payable beyond 1 year	678,083,004
a) payable within 1 year	412,613		
b) payable beyond 1 year	39,883,580	8. Tax payables and social security contributions	2,532,171
		a) payable within 1 year	
		9. Other payables	26,671,462
		a) payable within 1 year	-
IV. Cash and cash equivalents	66,525,780	b) payable beyond 1 year	
		D. Accrued expenses and prepaid income	**207,638,623**
E. Prepaid expenses and accrued income	**273,821,997**		
TOTAL ASSETS	**12,122,845,303**	**TOTAL LIABILITIES**	**12,122,845,303**

PROFIT AND LOSS FOR THE SIX MONTHS ENDED JUNE 30, 2009

A. CHARGES – EUR	2009	2008	B. INCOME - EUR	2009	2008
1. Net change in work in progress, semifinished and finished	-	-	**1. Net income**	-	-
2.a) Acquisition of goods and services	-	-	**2. Net change in work in progress, semifinished and finished goods**	-	-
b) Other expenses	-	-			
3. Personnel expenses	**70,262**	**55,446**	**3. Increase in capitalized internal construction costs of intangible assets**	-	-
a) Wages and salaries	63,187	49,162			
b) Social security contributions	7,075	6,284			
4.a) Value adjustment in respect of tangible and intangible fixed assets	**110**	**167**	**4. Other operating income**	-	**21,662**
b)Value adjustment in respect of current assets	-	-			
5. Other operating expenses	**551,945**	**567,579**	**5. Income from Equity investments**	-	-
6. Value adjustment in respect of financial receivables and non current financial assets	-	-	**6. Income from other securities**	-	-
7. Interest and similar expenses	**2,458,217,555**	**510,988,500**	**7. Interest and similar income**	**2,459,075,916**	**512,988,779**
a) concerning group companies	1,502,064,992	968,867	a) from group companies	971,349,052	253,803,830
b) other interest and charges	956,152,563	510,019,633	b) other interests and similar income	1,487,726,864	259,184,950
10. Exceptional expenses	-	-	**9. Extraordinary income**	-	-
11. Income tax	**460,155**	**363,477**			
13. Profit for the period	-	-	**10. Loss for the period**	**224,111**	-
TOTAL CHARGES	**2,459,300,027**	**513,010,442**	**TOTAL INCOME**	**2,459,300,027**	**513,010,442**

BALANCE SHEET AS OF DECEMBER 31, 2008

ASSETS – (EUR)	
A. Not paid in subscribed capital	**-**
B. Incorporation expenses	**-**
C. Non current assets	**9,328,390,730**
II. Tangible assets	
2. Plant and equipment	110
III. Non current financial assets	
2. Receivables from group companies	9,318,799,898
3. Other receivables	9,590,722
D. Current assets	**1,031,652,974**
II. Financial receivables	
2. Receivables from group companies	989,274,873
4. Other receivables	197,407
IV. Cash and cash equivalents	42,180,694
E. Prepaid expenses and accrued income	**347,025,761**
TOTAL ASSETS	**10,707,069,465**

SHAREHOLDERS' EQUITY AND LIABILITIES – (EUR)	
A. Share capital	**(34,383,762)**
I. Subscribed share capital	2,336,000
IV. Reserves	
1. Legal reserves	234,000
4. Other reserves	635,455
V. Retained earnings	2,664,233
VI. Result of the year	(40,253,450)
B. Provisions for liabilities and charges	**-**
C. Liabilities	**10,457,773,280**
1. Notes	
b) Non convertible notes	
a) payable within 1 year	-
b) payable beyond 1 year	9,772,221,025
2. Payables to banks and financial institutions	
b) payable beyond 1 year	54,248,504
4. Trade and services payables	
a) payable within 1 year	1,073,963
6. Payables to group companies	
a) payable within 1 year	2,344,304
8. Tax payables and social security contributions	
a) payable within 1 year	2,071,880
9. Other payables	
a) payable within 1 year	810,456
b) payable beyond 1 year	625,003,148
D. Accrued expenses and prepaid income	**283,679,947**
TOTAL LIABILITIES	**10,707,069,465**

PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2008

A. CHARGES – EUR		B. INCOME - EUR	
1. Net change in work in progress, semifinished and finished	**-**	**1. Net income**	**-**
2.a) Acquisition of goods and services	**-**	**2. Net change in work in progress, semifinished and finished goods**	**-**
b) Other expenses	**-**		
3. Personnel expenses	**110,652**	**3. Increase in capitalized internal construction costs of intangible assets**	**-**
a) Wages and salaries	97,524		
b) Social security contributions	13,128		
4.a) Value adjustment in respect of tangible and intangible fixed assets	**336**	**4. Other operating income**	**39,662**
b)Value adjustment in respect of current assets	**38,362,887**		
5. Other operating expenses	**1,325,535**	**5. Income from Equity investments**	**-**
6. Value adjustment in respect of financial receivables and non current financial assets	**-**	**6. Income from other securities**	**-**
7. Interest and similar expenses	**1,214,823,961**	**7. Interest and similar income**	**1,214,708,145**
a) concerning group companies	2,469,304	a) from group companies	558,900,005
b) other interest and charges	1,212,354,657	b) other interests and similar income	655,808,140
10. Exceptional expenses	**-**	**9. Extraordinary income**	**-**
11. Income tax	**377,886**		
13. Profit for financial year	**-**	**10. Loss for financial year**	**40,253,450**
TOTAL CHARGES	**1,255,001,257**	**TOTAL INCOME**	**1,255,001,257**

BALANCE SHEET AS OF DECEMBER 31, 2007

ASSETS – (EUR)		SHAREHOLDERS' EQUITY AND LIABILITIES – (EUR)	
A. Not paid in subscribed capital	**-**	**A. Share capital**	**5,869,688**
		I. Subscribed share capital	2,336,000
		IV. Reserves	
		1. Legal reserves	234,000
		4. Other reserves	526,780
		V. Retained earnings	250,517
B. Incorporation expenses	**-**	VI. Result of the year	2,522,391
		B. Provisions for liabilities and charges	**-**
C. Non current assets	**9,537,676,528**		
II. Tangible assets			
2. Plant and equipment	446	**C. Liabilities**	**9,728,365,664**
III. Non current financial assets		1. Notes	
		b) Non convertible notes	
2. Receivables from		a) payable within 1 year	679,301,678
group companies	9,537,676,082	b) payable beyond 1 year	7,879,899,463
3. Other receivables	-	2. Payables to banks and financial institutions	
		b) payable beyond 1 year	52,770,917
		4. Trade and services payables	
		a) payable within 1 year	565,191
D. Current assets	**137,631,961**	6. Payables to group companies	
II. Financial receivables			
2. Receivables from		a) payable within 1 year	1,052,918
group companies	100,959,416	8. Tax payables and social security contributions	
4. Other receivables	183,813		
IV. Cash and cash		a) payable within 1 year	2,410,882
equivalents	36,488,732	9. Other payables	
		a) payable within 1 year	2
		b) payable beyond 1 year	1,112,364,613
E. Prepaid expenses and accrued income	**313,797,238**	**D. Accrued expenses and prepaid income**	**254,870,375**
TOTAL ASSETS	**9,989,105,727**	**TOTAL LIABILITIES**	**9,989,105,727**

PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2007

A. CHARGES – EUR		B. INCOME - EUR	
1. Net change in work in progress, semifinished and finished	**-**	**1. Net income**	**-**
2.a) Acquisition of goods and services	**-**	**2. Net change in work in progress, semifinished and finished goods**	**-**
b) Other expenses	**-**		
3. Personnel expenses	**151,924**	**3. Increase in capitalized internal construction costs of intangible assets**	**-**
a) Wages and salaries	96,935		
b) Social security contributions	54,989		
4.a) Value adjustment in respect of tangible and intangible fixed assets	**14,413**	**4. Other operating income**	**39,937**
b)Value adjustment in respect of current assets	**-**		
5. Other operating expenses	**1,108,933**	**5. Income from Equity investments**	**-**
6. Value adjustment in respect of financial receivables and non current financial assets	**-**	**6. Income from other securities**	**-**
7. Interest and similar expenses	**915,296,375**	**7. Interest and similar expenses**	**920,116,115**
a) concerning group companies	2,244,095	a) from group companies	524,930,944
b) other interest and charges	913,052,280	b) other interests and similar income	395,185,171
10. Exceptional expenses	**1,207,103**	**9. Extraordinary income**	**1,207,102**
11. Income tax	**1,062,015**		
13. Profit for financial year	**2,522,391**	**10. Loss for financial year**	**-**
TOTAL CHARGES	**921,363,154**	**TOTAL INCOME**	**921,363,154**

Risk Factors

See “Risk Factors” commencing on page 13 for a full description of these factors.

Risk Factors relating to the business of TI Capital and Telecom Italia include risks relating to the successful implementation of new services, revised strategic objectives and the Telecom Italia Group targets generally, the crisis currently affecting the global economy, high financial leverage, possible systems failures, the impact of technological change and our ability to successfully update our existing networks, saturated mobile markets, possible adverse outcome of legal proceedings, currency and interest rate fluctuations, risks associated with the Telecom Italia Group’s ownership chain described on page 16, possible adverse regulatory decisions and changes (including the ability of the Italian State to exert certain powers over us), exposure to political and economic developments particularly in Italy, increased competition reducing our market share in Italy and elsewhere, implementation of broadband and Internet and Information and Communications Technology strategies and actual or perceived health risks related to wireless transmission and use.

Risk factors relating to the notes include the possibility of insufficient cash flow or a debt rating downgrade, the notes being unsecured, no assurance of an active market developing and lack of obligation by Telecom Italia to gross up payments to noteholders in certain countries if it becomes an obligor on the notes.

Description of TI Capital

TI Capital is a limited liability company (société anonyme) organized under the laws of Luxembourg, incorporated on September 27, 2000 and is a wholly-owned subsidiary of Telecom Italia. TI Capital’s primary purpose is to finance the operations of the companies comprising the Telecom Italia Group. TI Capital is registered with the Registre de Commerce et des Sociétés of Luxembourg under B-77.970. TI Capital’s registered office and postal address is 12, rue Eugène Ruppert, L-2453, Luxembourg and its telephone number is + 352-456060-440. See “Description of TI Capital” on pages 67-69.

Description of Telecom Italia S.p.A.

Telecom Italia is a joint-stock company established under Italian law with registered offices at Piazza degli Affari 2, 20123 Milan, Italy. The telephone number is +39-02-85951. The company is recorded in the Milan Companies Register at number 00488410010, R.E.A. number 1580695, R.A.E.E. number IT08020000000799. The duration of the company, as stated in the company’s Bylaws, extends until December 31, 2100. See “Description of Telecom Italia” on pages 33-40.

Operating and Financial Review and Prospects

See pages 73-135 of Telecom Italia’s Annual Report on Form 20-F for the year ended December 31, 2008 (the **“Telecom Italia Annual Report”**), which is incorporated by reference herein; see also TI Capital’s audited financial statements set out in this listing prospectus.

Directors, Senior Management, Employees, Advisers and Auditors

TI Capital Directors and Senior Management

The Directors of TI Capital are Adriano Trapletti, Antonio Sica, Andrea Balzarini and Jacques Loesch. See page 67 of this listing prospectus.

Telecom Italia S.p.A. Directors and Senior Management

The Chairman of the Board of Directors is Gabriele Galateri di Genola and the Chief Executive Officer is Franco Bernabé. A list of directors and senior management and their biographies and related information, is set forth in Telecom Italia Annual Report incorporated herein by reference on pages 136-145.

Employees

The Telecom Italia Group had 76,560 employees as of June 30, 2009.

Advisers and Auditors

A list of advisers to and auditors of each of TI Capital and Telecom Italia S.p.A. is set forth on the inside back cover page of this listing prospectus.

Major Shareholders and Related-Party Transactions

TI Capital's major shareholder is Telecom Italia. Telecom Italia S.p.A.'s major shareholder is Telco S.p.A. See "Description of Telecom Italia" on pages 33-38 hereof, and pages 157-162 of Telecom Italia Annual Report incorporated herein by reference.

There are multiple related-party transactions within the Telecom Italia Group. See "Description of Telecom Italia" on pages 33-38 hereof, and page 163 of Telecom Italia Annual Report incorporated herein by reference.

Financial Information

The audited financial statements of TI Capital for the years ended December 31, 2008 and 2007, including notes thereto, are set forth on pages 93-120 of this listing prospectus, and its consolidated unaudited financial statements, including notes thereto, are set forth on pages 82-92 of this listing prospectus. Telecom Italia's consolidated audited financial statements, including notes thereto, are set forth in the Telecom Italia Annual Report incorporated by reference herein on pages F-2–F-145, and its consolidated unaudited interim financial information as of and for the six months ended June 30, 2009 and 2008 is set forth in the Telecom Italia's First Half Report as of June 30, 2009 Form 6-K (the "**First Half 2009 Report 6-K**") incorporated by reference herein on pages 27-29.

Since December 31, 2008, the date of TI Capital's and Telecom Italia's last audited financial statements, there has been no material adverse change in their prospects. Other than as set forth herein, there has been no significant change in the financial or trading position of Telecom Italia since June 30, 2009 and there has been no significant change in the financial or trading position of Telecom Italia Capital since June 30, 2009.

Additional Information

TI Capital

TI Capital's subscribed share capital is €2,336,000.00, consisting of 100,000 ordinary shares. See "Description of TI Capital" on pages 67-69. Its memorandum and articles of association, and other documents on display, are available as described on page 79.

Telecom Italia S.p.A.

As of June 30, 2009, Telecom Italia's subscribed share capital was:

- 13,380,795,473 Ordinary Shares (par value of €0.55 each, corresponding to €7,359,437,510.15) subscribed, issued and existing; and
- 6,026,120,661 Savings Shares (par value of €0.55 each, corresponding to €3,314,366,363.55) subscribed, issued and existing;

of which:

- 162,216,387 treasury Ordinary Shares (par value of €0.55 each, corresponding to €89,219,012.85).

Telecom Italia's memorandum and articles of association, and other documents on display, are available as described on page 79.

RISK FACTORS

An investment in the notes will involve a degree of risk, including those risks which are described in this section. In addition to the other information contained and incorporated by reference in this listing prospectus, you should carefully consider the following factors before deciding whether an investment in the notes is suitable for you.

Risks Associated with Our Business

RISKS RELATED TO TELECOM ITALIA

Our business will be adversely affected if we are unable to successfully implement our strategic objectives. Factors beyond our control may prevent us from successfully implementing our strategy.

On December 3, 2008, we set out our strategic priorities for the 2009-2011 period. Our strategy is aimed at improving revenues and selective growth, while maintaining financial discipline. To achieve this goal, we will focus on:

- our leading competitive position in the domestic market, developing innovative services (BroadBand and closely related businesses), improving efficiency and reducing debt levels, including through disposals of non-core assets. More specifically, the 2009-2011 strategic plan pursues a return to growth in our domestic market through:
    - changing our organization from a technology-based approach (fixed and mobile TLC) to a customer-centric approach (consumer, business and Top Client);
    - reducing **Digital Divide** through decreasing the gap between BroadBand and fixed-line penetration levels;
    - developing mobile BroadBand;
    - developing innovative and closely related businesses to increase customer share;
    - reorganizing our brand architecture to engender a more consistent perception of convergent offerings and customer-centric approach;
    - seeking new cost-efficiencies in identified business and support areas, including IT, Network Operations, Building and Energy rationalization, Sales and Distribution reengineering, Customer Operations and Delivery and Assurance programs;
- internationally, on our Brazilian operations, strengthening our position in Brazil by leveraging mobile telephony to enable BroadBand growth and exploiting opportunities arising from fixed-line/mobile migration; and
- realizing value from the disposal of non-core assets.

Our ability to implement and achieve these strategic objectives may be influenced by certain factors, including factors outside of our control, such as:

- regulatory decisions and changes in the regulatory environment in Italy and other countries in which we operate;
- increasing numbers of new competitors in the Italian telecommunications market which could cause us to lose further market share;
- increasing and stronger market competition in its principal markets with a consequent decline in the prices of services;
- our ability to strengthen our competitive position in Italy through our focus on related markets and in international markets, particularly in Brazil for mobile telecommunications;
- our ability to develop and introduce new technologies which are attractive to the market, to manage innovation, to supply value added services and to increase the use of our fixed and mobile networks;

- the success of “disruptive” new technologies which could cause significant reductions in revenues from fixed and mobile telephony;

- our ability to manage costs;

- the effect of the global credit crisis and recessionary conditions in the major markets in which the Telecom Italia Group operates;

- our ability to refinance existing indebtedness when due under the current uncertain conditions in the capital and bank markets as credit markets worldwide have experienced a severe reduction in liquidity and term funding;

- our ability to attract and retain highly qualified employees;

- the effect of exchange rate fluctuations on the operating revenues, margins and financial management of Telecom Italia.

As a result of these uncertainties there can be no assurance that the objectives identified by management can effectively be attained in the manner and within the time-frames described.

The crisis currently affecting the global economy could adversely affect our businesses and therefore could have a negative impact on our operating results and financial condition.

From a macroeconomic standpoint, the crisis currently affecting the global economy, which is expected to continue for at least the whole of 2009, includes a general contraction in consumer spending, with the impact on consumer spending varying between geographical areas and different markets.

In Italy, the recession is expected to have the greatest impact on the demand for investments and on the purchase of consumer durable goods and articles of mass-consumption, whereas it is expected to have less impact on services like telecommunications. In 2009, Gross Domestic Product (“**GDP**”) is expected to decline by approximately 2%.

Telecommunications is proving to be one of the industrial segments least affected by pro-cyclical trends since our society has an increasing need to communicate. However, recessionary conditions may weigh heavily on the development prospects of our domestic market, particularly with regard to the penetration of the next phase of value-added services and the volume of business. This applies particularly to the business clientele segment (professionals and small and medium-size businesses), where it is more likely that recessionary conditions could have a negative effect on revenues.

With respect to the South American market, and especially Brazil, it is important to highlight that, at least through the date hereof, the volatility that has been typical of emerging market economies during international economic crises is much less pronounced than in the past. In this context, the outlook for 2009 is for modest economic growth compared with the rapid growth of the past several years.

The global economic crisis creates significant uncertainty and will adversely impact consumer spending, including on telecommunication services. If we fail to successfully implement our plans to improve efficiency and optimize expenditures, our results of operations and financial condition could be adversely affected.

Our leverage is such that deterioration in cash flow generation can change the expectations on the Group’s ability to repay its debt and the inability to reduce our debt could have a material adverse effect on our business. Existing and worsening conditions in the international credit markets may limit our ability to refinance our financial debt.

Our gross financial debt was €45,026 million at June 30, 2009 compared with €42,794 million at December 31, 2008 and our adjusted net financial debt was €34,859 million at June 30, 2009 compared with €34,526 million as of December 31, 2008.

Starting from the first half of 2009, in order to present a more realistic analysis of net financial debt, a new performance measure has been introduced, in addition to the usual indicator (renamed “*Net financial debt carrying amount*”), denominated “*Adjusted net financial debt*” which excludes effects that are purely accounting and non-monetary in nature deriving from the fair value measurement of derivatives and related financial assets and liabilities.

Due to the competitive environment and the economic conditions in which we operate, there could be deterioration in the statement of income and balance sheet measures (such as EBITDA, with EBITDA calculated for these purposes as Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets and Net Financial

Debt). Ratios derived from these same measures are used by the rating agencies, such as Moody's and Standard & Poor's, which base their ratings on the Group's ability to repay its debt.

Although ratings downgrades do not have an immediate impact on outstanding debt, except for outstanding debt instruments that specifically contemplate ratings in order to determine interest expenses, or on its relative cost to Telecom Italia, downgrades could lead to a greater risk with respect to refinancing existing debt or higher refinancing costs.

The volatility characterizing the wholesale capital markets could make it more difficult for us to access the bond markets. In addition, our credit risk could lead to an increase in our refinancing costs. A prolonged duration of the credit downturn with the consequent higher refinancing costs could have a material adverse effect on the Telecom Italia Group's results of operations and financial condition. Factors which are beyond our control such as deterioration in the performance by the telecommunications sector, unfavorable fluctuations in interest rates and/or exchange rates, continuing disruptions in the capital markets, particularly debt capital markets, and, in a broader sense, deterioration in general economic conditions also as a result of the current financial crisis, could have a significant effect on our ability to reduce our debt, or the ability of the Telecom Italia Group to refinance existing debt through further access to the financial markets.

The management and further development of our business will require us to make further investments. We may therefore incur additional debt in order to finance such investment. Our future results of operations may be influenced by our ability to enter into such transactions, which in turn will be determined by market conditions and factors that are outside our control. In addition, if such transactions increase our leverage it could adversely affect our credit ratings.

System failures could result in reduced user traffic and reduced revenue and could harm our reputation.

Our technical infrastructure (including our network infrastructure for fixed-line and mobile telecommunications services) is vulnerable to damage or interruption from information and telecommunication technology failures, power loss, floods, windstorms, fires, terrorism, intentional wrongdoing, human error and similar events. Unanticipated problems at our facilities, system failures, hardware or software failures, computer viruses or hacker attacks could affect the quality of our services and cause service interruptions. Any of these occurrences could result in reduced user traffic and reduced revenue and could harm our reputation.

Our business depends on the upgrading of our existing networks.

We must continue to upgrade our existing networks in a timely and satisfactory manner in order to retain and expand our customer base in each of our markets, to enhance our financial performance and to satisfy regulatory requirements. Among other things, we could be required to:

- upgrade the functionality of our networks to permit increased customization of services;
- increase coverage in some of our markets;
- expand and maintain customer service, network management and administrative systems; and
- upgrade older systems and networks to adapt them to new technologies.

Many of these tasks are not entirely under our control and may be affected by applicable regulation. If we fail to execute them successfully, our services and products may be less attractive to new customers and we may lose existing customers to our competitors, which would adversely affect our business, financial condition and results of operations.

We are continuously involved in disputes and litigation with regulators, competition authorities, competitors and other parties. The ultimate outcome of such proceedings is generally uncertain. When finally concluded, they may have a material adverse effect on our results of operations and financial condition.

We are subject to numerous risks relating to legal, competition and regulatory proceedings in which we are currently a party or which could develop in the future. Legal, competition and regulatory proceedings are inherently unpredictable. Legal, competition and regulatory proceedings in which we are, or may become, involved (or settlements thereof) may have a material adverse effect on our results of operations and/or financial condition. Furthermore, our involvement in legal, competition and regulatory proceedings may adversely affect our reputation.

The Italian Collective Action for Damages for the Protection of Consumers passed in December 2007 and, after undergoing substantial modifications by the Italian Parliament, which is expected to enter into force on January 1, 2010. The law will allow collective action lawsuits and is similar in many respects to common law class actions. Contracts between public utilities and consumers and the business practices of companies that provide public services (such as Telecom Italia) are covered by the Collective Action law. Therefore there will be a risk of claims against Telecom Italia by consumers' associations on behalf of broad classes of consumers. For information concerning the most important legal, competition and regulatory proceedings in which we are involved, see "Note—Contingent liabilities and assets, other information, commitments and guarantees" of the Notes to the Consolidated Financial Statements included in the Telecom Italia Annual Report incorporated herein by reference.

Risks associated with Telecom Italia's ownership chain.

Telco—a company in which interests are held by Generali group (28.1%), Intesa San Paolo S.p.A. (10.6%), Mediobanca S.p.A. (10.6%), Sintonia S.A. (8.4%) and Telefónica S.A. (**Telefónica**) (42.3%)—is Telecom Italia's largest shareholder, holding an interest of approximately 24.5% of the voting rights. On October 28, 2009, the shareholders of Telco have, however, informed that Sintonia S.A. has exercised its right to apply for the demerger provided for in Article 11 of the April 28, 2007 Shareholders Agreement and exit Telco (see "Description of Telecom Italia—Telecom Italia Shareholders' Agreements" on page 36).

Although Telco does not own a controlling interest in Telecom Italia's voting shares, Telco may exert a significant influence on all matters to be decided by a vote of shareholders, including appointment of directors (in the Shareholders' Meeting on April 14, 2008 12 out of 15 Board members were elected, as a result of Telco's proposal). In principle, the interests of Telco in deciding shareholder matters could be different from the interests of Telecom Italia's other Ordinary Shareholders, and it is possible that certain decisions could be taken that may be influenced by the needs of Telco. In addition, Telefónica is the largest shareholder of Telco. Presently Telefónica and Telecom Italia are direct competitors in certain countries outside of their respective domestic markets; nevertheless, the agreement among the above mentioned parties provides that the Telecom Italia and Telefónica groups will be managed autonomously and independently. Such agreements provide that the directors designated by Telefónica in Telco and Telecom Italia shall be directed by Telefónica to neither participate nor vote at board of directors meetings which discuss matters relating to members of the Group in countries where Telefónica and Telecom Italia compete. Specific additional matters have been agreed with respect to Telecom Italia's operations in Brazil. For further information, please see "Item 7 Major Shareholders and Related-Party Transactions—7.1 Major Shareholders—7.1.1 The Shareholders' Agreements" and "Item 10. Additional Information—10.1 Corporate Governance" in the Telecom Italia Annual Report incorporated by reference herein. See also "Note—Contingent liabilities and assets, other information, commitments and guarantees" of the Notes to the Consolidated Financial Statements included in the Telecom Italia Annual Report incorporated by reference herein.

Telco is a holding company and the sole operating company in which it has an interest is Telecom Italia. Therefore, should Telco be unable to obtain funding from its shareholders, present or future, or from other sources, its cash flows would be entirely dependent upon the dividends paid on the Telecom Italia shares for its funding needs.

The Italian State, through the Treasury, is in a position to exert certain powers with respect to Telecom Italia.

Although no shareholder is in a position to prevent a takeover of Telecom Italia, the Italian State, through the Treasury, is in a position to exert certain powers with respect to Telecom Italia through the exercise of the special powers included in Telecom Italia's Bylaws pursuant to compulsory legal provisions. The exercise of such powers could make a merger with or takeover of Telecom Italia more difficult or discourage certain bidders from making an offer.

On March 26, 2009, the European Court of Justice declared that Italy through the special powers, failed to comply with its obligations under the EC Treaty. According to the Court's ruling, the alleged infringement of the EC Treaty arises due to the applicable Italian legal provisions not making sufficiently clear the conditions for the exercise of the Treasury's special powers, so that investors are not in a position to know in what situations the powers will be used. Although such ruling may be relevant and binding for the Italian Government, the ruling does not have any immediate, direct impact on the aforementioned provisions and Telecom Italia's bylaws.

For further information, please see "Item 7. Major Shareholders and Related-Party Transactions—7.1 Major Shareholders—7.1.3 Continuing Relationship with the Italian Treasury" in the Telecom Italia Annual Report incorporated by reference herein.

RISKS RELATED TO THE TELECOMMUNICATIONS INDUSTRY AND FINANCIAL MARKETS

The value of our operations and investments may be adversely affected by political and economic developments in Italy or other countries. The current global economic crisis could reduce purchases of our products and services and adversely affect our results of operations, cash flows and financial condition.

Our business is dependent to a large degree on general economic conditions in Italy and our other principal markets such as Brazil, including levels of interest rates, inflation, taxes and general business condition. A significant deterioration in economic conditions could adversely affect our business and results of operations. We may also be adversely affected by political developments in other countries where we have made significant investments. Certain of these countries have political and legal systems that are unpredictable. Political or economic upheaval or changes in laws or their application in these countries may harm the operations of the companies in which we have invested and impair the value of these investments.

Uncertainty about current global economic conditions poses a significant risk as consumers and businesses may postpone spending in response to tighter credit, negative financial news (including high levels of unemployment) or declines in income or asset values, which could have a material negative effect on the demand for our products and services. Economic difficulties in the credit markets and other economic conditions, such as a recession currently being experienced or the risk of a potential recession, may reduce the demand for or the timing of purchases of our products and services. A loss of customers or a reduction in purchases by our current customers could have a material adverse effect on our financial condition, results of operations and cash flow and may negatively affect our ability to meet our growth targets. Other factors that could influence customer demand include access to credit, consumer confidence and other macroeconomic factors.

Because we operate in heavily regulated business environments, regulatory decisions and changes in the regulatory environment could materially adversely affect our business.

Our fixed and mobile telecommunications operations, as well as our BroadBand services and television broadcasting businesses, are subject to extensive regulatory requirements in Italy and our international operations and investments are subject to regulation in their host countries.

As a member of the European Union (the "**EU**"), Italy has adapted its telecommunications regulatory framework to the legislative and regulatory framework established by the EU for the regulation of the European telecommunications market (currently under review which is expected to be closed in 2009).

Included within the EU framework is the obligation on the part of the Italian regulator responsible for the regulation of the telecommunications, radio and television broadcasting sector (the "**Italian Communications Authority**" or "**AGCom**") to identify operators with "significant market power" ("**SMP**") based on a market analysis in relevant separate retail and wholesale markets, identified in an EC Recommendation, in which it is considered necessary to intervene to protect free competition. The framework established criteria and procedures for identifying remedies applicable to operators with "significant market power".

During 2006 and 2007, AGCom concluded the first round of the analysis of the markets and introduced regulatory measures as a result of these analyses. Since the end of 2007 AGCom conducted various proceedings to carry out a second round of market analyses to determine whether to maintain, amend or withdraw the obligations in force relating to competition. During 2008 AGCom concluded the second round of analyses of the mobile markets. In particular, as to the mobile call termination market, AGCom set a four year "**glide path**" (i.e. a gradual declining reduction in tariffs) of the maximum termination rates for each operator such that by 2012 all termination rates will be the same on each network. AGCom is however defining a new cost model which could lead to the revision of the termination rates from 2010 or, more likely, from 2011. As to the mobile access and call origination market, AGCom has confirmed that the market is competitive and does not warrant *ex ante* regulation. International roaming is instead regulated at EU level by a specific regulation recently extended to SMS and data. AGCom and the Competition Authority concluded, in May 2009, a joint investigation on SMS, MMS and mobile data, without providing any regulatory intervention but inviting the operators to set retail and wholesale prices consistently with the maximum prices set by the EU roaming regulation. The market analysis proceedings on the fixed markets were suspended until the AGCom approval of the Telecom Italia Undertakings in December 2008 (for further information please see "Item 4. Information on the Telecom Italia Group—Item 4.2 Business Units" as referred to in the Telecom Italia Annual Report incorporated by reference herein); they are now underway and should be closed by 2010. So far, AGCom has proposed to deregulate the international calls market and the retail leased lines market. AGCom is also going to review the regulation of retail and wholesale access markets by softening the current remedies (in the framework of the market analysis, Telecom Italia's Undertakings have been notified to the European Commission). The final decision is expected to be published by December 2009.

In Italy, we are subject to universal service obligations, which require us to provide fixed-line public voice telecommunications services in non-profitable areas. We are the only operator in Italy which has this obligation.

In addition, in the first round of market analysis, the AGCom identified us as an operator having significant market power in all the relevant fixed markets and in the mobile termination market. As a result, we are subject to a number of regulatory constraints, including:

- a requirement to conduct our business in a transparent and non-discriminatory way;
- a requirement to have our retail prices for fixed voice telephony services subject to a price cap (i.e. the mechanism which adjusts the operator's prices according to the price cap index that reflects the overall rate of inflation in the economy and

the ability of the operator to gain efficiencies; the basic formula is RPI-X, where RPI is the retail price index and X represents the expected efficiency of operator) or *ex ante* price tests in order to assess the "replicability" of the offer (i.e. the possibility for an efficient competitor to match Telecom Italia's retail prices using Telecom Italia's wholesale access services in the most efficient way). These price control mechanisms place certain limits on our ability to change our prices for certain services; and

- a requirement to provide interconnection services, leased lines and unbundled access to the local loop to other operators at cost-orientated prices, subject to specific network caps.

These constraints have had an adverse impact on our fixed line network pricing and service offerings and future regulatory decisions may continue to have an adverse impact on our market shares and margins.

In December 2008, AGCom approved Telecom Italia's voluntary undertakings to improve the equality of treatment in the provision of access services where Telecom Italia has SMP. In addition, the majority of the retail markets and a few of the wholesale markets have been removed from the EC Recommendation which, together with the impact of Telecom Italia's undertakings on competition developments, could lead AGCom to reduce the regulatory burden, mainly in the retail markets.

The limited predictability inherent in regulatory interventions could however result in some limitations in realizing any such benefits.

We are unable to predict the impact of any proposed or potential changes in the regulatory environment in which we operate both in Italy and internationally. Changes in laws, regulation or government policy could adversely affect our business and competitiveness. In particular, our ability to compete effectively in our existing or new markets could be adversely affected if regulators decide to expand the restrictions and obligations to which we are subject or extend them to new services and markets. Finally, decisions by regulators regarding the granting, amendment or renewal of licences, to Telecom Italia or to third parties, could adversely affect our future operations in Italy and in other countries where we operate.

There is also a general risk related to the possible imposition of fines by the competent authorities for violations of the sector regulation.

We operate under licenses, authorizations and concessions granted by government authorities.

Many of our activities require licenses, authorizations or concessions from governmental authorities. These licenses, authorizations and concessions specify the types of services permitted to be offered by the operating company holding such license, authorization or concession. The continued existence and terms of our licenses, authorizations and concessions are subject to review by regulatory authorities and to interpretation, modification or termination by these authorities. Although license, authorization and concession renewal is not usually guaranteed, most licenses, authorizations and concessions do address the renewal process and terms. Moreover, licenses, authorizations and concessions as well as their renewal terms and conditions may be affected by political and regulatory factors. As licenses, authorizations and concessions approach the end of their terms, we intend to pursue their renewal to the extent provided by the relevant licenses, authorizations or concessions, although we cannot guarantee that we will always complete this process successfully.

Many of these licenses, authorizations and concessions are revocable for public interest reasons. The rules of some of the regulatory authorities with jurisdiction over our operating companies require us to meet specified network build-out requirements and schedules. In particular, our existing licenses, authorizations and concessions typically require us to satisfy certain obligations, including minimum specified quality, service and coverage conditions and capital investment. Failure to comply with these obligations could result in the imposition of fines or revocation or forfeiture of the license, authorization or concession for the relevant area. In addition, the need to meet scheduled deadlines may require us to expend more resources than otherwise budgeted for a particular network build-out.

Strong competition in Italy may further reduce our core market share for telecommunication services and may cause further reductions in prices and margins thereby having an adverse effect on our results of operations.

Strong competition exists in all of the principal telecommunications business areas in Italy in which Telecom Italia operates, including, most significantly, the fixed-line and mobile voice telecommunications and BroadBand businesses. The use of the single European currency and the liberalization of the Italian telecommunication market (since January 1998) have intensified competition by facilitating international operators' entry into the Italian market and direct competition with Telecom Italia's fixed-line and mobile telephony businesses, particularly in the local and long-distance markets, and BroadBand.

Competition has continued to intensify. As of the date of this listing prospectus, there are a number of significant competitors offering fixed-line and BroadBand services and three other operators (in addition to Telecom Italia) offering mobile services in the Italian domestic market. Some virtual mobile operators have been operating in the Italian mobile market since 2007 as a result of commercial agreements reached with operators of mobile networks, some of which "originated" from fixed line operators.

Moreover convergence creates economic links among Telecommunications (**TLC**), Information Technology (**IT**), Media and Devices/Consumer Electronic (**Devices/CE**) markets, enabling lateral competition for different participants in these markets (from competition within the same technology to competition on the whole value chain). The ability to compete will determine value transfer among markets.

This competition may further increase due to the consolidation and globalization of the telecommunications industry in Europe, including Italy, and elsewhere. We anticipate that in the short to medium-term there may be a stronger entry of peer-level international competitors into markets with existing operators, increasing the direct competition we face in our Italian domestic fixed-line and mobile telephony businesses, in the local and long-distance markets, and BroadBand.

Competition in our principal lines of business could lead to:

- further price and margin erosion for our products and services;
- a loss of market share in core markets;
- loss of existing or prospective customers and greater difficulty in retaining existing customers;
- obsolescence of existing technologies and more rapid deployment of new technologies;
- an increase in costs related to investments in new technologies that are necessary to retain customers and market share; and
- difficulties in reducing debt and funding strategic and technological investments if we cannot generate sufficient profits and cash flow.

Although we have taken a number of steps to realize additional efficiencies and to rebalance revenue mix through the continuing introduction of innovative and value added services to enhance domestic growth, and although our plans take into account that we face significant competition from a number of operators in all the markets in which we operate, if any or all of the events described in the preceding paragraph should occur, the impact of such factors could materially adversely affect our results of operations and financial condition.

Our business may be adversely affected and we may be unable to increase our revenues if we are unable to continue the introduction of new services to stimulate increased usage of our fixed and wireless networks.

In order to sustain growth in revenues despite increased competition and lower prices, particularly in our core Italian domestic market, our strategy has been to introduce new services in our fixed-line, wireless and BroadBand business and in new addressable closely related markets (**IPTV, ICT, Online advertising, Digital Home and Service Exposure**). In recent years our strategy to increase revenues has been to focus on increasing the loyalty of our customer base, increasing penetration of the BroadBand retail market and IPTV and fostering the growth of mobile interactive services. These markets have been growing in recent years in line with increased use of the Internet and the enhanced services offered by mobile operators. However, if these markets do not continue to expand, our revenues may not grow, or may even decrease, as revenues from other parts of our business, particularly our traditional fixed-line business, may decline due to competition or other price pressures.

In addition, these strategic initiatives have required, and will continue to require, substantial expenditure. Although these initiatives are core to our strategy, we may be unable to introduce commercially these new products and services and, even if we introduce them, there can be no assurance they will be successful.

Continuing rapid changes in technologies could increase competition, reduce usage of traditional services or require us to make substantial additional investments.

Many of the services we offer are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services. In addition, as the convergence of services accelerates, we make and will have to make substantial additional investments in new technologies to remain competitive. The new technologies we choose may not prove to be commercially successful. In addition, we may not receive the necessary licenses to provide services based on new technologies in Italy or abroad, or may be negatively impacted by unfavorable regulation regarding the usage of these technologies (for example, uncertainty on Next Generation Access Networks regulatory requirements). Furthermore, our most significant competitors in the future may be new entrants to our markets who do not have to maintain an installed base of older equipment.

As a result, we could lose customers, fail to attract new customers or incur substantial costs in order to maintain our customer base or to maintain revenues from such customer base.

The mobile communications markets have matured in recent years and competition has increased.

In recent years, although mobile communications business has largely offset the decreased revenues in our Italian fixed-line business, mobile communications markets are approaching maturity levels in the voice services segment although the data and value-added services segments are growing.

Continued growth in the mobile telecommunications markets in which we operate will depend on a number of factors, many of which are outside our control. These factors include:

- the activities of our competitors;
- competitive pressures and regulations applicable to retail and wholesale prices;
- the development and introduction of new and alternative technologies for mobile telecommunications products and services and their attractiveness to our customers;
- the success of new disruptive or substitutive technologies; and
- the development of the mobile communications markets.

In addition, as our core domestic Italian market has become increasingly saturated, the focus of competition has shifted to customer retention from customer acquisition, and increasing the value of existing customers. Such focus could result in increased expenses to retain customer loyalty or if we are unable to satisfactorily offer better value to our customers our market share and revenues could decline.

If the mobile telecommunications markets in which we operate do not continue to expand, or we are unable to retain our existing customers or stimulate increases in customer usage, our financial condition and results of operations may be harmed.

We may be adversely affected if we fail to successfully implement our Internet and BroadBand strategy.

The development of Internet and BroadBand services is an important element of our growth strategy and means to increase the use of our networks in Italy and abroad. Our strategy is to replace the mature, traditional voice services with value added content and services to consumers and small and medium-sized companies. Our ability to successfully implement this strategy may be affected if:

- Internet usage in Italy grows more slowly than anticipated, for reasons such as changes in Internet users' preferences or lower than expected PC penetration rate growth;
- BroadBand penetration does not grow as we expect;
- competition increases, for reasons such as the entry of new competitors, consolidation in the industry or technological developments introducing new platforms for Internet access and/or Internet distribution or other operators can provide BroadBand connections superior to those that we can offer; and
- we experience any network interruptions or related problems with network infrastructure.

Any of the above factors may adversely affect the successful implementation of our strategy, our business and results of operations.

We may be adversely affected if we fail to successfully implement our Information and Communications Technology (ICT) strategy.

We intend to focus on IT-TLC convergence by addressing the ICT market, in particular offering network and infrastructure management, as well as application management and professional services. We expect to experience increasing competition in this market as additional competitors (mainly Telco operators through acquisition and partnership with IT operators) also enter this market.

We will need to make additional investments in this market as Italy has significantly lower IT investment over GDP compared with the U.S. and other European countries.

There is no assurance that the services offered will be successful; as a result we could fail to attract sufficient customers which would allow this market to become profitable.

Actual or perceived health risks or other problems relating to mobile handsets or transmission masts could lead to litigation or decreased mobile communications usage.

The effects of, and any damage caused by, exposure to an electromagnetic field were and are the subject of careful evaluations by the international scientific community, but until now there is no scientific evidence of harmful effects on health. We cannot rule out that exposure to electromagnetic fields or other emissions originating from wireless handsets will not be identified as a health risk in the future.

Our mobile communications business may be harmed as a result of these alleged health risks. For example, the perception of these health risks could result in a lower number of customers, reduced usage per customer or potential consumer liability. In addition, although Italian law already requires strict limits in relation to transmission equipment, these concerns may cause regulators to impose greater restrictions on the construction of base station towers or other infrastructure, which may hinder the completion of network build-outs and the commercial availability of new services and may require additional investments.

Fluctuations in currency exchange and interest rates may adversely affect Telecom Italia's results.

In the past, we have made substantial international investments, primarily in U.S. dollars, and have significantly expanded our operations outside of the Euro zone, particularly in Latin America.

We generally hedge our foreign exchange exposure, but do not cover translation risk relating to our foreign subsidiaries. Movements in exchange rates of the Euro relative to other currencies (in particular Brazilian Real) may adversely affect our consolidated results. A rise in the value of the Euro relative to other currencies in certain countries in which we operate or have made investments will reduce the relative value of the revenues or assets of our operations in those countries and, therefore, may adversely affect our operating results or financial position.

In addition, we have raised, and may raise in an increasing proportion in the future, financing in currencies other than the Euro, principally the U.S. dollar and British pound. We systematically hedge the foreign currency risk exposure relating to non-Euro denominated liabilities, through cross-currency and interest rate swaps.

Furthermore, we enter into derivative transactions to hedge our interest exposure and to diversify debt parameters in order to reduce debt cost and volatility within predefined target boundaries. However, no assurance can be given that fluctuations in interest rates will not adversely affect our results of operations or cash flows.

Risk Associated with TI Capital

Servicing TI Capital's debt obligations requires a significant amount of cash, and its ability to generate cash depends on many factors beyond its control.

TI Capital's ability to pay the principal of and interest on the notes, its credit facilities and other debt securities depends, among other things, upon the Telecom Italia Group's future financial performance and TI Capital's ability to refinance indebtedness, if necessary. TI Capital is dependent on Telecom Italia and Telecom Italia Group companies for the repayment of indebtedness. If the Telecom Italia Group's business does not generate sufficient cash flow to satisfy TI Capital's debt service obligations, TI Capital may not be able to obtain funding sufficient to do so. TI Capital may need to refinance its debt or obtain additional financing to raise cash, which it may not be able to do on commercially reasonable terms, if at all, particularly in light of the volatility characterizing the capital and credit markets which has caused some lenders and institutional investors to reduce the level of funding to borrowers and has led to wider credit spreads. In addition, our credit risk could lead to an increase in our refinancing costs. A prolonged duration of the credit downturn with the consequent higher refinancing costs could have a material adverse effect on our results of operations and financial condition.

Factors which are beyond our control such as deterioration in the performance by the telecommunications sector, unfavorable fluctuations in interest rates and/or exchange rates, continuing disruptions in the capital markets, particularly debt capital markets and, in a broader sense, deterioration in general economic conditions also as a result of the current financial crisis, could have a significant effect on our ability to reduce our debt, or the ability of the Telecom Italia Group to refinance existing debt through further access to the financial markets.

Risks Associated with the Offering

Our leverage is such that deterioration in our cash flow generation, which depends on many factors beyond our control, could affect our ability to service our debt obligations.

Our ability to pay the principal of and interest on our notes, our credit facilities and other debt securities depends, among other things, upon our future financial performance and our ability to refinance indebtedness, if necessary. We have substantial leverage and our business may not generate sufficient cash flow to satisfy our debt service obligations, and we may not be able to obtain funding sufficient to do so. If this occurs, we may need to reduce or delay capital expenditures or other business opportunities. In addition, we may need to refinance our debt, obtain additional financing or sell assets to raise cash, which we may not be able to do on commercially reasonable terms, if at all, particularly in light of the volatility characterizing the capital and credit markets which has caused some lenders and institutional investors to reduce the level of funding to borrowers and has led to wider credit spreads. In addition, our credit risk could lead to an increase in our refinancing costs. A prolonged duration of the credit downturn with the consequent higher refinancing costs could have a material adverse effect on our results of operations and financial condition.

Factors which are beyond our control such as deterioration in the performance by the telecommunications sector, unfavorable fluctuations in interest rates and/or exchange rates, continuing disruptions in the capital markets, particularly debt capital markets and, in a broader sense, deterioration in general economic conditions also as a result of the current financial crisis, could have a significant effect on our ability to reduce our debt, or the ability of the Telecom Italia Group to refinance existing debt through further access to the financial markets.

The management and further development of our business will require us to make further investments. We may therefore incur additional debt in order to finance such investment. Our future results of operations may be influenced by our ability to enter into such transactions, which in turn will be determined by market conditions and factors that are outside our control.

A downgrade in our credit ratings could limit our ability to market securities, increase our borrowing costs and/or hurt our relationships with creditors.

Our credit ratings, which are intended to measure our ability to meet our debt obligations, are an important factor in determining our cost of borrowing funds. Due to the competitive environment and economic conditions in which the Telecom Italia Group operates, there could be deterioration in our separate income statement and statement of financial position ratios. Ratios derived from these same measures are used by rating agencies which base their ratings on the Telecom Italia Group's ability to repay its debt. The interest rates of our borrowings are largely dependent on our credit ratings. As of the date of this listing prospectus, Telecom Italia's long-term rating was Baa2 with a stable outlook according to Moody's, BBB with a stable outlook according to Standard & Poor's and BBB with a stable outlook according to Fitch Ratings. A downgrade of our credit ratings, resulting from our acquisition and divestiture activity, our dividend policy or otherwise, could lead to greater risk with respect to refinancing debt and would likely increase our cost of borrowing, including contractual increases in the interest rate applicable to some of our outstanding indebtedness, and adversely affect our results of operations.

A downgrade of our credit ratings could also limit our ability to raise capital, including to refinance existing debt, or our subsidiaries' ability to conduct their businesses. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization and each rating should be evaluated independently of any other rating.

The notes will be effectively subordinated to our secured debt.

The notes will not be secured by any of our assets. Therefore, in the event of our bankruptcy, liquidation or reorganization, holders of our secured debt will have claims with respect to the assets securing their debt that have priority over your claims as holders of the such notes. To the extent that the value of the secured assets is insufficient to repay our secured debt, holders of the secured debt would be entitled to share in any of our remaining assets equally with you and any other senior unsecured lenders.

An active trading market for the notes may not develop or continue.

Although we expect the notes to be listed on the official list of the Luxembourg Stock Exchange and to admit the notes to trading on the regulated market of the Luxembourg Stock Exchange, TI Capital cannot assure you regarding the future development or continuance of a market for the notes or the ability of holders of the notes to sell their notes or the price at which such holders may be able to sell their notes. The notes could trade at prices that may be higher or lower than the offering prices of the notes depending on many factors, including prevailing interest rates and interest rate spreads, Telecom Italia's operating results and the market for similar securities. The underwriters have advised us that they currently intend to make a market in the notes as permitted by applicable laws and regulations; however, the underwriters are not obligated to do so, and any such market making activities with respect to the notes may be discontinued at any time. There can be no assurance as to the liquidity of the Luxembourg or any trading market for the notes or that an active public market for the notes will develop, or if developed, will continue.

If Telecom Italia were to become obligor on the notes, by substitution with the issuer or otherwise, including under its guarantee, Telecom Italia would have no obligation to gross up payments to noteholders not resident in countries or territories with a sufficient exchange of information with Italy or to provide notice of any change in the exclusive list of such countries and territories.

The current exclusive list of countries or territories where, if the notes were held by residents for income tax purposes of such countries or territories and Telecom Italia were to make payments in respect of the notes through its substitution with the issuer or otherwise, including payments made under its guarantee, Telecom Italia would have an obligation to gross up payments in the event of a withholding on any payments on the notes (if and only if an investor provides the required certifications under applicable Italian tax requirements) is attached to the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended, which list of countries is expected to be replaced in the future by a new list attached to a ministerial decree yet to be issued. We have no obligation to provide notice of any change in the list of countries attached to any future decree and if a holder of the notes is not resident in one of the countries that will be identified in any such decree, such holder will not have a right to receive a gross-up payment in the event of a tax withholding on payments on the notes made by Telecom Italia. Accordingly, noteholders will bear the risk of changes in the list of countries that will be included in any future decree and should therefore inform themselves of any changes to the list of countries in any such decree.

ADDITIONAL INVESTOR RESTRICTIONS

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **"Relevant Member State"**), each underwriter represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **"Relevant Implementation Date"**), it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State (provided that the notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy) at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000; and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by the Issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to above shall require TI Capital or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the foregoing, the expression an **"offer of notes to the public"** in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Notice to Investors in Italy

The notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy. Trading in the notes on the secondary market in Italy may be subject to restrictions pursuant to Italian law. In particular, sales of the notes in Italy by professional investors to persons who are not professional investors should be made, for one year from the issuance, using an Italian information document drafted in accordance with Article 100bis, paragraph 2, of the Legislative Decree no. 58 of February 24, 1998 (**"Consolidated Law on Financial Intermediation"**), as subsequently amended (so-called "Unified Financial Act" (**"UFA"**)), failing which such professional investors would be liable for the solvency of the issuer vis-a-vis any purchasers of the notes who are not professional investors. Furthermore, in the case an Italian investor were to purchase the notes on the secondary market and were holding the notes at the time of the optional redemption (see "Description of the Notes and Guarantees—Redemption at TI Capital's Option" on page 58 of this listing prospectus), in certain cases there may be adverse tax consequences including the application of a 20% surtax. Italian investors holding the notes will be responsible for such adverse tax consequences and no additional amounts will be paid in connection therewith by TI Capital or Telecom Italia.

Notice to Investors in France

In France, the notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public, and offers and sales of the notes will be made in France only to (i) qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own accounts, all as defined in and in accordance with Articles L.411-2-II-4°, D.411-1 to D.411-4, D.734-1, D.744-1, D.754-1 and D.764-1 of the *Code monétaire et financier*, or (ii) to investment services providers authorized to engage in portfolio management on behalf of third parties, or (iii) in a transaction that, in accordance with Article L.411-2-II-1°-or-2° -or 3° of the *Code monétaire et financier* and Article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*). Accordingly, this listing prospectus has not been submitted to the approval procedure of the *Autorité des marchés financiers*

(**“AMF”**) or of a competent authority of another member State of the European Economic Area which would have notified its approval to the AMF under the Directive 2003/71/EC as implemented in France and the relevant member State. In the event that the notes purchased by investors are directly or indirectly offered or sold to the public in France, the conditions set forth in Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the *Code monétaire et financier* must be satisfied. Investors in France and persons into whose possession offering material comes must inform themselves about and observe any such restrictions.

Les titres n’ont pas été offerts ni vendus et ne seront ni offerts ni vendus directement ou indirectement au public en France. Les offres et ventes de titres ne se feront en France (i) qu’au profit d’investisseurs qualifiés et/ou au profit d’un cercle restreint d’investisseurs agissant pour leur propre compte et ce conformément aux articles L.411-2-II-4, D.411-1 à D.411-4, D.734-1, D.744-1, D.754-1 et D.764-1 du Code monétaire et financier, ou (ii) au profit de personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers, ou (iii) dans le cadre d’une transaction qui ne constitue pas un appel public à l’épargne selon les articles L.411-2-II-1°, 2° ou 3° du Code monétaire et financier et l’article 211-2 du Règlement Général de l’Autorité des Marchés Financiers (**“AMF”**). En conséquence, ce document de base n’a pas été soumis à l’AMF ou à une autre autorité réglementaire d’un pays membre de l’espace économique européen qui aurait notifié son accord à l’AMF en application des dispositions de la Directive 2003/71/EC en vigueur en France et dans le pays concerné. Dans le cas où ces titres achetés par les investisseurs sont directement ou indirectement offerts ou vendus au public en France, les conditions prévues aux articles L.411-1, L.411-2, L.412-1 et L.621-8–L.621-8-3 du Code monétaire et financier devraient être respectées. Les investisseurs en France ainsi que toute autre personne qui serait amenée à entrer en possession du document de base doivent prendre connaissance des restrictions décrites et s’y conformer.

Notice to Investors in the United Kingdom

This listing prospectus is being distributed only to, and is directed only at, persons in the United Kingdom that are **“qualified investors”** within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **“Order”**) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as **“relevant persons”**). Any investment or investment activity to which this listing prospectus and its contents relate is available only to relevant persons and will be engaged in only with relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this listing prospectus or any of its contents.

WHERE YOU CAN FIND MORE INFORMATION

Telecom Italia

Telecom Italia is subject to the informational requirements of the U.S. Securities Exchange Act of 1934, as amended (the **"Exchange Act"**), applicable to foreign private issuers and files annual reports and other information with the U.S. Securities and Exchange Commission (**"SEC"**). You may read and copy any document Telecom Italia files with the SEC at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Since November 4, 2002, Telecom Italia has been required to file and furnish its documents to the SEC on EDGAR, the SEC's electronic filing system. All such filings made since such date can be reviewed on EDGAR by going to the SEC's website: http://www.sec.gov.

As a foreign private issuer, Telecom Italia is exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and Telecom Italia's officers, directors and controlling shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Telecom Italia's ordinary share ADSs and savings share ADSs are listed on the New York Stock Exchange and you can inspect Telecom Italia's reports and other information at the New York Stock Exchange Inc., 20 Broad Street, New York, New York.

TI Capital

TI Capital is a wholly-owned subsidiary of Telecom Italia, organized under the laws of Luxembourg. TI Capital does not, and will not, file separate reports with the SEC. Additional information about TI Capital is available as described in "Documents on Display".

TI Capital issued the notes described in this listing prospectus pursuant to an indenture dated as of October 6, 2004, among TI Capital, Telecom Italia and The Bank of New York Mellon (as successor to JPMorgan Chase Bank), as trustee, as supplemented by a fifth supplemental indenture dated as of June 18, 2009, among TI Capital, Telecom Italia and The Bank of New York Mellon, as trustee. The indenture, the fifth supplemental indenture and their associated documents contain the full legal text of the matters described in "Description of the Notes and Guarantees". The indenture, the fifth supplemental indenture and the articles of incorporation of TI Capital are available for inspection at The Bank of New York Mellon (Luxembourg) S.A., Corporate Trust Services, Aerogolf Center, 1A, Hoehenhof, L-1736 Senningerberg, Luxembourg (the **"Listing Agent"**).

You may request, orally or in writing, a copy of the articles of incorporation of TI Capital, the indenture dated October 6, 2004 as supplemented by the fifth supplemental indenture dated as of June 18, 2009, at no cost by contacting TI Capital at 12 rue Eugène Ruppert, L-2453 Luxembourg, tel: 352 456060440. Copies of the indenture and fifth supplemental indenture have also been filed with the SEC as exhibits to the registration statement on Form F-3 (Reg. No. 333-156476) filed on December 29, 2008 and the report on Form 6-K of Telecom Italia S.p.A. filed on June 30, 2009 and may be obtained free of charge from the SEC's web site at *http://www.sec.gov*.

Incorporation by reference

This listing prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. This listing prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this listing prospectus.

We are incorporating by reference Telecom Italia's Annual Report on Form 20-F for the year ended December 31, 2008 (SEC File No. 001-13882) filed with the SEC on April 10, 2009. The Telecom Italia's Annual Report on Form 20-F for the year ended December 31, 2008 contains important information about Telecom Italia and its financial position. A copy of the Telecom Italia's Annual Report on Form 20-F for the year ended December 31, 2008 was filed with the Luxembourg Stock Exchange and the Commission de Surveillance du Secteur Financier. We are also incorporating by reference Telecom Italia's Annual Report on Form 20-F for the year ended December 31, 2007, a copy of which was filed with the Luxembourg Stock Exchange and the Commission de Surveillance du Secteur Financier.

We are also incorporating by reference:

- the Final Prospectus Supplement dated June 15, 2009 (the **"Final Prospectus Supplement"**) and filed with the SEC on June 17, 2009 relating to the Registration Statement on Form F-3 (Registration No. 333-156476), as amended or supplemented; and

- the First Half 2009 Report 6-K, filed with the SEC on September 22, 2009, which includes unaudited interim consolidated financial statements as of and for the six months ended June 30, 2009.

The First Half 2009 Report 6-K, filed with the SEC on September 22, 2009, as well as the Final Prospectus Supplement, are available at *http://www.sec.gov*.

The following information from Telecom Italia's Annual Reports is incorporated by reference, and the following cross-reference lists are provided to enable investors to identify specific items of information so incorporated:

<u>**2007 Annual Report**</u> <u>**Pages**</u>

The following information from Telecom Italia's First Half 2009 Report 6-K, filed with the SEC on September 22, 2009, and the Final Prospectus Supplement dated June 15, 2009 and filed with the SEC on June 17, 2009 is incorporated by reference, and the following cross-reference lists are provided to enable investors to identify specific items of information so incorporated:

All information not contained in the above cross reference lists is for informational purposes only.

Any information not listed in the cross reference lists above but included in the documents incorporated by reference is given for information purposes only.

You may obtain a copy of any of the documents referred to above (excluding exhibits) at no cost by referring to *http://www.bourse.lu* or by contacting our listing agent in Luxembourg at the following address:

The Bank of New York Mellon (Luxembourg) S.A.
Corporate Trust Services
Aerogolf Center, 1A, Hoehenhof,
L-1736 Senningerberg, Luxembourg

ENFORCEABILITY OF CIVIL LIABILITIES UNDER THE UNITED STATES SECURITIES LAWS

Telecom Italia is a joint stock company (Società per Azioni) organized under the laws of the Republic of Italy, and TI Capital is a company with limited liability (société anonyme) for an unlimited duration, established under the laws of Luxembourg. None of the members of the Board of Directors of TI Capital and only one member of the Board of Directors of Telecom Italia are resident in the United States. All or a substantial portion of the assets of these non-U.S. residents and of TI Capital and Telecom Italia are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon the non-U.S. resident directors or upon TI Capital or Telecom Italia or it may be difficult to enforce judgments obtained in U.S. courts based on the civil liability provisions of the U.S. securities laws against TI Capital or Telecom Italia in Luxembourg or Italy, as applicable. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Italy or in Luxembourg. Enforceability in Italy of final judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the federal securities laws of the United States is subject, among other things, to the absence of a conflicting judgment by an Italian court or of an action pending in Italy among the same parties arising from the same facts and circumstances and started before the U.S. proceedings, and to the Italian courts' determination that the U.S. courts had jurisdiction, that process was appropriately served on the defendant(s), and that enforcement would not violate Italian public policy. In general, the enforceability in Italy of final judgments of U.S. courts would not require retrial in Italy, subject to the decision of the competent court of appeal ascertaining the existence, inter alia, of the above mentioned requirements and subject to challenge by the other party. In original actions brought before Italian courts, there is substantial doubt as to the enforceability of liabilities based on the U.S. federal securities laws. There is no treaty regarding the recognition and enforcement of judicial decisions between the United States and Luxembourg. As a result, a final judgment for the payment of monies obtained in a U.S. court based on the civil liability provisions of the U.S. securities laws would not directly be enforceable in Luxembourg. A party who obtains such judgment may, however, initiate enforcement proceedings in Luxembourg ("exequatur") by requesting enforcement of the U.S. court judgment from the Luxembourg District Court ("Tribunal d'Arrondissement"), which would authorize the enforcement in Luxembourg of the U.S. court

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This listing prospectus or any incorporated document may contain certain forward-looking statements, which reflect management's current views with respect to certain future events, trends and financial performance. Actual results may differ materially from those projected or implied in the forward-looking statements. Such forward-looking information is based on certain key assumptions which we believe to be reasonable but forward-looking information by its nature involves risks and uncertainties, which are outside of our control, that could significantly affect expected results of future events. The following important factors could cause actual results to differ materially from those projected or implied in any forward-looking statements:

- our ability to successfully implement our strategy over the 2009-2011 period;
- our ability to successfully achieve our debt reduction targets;
- the continuing impact of increased competition in a liberalized market, including competition from established domestic competitors and global and regional alliances formed by other telecommunications operators in our core Italian domestic fixed-line and wireless markets;
- the impact of the global recession in the principal markets in which we operate;
- our ability to utilize our relationship with Telefónica to attain synergies primarily in areas such as network, IT, purchasing and international mobile roaming;
- our ability to introduce new services to stimulate increased usage of our fixed and wireless networks to offset declines in the traditional fixed-line voice business due to the continuing impact of regulatory required price reductions, market share loss, pricing pressures generally and shifts in usage patterns;
- our ability to successfully implement our internet and broadband strategy;
- the impact of regulatory decisions and changes in the regulatory environment in Italy and other countries in which we operate;
- the impact of economic development generally on our international business and on our foreign investments and capital expenditures;
- our services are technology-intensive and the development of new technologies could render such services non-competitive;
- the impact of political developments in Italy and other countries in which we operate;
- the impact of fluctuations in currency exchange and interest rates;
- our ability to build up our business in adjacent markets and in international markets (particularly in Brazil), due to our specialist and technical resources;
- our ability to achieve the expected return on the investments and capital expenditures we have made and continue to make (such as those in Brazil);
- the amount and timing of any future impairment charges for our licenses, goodwill or other assets; and
- the outcome of litigation, disputes and investigations in which we are involved or may become involved.

The foregoing factors should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of the document in which they are contained. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof, including, without limitation, changes in our business or acquisition strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, the financial information contained in this listing prospectus and incorporated by reference herein has been prepared in accordance with International Financial Reporting Standards issued by the IASB—International Accounting Standard Board ("**IFRS**"). IFRS also include all effective International Accounting Standards ("**IAS**") and all Interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**"), comprising those previously issued by the Standing Interpretations Committee ("**SIC**").

Telecom Italia adopted IFRS for the first time in its annual consolidated financial statements for the year ended December 31, 2005, which included comparative financial statements for the year ended December 31, 2004. Pursuant to SEC Release No. 33-8879, *"Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP"*, Telecom Italia includes Selected Financial Data prepared in compliance with IFRS, without reconciliation to U.S. GAAP.

The currency used by Telecom Italia in preparing its consolidated financial statements is the euro. References to "€", "euro" and "Euro" are to the euro, and references to "U.S. dollars", "dollars", "U.S.$" or "$" are to U.S. dollars. For the purpose of this listing prospectus, "billion" means a thousand million.

On October 16, 2009, the Noon Buying Rate (as defined below) was €1.00=U.S.$ 1.4889. The noon buying rate is determined based on cable transfers in foreign currencies as announced by the Federal Reserve Bank of New York for customs purposes (the "**Noon Buying Rate**").

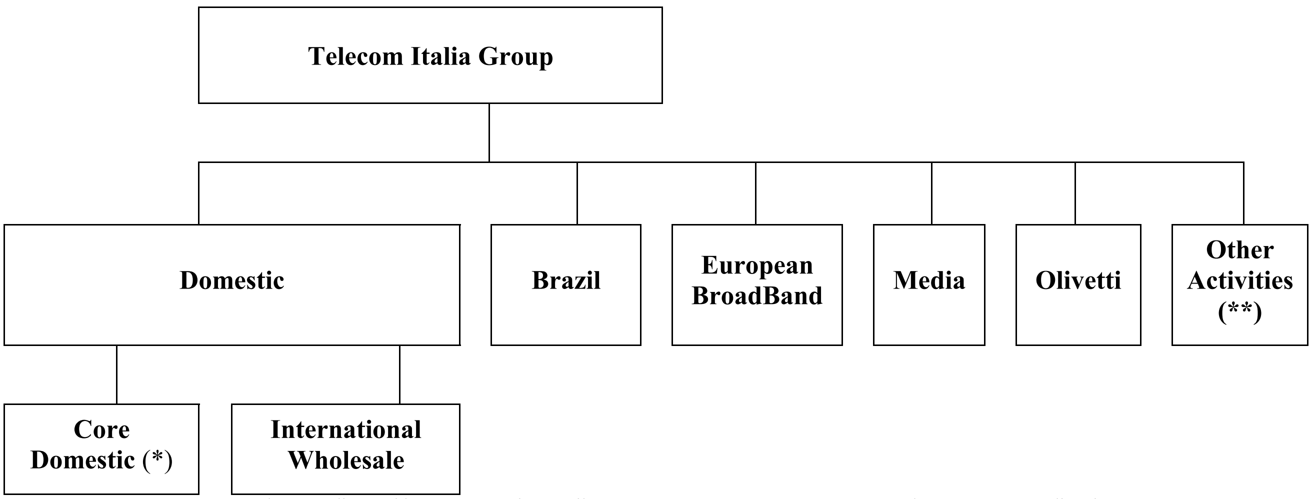
DESCRIPTION OF TELECOM ITALIA

Telecom Italia is a joint-stock company established under Italian law with registered offices at Piazza degli Affari 2, 20123 Milan, Italy. The telephone number is +39-02-85951. The company is recorded in the Milan Companies Register at number 00488410010, R.E.A. number 1580695, R.A.E.E. number IT08020000000799. The duration of the company, as stated in the company's Bylaws, extends until December 31, 2100.

Telecom Italia complies with applicable Italian corporate governance rules, as described on pages 171-182 of the Telecom Italia Annual Report.

Overview of the Telecom Italia Group's Major Business Areas

The following is a chart of the Telecom Italia Group's Business Units as of June 30, 2009:



Consumer	Telecom Italia Sparkle group:	Tim Brasil group	HanseNet Telekommunika-tion	Telecom Italia Media group	Olivetti group
Business	- Telecom Italia Sparkle S.p.A.		BBNed group		
Top	- Mediterranean Nautilus group				
National Wholesale	- Latin American Nautilus group				
Other (support activities)					

(*) Main subsidiaries: Telecom Italia S.p.A.; Matrix S.p.A.; Telenergia S.p.A.; Telecontact Center S.p.A.; PAth.Net S.p.A..

(**) Other activities include Telecom Italia Capital S.A.

As regards the new "*customer centric*" organization which the Telecom Italia Group has adopted for the domestic market, the manner of representing the Domestic business unit has changed from the one presented in the Telecom Italia Annual Report in which such information had been organized by fixed and mobile technology.

The principal operating and financial data of the Domestic business unit is now reported according to two cash-generating units (CGU):

- **Core Domestic:** Core Domestic includes all telecommunications activities inherent to the Italian market. The sales market segments defined on the basis of the new "customer centric" organizational model are as follows:
  - **Consumer**: Consumer comprises the aggregate of voice and internet services and products managed and developed for persons and families in the fixed and mobile telecommunications markets, public telephony and the web portal/services of the company Matrix;
  - **Business**: Business is constituted by the aggregate of voice, data, internet and ICT solutions services and products managed and developed for the SMEs (small and medium-sized enterprises) and SOHO (Small Office Home Office) in the fixed and mobile telecommunications markets;

- **Top**: Top comprises the aggregate of voice, data, internet and ICT solutions services and products managed and developed for the Top, Large Account and Enterprise clientele in the fixed and mobile telecommunications area;
- **National Wholesale**: National Wholesale consists of the management and development of the portfolio of regulated and unregulated wholesale services for fixed and mobile operators in the domestic market;
- **Other** (support structures): Other includes:
  - Technology & Operations: services related to the development, building and operation of network infrastructures, real estate properties – plant and information technology, in addition to delivery and assurance processes regarding clientele services; and
  - Staff & Other: services carried out by staff functions and support activities conducted by minor companies of the Group (Telenergia) offered to the market and other Business Units.

- **International Wholesale:** International Wholesale includes the activities of the Telecom Italia Sparkle group which operates in the international voice, data and internet services market aimed at fixed and mobile telecommunications operators, ISP/ASP (Wholesale market) and multinational companies through its own networks in the European, Mediterranean and South American markets.

Overview

On July 18, 1997, Old Telecom Italia's predecessor company was merged with and into Società Finanziaria Telefonica—per Azioni ("**STET**"), its parent holding company, with STET as the surviving corporation. As of the effective date of the merger, STET changed its name to "Telecom Italia S.p.A.". In November 1997, the Ministry of the Treasury of the Republic of Italy completed the privatization of Telecom Italia, selling substantially all of its stake in the Old Telecom Italia Group through a global offering and a private sale to a stable group of shareholders.

On May 21, 1999, Olivetti, through a tender offer, obtained control of the Old Telecom Italia Group when approximately 52.12% of Old Telecom Italia Ordinary Shares were tendered to Olivetti. Through a series of transactions which started in July 2001, Olimpia, whose largest shareholder was Pirelli & C. S.p.A., acquired a 28.7% stake in Olivetti which resulted in the replacement of the then boards of directors of Olivetti and Old Telecom Italia.

On December 9, 2002, the Ministry of the Treasury sold its remaining stake in Old Telecom Italia Ordinary and Savings share capital.

On August 4, 2003, Old Telecom Italia merged with and into Olivetti (the **"Merger"**) was completed with Olivetti as the surviving company changing its name to "Telecom Italia S.p.A.". Following the Merger, the proportionate ownership of Telecom Italia's share capital by shareholders unaffiliated with Olimpia or Pirelli & C. S.p.A. ("**Pirelli**"), Olimpia's largest shareholder, increased substantially to approximately 88.43% of the outstanding Ordinary Shares. Following the Merger, Olimpia acquired additional shares through market purchases and, prior to the acquisition by Telecom Italia of the share capital in TIM it did not already own (the "**TIM Acquisition**"), Olimpia held approximately 17% of Telecom Italia's Ordinary Shares, making it the largest shareholder of Telecom Italia. As a result of a series of transactions in December 2004 and March 2005, Olimpia acquired additional Ordinary Shares reaching approximately 21.4% of the outstanding Ordinary Shares.

Following the issuance of shares of Telecom Italia in exchange for outstanding shares of TIM held by third parties, as a result of the merger of TIM into Telecom Italia through which the TIM Acquisition was effected, Olimpia's stake was diluted to approximately 18%.

On June 30, 2005, TIM merged with and into Telecom Italia.

Effective as from March 1, 2006, Tim Italia merged with and into Telecom Italia, with Telecom Italia as the surviving company.

On April 28, 2007, a group of investors (the "**Investors**" or the "**Parties**"), made up of 1) Assicurazioni Generali S.p.A., Sintonia S.A., Intesa Sanpaolo S.p.A., Mediobanca S.p.A. (the "**Class A Shareholders**") and 2) Telefónica S.A., entered into a Co-Investment Agreement establishing terms and conditions for their participation in Telco, the vehicle through which the Investors purchased the entire share capital of Olimpia, from Pirelli and Sintonia S.p.A. and Sintonia S.A. (together "**Sintonia Sellers**").

On May 4, 2007, the Investors entered into a Share Purchase Agreement with Pirelli and the Sintonia Sellers to purchase the entire share capital of Olimpia. The acquisition was completed on October 25, 2007 by Telco, to which Ordinary Shares equal to

5.6% of the ordinary share capital were contributed on the same date by Mediobanca S.p.A. and companies of the Generali Group. The total investment held by Telco S.p.A. was therefore equal to 23.595% of Telecom Italia ordinary share capital, of which 17.99% were held through Olimpia.

Telco is held by Generali Group (28.1%), Intesa Sanpaolo S.p.A. (10.6%), Mediobanca S.p.A. (10.6%), Sintonia S.A. (8.4%) and Telefónica S.A. (42.3%).

Effective December 18, 2007, Olimpia merged with and into Telco, with Telco as the surviving company and directly holding a stake of 23.595% in Telecom Italia ordinary share capital.

On March 20, 2008 Telco acquired a further 121.5 million Ordinary Shares and increased its ownership in Telecom Italia's ordinary share capital to 24.5%. Upon completion of the acquisition of the entire share capital of Olimpia, all the previous shareholders' agreements concerning Olimpia and Telecom Italia ceased to have any effect, and the only existing agreements amongst its direct and indirect shareholders that Telecom Italia is aware of are the agreements among the Investors and Telco. See "–Telecom Italia Shareholders' Agreements" for a description of the new shareholder arrangements.

On December 3, 2008, the Telecom Italia Group announced its strategic guidelines and targets for the 2009-2011 period. Our business plan focuses, among other things, on a new "**customer-centric approach**" (consumer, business and Top Client), which is why we launched a new macro-organization starting in January 2009. Such approach is intended to foster a natural convergence of technology and service offerings on the one side and a more effective use of operational and competitive levers, on the other. In particular, it will allow:

- a better and more thorough segmentation of customer needs;
- the offering of service packages, based on the actual priorities of customers; and
- the re-engineering of Telecom Italia's distinctive capabilities (customer care, sales channels and IT systems).

As a consequence of this new customer centric approach we will also redesign our actual Brand Platform, making it more consistent with our offering.

We will continue to boost innovative businesses, as we work to promote wide-ranging development of the digital economy.

For more details about the organizational structure, please see "Item 4. Information on the Telecom Italia Group-4.1.7. Updated Strategy" and "see "Item 4. Information on the Telecom Italia Group - 4.1.8. The Organizational Structure" in the Telecom Italia Annual Report.

Business

The Telecom Italia Group operates mainly in Europe, the Mediterranean Basin and South America. The Group is engaged principally in the communications sector, including:

- telephone and data services on fixed lines, for final retail customers and wholesale providers,
- the development of fiber optic networks for wholesale customers,
- BroadBand services,
- Internet services,
- domestic and international mobile telecommunications (especially in Brazil), and
- the television sector using both analog and digital terrestrial technology.

The Group also operates businesses in the office products sector.

Telecom Italia is one of three mobile operators licensed to provide services using GSM 900 technology in Italy and one of three operators licensed to provide services using GSM 1800 (formerly DCS 1800) technology in Italy. It is also one of four operators holding a UMTS license and providing third-generation telephony services in Italy.

At June 30, 2009 the Telecom Italia Group was one of the world's largest fixed telecommunications operators with approximately 16.6 million physical accesses (consumer and business) in Italy, a decrease of 0.7 million compared to December 31, 2008. The wholesale customer portfolio increased and at June 30, 2009 reached approximately 5.7 million accesses (+0.7 million accesses compared to December 31, 2008). The overall access market recorded an increase of 15,000 units from December 2008.

The total BroadBand portfolio at June 30, 2009 is equal to 8.4 million accesses (+0.3 million accesses compared to December 31, 2008), of which retail is 6.86 million and wholesale is 1.58 million

In addition, the Telecom Italia Group was the leading mobile operator in Italy, with approximately 32.6 million mobile telephone lines at June 30, 2009 compared to 34.8 million at December 31, 2008. The reduction compared to December 31, 2008 can be attributed to greater selectivity in the sales policy focusing on higher-value customers. This strategy is confirmed by the number of postpaid lines which reached 19% of total lines compared to approximately 18% at March 31, 2009 and about 17% at December 31, 2008, as well as the cessation of silent lines.

At June 30, 2009, the Telecom Italia Group had 37.8 million mobile telephone lines in Brazil (36.4 million at December 31, 2008).

Telecom Italia Shareholders' Agreements

The information contained herein regarding shareholders' agreements has been derived from publicly available information filed by the parties involved with regulatory authorities. So far as Telecom Italia is aware, no facts have been omitted herein which would render the information misleading. No further or other responsibility in respect of such information is accepted by Telecom Italia.

On April 28, 2007, a group of investors (the **"Investors"** or the **"Parties"**), made up of Assicurazioni Generali S.p.A., Sintonia S.A., Intesa Sanpaolo S.p.A., Mediobanca S.p.A. (the **"Class A Shareholders"**) and Telefónica S.A., entered into a Co-Investment Agreement establishing terms and conditions for their participation in Telco, the vehicle through which they purchased the entire share capital of Olimpia, from Pirelli and Sintonia S.p.A. and Sintonia S.A. (together **"Sintonia Sellers"**).

On May 4, 2007, the Investors entered into a Share Purchase Agreement with Pirelli and Sintonia Sellers to purchase the entire share capital of Olimpia. The acquisition was executed on October 25, 2007 by Telco, to which Ordinary Shares equal to 5.6% of the Telecom Italia Ordinary Share capital were conferred on the same date by Mediobanca S.p.A. and companies of the Generali Group. The total investment held by Telco S.p.A. was therefore equal to 23.595% of Telecom Italia Ordinary Share capital, of which 17.99% were held through Olimpia.

Telco is held by Generali Group (28.1%), Intesa Sanpaolo S.p.A. (10.6%), Mediobanca S.p.A. (10.6%), Sintonia S.A. (8.4%) and Telefónica S.A. (42.3%).

Effective as from December 18, 2007 Olimpia merged with and into Telco, with Telco as the surviving company and directly holding a stake of 23.595% in Telecom Italia's ordinary share capital.

On March 20, 2008 Telco acquired a further 121.5 million Ordinary Shares and increased its ownership in Telecom Italia's ordinary share capital to 24.5%.

Upon completion of the acquisition of the entire share capital of Olimpia, all the previous shareholders' agreements concerning Olimpia and Telecom Italia ceased to have any effect, and the only existing agreements amongst its direct and indirect shareholders Telecom Italia is aware of are the agreements among the Investors and Telco.

In accordance with the shareholders' agreement entered into on April 28, 2007 by the Investors (the Shareholders Agreement), after the closing of the Share Purchase Agreement, the Board of Directors of Telco approved the list to be submitted to the shareholders' meeting of Telecom Italia held on April 14, 2008, for the appointment of the directors of Telecom Italia, pursuant to the following criteria: (i) Telefónica—to the extent it holds at least 30% of Telco's share capital—has the right vis-à-vis the other parties to designate two directors of Telecom Italia to be included as designees for appointment in the Board of Directors of Telecom Italia in the list and, to the extent feasible, pursuant to article 2386, first paragraph, of the Italian Civil Code (i.e. through co-optation) and (ii) the Class A Shareholders—to the extent they hold at least 50% plus one share of Telco's share capital—may designate the other members of the list as follows: (a) three members unanimously and (b) the remaining members on the basis of a proportionality criterion.

On October 28, 2009, the shareholders of Telco S.p.A. informed that Sintonia has exercised its right to apply for the demerger provided for in Article 11 of the Shareholders' Agreement executed on April 28, 2007 and that the remaining shareholders of Telco:

- will not exercise their right to apply in the month of October for the demerger provided for in Article 11 of the Shareholders' Agreement executed on April 28, 2007;
- have agreed to renew the Shareholders' Agreement for three years, that is, until April 27, 2013, on the existing terms and conditions, with the right to apply for withdrawal from the agreement and related pro-rata demerger by giving notice between October 1, and October 28, 2012;
- have further agreed that the renewed Shareholders' Agreement shall provide for the right of early withdrawal and related pro-rata demerger, with notice to be given between April 1, and April 28, 2011, and execution to follow in the subsequent 6 months.

The shareholders have also agreed that they will consider and evaluate – together with Sintonia – alternative ways to permit Sintonia to exit Telco, provided that they share the view to complete the exit in a short time frame, possibly by the end of November 2009.

In accordance with the Shareholders' Agreement, the Investors have agreed that the Telecom Italia Group and Telefónica group will be managed autonomously and independently. In particular, the directors designated by Telefónica in Telco and Telecom Italia shall be directed by Telefónica to neither participate nor vote at the Board of Directors' meetings at which resolutions will be discussed and proposed relating to the policies, management and operations of companies directly or indirectly controlled by Telecom Italia providing services in countries where regulatory and legal restrictions or limitations for the exercise of voting rights by Telefónica are in force.

Accordingly Cesar Alierta and Julio Linares committed not to take part in any discussion or to vote in matters concerning activities of Telecom Italia or Telecom Italia's subsidiaries in the Brazilian or Argentinian telecommunications markets.

On October 25, 2007, an Amendment to the Co-investment and Shareholders' Agreement was signed in which, inter alia, the contents of the ruling by ANATEL (the Brazilian telecommunications regulator) announced on October 23, 2007 and published on November 5, 2007 (the **"ANATEL Ruling"**), which approved the indirect acquisition by Telco of the Brazilian Telecom Italia subsidiaries, were acknowledged and each party undertook to implement the content thereof through appropriate legal measures and actions. In furtherance of that undertaking, respectively on November 19, 2007 and on November 20, 2007, the Shareholders Agreement and the By-laws of Telco were amended to implement the clauses contemplated in the ANATEL Ruling.

Specifically with respect to Telecom Italia's Brazilian telecommunication operations, the Parties have agreed as follows.

While applicable regulatory restrictions and limitations exist:

(i) Telefónica and the directors/officers nominated by Telefónica may not participate, vote or veto resolutions in meetings of shareholders', the board or committees or organs with equivalent functions of Telco, Telecom Italia or any other company controlled by Telecom Italia when the subject matter concerns engaging in telecommunications activity in the Brazilian market. In addition, Telefónica may not nominate or designate directors or officers (i) of companies with their registered office in Brazil that are controlled by Telecom Italia and supply telecommunications services in the Brazilian market or (ii) of companies with their registered office in Brazil controlling such suppliers of telecommunications services;

(ii) Telefónica must take steps to ensure that its subsidiaries supplying telecommunications services in the Brazilian market do not enter into certain types of relationship with the companies controlled by Telecom Italia that supply telecommunications services in the Brazilian market, on terms and conditions different from those envisaged by the provisions of Brazilian law applicable to telecommunications;

(iii) Telefónica, including where it exercises the right to acquire shares of Telco, may not exercise direct or indirect control over any company controlled by Telecom Italia in Brazil;

(iv) the parties to the agreement must give instructions to the members of the Board of Directors of Telco they have respectively nominated and to the members of the Board of Directors of Telecom Italia nominated by Telco for: (i) separate agendas to be prepared for the meetings of the Boards of Directors of Telco, Telecom Italia and Telecom Italia International N.V. and every other company with its registered office outside Brazil that is controlled by Telecom Italia and has investments in the Brazilian telecommunications sector in which the directors nominated by Telefónica are allowed to attend and for the meetings in which the participation of the directors nominated by Telefónica is not allowed; and (ii) a copy of the agendas and minutes of the meetings referred to in point (i) is to be delivered to Anatel within a time limit of 30 days.

The restrictions and limitations imposed on Telefónica shall survive also in the event of a demerger of Telco as provided in the Shareholders Agreement, as long as applicable regulatory restrictions and limitations exist at the time of such demerger.

In compliance with the ANATEL Ruling, Telecom Italia's Brazilian subsidiaries submitted to ANATEL, on November 22, 2007, the relevant corporate instruments (including a Telecom Italia Group internal procedure adopted by the Board of Directors of Telecom Italia and directed to Telecom Italia Group companies) to implement the measures and procedures required by the ANATEL Ruling to assure the segregation of Telecom Italia's activities in Brazil from any potential influence of Telefónica. As a result, Telecom Italia's Brazilian subsidiaries continue to operate independently and autonomously in the Brazilian market.

In compliance with the ANATEL Ruling that also provided for a period of 6 months—ending on May 5, 2008— for the parties to submit additional possible measures for ANATEL's approval in order to guarantee the maintenance of a complete segregation ("total desvinculaçao") between Vivo and TIM, on May 2, 2008 the Brazilian Telecom Italia subsidiaries proposed a list of such additional measures.

On July 31, 2008, ANATEL approved the corporate instruments filed on November 22, 2007 after finding full compliance with the restrictions imposed by the ANATEL Ruling in this respect. Approval of the additional measures filed on May 2, 2008 was obtained on July 7, 2009.

Moreover, on December 2, 2008 the Board of Directors of Telecom Italia adopted an internal procedure that formalizes the already existing separation between the activities of the Telecom Italia Group and the Telefónica Group in the Argentine telecommunications market.

Lastly, in January 2009 the Argentinean antitrust Authority—"CNDC" by means of its Resolution 04/09 ("**Resolution 04/09**"), determined that the acquisition by Telco of Olimpia (Telco Transaction) would represent an economic concentration in the Argentinean telecommunication market. Accordingly, the CNDC imposed on the parties of the Telco Transaction an obligation to notify the transaction to the same Authority and ordered that the shareholders of Telco not exercise their "derechos politicos" as direct or indirect shareholders of Telecom Italia, Telco, Telecom Italia International, Sofora, Nortel, Telecom Argentina and their controlled entities, until a final decision on the effects of the Telco Transaction on the local market competition is taken. This restriction should be interpreted, according to qualified opinion, as limited to the Argentinean market.

Even if the abovementioned Resolution 04/09 is not directed to Telecom Italia, the board of directors of Telecom Italia, taking into consideration the contents of such Resolution 04/09, has approved a modification of the governance of Telecom Italia Group with respect to the Argentinean market.

Potential Conflicts of Interest

No potential conflicts of interests exist between (i) any duties to Telecom Italia of the Telecom Italia Directors, Executive Officers and Statutory Auditors, and (ii) the private interests, and/or other duties, of such persons.

Some of the Directors and Statutory Auditors of Telecom Italia, besides their role in Telecom Italia, serve management and/or supervisory duties in other companies and/or institutions (see "Directors", "Description of Directors' Outside Interests" and "Board of Statutory Auditors" as referred to in the Telecom Italia Annual Report incorporated herein by reference). Consequently, it cannot be excluded that potential conflicts of interests may arise in the future, should said companies and/or institutions enter into commercial or other type of transactions with Telecom Italia which are not at arms' length and within the ordinary course of business and/or are capable to significantly influence the profits and losses, assets and liabilities and financial situation of Telecom Italia or of the Telecom Italia Group.

Recent Developments

Argentina

On August 31, 2009, the Administrative Trial Court of Buenos Aires notified to Telecom Italia, Telecom Italia International and the companies belonging to the Telecom Argentina Group the issuance of two precautionary measures issued on August 26 and 28, 2009, *inaudita altera parte,* upon the request of Werthein de Argentina Inversiones SL ("**Los W**") ordering:

(i) the maintenance of the *status quo* existing before the completion of the acquisition by Telco S.p.A. of 100% of the share capital of Olimpia S.p.A. (the "**Telco Transaction**") and imposing on Telecom Italia and Telecom Italia International, as parties to the shareholders' agreement and to the call option agreement, to abstain from implementing any juridical act in relation to said agreements, including the exercise, the assignment or the disposal of any rights deriving from the call option agreement;

(ii) the suspension of the exercise of the *"derechos politicos"* of Telecom Italia and Telecom Italia International granted under the law, the by-laws or the shareholders' agreement of the companies of the Telecom Argentina Group;

(iii) the suspension of the members of the boards of directors of the companies belonging to the Telecom Argentina Group, designated on indication of Telecom Italia and/or Telecom Italia International, from their office; and

(iv) that the directors designated on indication of Telecom Italia not to be counted in the quorum of the meetings of the boards of directors of the Telecom Argentina Group.

On September 2, 2009, the Civil and Commercial Court of Appeal granted, upon the request of Telecom Italia and Telecom Italia International, a precautionary measure suspending meetings of the corporate bodies of companies belonging to the Telecom Argentina Group, which had already been scheduled for September 2009 to resolve upon, among other things, the renewal of the members of such companies' corporate bodies.

On September 3, 2009, upon the request of Telecom Italia and Telecom Italia International, the Civil and Commercial Court of Appeal also suspended, as a precautionary measure, a new board meeting of Telecom Argentina summoned on the same day with the exclusion, on an arbitrary and illegal basis, of the members of the board of directors that had been designated on indication of Telecom Italia to resolve upon important organizational matters.

On September 8, 2009, Telecom Italia and Telecom Italia International started the procedural actions necessary to challenge the abovementioned precautionary measures issued on August 26 and 28, 2009.

Argentina –CNDC

In connection with the antitrust proceeding into the Telco Transaction described in "Note 17—Contingent Liabilities, Other Information, Commitments and Guarantees" of the notes to the unaudited interim consolidated financial statements contained in the First Half 2009 Report 6-K incorporated into this prospectus by reference, on April 3, 2009, the CNDC (the Argentine antitrust authority) issued Resolution 44/09, ordering (i) that Telecom Italia, Telecom Italia International, the directors, officers and representatives of Telecom Italia and Telecom Italia International, and of their direct and indirect shareholders, as well as the directors and statutory auditors designated by Telecom Italia and Telecom Italia International in the companies of the Telecom Argentina Group should have refrained and shall refrain from adopting any decision or giving any instruction that entailed or would entail in future, directly or indirectly, the exercise of *"derechos politicos"*, including such rights deriving from shareholder agreements related to the companies of the Telecom Argentina group; (ii) the revocation of the decisions which entailed the exercise of "*derechos politicos*" adopted as of January 9, 2009 by the corporate bodies, the managers or the representatives of the companies of Telecom Argentina Group. The Telecom Italia Group urgently appealed this resolution in order to protect its own interests, and on July 27, 2009 the Civil and Commercial Court of Appeal of Buenos Aires suspended the effects of Resolution 44/09.

The Argentine *Ministerio de Economia y Finanzas Públicas* filed a petition requesting that the decision to be declared null and void and subsequently challenged the new decision issued by the Civil and Commercial Court of Appeal of Buenos Aires rejecting such petition. Telecom Italia and Telecom Italia International have challenged such request of the *Ministerio de Economia y Finanzas Públicas*.

* * *

On August 25, 2009, the *Secretária de Comercio Interior* (**SCI**) issued Resolution n. 483/09, that, as recommended under CNDC's Dictamen n. 744/09 attached thereto:

(i) conditions the approval of the Telco Transaction on the total divestiture of any direct and indirect participation held by Telecom Italia in Sofora, as well as to the divestiture of any rights and interests of Telecom Italia in the Telecom Argentina Group, including the call options provided for in the call option agreement signed in 2003 by and between Telecom Italia International and Los W;
(ii) instructs CNDC to set forth, within 60 days, the terms and conditions of such divestitures, which, in any case, shall take place within one year; and
(iii) requests that CNDC assess, within 60 days, whether or not sanctions must be applied for the delay in notifying the act of concentration allegedly implemented through the completion of the Telco Transaction, the amount thereof and which entities have to be sanctioned among those which are parties to the Telco Transaction.

On September 16, 2009, Telecom Italia and Telecom Italia International filed with CNDC a request of appeal against Resolution n. 483/09, aimed at obtaining the revocation and suspension of the effects of such resolution and, as provided under Argentine law, requesting that the proceeding be admitted and transmitted to the competent Civil and Commercial Court of Buenos Aires. At the same time, Telecom Italia and Telecom Italia International brought an action (*"accion autosatisfactiva")* directly requesting the Civil and Commercial Court of Buenos Aires to issue a precautionary measure suspending the effects of such resolution.

Bolivia-Entel

In September 2009, in connection with the nationalization of Entel Bolivia described in "Note 17—Contingent Liabilities, Other Information, Commitments and Guarantees" of the notes to the unaudited interim consolidated financial statements contained in the Telecom Italia's First Half 2009 Report 6-K incorporated into this prospectus by reference, Entel Bolivia notified ETI, a wholly-owned Dutch subsidiary of Telecom Italia International, with the request to appear in the Dutch court in connection with the possible bankruptcy of ETI, in order to recover the payment of legal fees and damages which were imposed on ETI by U.S. courts as consequence of the removal of the attachments obtained after the nationalization of Entel Bolivia.

BT ITALIA

In October 2009, BT Italia brought a case against Telecom Italia for compensation of damages following alleged acts of abusing its dominant position in the wholesale market for termination of fixed line-mobile calls, specifically in reference to business clientele. BT Italia claims a total amount of 419 million euros.

BT Italia, basing its demands on the outcome of the well-known AGCOM A/357 proceeding, attributes the alleged damages suffered (i) to the difference between the wholesale termination price on the Telecom Italia mobile network, paid by the competitor according to the regulated maximum prices, and the lower price applied, instead, by the retail sales functions of Telecom Italia to its customers, (ii) the loss of earnings caused by the application of prices below cost to its clientele for the same termination service in order to maintain its competitiveness in the market and (iii) the loss of market share. Telecom Italia will appear before the court asking for the total rejection of the demand for damage compensation.

Vodafone

With reference to the Vodafone legal proceeding described in "Note 17—Contingent Liabilities, Other Information, Commitments and Guarantees" of the notes to the unaudited interim consolidated financial statements contained in the First Half 2009 Report 6-K incorporated into this prospectus by reference, the hearing for conclusions in the case is scheduled for June 2010.

For further details please see Telecom Italia's First Half 2009 Report 6-K, filed with the SEC on September 22, 2009 incorporated herein by reference.

Summary Selected Financial Information

Financial Information prepared in accordance with IFRS as of and for the Years Ended December 31, 2008, 2007, 2006, 2005 and 2004

The summary selected financial data set forth below are consolidated financial data of the Telecom Italia Group as of and for each of the years ended December 31, 2008, 2007, 2006, 2005 and 2004, which have been extracted or derived from the audited consolidated financial statements of the Telecom Italia Group prepared in accordance with IFRS as issued by IASB.

Until December 31, 2004, Telecom Italia prepared its consolidated financial statements and other interim financial information in accordance with Italian GAAP.

Furthermore, pursuant to SEC Release No. 33-8879, “Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP”, Telecom Italia includes Selected Financial Data prepared in compliance with IFRS, without reconciliation to U.S. GAAP.

The summary selected financial data set forth below has not been recast to give effect to the required retrospective application of IFRIC 13 (*Customer loyalty programmes*) effective January 1, 2009.

The summary selected financial data below should be read in conjunction with the consolidated financial statements and notes thereto included in the Telecom Italia Annual Report incorporated in this listing prospectus by reference.

	Year ended December 31,				
	2008(1)	**2007(1)**	**2006(1)**	**2005(1)**	**2004(1)**
	(millions of Euro, except percentages, ratios, employees and per share amounts)				
Income Statement Data:					
Revenues	**30,158**	**31,013**	**31,037**	**29,794**	**28,292**
Operating profit	**5,463**	**5,955**	**7,635**	**7,631**	**7,603**
Profit before tax from continuing operations	**2,897**	**4,324**	**5,723**	**5,673**	**5,606**
Profit from continuing operations	**2,244**	**2,641**	**3,203**	**3,277**	**2,952**
Profit (loss) from Discontinued operations/Non-current assets held for sale	(29)	(186)	(200)	413	(118)
Profit for the year	**2,215**	**2,455**	**3,003**	**3,690**	**2,834**
• *Profit attributable to equity holders of the Parent(2)*	*2,214*	*2,448*	*3,014*	*3,216*	*1,815*
Investments:					
• *Capital expenditures*	*5,365*	*5,370*	*4,877*	*5,097*	*5,002*
• *Financial*	*6*	*637*	*206*	*14,934*	*868*
Financial Ratios:					
• Revenues/Employees (average number in the Group) (thousands of €)(3)	396.7	396.2	394.6	376.7	355.4
• Operating profit/Revenues (ROS)	18.1%	19.2%	24.6%	25.6%	26.9%
• Ratio of earnings to fixed charges(4)	2.21	2.75	3.27	3.20	3.39
Employees, average number in the Group, including personnel with temp work contracts:					
Employees (excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale) (average number)	76,028	78,278	78,652	79,085	79,602
Employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale (average number)	757	1,350	1,620	5,262	11,248
Basic and Diluted earnings per Share (EPS)(5):					
• Ordinary Share	**0.11**	**0.12**	**0.15**	**0.17**	**0.11**
• Savings Share	**0.12**	**0.13**	**0.16**	**0.18**	**0.12**
Of which:					
• *From continuing operations*:					
• *Ordinary Share*	*0.11*	*0.13*	*0.16*	*0.15*	*0.12*
• *Savings Share*	*0.12*	*0.14*	*0.17*	*0.16*	*0.13*
• *From Discontinued operations/Non-current assets held for sale:*					
• *Ordinary Share*	—	*(0.01)*	*(0.01)*	*0.02*	*(0.01)*
• *Savings Share*	—	*(0.01)*	*(0.01)*	*0.02*	*(0.01)*
Dividends:					
• per Ordinary Share	0.0500(6)	0.0800	0.1400	0.1400	0.1093
• per Savings Share	0.0610(6)	0.0910	0.1510	0.1510	0.1203

	Year ended December 31,				
	2008(1)	2007(1)	2006(1)	2005(1)	2004(1)
	(millions of Euro)				
Cash Flow Statement Data:					
Cash Flows from (used in) Operating Activities	8,405	8,771	9,303	9,744	10,266
Cash Flows from (used in) Investing Activities	(6,874)	(4,398)	(4,239)	(17,379)	(4,951)
Cash Flows from (used in) Financing Activities	(2,382)	(5,225)	(7,965)	8,756	(1,714)
Cash Flows from (used in) Discontinued operations/Non-current assets held for sale	(10)	72	(81)	29	(109)
Aggregate Cash Flows	**(861)**	**(780)**	**(2,982)**	**1,150**	**3,492**

	Year ended December 31,				
	2008	2007	2006	2005	2004
	(millions of Euro, except employees)				
Balance Sheet Data:					
Total Assets	**85,635**	**87,425**	**89,457**	**96,010**	**81,834**
Equity:					
• Equity attributable to equity holders of the Parent	26,126	25,922	26,018	25,662	16,248
• Equity attributable to Minority Interest	730	1,063	1,080	1,323	4,550
Total Equity	**26,856**	**26,985**	**27,098**	**26,985**	**20,798**
Total liabilities	**58,779**	**60,440**	**62,359**	**69,025**	**61,036**
Total equity and liabilities	**85,635**	**87,425**	**89,457**	**96,010**	**81,834**
Share capital(7)	**10,591**	**10,605**	**10,605**	**10,599**	**8,809**
Net Financial Debt (8)	**34,039**	**35,701**	**37,301**	**39,858**	**32,862**
Employees, number in the Group at year-end, including personnel with temp work contracts:					
• Employees (excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale) (number at year-end)	77,825	82,069	81,927	84,174	82,620
• Employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale (number at year-end)	—	1,360	1,282	2,357	11,402

	As of December 31,				
	2008(1)	2007(1)	2006(1)	2005(1)	2004(1)
	(thousands)				
Statistical Data:					
Domestic Fixed:					
Fixed network connections in Italy	20,031	22,124	23,698	25,049	25,957
Physical accesses (Consumer and Business)	17,352	19,221	20,540	21,725	22,429
BroadBand accesses in Italy	8,134	7,590	6,770	5,707	4,010
Of which retail BroadBand accesses	*6,754*	*6,427*	*5,600*	*3,920*	*2,629*
Domestic Mobile:					
Mobile telephone lines in Italy	34,797	36,331	32,450	28,576	26,259
Brazil:					
Mobile telephone lines in Brazil	36,402	31,254	25,410	20,171	13,588
European BroadBand:					
BroadBand accesses in Europe	2,510	2,537	1,138	801	412

(1) Starting from January 1, 2008, the Liberty Surf group has been treated as a Discontinued operations/Noncurrent asset held for sale; the sale was completed on August 26, 2008. All periods presented for comparison purposes have been restated.

(2) For the purposes of IFRS, "Parent", as used in this listing prospectus and in the Telecom Italia Annual Report, means Telecom Italia S.p.A.

(3) The average number of employees in the Telecom Italia Group (excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale and including personnel with temp work contracts) was 76,028, 78,278, 78,652, 79,085 and 79,602 in 2008, 2007, 2006, 2005 and 2004, respectively.

(4) For purposes of calculating the ratio of "earnings to fixed charges":

- "Earnings" is calculated by adding:

- profit before tax from continuing operations;
- “fixed charges” (as defined below);
- amortization of capitalized interest and issue debt discounts or premiums;
- dividends from associates and joint ventures accounted for using the equity method; and
- share of losses of associates and joint ventures accounted for using the equity method and then subtracting:
- capitalized interest for the applicable period; and
- share of earnings of associates and joint ventures accounted for using the equity method.

- “Fixed charges” is calculated by adding:
  - interest expenses (both expensed and capitalized);
  - issue costs and any original issue debt discounts or premiums; and
  - an estimate of the interest within rental expense for operating leases.

(5) In accordance with IAS 33 (Earnings per share), basic earnings per Ordinary Share is calculated by dividing the Telecom Italia Group’s profit available to shareholders by the weighted average number of shares outstanding during the year, excluding treasury shares. Since Telecom Italia has both Ordinary and Savings Shares outstanding, the calculations also take into account the requirement that holders of Savings Shares are entitled to an additional dividend equal to 2% of the par value of shares above dividends paid on the Ordinary Shares.

For the purpose of these calculations, the weighted average number of:

- Ordinary Shares was 13,246,643,947 for the year ended December 31, 2008, 13,254,934,303 for the year ended December 31, 2007, 13,254,860,233 for the year ended December 31, 2006, 12,283,195,845 for the year ended December 31, 2005 and 10,208,327,613 for the year ended December 31, 2004;
- Savings Shares was 6,026,120,661 for the years ended December 31, 2008, 2007 and 2006, 5,930,204,164 for the year ended December 31, 2005 and 5,795,921,069 for the year ended December 31, 2004.

For diluted earnings per share the weighted average number of shares outstanding is adjusted assuming conversion of all dilutive potential shares. Potential shares are those securities that, if converted into shares, would increase the total number of shares outstanding and reduce the earnings attributable to each share.

Potential shares include options, warrants and convertible securities. The Telecom Italia Group’s profit is also adjusted to reflect the impact of the conversion of potential shares net of the related tax effects.

(6) Telecom Italia’s dividend coupons for the year ended December 31, 2008, were clipped on April 20, 2009 and were payable from April 23, 2009.

(7) Share capital represents share capital issued net of the par value of treasury shares.

(8) Net Financial Debt is a “Non-GAAP Financial Measure” as defined in Item 10 of Regulation S-K under the 1934 Act. For further details please see item “Non-GAAP Financial Measure” included elsewhere herein.

Financial Information prepared in accordance with IFRS as of and for the Six Months Ended June 30, 2009 and 2008

The summary selected financial data set forth below are consolidated financial data of the Telecom Italia Group as follows:

- with respect to the separate income statement information, the unaudited financial data for the six month periods ended June 30, 2009 and 2008 (recast data); and

- with respect to the statement of financial position, the unaudited financial data as of June 30, 2009 and as of December 31, 2008 (recast data).

In the opinion of the management of Telecom Italia, the unaudited interim consolidated financial data of Telecom Italia Group reflects all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of Telecom Italia Group's consolidated results of operations for the unaudited interim periods. Results for the six-month period ended June 30, 2009, are not necessarily indicative of results that may be expected for the entire year.

As noted in the Telecom Italia Group consolidated financial statements for 2008 included in the Telecom Italia Annual Report, certain new standards and interpretations came into effect beginning January 1, 2009 and have therefore been applied. In particular, following the retrospective application of IFRIC 13 (*Customer Loyalty Programmes*), the comparative data of the corresponding periods of the year 2008 has been appropriately recast.

The accompanying consolidated financial data has been prepared in accordance with IFRS as issued by IASB.

	Six months ended June 30,	
	2009	2008 (Recast)
	(Unaudited) (millions of Euro, except percentages, ratios, employees and per share amounts)	
Separate Income Statement Data:		
Revenues	**13,953**	**14,809**
Operating profit	**2,680**	**2,575**
Profit before tax from continuing operations	**1,588**	**1,396**
Profit from continuing operations	**941**	**1,233**
Loss from Discontinued operations/Non-current assets held for sale	—	(148)
Profit for the period	**941**	**1,085**
Of which:		
• *Profit for the period attributable to Owners of the Parent(1)*	*964*	*1,117*
Investments:		
• Capital Expenditures	2,043	2,956
• Financial	4	—
Financial Ratios:		
• Revenues/Employees (average number in the Group) (thousands of €)	190.2	193.2
• Operating profit/Revenues (ROS)(%)	19.2	17.4
• Ratio of earnings to fixed charges(2)	2.41	2.23
Employees, average number in the Group, including personnel with temp work contracts:		
Employees (excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale) (average number)	73,368	76,660
Employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale (average number)	—	1,338
Basic and Diluted earnings per Share (EPS)(3):		
• **Ordinary Share**	**0.05**	**0.06**
• **Savings Share**	**0.06**	**0.07**
Of which:		
• *From continuing operations:*		
• *Ordinary Share*	*0.05*	*0.07*
• *Savings Share*	*0.06*	*0.07*
• *From Discontinued operations/Non-current assets held for sale:*		
• *Ordinary Share*	—	*(0.01)*
• *Savings Share*	—	—

	As of June 30, 2009	As of December 31, 2008 (Recast)
	(Unaudited) (millions of Euro, except employees)	
Statement of financial position data:		
Total Assets	**86,143**	**85,650**
Total Equity:		
• Equity attributable to Owners of the Parent	25,820	26,095
• Equity attributable to Minority Interest	801	730
Total Equity	**26,621**	**26,825**
Total liabilities	**59,522**	**58,825**
Total equity and liabilities	**86,143**	**85,650**
Share capital(4)	**10,585**	**10,591**
Net Financial Debt carrying amount(5)	**35,185**	**34,039**
Adjusted Net Financial Debt(5)	**34,859**	**34,526**
Employees, number in the Group at period-end, including personnel with temp work contracts:		
• Employees (excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale) (number at period-end)	76,560	77,825
• Employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale (number at period-end)	—	—

	Six months ended June 30, 2009	Six months ended June 30, 2008 (Recast)
	(Unaudited) (millions of Euro)	
Cash Flow Statement Data:		
Cash Flows from (used in) Operating Activities	**3,132**	**3,621**
Cash Flows from (used in) Investing Activities	**(2,182)**	**(2,780)**
Cash Flows from (used in) Financing Activities	**683**	**(2,969)**
Cash Flows from (used in) Discontinued operations/Non-current assets held for sale	**—**	**(26)**
Aggregate Cash Flows	**1,633**	**(2,154)**

	As of June 30, 2009	As of December 31, 2008
	(Unaudited) (thousands)	
Statistical Data:		
Domestic Fixed:		
Fixed network connections in Italy	19,170	20,031
Physical accesses (Consumer and Business)	16,621	17,352
BroadBand accesses in Italy	8,443	8,134
Of which retail BroadBand accesses	*6,859*	*6,754*
Domestic Mobile:		
Mobile telephone lines in Italy	32,630	34,797
Brazil:		
Mobile telephone lines in Brazil	37,826	36,402
European BroadBand:		
BroadBand accesses in Europe	2,452	2,510

(1) For the purposes of IFRS, “Parent”, as used in this listing prospectus, means Telecom Italia S.p.A.

(2) For purposes of calculating the ratio of “earnings to fixed charges”:

- “Earnings” is calculated by adding:

- profit before tax from continuing operations;
- “fixed charges” (as defined below);
- amortization of capitalized interest and issue debt discounts or premiums;
- dividends from associates and joint ventures accounted for using the equity method; and
- share of losses of associates and joint ventures accounted for using the equity method.

and then subtracting:

- capitalized interest for the applicable period; and
- share of earnings of associates and joint ventures accounted for using the equity method.

- “Fixed charges” is calculated by adding:
  - interest expenses (both expensed and capitalized);
  - issue costs and any original issue debt discounts or premiums; and
  - an estimate of the interest within rental expense for operating leases.

(3) In accordance with IAS 33 (*Earnings per share*), basic earnings per Ordinary Share is calculated by dividing the Group’s profit available to shareholders by the weighted average number of shares outstanding during the period, excluding treasury shares. Since Telecom Italia has both Ordinary and Savings Shares outstanding, the calculations also take into account the requirement that holders of Savings Shares are entitled to an additional dividend equal to 2% of the par value of shares above dividends paid on the Ordinary Shares.

For the purpose of these calculations, the weighted average number of:

- Ordinary Shares was 13,222,379,086 for the period ended June 30, 2009 and 13,254,975,913 for the period ended June 30, 2008;
- Savings Shares was 6,026,120,661 for the period ended June 30, 2009 and 6,026,120,661 for the period ended June 30, 2008.

For diluted earnings per share the weighted average number of shares outstanding is adjusted assuming conversion of all dilutive potential shares. Potential shares are those securities that, if converted into shares, would increase the total number of shares outstanding and reduce the earnings attributable to each share. Potential shares include options, warrants and convertible securities. The Telecom Italia Group’s profit is also adjusted to reflect the impact of the conversion of potential shares net of the related tax effects.

(4) Share capital represents share capital issued net of the par value of treasury shares.

(5) Starting from the first half of 2009, in order to present a more realistic analysis of net financial debt, a new performance measure has been introduced, in addition to the usual indicator (renamed “*Net financial debt carrying amount*”), denominated “*Adjusted net financial debt*” which excludes effects that are purely accounting and non-monetary in nature deriving from the fair value measurement of derivatives and related financial assets and liabilities. Net Financial Debt is a “Non-GAAP Financial Measure” as defined in Item 10 of Regulation S-K under the 1934 Act. For further details please see item “Non-GAAP Financial Measure” included elsewhere herein.

Business Unit Financial Data

The table below (which has been extracted or derived from Telecom Italia Annual Report) sets forth revenues, operating profit (loss), capital expenditures and number of employees by Business Units, for 2008, 2007 and 2006. The data relating to 2007 and 2006 have been reclassified and presented consistently with the 2008 presentation.

		Domestic	Brazil	European Broad Band	Media	Olivetti	Other Operations	Adjustments and eliminations	Consolidated Total
		(millions of Euro, except number of employees)							
Revenues(1)	2008	23,268	5,208	1,274	287	352	134	(365)	**30,158**
	2007	24,220	4,990	1,151	263	408	251	(270)	**31,013**
	2006	25,785	3,964	605	207	440	234	(198)	**31,037**
Operating profit (loss)	2008	5,444	189	(30)	(113)	(37)	2	8	**5,463**
	2007	5,751	150	122	(117)	(66)	63	52	**5,955**
	2006	7,676	21	73	(137)	(50)	37	15	**7,635**
Capital expenditures	2008	3,658	1,348	352	50	3	1	(47)	**5,365**
	2007	4,064	865	358	69	8	16	(10)	**5,370**
	2006	3,894	699	214	85	10	21	(46)	**4,877**
Number of employees at year-end(2)	2008	61,816	10,285	2,912	967	1,194	651	—	**77,825**
	2007(3)	64,362	10,030	3,191	1,016	1,279	2,191	—	**82,069**
	2006(3)	66,835	9,531	1,784	919	1,428	1,430	—	**81,927**

(1) Revenues are total revenues of the various business units of the Telecom Italia Group before elimination of intercompany sales (but after elimination of sales between companies within the same major business area).

(2) The number of employees at year-end excludes employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale, and includes personnel with temp work contracts.

(3) For purposes of comparison, the data at December 31, 2007 and at December 31, 2006 have been restated in order to exclude 1,360 employees and 1,282 employees, respectively, of the Liberty Surf group which starting from January 1, 2008, are considered as Discontinued operations/Non-current assets held for sale.

The table below sets forth revenues, operating profit (loss), capital expenditures and number of employees by Business Units, for the first half of 2009 and 2008 (recast).

		Domestic	Brazil	European Broad-Band	Media	Olivetti	Other Operations	Adjustments and eliminations	Consolidated Total
		(Unaudited) (millions of Euro, except number of employees)							
Revenues(1)	1° half 2009	10,891	2,299	613	114	153	36	(153)	**13,953**
	1° half 2008 (recast)	11,391	2,537	642	148	180	98	(187)	**14,809**
Operating profit	1° half 2009	2,711	37	(9)	(47)	(15)	(7)	10	**2,680**
(loss)................................	1° half 2008 (recast)	2,645	(2)	2	(69)	(16)	14	1	**2,575**
Capital expenditures	1° half 2009	1,609	288	124	24	2	1	(5)	**2,043**
	1° half 2008 (recast)	1,952	824	189	27	1	1	(38)	**2,956**
Number of employees at	As of June 30, 2009	61,009	10,149	2,778	850	1,124	650	—	**76,560**
period-end(2)..................	As of December 31, 2008	61,816	10,285	2,912	967	1,194	651	—	**77,825**

(1) Revenues are total revenues of the various business units of the Telecom Italia Group before elimination of intercompany sales (but after elimination of sales between companies within the same major business area).

(2) The number of employees at year-end excludes employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale, and includes personnel with temp work contracts.

As outlined in the update to the Industrial Plan 2009-2011 presented to the market in December 2008, certain assets are considered non-core, such as our Hansenet German broadband unit and our Telecom Italia Sparkle unit, which is a provider of international voice, IP and Data services for global fixed-line and mobile telephone operators, and are being reviewed for various strategic alternatives.

Non-GAAP Financial Measure

Starting from the first half of 2009, in order to present a more realistic analysis of net financial debt, a new performance measure has been introduced, in addition to the usual indicator (renamed "*Net financial debt carrying amount*"), denominated "*Adjusted net financial debt*" which excludes effects that are purely accounting and non-monetary in nature deriving from the fair value measurement of derivatives and related financial assets and liabilities.

Net Financial Debt is a Non-GAAP financial measure as defined in Item 10 of Regulation S-K under the 1934 Act, but is widely used in Italy by financial institutions to assess liquidity and the adequacy of a company's financial structure. We believe that Net Financial Debt provides an accurate indicator of our ability to meet our financial obligations (represented by gross debt) by our available liquidity, represented by the other items shown in the reconciliation table. Net Financial Debt allows us to show investors the trend in our net financial condition over the periods presented. The limitation on the use of Net Financial Debt is that it effectively assumes that gross debt can be reduced by our cash and other liquid assets. In fact, it is unlikely that we would use all of our liquid assets to reduce our gross debt all at once, as such assets must also be available to pay employees, suppliers, and taxes, and to meet other operating needs and capital expenditure requirements. Net Financial Debt and its ratio to equity (including Minority Interest), or leverage, are used to evaluate our financial structure in terms of sufficiency and cost of capital, level of debt, debt rating and funding cost, and whether our financial structure is adequate to achieve our business plan and our financial targets. Our management believes that our financial structure is sufficient to achieve our business plan and financial targets. Our management monitors the Net Financial Debt and leverage or similar measures as reported by other telecommunications operators in Italy and outside Italy, and by other major listed companies in Italy, in order to assess our liquidity and financial structure relative to such companies. We also monitor the trends in our Net Financial Debt and leverage in order to optimize the use of internally generated funds versus funds from third parties. Net Financial Debt is reported in our Italian Annual Report to shareholders and is used in presentations to investors and analysts.

Net Financial Debt carrying amount as of December 31, 2008, 2007, 2006, 2005 and 2004, which has been extracted or derived from Telecom Italia Annual Report, is calculated as follows:

	As of December 31,				
	2008	2007	2006	2005	2004
			(Unaudited) (millions of Euro)		
GROSS FINANCIAL DEBT					
Non-current financial liabilities (Long-term debt)					
—Financial payable	31,936	33,299	37,391	39,522	35,606
—Finance lease liabilities	1,713	1,809	1,847	1,894	1,860
—Other financial liabilities	2,878	1,943	1,565	730	1,259
	36,527	**37,051**	**40,803**	**42,146**	**38,725**
Current financial liabilities (Short-term debt)					
—Financial payables	5,726	5,943	5,143	9,323	3,972
—Finance lease liabilities	274	262	269	234	227
—Other financial liabilities	267	380	241	255	201
	6,267	**6,585**	**5,653**	**9,812**	**4,400**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	**—**	**—**	**—**	**143**	**188**
GROSS FINANCIAL DEBT (A)	**42,794**	**43,636**	**46,456**	**52,101**	**43,313**
FINANCIAL ASSETS					
Non-current financial assets					
—Securities other than investments	15	9	12	8	7
—Financial receivables and other non-current financial assets	2,648	686	679	988	396
	2,663	**695**	**691**	**996**	**393**
Current financial assets					
—Securities other than investments	185	390	812	378	457
—Financial receivables and other current financial assets	491	377	433	509	662
—Cash and cash equivalents	5,416	6,473	7,219	10,323	8,855
	6,092	**7,240**	**8,464**	**11,210**	**9,974**
Financial assets classified under Discontinued operations/Non-current assets held for sale	**—**	**—**	**—**	**37**	**84**
FINANCIAL ASSETS (B)	**8,755**	**7,935**	**9,155**	**12,243**	**10,451**
NET FINANCIAL DEBT CARRYING AMOUNT (A – B)	**34,039**	**35,701**	**37,301**	**39,858**	**32,862**

Adjusted Net Financial Debt as of June 30, 2009 and December 31, 2008 (recast) is calculated as follows:

	As of June 30, 2009	As of December 31, 2008 (Recast)
	(Unaudited) (millions of Euro)	
GROSS FINANCIAL DEBT		
Non-current financial liabilities (Long-term debt)		
—Bonds	27,189	25,680
—Amounts due to banks, other financial payables and liabilities	8,264	9,134
—Finance lease liabilities	1,637	1,713
	37,090	**36,527**
Current financial liabilities (Short-term debt)		
—Bonds	4,740	4,497
—Amounts due to banks, other financial payables and liabilities	2,920	1,496
—Finance lease liabilities	276	274
	7,936	**6,267**
Financial liabilities relating to Discontinued operations/Non-current assets held for sale	-	-
GROSS FINANCIAL DEBT (A)	**45,026**	**42,794**
FINANCIAL ASSETS		
Non-current financial assets		
—Securities other than investments	16	15
—Financial receivables and other financial non-current assets	1,378	2,648
	1,394	**2,663**
Current financial assets		
—Securities other than investments	999	185
—Financial receivables and other current financial assets	380	491
—Cash and cash equivalents	7,068	5,416
	8,447	**6,092**
Financial assets relating to Discontinued operations/Non-current assets held for sale	—	—
FINANCIAL ASSETS (B)	**9,841**	**8,755**
NET FINANCIAL DEBT CARRYING AMOUNT (A - B)	**35,185**	**34,039**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(326)*	*487*
ADJUSTED NET FINANCIAL DEBT	**34,859**	**34,526**

USE OF PROCEEDS

The net proceeds from the issuance and sale of the notes, after deducting the underwriting discount but excluding the expenses relating to the offering, were approximately U.S.$1,992 million, which at the Noon Buying Rate of €1.00=U.S.$1.4040 effective on June 12, 2009, corresponds to approximately €1,419 million. These proceeds were used to make inter-company loans to Telecom Italia Group companies for their general corporate purposes, which may include the repayment of existing indebtedness.

DESCRIPTION OF THE NOTES AND GUARANTEES

General

The notes covered by this listing prospectus are senior debt issued by TI Capital and guaranteed by Telecom Italia.

TI Capital issued the notes under an indenture dated as of October 6, 2004 among TI Capital, Telecom Italia and The Bank of New York Mellon (as successor to JPMorgan Chase Bank), as trustee, as supplemented by a fifth supplemental indenture, dated as of June 18, 2009, among TI Capital, Telecom Italia and The Bank of New York Mellon, as trustee. Herein we refer to the indenture as supplemented by the fifth supplemental indenture as the "indenture". The trustee has normal banking relationships with us. We have filed the indenture with the SEC as an exhibit to our Registration Statement on Form F-3 (Reg. No. 333-156476) which was filed with the SEC on December 29, 2008. Copies of the indenture, as supplemented, can be obtained as set forth in "Where You Can Find More Information".

The following briefly summarizes the material provisions of the indenture, as supplemented and the debt securities. You should read the more detailed provisions of the indenture, including the defined terms, for provisions that may be important to you. You should also read the particular terms of a series of debt securities. Wherever particular sections or defined terms of the indenture are referred to, such sections or defined terms are incorporated into this listing prospectus by reference, and the statement in this listing prospectus is qualified by that reference.

The indenture provides that debt securities may be issued in one or more series, with different terms, in each case as we authorize from time to time. We also have the right to reopen a previous issue of a series of debt securities by issuing additional debt securities of such series.

The debt securities are governed and construed in accordance with the laws of the State of New York. The provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of August 10, 1915, as amended, are excluded and will not be applicable. In connection with any legal action or proceeding relating to the debt securities, TI Capital has agreed to submit to the nonexclusive jurisdiction of any Federal or State court in the Borough of Manhattan, the City of New York.

Under New York law, claims relating to payment of principal and interest on the notes will be prescribed according to the applicable statute of limitations.

The Bank of New York (Luxembourg) S.A. will act as paying agent, listing agent and transfer agent.

We issued the debt securities only in registered form. As currently anticipated, debt securities of a series will trade in book-entry form, and global securities will be issued in physical (paper) form, as described below under "—Book-Entry System" and "—Definitive Debt Securities".

Principal, Maturity and Interest

The notes were issued in two series referred to herein as the 2014 notes ($1,000,000,000 6.175% Guaranteed Senior Notes due 2014 (CUSIP 87927VAW8; ISIN US87927VAW81, Common Code 043536753)) and the 2019 notes ($1,000,000,000 7.175% Guaranteed Senior Notes due 2019 (CUSIP 872456AA6; ISIN US872456AA66, Common Code 043550128)).

Unless previously redeemed, see "—Redemption at TI Capital's Option" and "—Optional Tax Redemption," the aggregate outstanding principal amount of each series of notes will be payable on the applicable maturity date.

Interest on the notes will be paid by check mailed to the persons in whose names the notes are registered at the close of business on the applicable record date or, at our option, by wire transfer to accounts maintained by such persons with a bank located in the United States. For so long as the notes are represented by global notes, we will make payments of interest by wire transfer to The Depository Trust Company (**"DTC"**) or its nominee, as the case may be, which will distribute payments to beneficial holders in accordance with its customary procedures.

The notes are not entitled to any sinking fund. The provisions of the indenture described under "Description of the Notes and Guarantees—Discharge and Defeasance" will apply to the notes.

The issue price is 100% of the principal amount for the 2014 notes and for the 2019 notes.

The 2014 notes bear interest at a rate of 6.175% per annum; and the 2019 notes bear interest at a rate of 7.175% per annum. The notes bear interest from June 18, 2009.

The yield on the notes is the return you will receive by holding the notes for a period of time. For example, current yield, which calculates the percentage return that annual interest payments might provide to you, is calculated as follows:

$$\text{Current Yield} = \frac{\text{Annual Dollar Interest Paid}}{\text{Market Price}} \times 100\%$$

You may wish to calculate the adjusted current yield, yields to maturity, yield to call and other yields in making an investment decision with respect to the notes.

The 2014 notes were issued in an aggregate principal amount of $1,000,000,000 and the 2019 notes were issued in an aggregate principal amount of $1,000,000,000. Each 2014 note will mature on June 18, 2014 and each 2019 note will mature on June 18, 2019. The 2014 notes and the 2019 notes will bear interest at the respective rates per annum shown on the cover page of this listing prospectus. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on the 2014 notes and the 2019 notes will accrue from the date of original issuance, or from the most recent interest payment date to which interest has been paid or provided for. We will pay interest on the 2014 notes and 2019 notes semi-annually in arrears on June 18 and December 18 of each year, commencing December 18, 2009 to holders of record at the close of business on the immediately preceding June 1 and December 1, respectively.

If any interest payment date or the maturity of the 2014 notes or the 2019 notes falls on a day that is not a Business Day, the related payment of principal, premium, if any, or interest will be made on the next succeeding Business Day as if made on the date the payment was due, and no interest will accrue on the amount payable for the period from and after the interest payment date or maturity, as the case may be.

Business Day means any day other than a Saturday or Sunday or a day on which banking institutions in The City of New York, New York are generally authorized or obligated by law, regulations or executive order to close.

Guarantees

Telecom Italia has fully unconditionally and irrevocably guaranteed the due and punctual payment of the principal of, premium, if any, and interest on the debt securities issued by TI Capital, including any additional amounts which may be payable by TI Capital in respect of the debt securities, as described under "—Payment of Additional Amounts". Telecom Italia has guaranteed the payment of such amounts when such amounts become due and payable, whether at the stated maturity of the debt securities, by declaration or acceleration, call for redemption or otherwise.

The guarantees of Telecom Italia for the debt securities by TI Capital are unsecured obligations of Telecom Italia and each ranks equally in right of payment with other unsecured and unsubordinated indebtedness of Telecom Italia. Telecom Italia has provided a restriction on liens for the benefit of the debt securities as provided under "—Restrictive Covenants—Restrictions on Liens". In connection with other debt issuances (including debt issued by Olivetti), Telecom Italia has provided different restrictions on liens that in some cases could be viewed as more restrictive. Consequently it is possible that, under certain limited circumstances, other debt of Telecom Italia could be secured when the notes covered by this listing prospectus are not secured.

The guarantees are governed and construed in accordance with the laws of the State of New York. In connection with any legal action or proceeding relating to the guarantees, Telecom Italia has agreed to submit to the nonexclusive jurisdiction of any Federal or State court in the Borough of Manhattan, the City of New York.

Legal Ownership

Book-Entry System

Upon issuance, each series of debt securities was represented by one or more global securities (each a **"Global Security"**). Each Global Security was deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC. Except under the circumstances described below, Global Securities are not exchangeable at the option of the holder for certificated debt securities and Global Securities will not otherwise be issuable in definitive form. The Bank of New York Mellon, as custodian for the DTC, has received the Global Securities on behalf of the DTC. The Bank of New York Mellon's address is set forth on the back cover page of the listing prospectus. TI Capital's records in respect of its capital structure, including the issuance of the Global Securities, reflect that the Global Securities were deposited with or on behalf of the DTC. TI Capital's address is set forth on the back cover of the listing prospectus

Upon issuance of the Global Securities, DTC credited the respective principal amounts of the debt securities represented by the Global Securities to the accounts of institutions that have accounts with DTC or its nominee (**“participants”**), including Euroclear Bank S.A./N.V. (**“Euroclear”**) and Clearstream Banking, société anonyme (**“Clearstream”**). Ownership of beneficial interests in the Global Securities was limited to participants or persons that hold interests through participants. Ownership of beneficial interests in the Global Notes is and will be shown on, and the transfer of that ownership is and will be effected only through, records maintained by DTC or its nominee (with respect to participants’ interests) or by participants or persons that hold through participants. Such beneficial interest is in minimum denominations of $2,000 or integral multiples of $1,000.

So long as DTC, or its nominee, is the registered owner or holder of the Global Securities, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Global Securities for all purposes under the indenture.

Except as set forth below, owners of beneficial interests in the Global Securities:

- are be entitled to have the debt securities represented by the Global Securities registered in their names;
- do not receive, nor are entitled to receive, physical delivery of debt securities in definitive form registered in their names; and
- do not receive, nor are entitled to receive, physical delivery of debt securities in definitive form and are not considered the owners or holders thereof under the indenture.

Accordingly, each person owning a beneficial interest in the Global Securities must rely on the procedures of DTC, and indirectly Euroclear and Clearstream, and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture.

Principal and interest payments on Global Securities registered in the name of or held by DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner or holder of the Global Security. None of TI Capital, Telecom Italia, the trustee, or any paying agent for such Global Securities has any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

TI Capital expects that DTC, upon receipt of any payments of principal or interest in respect of the Global Securities, will credit the accounts of the related participants (including Euroclear and Clearstream), with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Securities as shown on the records of DTC. Payments by participants to owners of beneficial interests in the Global Securities held through such participants are the responsibility of the participants, as is now the case with securities held for the accounts of customers in bearer form or registered in “street name”.

Unless and until it is exchanged in whole or in part for debt securities in definitive form in accordance with the terms of the indenture, a Global Security may not be transferred except as a whole by the depositary to a nominee of the depositary or by a nominee of DTC to DTC or another nominee of DTC.

Beneficial interests in the Global Securities will trade in DTC’s Same-Day Funds Settlement System, and secondary market trading activity in such interests will, therefore, settle in same-day funds.

Definitive Debt Securities

Global Securities are exchangeable for definitive debt securities registered in the names of persons other than DTC or its nominee for such Global Securities only if:

- DTC has notified TI Capital and Telecom Italia that it is unwilling or unable to continue as depositary;
- DTC has ceased to be a clearing agency registered under the Exchange Act; or
- there shall have occurred and be continuing an event of default (as defined in the indenture) with respect to the debt securities.

Any Global Security that is exchangeable for definitive debt securities pursuant to the preceding sentence is exchangeable for debt securities issuable in minimum denominations of $2,000 and integral multiples of $1,000 and registered in such names as DTC shall direct. Subject to the foregoing, a Global Security is not exchangeable, except for a Global Security of like denomination to be registered in the name of DTC or its nominee. Bearer debt securities will not be issued.

In the remainder of this description "you" means direct holders and not street name or other indirect holders of debt securities.

Additional Mechanics

Payment and Paying Agents

TI Capital will pay interest, principal and any other money due on the debt securities at the corporate trust office of the trustee in New York City. That office is currently located at 101 Barclay Street, Floor 4E, New York, New York 10286. If you ever hold definitive debt securities you will make arrangements to have your payments picked up at or wired from that office or such other paying agency as we may establish. We may also arrange for additional payment officers, and may cancel or change these officers, including our use of the trustee's corporate trust officer. These offices are called paying agents. TI Capital may also choose to act as its own paying agent. TI Capital must notify you of changes in the paying agents for the debt securities.

Holders buying and selling debt securities in registered form must work out between them how to compensate for the fact that TI Capital will pay all the interest for an interest period to the one who is the registered holder on the regular record date. The most common manner is to adjust the sales price of the debt securities to pro rate interest fairly between buyer and seller. This pro rated interest amount is called accrued interest.

Street name and other indirect holders should consult their banks or brokers for information on how they will receive payments.

Notices

TI Capital and the trustee will send notices only to direct holders, using their addresses as listed in the trustee's records. Such notices will be mailed to holders of registered securities. Notices will also be published in the *Luxemburger Wort* or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Regardless of who acts as paying agent, all money that TI Capital pays to a paying agent that remains unclaimed at the end of five years after the amount is due to direct holders will be repaid to TI Capital. After that five-year period, you may look only to TI Capital, or its successor, for payment and not to the trustee, any other paying agent or anyone else.

Mergers and Similar Events

Each of TI Capital and Telecom Italia is generally permitted to consolidate or merge with another company or firm. Each of TI Capital and Telecom Italia is also permitted to sell or lease substantially all of its assets to another company or to buy or lease substantially all of the assets of another company. In addition, Telecom Italia or one of its Italian subsidiaries generally is permitted to assume the obligations of TI Capital (or any successor) under the debt securities for the payment of the principal of and interest on the debt securities and any other payments on the debt securities. Upon assuming the obligations of TI Capital, Telecom Italia or any such subsidiary may exercise every right and power of TI Capital under the indenture. However, neither TI Capital nor Telecom Italia may consolidate or merge with, or sell or lease all or substantially all of its assets to, another company or firm, nor may Telecom Italia or one of its Italian subsidiaries assume the obligations of TI Capital under the debt securities, unless all of the following conditions are met:

- Where TI Capital or Telecom Italia merges out of existence or sells or leases all or substantially all of its assets, the acquiring or resulting company must assume its obligations, including, in the case of Telecom Italia, the obligations arising from Telecom Italia's guarantee of the debt securities either by law or contractual arrangements. The acquiring or resulting company's assumption of these obligations must include the obligation to pay the additional amounts described under "—Payment of Additional Amounts". If the acquiring or resulting company is organized under the laws of any jurisdiction other than the United States, any state thereof or the District of Columbia, it must indemnify each holder of the debt securities against any governmental charge or other cost resulting from the transaction.

- TI Capital, Telecom Italia, or Telecom Italia's Italian subsidiary, as the case may be, must provide the trustee with an officer's certificate and an opinion of counsel as to compliance with the merger or assumption, as the case may be, provisions of the indenture; provided that if TI Capital consolidates or merges with, or sells or leases all or substantially all of its assets to, an Italian company, or Telecom Italia or one of its Italian subsidiaries assumes TI Capital's obligations under the debt securities, TI Capital, or Telecom Italia or its Italian subsidiary, as the case may be, is required to deliver the additional opinions of counsel described below.

- The merger or sale or lease of all or substantially all of TI Capital or Telecom Italia's assets, or the assumption of the obligations of TI Capital under the debt securities, must not cause a default on the debt securities, and Telecom Italia and TI Capital must not already be in default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described under "—Events of Default". A default for this purpose would also include any event that would be an event of default if the requirement for giving Telecom Italia or TI Capital default notice or their default having to exist for a specific period of time were disregarded.

Telecom Italia or one of its Italian subsidiaries may only become the obligor under the debt securities by assumption or merger, and any other Italian company may only become the obligor under the debt securities by merger, if TI Capital (or any successor) delivers to the trustee a legal opinion, reasonably satisfactory to the trustee, of nationally recognized external Italian and U.S. law firms to the effect that the provisions of the Trust Indenture Act of 1939, as amended, are not in conflict with mandatory provisions of Italian law applicable to holders of debt securities of Italian companies.

It is possible that an assumption, merger or other similar transaction may cause the holders of the debt securities to be treated for U.S. federal income tax purposes as though they had exchanged the debt securities for new debt securities. This could result in the recognition of taxable gain or loss for U.S. federal income tax purposes and possibly other adverse tax consequences.

Modification and Waiver

There are three types of changes TI Capital, or its successors, can make to the indenture and the debt securities.

Changes Requiring Your Approval

First, there are changes that cannot be made to the debt securities without the specific approval of each holder of debt securities of that series. The following is the list of those changes:

- change the stated maturity of the principal on a series of the debt securities;
- change the interest on a series of debt securities;
- reduce the principal amount due on a series of the debt securities;
- change any obligation of TI Capital to pay additional amounts described under "—Payment of Additional Amounts";
- reduce the amount of principal payable upon acceleration of the maturity of a series of debt securities following a default;
- change the place of payment of a series of debt securities;
- impair your right to sue for payment;
- reduce the percentage of the outstanding aggregate principal amount of a series of debt securities whose holder's consent is needed to modify or amend the indenture;
- reduce the percentage of the outstanding aggregate principal amount of a series of debt securities whose holder's consent is needed to waive compliance with various provisions of the indenture or to waive various defaults;
- modify any other aspect of the provisions dealing with modification and waiver of the indenture; and
- change the obligations of Telecom Italia as Guarantor with respect to payment of principal, premium, if any, and interest payments in any manner adverse to the interests of the holders of the series of debt securities.

Changes Requiring a Majority Vote

The second type of change to the indenture and the debt securities is the kind that requires a vote in favor by holders of debt securities owning a majority of the outstanding principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes and other changes that would not adversely affect holders of the debt securities in any material respect. The same vote would be required for TI Capital to obtain a waiver of all or part of the covenants described in this section, or a waiver of a past default. However, TI Capital cannot obtain a waiver of a payment default or any other aspect of the indenture or the debt securities listed in the first category described under "—Changes Requiring Your Approval" unless TI Capital obtains your individual consent to the waiver.

Changes Not Requiring Approval

The third type of change does not require any vote by holders of the debt securities. This type is limited to clarifications and other changes that would not adversely affect holders of the debt securities in any material respect.

Further Details Concerning Voting

Debt securities are not considered outstanding, and therefore not eligible to vote, if TI Capital has deposited or set aside in trust money for their payment or redemption. Debt securities also are not be eligible to vote if they have been fully defeased as described under "—Discharge and Defeasance".

TI Capital generally is entitled to set any day as a record date for the purpose of determining the holders of outstanding debt securities that are entitled to vote or take other action under the indenture. In limited circumstances, the trustee is entitled to set a record date for action by holders. If TI Capital or the trustee set a record date for a vote or other action to be taken by holders of a particular series of the debt securities, that vote or action may be taken only by persons who are holders of outstanding debt securities of that series on the record date and must be taken within 180 days following the record date or another period that TI Capital may specify (or as the trustee may specify if it set the record date). TI Capital or the trustee, as the case may be, may shorten or lengthen (but not beyond 180 days) this period from time to time.

Street name and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if TI Capital seeks to change the terms of the indenture or request a waiver.

Redemption at TI Capital's Option

Beginning on December 21, 2010, the notes will be redeemable in whole or in part at TI Capital's (or TI Capital successor's) option at any time at a redemption price equal to the greater of:

- 100% of the principal amount of the applicable notes; or
- as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued and unpaid as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 50 basis points,

plus accrued and unpaid interest thereon to the date of redemption.

The definitions of certain terms used in the paragraph above are listed below.

Adjusted treasury rate means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the comparable treasury issue (if no maturity is within three months before or after the remaining life, yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

The treasury rate will be calculated on the third Business Day preceding the date fixed for redemption.

Comparable treasury issue means the U.S. Treasury security selected by the quotation agent as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable treasury price means, with respect to any redemption date, (1) the average of five reference treasury dealer quotations for such redemption date, after excluding the highest and lowest reference treasury dealer quotations, or (2) if the quotation agent obtains fewer than five such reference treasury dealer quotations, the average of all such quotations.

Quotation agent means JPMorgan Securities Inc. or such other agent as appointed by TI Capital or Telecom Italia, or, if these firms are unwilling or unable to select the comparable treasury issue, an independent investment banking institution of national standing appointed by TI Capital or Telecom Italia.

Reference treasury dealer means:

- J.P. Morgan Securities Inc. or its affiliates which are primary U.S. Government securities dealers, or their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a **"primary treasury dealer"**), TI Capital will substitute such reference treasury dealer with another primary treasury dealer; and if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

- any three primary treasury dealers selected by the quotation agent after consultation with TI Capital or Telecom Italia.

Reference treasury dealer quotations means with respect to each reference treasury dealer and any redemption date, the average, as determined by the quotation agent, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the quotation agent by such reference treasury dealer at 3:30 p.m. (New York City time) on the third Business Day preceding such redemption date.

Remaining scheduled payments means, with respect to each note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if that redemption date is not an interest payment date with respect to such notes, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that redemption date.

If less than all of a series of notes is to be redeemed at any time, selection of notes for redemption will be made by the trustee on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate; provided that notes with a principal amount of $2,000 will not be redeemed in part.

TI Capital will give DTC a notice of redemption at least 30 but not more than 60 days before the redemption date. If any notes are to be redeemed in part only, the notice of redemption that relates to such notes will state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note.

Unless TI Capital defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

Remaining scheduled payments means, with respect to each note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if that redemption date is not an interest payment date with respect to such notes, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that redemption date.

If less than all of a series of notes is to be redeemed at any time, selection of notes for redemption will be made by the trustee on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate; provided that notes with a principal amount of $2,000 will not be redeemed in part.

TI Capital will give DTC a notice of redemption at least 30 but not more than 60 days before the redemption date. If any notes are to be redeemed in part only, the notice of redemption that relates to such notes will state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note.

Unless TI Capital defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

Optional Tax Redemption

In the event of various tax law changes after the date of this listing prospectus and other limited circumstances that require us to pay additional amounts, (see "—Payment of Additional Amounts"), we may call all, but not less than all, of the notes for redemption. This means we may repay them early. You have no right to require us to call the notes.

Further, TI Capital has the option to redeem the debt securities in the two situations described below. The redemption price for the debt securities will be equal to the principal amount of the debt securities being redeemed plus accrued interest and any additional amounts due on the date fixed for redemption. Furthermore, TI Capital must give holders of the debt securities between 30 and 60 days' notice before redeeming the debt securities.

- The first situation is where, as a result of a change in, execution of or amendment to any laws, regulations or treaties or the official application or interpretation of any laws, regulations or treaties, either:

  - TI Capital (or its successor) or Telecom Italia (or its successor) would be required to pay additional amounts as described below under "—Payments of Additional Amounts", or

  - Telecom Italia (or its successor) or any of its subsidiaries would have to deduct or withhold tax on any payment to TI Capital (or its successor) to enable TI Capital (or its successor) to make a payment of principal, premium, if any, or interest on the debt securities.

  This applies only in the case of changes, executions, amendments, applications or interpretations that occur on or after the date of the issuance of the securities and in the jurisdiction where TI Capital (Luxembourg) or Telecom Italia (Italy) is incorporated. If TI Capital or Telecom Italia is succeeded by another entity, the applicable jurisdiction will be the jurisdiction in which the successor entity is organized, and the applicable date will be the date the entity became a successor.

  TI Capital would not have the option to redeem the debt securities if TI Capital or Telecom Italia could have avoided the payment of additional amounts or the deduction or withholding by using reasonable measures available to TI Capital or Telecom Italia.

- The second situation is where a person into which TI Capital or Telecom Italia is merged or to whom it has conveyed, transferred or leased all or substantially all of its property, is required to pay additional amounts. TI Capital would have the option to redeem the debt securities even if TI Capital or Telecom Italia is required to pay additional amounts immediately after the merger, conveyance, transfer or lease. Neither Telecom Italia nor TI Capital is required to use reasonable measures to avoid the obligation to pay additional amounts in this situation. However, TI Capital will not have the option to redeem the debt securities if the sole purpose of such a merger would be to permit TI Capital to redeem the debt securities.

The election of TI Capital to redeem the debt securities shall be evidenced by a board resolution or in another manner specified in the indenture. In case of any redemption TI Capital shall, at least 60 days prior to the redemption date (unless a shorter notice will be reasonably satisfactory to the trustee), notify the trustee of the redemption date and of the principal amount of debt securities to be redeemed.

Payment of Additional Amounts

Luxembourg or Italy may require TI Capital, as Issuer, or Telecom Italia, as Guarantor, to withhold amounts from payments of principal or interest on the debt securities or any amounts to be paid under the related guarantees, as the case may be, for taxes or any other governmental charges. If Luxembourg or Italy requires a withholding of this type, TI Capital or Telecom Italia, as the case may be, may be required to pay holders of the debt securities additional amounts so that the net amount you receive will be the amount specified in the debt securities to which you are entitled.

TI Capital or Telecom Italia, as the case may be, will not have to pay additional amounts in respect of taxes or other governmental charges that are required to be deducted or withheld by any paying agent from a payment on a debt security, if such payment can be made without such deduction or withholding by any other paying agent, or in respect of taxes or other governmental charges that would not have been imposed but for:

- the existence of any present or former connection between you and Luxembourg or Italy, as the case may be, other than the mere holding of the debt security and the receipt of payments thereon;

- the application of the European Directive 2003/48/EC of June 3, 2003, on the taxation of income from savings, as well as any equivalent measure adopted according to such directive;

- a failure to comply with any certification, documentation, information or other reporting requirements concerning your nationality, residence, identity or connection with Luxembourg or Italy, as the case may be, if such compliance is required as a precondition to relief or exemption from such taxes or other governmental charges (including, without limitation, a certification that you are not resident in Luxembourg or Italy or are not an individual resident of a member state of the European Union);

- a change in law that becomes effective more than 30 days after a payment on the debt security becomes due and payable or on which payment thereof is duly provided for, whichever occurs later; or

- any tax or other governmental charge imposed on non-residents for income tax purposes in Italy as provided under Italian laws and regulations relating to countries which do not have an adequate exchange of information with Italy (i.e., other than the countries listed under the heading "—Transfer Restrictions Due to Certain Tax Considerations").

These provisions also apply to any taxes or governmental charges imposed by any jurisdiction in which a successor to TI Capital or Telecom Italia is organized.

For additional information, see section 803 of the indenture.

Restrictive Covenants

Restrictions on Liens

Some of TI Capital's and Telecom Italia's property may be subject to a mortgage or other legal mechanism that gives their lenders preferential rights in that property over other lenders, including you and the other direct holders of the debt securities, or over their general creditors if they fail to pay them back. These preferential rights are called liens. Each of TI Capital and Telecom Italia has promised that it will not create or permit to subsist any encumbrance to secure capital markets indebtedness, which is described further below, on the whole or any part of its present or future revenues or assets, other than permitted encumbrances.

As used here, encumbrance means:

- any mortgage, charge, pledge, lien or other encumbrance securing any obligation of any individual, corporation, partnership, joint venture, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof; and

- any arrangement providing a creditor with prior right to an asset, or its proceeds of sale, over other creditors in a liquidation.

As used here, permitted encumbrance means:

- any encumbrance existing on the date of issuance of the debt securities;

- any encumbrance over or affecting any asset acquired by TI Capital or Telecom Italia after the date of the indenture and subject to which such asset is acquired, if:

  - such encumbrance was not created in contemplation of the acquisition of such asset by TI Capital or Telecom Italia;

  - the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such asset by TI Capital or Telecom Italia;

- any encumbrance over or affecting any asset of any company which becomes an obligor after the date of issuance of the securities, where such encumbrance is created prior to the date on which such company becomes an obligor under the debt securities, if:

  - such encumbrance was not created in contemplation of that company becoming an obligor; and

    - the amount thereby secured has not been increased in contemplation of, or since the date of, that company becoming an obligor under the debt securities;

- any netting or set-off arrangement entered into by any member of the Telecom Italia Group in the normal course of its banking arrangements for the purpose of netting debit and credit balances;

- any title transfer or retention of title arrangement entered into by any member of the Telecom Italia Group in the normal course of its trading activities on the counterparty's standard or usual terms;

- encumbrances created in substitution of any encumbrance permitted under the first two bullet points above over the same or substituted assets. This only applies if: (a) the principal amount secured by the substitute encumbrance does not exceed the principal amount outstanding and secured by the initial encumbrance; and (b) in the case of substituted assets, if the market value of the substituted assets at the time of the substitution does not exceed the market value of the assets replaced;

- encumbrances created to secure:

    - loans provided, supported or subsidized by a governmental agency, national or multinational investment guarantee agency, export credit agency or a lending organization established by the United Nations, the European Union or other international treaty organization, including, without limitation the European Investment Bank, the European Bank for Reconstruction and Development and the International Finance Corporation;

    - project finance indebtedness (as described below);

this will, however, only apply if the encumbrance is created on an asset of the project being financed by such loans (and/or on the shares in, and/or shareholder loans made to, the company conducting such project) or, as the case may be, such project finance indebtedness and remains confined to that asset (and/or shares and/or shareholder loans);

- encumbrances arising out of the refinancing of any capital markets indebtedness secured by any encumbrance permitted by the preceding bullet points. These encumbrances will, however, only be permitted if the amount of such capital markets indebtedness is not increased and is not secured by an encumbrance over any additional assets;

- any encumbrance arising by operation of law;

- any encumbrance created in connection with convertible bonds or notes where the encumbrance is created over the assets into which the convertible bonds or notes may be converted and secures only the obligation of the issuer to effect the conversion of the bonds or notes into such assets;

- any encumbrance created in the ordinary course of business to secure capital markets indebtedness under hedging transactions entered into for the purpose of managing risks arising under funded debt obligations such as credit support annexes and agreements;

- any encumbrance over or affecting any asset of Telecom Italia to secure capital markets indebtedness under a permitted leasing transaction (as described below); provided that the aggregate capital markets indebtedness secured by all such encumbrances does not exceed €1 billion;

- any encumbrance created on short-term receivables used in any asset-backed financing;

- any encumbrance on real estate assets of Telecom Italia, any subsidiary or any person to which such real estate assets may be contributed by Telecom Italia or any subsidiary in connection with the issuance of any indebtedness, whether such indebtedness is secured or unsecured by such real estate assets or any other assets of such person to which real estate assets have been contributed by Telecom Italia or any subsidiary; and

- any other encumbrance securing capital markets indebtedness of an aggregate amount not exceeding 10% of the total net worth of Telecom Italia (as disclosed in the most recent audited consolidated balance sheet of Telecom Italia).

As used here, capital markets indebtedness means any obligation for the payment of borrowed money which is in the form of, or represented or evidenced by, any certificate of indebtedness, bond, note or other security which is listed or traded on a stock exchange or other recognized securities market. For the purposes of avoiding any doubt in respect of asset-backed financings originated by Telecom Italia or TI Capital, the expressions "assets" and "obligations for the payment of borrowed money" as used in this definition do not include assets and obligations of Telecom Italia or TI Capital which, pursuant to the requirements of law and accounting principles generally accepted in Italy or Luxembourg, as the case may be, currently need not, and are not, reflected in the balance sheet of Telecom Italia or TI Capital, as the case may be.

As used here, permitted leasing transaction means one or more transactions or a series of transactions as a result of which Telecom Italia disposes of or otherwise transfers (including, without limitation, by way of sale of title or grant of a leasehold or other access, utilization and/or possessory interest(s)) its rights to possess, use and/or exploit all or a portion of a particular asset or particular assets owned, used and/or operated by Telecom Italia (or its rights and/or interests in respect thereof) to one or more other persons in circumstances where Telecom Italia or an affiliate shall have the right to obtain or retain possession, use and/or otherwise exploit the asset or assets (or rights and/or interests therein) so disposed of or otherwise transferred.

As used here, project finance indebtedness means any indebtedness incurred by a debtor to finance the ownership, acquisition, construction, development and/or operation of an asset in respect of which the person or persons to whom such indebtedness is, or may be, owed have no recourse whatsoever for the repayment of or payment of any sum relating to such indebtedness other than:

- recourse to such debtor for amounts limited to the cash flow from such asset; and/or

- recourse to such debtor generally, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation, representation or warranty (not being a payment obligation, representation or warranty or an obligation, representation or warranty to procure payment by another or an obligation, representation or warranty to comply or to procure compliance by another with any financial ratios or other test of financial condition) by the person against whom such recourse is available; and/or

- if such debtor has been established specifically for the purpose of constructing, developing, owning and/or operating the relevant asset and such debtor owns no other significant assets and carries on no other business, recourse to all of the assets and undertaking of such debtor and the shares in the capital of such debtor and shareholder loans made to such debtor.

Discharge and Defeasance

TI Capital or Telecom Italia can be legally released from any payment or other obligation on the debt securities except for various obligations described below if, in addition to other actions, the following arrangements for you to be repaid are put in place:

- TI Capital or Telecom Italia deposits in trust for your benefit and the benefit of all other direct holders of the debt securities of a particular series a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, premium, if any, principal and any other payments on the debt securities on their various due dates.

- TI Capital or Telecom Italia delivers to the trustee a legal opinion of their counsel confirming that there has been a change in U.S. federal income tax law, and under then current U.S. federal income tax law TI Capital or Telecom Italia may make the above deposit without causing you to be taxed on the debt securities any differently than if TI Capital or Telecom Italia did not make the deposit and was not legally released from its obligations on the debt securities. TI Capital or Telecom Italia would not have to deliver this opinion if TI Capital or Telecom Italia received from, or there has been published by, the U.S. Internal Revenue Service (the **"IRS"**) a ruling that states the same conclusion.

- If the notes listed on the Luxembourg Stock Exchange or another exchange, TI Capital or Telecom Italia must deliver to the trustee a legal opinion of their counsel confirming that the deposit, defeasance and discharge will not cause the debt securities to be delisted from such exchange.

However, even if TI Capital or Telecom Italia takes these actions, a number of TI Capital's or Telecom Italia's obligations relating to the notes will remain. These include the following obligations:

- to register the transfer and exchange of debt securities;

- to replace mutilated, destroyed, lost or stolen debt securities;

- to maintain paying agencies; and

- to hold money for payment in trust.

Ranking

No notes covered by this listing prospectus are secured by any of Telecom Italia's or TI Capital's property or assets. Accordingly, your ownership of the debt securities means you are one of Telecom Italia's or TI Capital's senior unsecured creditors. The notes are not subordinated to any of Telecom Italia's or TI Capital's other debt obligations and therefore they rank equally with all Telecom Italia's and TI Capital's other senior unsecured and unsubordinated indebtedness.

Events of Default

A holder of debt securities of a particular series will have special rights if an event of default occurs with respect to that series and is not cured, as described later in this subsection.

An **"event of default"** with respect to the debt securities is defined in the indenture as:

- the failure by TI Capital or Telecom Italia to pay principal on a series of debt securities within 10 days from the relevant due date or the failure to pay interest on a debt security within 30 days from the relevant due date;

- the failure by TI Capital to perform any other obligation under a series of the debt securities or the failure by Telecom Italia to perform any obligation under its guarantee and such failure continues for more than 60 days after the trustee has received notice of it from the affected holder of the debt securities;

- any of TI Capital's or Telecom Italia's capital markets indebtedness (as defined above in "—Restrictive Covenants—Restrictions on Liens") in excess of €100 million (or the equivalent thereof in other currencies) has to be repaid prematurely due to a default under its terms;

- the failure by TI Capital or Telecom Italia to fulfill any payment obligation exceeding €100 million (or the equivalent thereof in other currencies) under any capital markets indebtedness (as defined above in "—Restrictive Covenants—Restriction on Liens") of TI Capital or Telecom Italia, or under any guarantee provided for any such capital markets indebtedness in excess of €100 million (or the equivalent thereof in other currencies) of others, and this failure remains uncured for 30 days;

- any security or guarantee relating to capital markets indebtedness in excess of €100 million (or the equivalent thereof in other currencies) provided by TI Capital or Telecom Italia is enforced by the lenders and such enforcement is not contested in good faith by TI Capital or Telecom Italia or TI Capital or Telecom Italia publicly announces their inability to meet their financial obligations;

- a court opens insolvency or equivalent proceedings against TI Capital or Telecom Italia which are not resolved within six months, unless such proceedings are frivolous or vexatious and contested in good faith and appropriately and do not result in court orders; or TI Capital or Telecom Italia apply for such insolvency or equivalent proceedings;

- TI Capital or Telecom Italia approves a resolution pursuant to which it goes into liquidation unless this is done in connection with a merger, or other form of combination with another company and such company assumes all obligations contracted by TI Capital or Telecom Italia, in connection with the debt securities; or

- Telecom Italia's guarantee relating to the debt securities ceases to be valid or legally binding for any reason.

If an event of default has occurred and has not been cured, the trustee or the holders of not less than 25% in principal amount of the outstanding debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of at least a majority in principal amount of the outstanding debt securities of the affected series.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing another action under the indenture.

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- You must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of not less than 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default, and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action.
- The trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

Each of TI Capital and Telecom Italia will furnish to the trustee every year, within 120 days after the end of Telecom Italia's fiscal year, a written statement from its designated officers certifying that, to their knowledge, it is in compliance with the indenture and the debt securities, or else specifying any default.

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the Trustee and to make or cancel a declaration of acceleration.

Regarding the Trustee

Telecom Italia and several of its subsidiaries maintain banking relations with the trustee in the ordinary course of their business.

If an event of default occurs, or a default, that would become an event of default if the requirements for giving a default notice or any specific grace period of time were disregarded, occurs, the trustee may be considered to have a conflicting interest with respect to the debt securities for purposes of the Trust Indenture Act of 1939, as amended. In that case, the trustee may be required to resign as trustee under the applicable indenture, in which case TI Capital and Telecom Italia would be required to appoint a successor trustee.

Transfer Restrictions Due to Certain Tax Considerations

You understand that an investor in the notes covered hereby must be resident for income tax purposes in one of the countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended. Accordingly, upon agreeing to purchase any notes covered hereby, you are deemed to represent and agree that you are resident for income tax purposes in one of the countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended. A copy of the decree can be obtained from the website of the Ministry of Finance of Italy at www.finanze.it. You also understand that it is the intention of Telecom Italia that the notes will be held only by investors resident in countries identified in the above mentioned decree.

If Telecom Italia becomes the obligor under the notes due to substitution or otherwise (see "—Mergers and Similar Events"), including under its guarantee of amounts payable on the notes, and Telecom Italia is obligated to withhold on any payments made on the notes, there would be no obligation to gross up such payments to investors resident in the countries identified in the above Decree (including investors resident in the United States) who do not furnish the required certifications under applicable Italian tax requirements. See "—Payment of Additional Amounts".

The following is the current exclusive list of countries or territories where, if the notes were held by residents for income tax purposes of such countries or territories, and Telecom Italia were to become the obligor on the notes, including under its guarantee of amounts payable on the notes, Telecom Italia would have an obligation to gross up payments in the event of a withholding on any payments on the notes (if and only if an investor provides the required certifications under applicable Italian tax requirements) subject to the limitations set forth under "—Payment of Additional Amounts"): Albania, Algeria, Argentina, Australia, Austria, Bangladesh, Belarus, Belgium, Brazil, Bulgaria, Canada, China (People's Republic), Croatia, Czech Republic, Denmark, Ecuador, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Israel, Ivory Coast, Japan, Kazakhstan, Kuwait, Lithuania, Luxembourg, Macedonia, Malta, Mauritius, Mexico, Morocco, The Netherlands, New Zealand, Norway, Pakistan, Philippines, Poland, Portugal, Romania, Russian Federation, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Tanzania, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Venezuela, Vietnam, Yugoslavia and Zambia. The list of countries included in the Decree of the Ministry of Finance of Italy of September 4, 1996 is expected to be replaced in the future by a new list attached to a ministerial decree yet to be issued. If a holder of the notes is not resident in one of the countries that will be identified in the forthcoming decree, that holder will not have a right to receive a gross- up in the event of a tax withholding as described above. Accordingly, noteholders will bear the risk of changes in the list of countries that will be included in the forthcoming decree. See "Risk Factors—If Telecom

Italia were to become obligor on the notes, by substitution with the issuer or otherwise, including under its guarantee, Telecom Italia would have no obligation to gross up payments to noteholders not resident in countries or territories with a sufficient exchange of information with Italy or to provide notice of any change in the exclusive list of such countries and territories."

You also understand the notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy. Investors resident in Italy for tax purposes may suffer adverse tax consequences from holding the notes and in connection therewith there is no obligation for either TI Capital or Telecom Italia to gross up any payment on the notes made to Italian investors. See also "Notice to Investors in Italy".

DESCRIPTION OF TI CAPITAL

The legal and commercial name of the company is Telecom Italia Capital. TI Capital is a limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg, governed by the Luxembourg law of August 10, 1915 with respect to commercial companies, as amended and incorporated on September 27, 2000, for an unlimited duration. TI Capital is a wholly-owned subsidiary of Telecom Italia. TI Capital is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under B-77.970. TI Capital's Articles of Incorporation were published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations No. 755* on October 13, 2000. TI Capital's Articles of Incorporation were amended most recently on May 15, 2009 and the modifications were published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations No. 1202* on June 19, 2009.

TI Capital's primary purpose is to finance the operations of the companies comprising the Telecom Italia Group.

TI Capital's registered office and postal address is 12 rue Eugène Ruppert, L-2453, Luxembourg and its telephone number is +352-456060-440.

Capitalization

As of June 30, 2009, the subscribed share capital of TI Capital is €2,336,000.00, consisting of 100,000 ordinary shares, nominal value €23.36 per share; all of the shares have been issued and are fully paid up. See also "—Financial Information" below.

Solvency

There are no recent events that would affect the solvency of TI Capital.

Business

The corporate object of TI Capital, as set out in Article 3 of its Articles of Incorporation, is to finance the companies of the Telecom Italia Group. TI Capital may, among other things, provide loans and grant guarantees or create securities in any kind or form. TI Capital may acquire and hold interests in Luxembourg and/or in foreign subsidiaries, as well as administer, develop and manage such holdings. TI Capital may also use its funds to invest in real estate and intellectual property rights in any kind of form. TI Capital may participate in the creation and development of any other companies and entities and provide to them financial assistance in any kind or form. TI Capital may borrow in any kind or form and issue bonds or notes. TI Capital may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and developments of its purposes. The present financing activities of TI Capital are described below under the caption "Bond Issuances and Other Transactions".

TI Capital's activity is not dependent on patents, licences, commercial contracts or new manufacturing processes. TI Capital enters into financial contracts on its own behalf. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TI Capital is aware) during a period covering at least the previous 12 month which may have, or have had in the recent past, significant effects on TI Capital and/or the Telecom Italia Group's financial position or profitability.

TI Capital is dependent on Telecom Italia S.p.A. and the performance of other group companies, to service debt obligations. See "Risk Factors" on page 13.

Board of Directors

The Directors of TI Capital are:

- Adriano Trapletti, resident in Luxembourg, manager; business address rue Eugène Ruppert, Luxembourg;
- Antonio Sica, resident in Luxembourg, manager; business address rue Eugène Ruppert, Luxembourg;
- Andrea Balzarini, resident in Milan, Italy, manager; business address Piazza degli Affari 2, Milano, Italy;
- Jacques Loesch, resident in Luxembourg, Lawyer; business address 35, avenue John F. Kennedy, Luxembourg.

The remuneration of the Directors is determined from time to time by the shareholders of TI Capital in a general meeting. No Director has an interest in the share capital of TI Capital. TI Capital complies with applicable Luxembourg corporate governance rules.

Description of Directors Outside Interest

Messrs. Adriano Trapletti, Antonio Sica and Andrea Balzarini are managers of Telecom Italia Group. Mr. Jacques Loesch is a lawyer at the law firm Linklaters LLP (Luxembourg).

Auditor

Telecom Italia Capital's accounts are audited by Ernst & Young S.A., whose address can be found on the back cover page of this listing prospectus.

Potential Conflicts of Interest

No potential conflict of interests exist between (i) any duties of Telecom Italia Capital of the Telecom Italia Capital Directors and Statutory Auditor and (ii) the private interests, and/or other duties, of such persons.

Financial Year

The financial year of Telecom Italia Capital is the calendar year.

Financial Information

The statutory financial statements of TI Capital have been audited by the independent auditor Ernst & Young S.A. for the years ended December 31, 2004, 2005, 2006, 2007 and 2008. Beginning in 2009, TI Capital became required, under the Luxembourg law dated January 11, 2008, implementing the Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, to prepare half-year interim financial statements.

Pursuant to Luxembourg law, TI Capital is currently exempt from preparing consolidated annual accounts. TI Capital's accounts are included in the consolidated accounts of the Telecom Italia Group, which are available at the registered office of Telecom Italia S.p.A., located at Piazza degli Affari 2, 20123 Milan, Italy. The financial statements are available at the offices of the Luxembourg paying agent and transfer agent, The Bank of New York (Luxembourg) S.A., Corporate Trust Services , Aerogolf Center -1A, Hoehenhof L-1736, Senningerber, Luxembourg.

Since its incorporation, TI Capital has not traded other than in connection with the issuance of the debt securities, the borrowings and loans described below. Since its incorporation, TI Capital only paid a dividend to shareholders in 2006 and 2007, based on its results for the financial year 2005 and 2006, respectively. The total amount paid was €3,250,000.00. TI Capital has entered into a number of contracts for the purpose of providing administrative, secretarial, legal, audit and tax services in connection with the issue of debt securities.

On May 15, 2009 an extraordinary shareholders general meeting of TI Capital passed a resolution for a recapitalization of Telecom Italia Capital, in order to cover losses as reported in the Luxembourg GAAP balance sheet as of February 28, 2009, by injecting € 50,000,000.00.

Litigation

As of the date of this listing prospectus, Telecom Italia Capital has not been involved in any litigation.

Bond Issuances and Other Transactions

On June 18, 2009, TI Capital issued the notes covered by this listing prospectus, specifically, \$1,000,000,000 aggregate nominal amount of 6.175% guaranteed senior notes due 2014 and \$1,000,000,000 aggregate nominal amount of 7.175% guaranteed senior notes due 2019, in each case guaranteed by Telecom Italia. With the proceeds of the bond issuance, TI Capital made inter-company loans to Telecom Italia Group companies for their general corporate purposes, which may include the repayment of existing indebtedness.

On June 4, 2008, TI Capital issued \$1,000,000,000 aggregate nominal amount of 6.999% guaranteed senior notes due 2018 and \$1,000,000,000 aggregate nominal amount of 7.721% guaranteed senior notes due 2038, in each case guaranteed by Telecom Italia. With the proceeds of the bond issuance, TI Capital granted several loans to its parent company and certain Telecom Italia Subsidiaries for an amount of €1,271,000,000.

On July 18, 2006, TI Capital issued $750,000,000 aggregate nominal amount of 6.2% guaranteed senior notes due 2011, $1,000,000,000 aggregate nominal amount of 7.2% guaranteed senior notes due 2036, and $850,000,000 aggregate nominal amount of guaranteed senior floating rate notes due 2011, in each case guaranteed by Telecom Italia. With the proceeds of the bond issuance, TI Capital granted several loans to its parent company and certain Telecom Italia Subsidiaries for an amount of €2,054,000,000.

On September 28, 2005, TI Capital issued $700,000,000 aggregate nominal amount of 4.875% guaranteed senior notes due 2010, $1,400,000,000 aggregate nominal amount of 5.25% guaranteed senior notes due 2015, and $400,000,000 guaranteed senior floating rate notes due 2011, in each case guaranteed by Telecom Italia and borrowed medium-long term loans from banks in U.S. dollars for a total amount of $19,684,000. With the proceeds of the bond issuance, TI Capital granted several loans to its parent company and certain Telecom Italia Subsidiaries for an amount of €2,062,000,000.

On October 6, 2004, TI Capital issued $1,250,000,000 aggregate nominal amount of 4% guaranteed senior notes due 2010, $1,250,000,000 aggregate nominal amount of 4.95% guaranteed senior notes due 2014, and $1,000,000,000 guaranteed senior notes due 2034, in each case guaranteed by Telecom Italia and borrowed medium-long term loans from banks in U.S. dollars for a total equivalent amount of €29,028,000. With the proceeds of the bond issuance, TI Capital granted several loans to its parent company and to certain Telecom Italia subsidiaries for an amount of €2,828.50 million.

On October 29, 2003, TI Capital issued $1 billion aggregate nominal amount of Series A 4% guaranteed senior notes due 2008, $2 billion aggregate nominal amount of Series B 5.25% guaranteed senior notes due 2013 and $1 billion aggregate nominal amount of Series C 6.375% guaranteed senior notes due 2033, in each case guaranteed by Telecom Italia and borrowed medium-long term loans from banks in U.S. dollars for a total equivalent amount of €26,789,000 and granted a U.S. dollar loan to its parent company for a total equivalent amount of €3,423,485,000.

No Material Adverse Change

Since December 31, 2008, the date of TI Capital's and Telecom Italia's last audited financial statements, there has been no material adverse change in their prospects. Other than as set forth herein, there has been no significant change in the financial or trading position of Telecom Italia since June 30, 2009 and there has been no significant change in the financial or trading position of Telecom Italia Capital since June 30, 2009.

CERTAIN TAX CONSIDERATIONS

United States Federal Income Tax Considerations

The following summary of the principal United States federal income tax consequences of ownership of the notes deals only with notes held as capital assets by initial purchasers, and not with special classes of holders, such as:

- dealers in securities or currencies;
- traders in securities that elect to mark to market;
- financial institutions;
- tax-exempt organizations;
- insurance companies;
- persons that hold notes that are a hedge or that are hedged against currency risks, that are part of a straddle or conversion transaction or that are part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes;
- persons that are not "United States Holders", as defined below;
- persons whose functional currency is not the U.S. dollar; and
- persons that are treated as partnerships for United States federal income tax purposes or that hold notes through partnerships or other pass-through entities.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES, AS WELL AS THE TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION, OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES. TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS LISTING PROSPECTUS IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Payments of Interest

Interest on the notes will qualify as "qualified stated interest" for U.S. federal income tax purposes, including the interest on the Guaranteed Senior Floating Rate Notes by reason of qualifying as a "qualified floating rate" under the variable rate debt rules of Treasury Regulation Section 1.1275-5. Thus, interest on a note will be taxable to you if you are a United States Holder as ordinary income at the time you receive it or when it accrues, depending on your method of accounting for tax purposes. You are a United States Holder if you are a beneficial owner of a note who is:

- a citizen or resident of the United States:
- a corporation, or other entity treated as a corporation, organized under the laws of the United States or any State;
- an estate the income of which is subject to United States federal income tax without regard to its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

As a result of legislation, capital gain of a non-corporate United States Holder is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year and the gain is recognized in a taxable year beginning before January 1, 2011. In addition, interest paid to you on the notes and original issue discount, if any, accrued by you with respect to the notes constitutes income to you from sources outside the United States, and, with certain exceptions (including certain circumstances where withholding applies to interest paid on the debt securities), will generally be "passive category" income or, in the case of certain United States Holders, "general category" income for purposes of computing allowable foreign tax credits for U.S. federal income tax purposes.

Payment of Additional Amounts

If we pay additional amounts to you, in the circumstances described above under "Description of the Notes and Guarantees—Payment of Additional Amounts", such payments will generally be treated as ordinary income.

Market Discount

You will be treated as if you had purchased your note at a market discount, and your note will be a "Market Discount note", if:

- you purchased your note for less than its principal amount, and
- the note's principal amount exceeds the price you paid for your note by at least 1/4 of 1 percent of the note's principal amount, multiplied by the number of complete years to the note's maturity.

If such excess is not sufficient to cause the note to be a Market Discount note, then such excess constitutes "de minimis market discount" and the rules discussed below are not applicable to you.

You must treat any gain that you recognize on the maturity or disposition of your Market Discount note as ordinary income to the extent that such gain does not exceed the accrued market discount on such note. Alternatively, you may elect to include market discount in income currently over the life of the note. If you make this election, it will apply to all debt instruments with market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke this election without the consent of the IRS.

You will accrue market discount on your Market Discount note on a straight-line basis unless you elect to accrue market discount on a constant-yield method. If you make this election, it will apply only to the note with respect to which it is made and you may not revoke it. If you do not elect to include market discount in income currently, you will generally be required to defer deductions for interest on borrowings allocable to your Market Discount note in an amount not exceeding the accrued market discount on such Market Discount note until the maturity or disposition of such Market Discount note.

Notes Purchased at a Premium

If you purchase your note for an amount in excess of its principal amount, you may elect to treat such excess as "amortizable bond premium", in which case you will reduce the amount you are required include in income each year with respect to interest on the note by the amount of amortizable bond premium allocable (based on the note's yield to maturity) to such year. If you elect to amortize bond premium, such election shall apply to all debt instruments (other than debt instruments the interest on which is excludible from gross income) that you hold at the beginning of the first taxable year to which the election applies or thereafter acquire, and you may not revoke such election without the consent of the IRS.

Purchase, Sale and Retirement of the Notes

Your tax basis in your note will generally be its cost, as adjusted to reflect any amounts of market discount included in income with respect to your note or any bond premium on such note applied to reduce income inclusions with respect to such note. You will generally recognize gain or loss on the sale or retirement of your note equal to the difference between the amount you realize on the sale or retirement and your tax basis in your note. Gain or loss you recognize on the sale or retirement of your note will, except to the extent described above under "Market Discount" or attributable to accrued but unpaid interest, be capital gain or loss and will be long-term capital gain or loss if you held the note for more than one year. Capital gain of a non-corporate United States Holder that is recognized in a taxable year beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. The ability of a non-corporate United States Holder to deduct capital losses is subject to limitations.

Mergers or Assumptions of the Notes

As discussed in "Description of the Notes and Guarantees—Mergers and Similar Events", TI Capital is generally permitted to merge or consolidate with another company or firm, and Telecom Italia or one of its Italian subsidiaries is also permitted to assume the obligations of TI Capital under the notes for the payment of principal and interest on the notes, if certain conditions are satisfied. The assumption of the obligations of TI Capital under the notes by Telecom Italia or another person pursuant to a merger, consolidation or assumption may cause the holders of the notes to be treated for U.S. federal income tax purposes as if they had exchanged the notes for new notes, with the results described above in "—Purchase, Sale and Retirement of the Notes".

Redemption of Notes

As described above in "Description of the Notes and Guarantees—Redemption at TI Capital's Option", TI Capital has the right to redeem the notes beginning on December 31, 2010. As a result, TI Capital may redeem the notes for a price which may exceed the face amount of the notes plus accrued but unpaid interest. If the IRS were to find that the exercise of TI Capital's option to redeem the notes was not a remote contingency, it might maintain that the notes are subject to the contingent payment debt instrument rules of Treasury Regulation Section 1.1275-4 (the "CPDI rules"). In this case, United States Holders may be required to accrue original issue discount on the notes for United States federal income tax purposes based on a comparable yield for the notes and a projected payment schedule determined pursuant to the CPDI rules and to treat any gain recognized on a sale or other taxable disposition as ordinary income. The comparable yield and projected payment schedule cannot be determined at this time. We intend to take the position that for United States federal income tax purposes, the CPDI rules do not apply to the notes.

Backup Withholding and Information Reporting

In general, if you are a noncorporate holder, we or our paying agents may be required to report to the IRS all payments of principal, premium and interest on your note.

In addition, you may be subject to backup withholding on payments of principal, premium and interest on, and the proceeds of disposition of, a note. Backup withholding only will apply if you:

- fail to furnish your Taxpayer Identification Number (**"TIN"**) which, for an individual, is your Social Security number, or furnish an incorrect TIN,
- are notified by the IRS that you have failed to properly report payments of interest and dividends, or
- fail to certify, under penalties of perjury, that you have furnished a correct TIN and have not been notified by the IRS that you are subject to backup withholding for failure to report interest or dividend payments.

You should consult your tax advisor regarding your qualification for exemption from backup withholding and the procedure for obtaining such an exemption if applicable. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is furnished to the IRS.

Luxembourg Tax Considerations

The statements herein regarding taxation in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this listing prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own, exchange or dispose the notes.

Withholding Tax

All payments of interest and principal by TI Capital in the context of the holding, disposal, redemption or repurchase of the debt securities can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

(i) the application of the Luxembourg laws of June 21, 2005 implementing the European Union Savings Directive (Council Directive 2003/48/EC) (the "EU Savings Directive") and several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (20% from July 1, 2008 to June 30, 2011 and 35% from July 1, 2011) on interest paid by a Luxembourg paying agent within the meaning of the EU Savings Directive to certain non-Luxembourg resident investors (individuals and certain types of entities called "residual entities" within the meaning of Article 4.2 of the EU Savings Directive (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the EU Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC)), if the beneficial owner does not comply with specified information reporting procedures (see "-EU Savings Directive" below);

(ii) the application as regards Luxembourg resident individuals (in the context of their private wealth) or certain residual entities that secure interest payments on behalf of such individuals of the Luxembourg law of 23 December 2005 which has introduced a 10% final withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of June 21, 2005 implementing the European Union Savings Directive) accrued as from July 1, 2005 and paid as from January 1, 2006 by a Luxembourg paying agent.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of June 21, 2005 and December 23, 2005 is assumed by the Luxembourg paying agent within the meaning of these laws.

Taxes on Income and Capital Gains

Holders of debt securities who derive income from such debt securities or who realize a gain on the disposal or redemption thereof will not be subject to Luxembourg taxation on such income or capital gains, subject to the application of the laws of June 21, 2005 and December 23, 2005 referred to above, and unless:

(a) such holders of debt securities are, or are deemed to be, resident in Luxembourg for Luxembourg tax purposes (or for the purposes of the relevant provisions of the double taxation treaties concluded by Luxembourg), or

(b) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg.

Pursuant to the Luxembourg law of July 17, 2008 amending the law of December 23, 2005, Luxembourg individuals acting in the context of their private wealth can opt for a 10% flat taxation on certain interest accrued from July 1, 2005 and paid as of January 1, 2008 and received from a paying agent located in a Member State other than Luxembourg, in a country that is part of the European Economic Area other than an EU Member State or in a State or territory which has concluded with Luxembourg an international agreement directly related to the EU Savings Directive.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a corporate holder of debt securities unless:

(a) such holder of debt securities is, or is deemed to be, resident in Luxembourg for Luxembourg tax purposes for the purpose of the relevant provisions of the double taxation treaties concluded by Luxembourg; or

(b) such debt security is attributable to an enterprise or part thereof which is carried on through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg.

The Luxembourg law of December 23, 2005 eliminated the net wealth tax for individuals starting with the year 2006.

Inheritance and Gift Tax

Where the debt securities are transferred for no consideration:

(a) no Luxembourg inheritance tax is levied on the transfer of the debt securities upon death of a holder of debt securities in cases where the deceased holder was not a resident of Luxembourg for inheritance tax purposes; or

(b) Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary or is registered in Luxembourg.

Value Added Tax

There is no Luxembourg value-added tax payable by holders in respect of payments in consideration for the issuance of the notes or in respect of the payment of interest or principal under the notes or the transfer of a debt security.

Other Taxes and Duties

It is not compulsory that the notes be filed, recorded or enrolled with any court or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the notes in accordance therewith, except that in the case of court proceedings in a Luxembourg court (including but not limited to a Luxembourg insolvency proceeding), registration of the notes may be ordered by the court, in which case the notes will be subject to a fixed duty of EUR 12. Registration would in principle further be ordered, and the same registration duties could be due, when the notes are produced, either directly or by way of reference, before an official authority ("autorité constituée") in Luxembourg.

Residence

A holder of a note will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such note or the execution, performance, delivery and/or enforcement of that or any other debt security.

Italian Tax Considerations

The following is a summary of certain Italian tax consequences of the receipt of interest on the notes and capital gains upon the disposal thereof by non-Italian investors, along with a summary of the Italian tax treatment of payments which might possibly be made by the Guarantor under the notes.

This summary is based upon Italian tax law and practice as in effect on the date of the listing prospectus and is subject to change, potentially with retroactive effect.

Prospective investors in the notes should consult their own advisors regarding the Italian or other tax consequences of the purchase, ownership and disposition of the notes in their particular circumstances, including the effect of any state, local or foreign tax laws.

Interest on Notes

Interest payable on notes issued by TI Capital to a beneficial owner who is not resident in Italy and is not acting through an Italian permanent establishment is not subject to Italian taxes. To the extent that notes are deposited by a non-resident holder in an account with an Italian withholding agent, interest payable to a non-resident beneficial owner is subject to the substitute tax at rates up to 27%, according to the same rules applicable to Italian resident holders, unless the holder produces a declaration of non-residence in Italy. In addition, any element of the proceeds of sale of notes by a non-resident holder which represents accrued, and express or implied, interest in respect of such notes will be subject to Italian substitute tax if the notes are sold through an Italian withholding agent, unless such holder produces a declaration of non-residence and has provided details of the period during which such holder was the beneficial owner of the notes and the interest derived therefrom.

Payments under the Guarantees by Telecom Italia

There is no authority directly on point regarding the Italian tax regime of payments made by Telecom Italia under the guarantees. Accordingly, there can be no assurance that the Italian revenue authorities will not assert an alternative treatment of such payments than that set forth herein or that an Italian court would not sustain such an alternative treatment.

Payments to non-resident holders made by Telecom Italia under the guarantees, which represent interest payable on the notes, are subject to the Italian tax regime described above under "—Interest on the Notes".

Capital Gains on the Notes

Capital gains realized by non-residents from the sale of the notes issued by TI Capital are in principle not subject to tax in Italy. However, a 12.5% substitute tax may apply to the extent the notes are located in the Italian territory if the notes are not listed on a regulated market. Although the notes are expected to be listed on the regulated market of the Luxembourg Stock Exchange, if the notes are not listed on a regulated market such 12.5% substitute tax may apply to the extent the notes are located in the Italian territory unless one of the two following sets of requirements is satisfied:

(1) • the holder is resident of a country which allows an adequate exchange of information with Italy or, in the case of institutional investors not subject to tax, they are established in such country; and

- the relevant Italian withholding agent, if any, receives a self-declaration from the holder of the notes which states that the holder is a resident of that country or, in the case of an institutional investor not subject to tax, that the holder is established in that country. The self-declaration, which must be in conformity with the model approved by the Ministry of Economy and Finance (approved in Decree of the Ministry of Economy and Finance of December 12, 2001, published in the Ordinary Supplement No. 287 to the Official Journal No. 301 of December 29, 2001), is valid until revoked by the investor and does not have to be filed if an equivalent self-declaration (including Form 116/IMP) has been submitted to the same intermediary for the same or different purposes; in the case of institutional investors not subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company;

or

(2)
- the holder is resident in a country which has entered into a double taxation convention with Italy that provides for the exclusive right to tax such gains in the holder's country of residence; and
- the relevant Italian withholding agent, if any, receives a declaration signed by the tax authorities of the country of residence of the holder of the notes which states that the holder is a resident of that country for tax purposes and a declaration by the holder that it meets all other conditions for the applicability of such double taxation convention.

Early Redemption

The early redemption of notes with a maturity period of no less than 18 months issued by a non-resident company, if occurring before expiration of the first 18 months, in certain cases may trigger the liability for the holder of a 20% surtax to be paid on all interest and other proceeds accrued until the date of early redemption.

In any event, the 20% surtax applies only if the holder of the notes is resident in Italy at the date of the early redemption. Conversely, no surtax applies if the holder is not resident in Italy, even if the notes are deposited by the non-resident holder in an account with an Italian withholding agent (provided that the holder produces a declaration of non-residence in Italy).

EU savings directive

On June 3, 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income (**"European Union Directive on the Taxation of Savings Income in the Form of Interest Payments"** (Council Directive 2003/48/EC)) (**"EU Savings Directive"**). The EU Savings Directive is, in principle, applied by Member States as from July 1, 2005 and has been implemented in Luxembourg by the laws of June 21, 2005. Under the directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest within the meaning of the EU Savings Directive or other similar income paid by a paying agent within the meaning of the EU Savings Directive, to an individual resident or certain types of entities called "residual entities", within the meaning of the EU Savings Directive (the **"Residual Entities"**), established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Austria, Belgium and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system will apply for a transitional period during which the rate of the withholding is of 20% from July 1, 2008 to June 30, 2011 and 35% as from July 1, 2011.

The transitional period is to terminate at the end of first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from July 1, 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependent or associated territories (Cayman Islands, Turks and Caicos Islands, Anguilla, Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with those dependent or associated territories in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) in Luxembourg to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement dated June 15, 2009 between Telecom Italia, TI Capital and the underwriters named below, we agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase, the principal amount of notes set forth opposite the name of such underwriter below.

	Principal amount	
Underwriter	**2014 notes**	**2019 notes**
BNP Paribas Securities Corp.	$ 166,666,667	$ 166,666,667
Deutsche Bank Securiteis Inc	$ 166,666,667	$ 166,666,667
Goldman, Sachs & Co.	$ 166,666,667	$ 166,666,667
J.P. Morgan Securities Inc.	$ 166,666,667	$ 166,666,667
Mitsubishi UFJ Securities (USA), Inc.	$ 166,666,665	$ 166,666,665
Morgan Stanley & Co. Incorporated	$ 166,666,667	$ 166,666,667
Total	$1,000,000,000	$1,000,000,000

The underwriters initially offered to sell the notes to the public at the public offering price set forth on the cover of this listing prospectus. The underwriters may sell notes to securities dealers at a discount from the public offering price of up to 0.20% of the principal amount of the 2014 notes and 0.20% of the principal amount of the 2019 notes. These securities dealers may resell any notes purchased from the underwriters to other broker or dealers at a discount from the public offering price of up to 0.10% of the principal amount of the 2014 notes and 0.15% of the principal amount of the 2019 notes. If the underwriters did not sell all the notes at the offering price, they could have changed the offering price and the other selling terms.

We estimate that our total expenses for this offering, excluding underwriting commissions and discounts are approximately $0.8 million.

The obligations of the underwriters under the underwriting agreement, including their agreement to purchase notes from us, are several and not joint. In the underwriting agreement, the underwriters have agreed, subject to the terms and conditions set forth in the underwriting agreement, to purchase all of the notes if any of the notes are purchased. If an underwriter defaults, the underwriting agreement provides that, in certain circumstances, the underwriting commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

TI Capital and Telecom Italia have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters offered the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to certain conditions contained in the underwriting agreement, including the receipt by the underwriters of officer's certificates and legal opinions, being satisfied. The underwriters reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Each series of the notes was a new issue of securities with no established trading market. We agreed with the underwriters to make an application to trade the notes on the regulated market and to list the notes on the official list of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market of financial assets in accordance with Directive 2004/39/EC of the European Commission. The underwriters have advised us that they presently intend to make a market in the notes after completion of this offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. A liquid or active public trading market for the notes may not develop. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors.

In connection with the offering of the notes, the underwriters may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the underwriters. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. The underwriters are not required to engage in any of these activities. If the underwriters engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

The underwriters may also impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when another syndicate member, in covering syndicate short positions or making stabilizing purchases, repurchases notes originally sold by that syndicate member.

The underwriters and/or their affiliates have provided investment banking, commercial banking and/or financial advisory services to Telecom Italia or its affiliates in the past, for which they have received customary compensation and expense reimbursement, and may do so again in the future.

The underwriters were expected to make offers and sales both inside and outside of the United States through their selling agents. Any offers and sales in the United States were conducted by broker-dealers registered with the SEC.

Delivery of the notes was made against payment on June 18, 2009.

Selling Restrictions

No underwriter is authorized to make any representation or use any information in connection with the issue, offering and sale of the notes other than as contained in this listing prospectus, any free writing prospectus or incorporated by reference herein, or such other information relating to TI Capital, Telecom Italia and the notes which we have authorized to be used or is otherwise publicly available.

General. Other than in the United States, no action has been or will be taken by TI Capital (prior to the issue date), Telecom Italia or by or on behalf of any underwriter which would permit a public offering of any of the notes or distribution of a prospectus or offering material in any jurisdiction where there are requirements for such purpose to be complied with. Accordingly, notes may not be offered or sold, directly or indirectly, and neither this listing prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction other than the United States except under an exemption that would result in compliance with any applicable laws and regulations. Each underwriter has severally represented and agreed that it will only offer, sell or deliver any notes or distribute copies of this listing prospectus or any other document relating to the notes in the countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended, as set forth under “Description of the Notes and Guarantees – Transfer Restrictions Due to Certain Tax Considerations.” A copy of the decree can be obtained from the website of the Ministry of Finance of Italy at *www.finanze.it*.

Each underwriter will to the best of its knowledge comply with all relevant laws, regulations and directives in each jurisdiction in which it offers, sells, or delivers notes or has in its possession or distributes this listing prospectus or any amendment or supplement thereto or any other offering material.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **“Relevant Member State”**), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **“Relevant Implementation Date”**), it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State (provided that the notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy) at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000; and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or

- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by the Issuer for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to above shall require TI Capital or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the foregoing, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Italy. No application has been made to obtain an authorization from CONSOB for an offer to the public of the notes. Each underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, any notes in Italy or to investors resident in Italy and will not distribute copies of this listing prospectus or any other document relating to the notes in Italy. Furthermore, each underwriter has acknowledged that trading in the notes on the secondary market in Italy may be subject to restrictions pursuant to Italian law. In particular, failing an exemption under applicable regulatory provisions, systematic re-sales of the notes in Italy to persons who are not qualified investors, in the 12 months following an initial placement in Italy or abroad reserved for qualified investors, trigger an offer to the public as provided for by Article 100-*bis*, paragraph 2, of Legislative Decree of February 24, 1998, no. 58. In such circumstances, if no prospectus is published, the acquirer acting for purposes not related to entrepreneurial or professional activities may obtain that the sale is declared void and the authorized operators at which the sale took place may be responsible for damages; in addition, certain administrative fines may apply.

United Kingdom. Each underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the United Kingdom Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to TI Capital or Telecom Italia; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such notes in, from or otherwise involving the United Kingdom.

Japan. The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **"FIEA"**). Each underwriter has represented and agreed that in connection with the offering of the notes offered hereby, it has not offered or sold, and will not offer or sell, directly or indirectly, any notes in Japan or to, or for the account of, any resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other applicable requirements of Japanese law. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

GENERAL INFORMATION

Luxembourg Listing

Copies of Telecom Italia's bylaws, TI Capital's respective articles of incorporation and all reports prepared and filed are available at the office of The Bank of New York (Luxembourg) S.A., the paying agent in Luxembourg. We will maintain a paying agent and registrar in Luxembourg for so long as any notes are listed on the official list of the Luxembourg Stock Exchange and traded on the regulated market of the Luxembourg Stock Exchange.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the notes and guarantees. The issuance of the notes and guarantees was approved by the board of directors of Telecom Italia on June 9, 2009. The issuance of the notes was approved by the board of directors of TI Capital on June 9, 2009. The terms and conditions of the offer, the issuance of the notes and guarantees in connection herewith and the preparation and filing of this listing prospectus was approved by the board of directors of Telecom Italia on June 9, 2009.

Manager responsible for financial reporting

The manager responsible for financial reporting (Marco Patuano) declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Financial Intermediation, that the accounting information contained in this listing prospectus corresponds to the documents results, book and accounting records.

Interests of Natural and Legal Persons

Save for any fees payable to the underwriters as described under "Underwriting", so far as Telecom Italia Capital is aware, no person involved in the issue of the notes has any material interest to the other or with respect to the offering of the notes.

Documents on Display

You may obtain a copy of any of the documents listed in the "Incorporation by reference" section on page 26 of this listing prospectus and any of the documents listed below, during the life of this listing prospectus from:

The Bank of New York Mellon (Luxembourg) S.A.
Corporate Trust Services
Aerogolf Center, 1A, Hoehenhof,
L-1736 Senningerberg, Luxembourg

1. Articles of incorporation of TI Capital;

2. Bylaws of Telecom Italia;

3. Indenture dated as of October 6, 2004 among TI Capital, Telecom Italia and The Bank of New York Mellon (as successor to JPMorgan Chase Bank), as trustee, as supplemented by a fifth supplemental indenture, dated as of June 18, 2009, among TI Capital, Telecom Italia and The Bank of New York Mellon, as trustee, which includes the form of guarantee;

4. All historical annual audited and interim unaudited financial information of the Telecom Italia Group and related reports, letters and other documents, and valuations and statements prepared by an expert at TI Capital's request which are included or incorporated by reference in this listing prospectus; and

5. The historical audited financial information of TI Capital for each of the two years preceding the publication of this listing prospectus.

LEGAL MATTERS

The validity of the notes under New York law and certain matters of United States law relating to the notes have been passed upon for Telecom Italia and TI Capital by Morgan, Lewis & Bockius LLP. Certain matters of Italian law have been passed upon for Telecom Italia by Labruna Mazziotti Segni. Certain matters of Italian tax law have been passed upon for Telecom Italia by Maisto e Associati Associazione Professionale. Certain matters of Luxembourg law, including Luxembourg tax law, have been passed upon for TI Capital by Linklaters LLP, Luxembourg.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of Telecom Italia appearing in the Telecom Italia Annual Reports (Form 20-F) for the years ended December 31, 2007 and December 31, 2008, have been audited by Reconta Ernst & Young S.p.A., independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference.

Reconta Ernst & Young S.p.A. is registered under no. 2 in the Special Register (Albo Speciale) maintained by CONSOB and set out at article 161 of the Consolidated Law on Financial Intermediation and under no. 70945 in the Register of Accountancy Auditors (Registro dei Revisori Contabili), in compliance with the provisions of the Legislative Decree January 27, 1992, n. 88. Reconta Ernst & Young S.p.A., is also a member of ASSIREVI, the Italian association of auditing firms and it is registered at the PCAOB (Public Company Accounting Oversight Board) in the United States.

Ernst & Young S.A. (Luxembourg), independent registered public accounting firm, have audited the TI Capital financial statements at December 31, 2008 and 2007, as stated in their reports set forth in this listing prospectus.

Ernst & Young S.A. (Luxembourg) is a member of the Institut des Réviseurs d’Entreprises Luxembourgeois and the Ordre des Experts-Comptables Luxembourgeois.

INDEX TO TI CAPITAL FINANCIAL STATEMENTS

TELECOM ITALIA CAPITAL S.A.
BALANCE SHEET AS AT 30 JUNE 2009

ASSETS – EUR	30/06/2009	31/12/2008
A. Not paid in subscribed capital	**-**	**-**
B. Incorporation expenses	**-**	**-**
C. Non current assets	**10,694,450,174**	**9,328,390,730**
II. Tangible assets (note 3)		
2. Plant and equipments	0	110
3. Other equipment, equipments and furniture	-	-
III. Non current financial assets (note 4)		
2. Receivables from group companies	10,684,859,452	9,318,799,898
3. Equity investments	-	-
5. Securities other than equity investments	-	-
6. Other receivables (note 5)	9,590,722	9,590,722
D. Current Assets	**1,154,573,132**	**1,031,652,974**
II. Financial receivables		
1. Trade and services receivables		-
a) payable within 1 year	-	-
2. Receivables from group companies (note 6)		
a) payable within 1 year	1,047,751,159	989,274,873
b) payable beyond 1 year	-	-
4. Other receivables		
a) payable within 1 year	412,613	197,407
b) payable beyond 1 year (note 7)	39,883,580	-
III. Securities in current assets		
1. Parts in group companies	-	-
2. Own shares with its nominal value or its accounting value	-	-
3. Other securities	-	-
IV. Cash and cash equivalent	66,525,780	42,180,694
E. Accrued income and prepaid expenses (note 8)	**273,821,997**	**347,025,761**
TOTAL ASSETS	**12,122,845,303**	**10,707,069,465**

LIABILITIES – EUR	30/06/2009	31/12/2008
A. Share capital (note 9)	**15,392,126**	**34,383,763**
I. Subscribed share capital	2,336,000	2,336,000
II. Issuance premium	11,810,696	-
IV. Reserves		
1. Legal reserves	234,000	234,000
4. Other reserves	1,235,541	635,455
V. Retained earnings	0	2,664,233
VI. Result of the period	(224,111)	40,253,450
B. Provisions for liabilities and charges	**-**	**-**
2. Tax provisions	-	-
4. Other provisions	-	-
C. Liabilities	**11,899,814,554**	**10,457,773,280**
1. Notes	-	-
b) Non convertible notes (note 10)	-	-
a) payable within 1 year	884,392,246	-
b) payable beyond 1 year	10,152,822,980	9,772,221,025
2. Payables to banks and financial institutions (note 11)		
a) payable within 1 year	-	-
b) payable beyond 1 year	49,653,286	54,248,504
4. Trade and services payables		
a) payable within 1 year	1,406,909	1,073,962
6. Payables to group companies (note 12)		
a) payable within 1 year	104,252,496	2,344,304
b) payable beyond 1 year	678,083,004	-
8. Tax payable and social security contributions (note 13)		
a) payable within 1 year	2,532,171	2,071,880
9. Other payables (note 14)		-
a) payable within 1 year	26,671,462	810,456
b) payable beyond 1 year	-	625,003,148
D. Accrued expenses and prepaid income (note 15)	**207,638,623**	**283,679,947**
TOTAL LIABILITIES	**12,122,845,303**	**10,707,069,465**

TELECOM ITALIA CAPITAL S.A.
PROFIT AND LOSS AS AT 30 JUNE 2009

A. EXPENSES – EUR	30/06/2009	30/06/2008
1. Net change in work in progress, semifinished and finished goods	**-**	**-**
2.a) Acquisition of goods and services	**-**	**-**
b) Other expenses	**-**	**-**
3. Personnel expenses	**70,262**	**55,446**
a) Wages and salaries	63,187	49,162
b) Social security contributions	7,075	6,284
4.a) Value adjustment in respect of tangbile and intangible assets	**110**	**167**
b) Value adjustment in respect of current assets	**-**	**-**
5. Other operating expenses	**551,945**	**567,579**
6. Value adjustment in respect of financial receivables and non current financial assets	**-**	**-**
7. Interest and similar expenses	**2,458,217,555**	**510,988,500**
a) concerning group companies (note 16)	1,502,064,992	968,867
b) other interests and charges	956,152,563	510,019,633
10. Exceptional expenses	**-**	**-**
11. Income tax	**460,155**	**363,477**
12. Other taxes non mentioned in the points above	**-**	**-**
13. Net income for the period	**-**	**1,035,272**
TOTAL CHARGES	**2,459,300,027**	**513,010,442**

B. INCOME – EUR	30/06/2009	30/06/2008
1. Net income	**-**	**-**
2. Net change in work in progress, semifinished and finished goods	**-**	**-**
3. Increases in capitalized internal construction costs of intangible assets	**-**	**-**
4. Other operating incomes	**-**	**21,662**
5. Income from Equity Investments	**-**	**-**
a) from group companies	-	-
6. Income from other securities	**-**	**-**
a) from group companies	-	-
b) other incomes	-	-
7. Other interests and similar incomes	**2,459,075,916**	**512,988,779**
a) from group companies	971,249,052	253,803,830
b) other interests and similar incomes	1,487,726,864	259,184,950
9. Exceptional incomes	**-**	**-**
10. Net loss for the period	**224,111**	**-**
TOTAL INCOMES	**2,459,300,027**	**513,010,442**

TELECOM ITALIA CAPITAL S.A.
CASH FLOW STATEMENT AS OF 30 JUNE 2009
(expressed in EUR)

	30.06.2009	30.06.2008	31.12.2008
Operating Activities			
Profit before tax	236,044	1,398,749	-40,631,337
Non cash items			
Amortization of property, plant and equipment	110	167	336
Amortization and impairment of intangible assets	-	-	-
Finance Income	-2,459,075,916	-512,988,779	-1,166,754,536
Finance Expenses	2,457,052,774	510,019,633	1,212,479,657
Changes in trade and other receivables	-287,317	-306,225	-9,404,557
Changes in trade and other payables	-890,993	-119,754	1,840,720
Net cash flows from operating activities	**-2,965,298**	**-1,996,209**	**-2,469,716**
Cash flows from investing activities			
Changes in Property, plant and equipment	-	-	-
Changes in intangible assets	-	-	-
Changes in Participations, funds and other securities	-	-	-
Investments and re-payments in Financial Receivables	-1,457,640,512	-1,302,999,912	-441,572,714
Interest, commissions and other financial income received	2,533,242,677	566,525,931	1,186,080,972
Dividends received	-	-	-
Income received from participations and funds	-	-	-
Net cash flows from investing activities	**1,075,602,165**	**-736,473,981**	**744,508,259**
Cash flows from Financing activities			
Net change arising from Net Equity	50,000,000	-	-
Net change in short-term financial payables	-810,454	-	810,454
Proceeds from borrowings	1,435,290,525	1,278,694,681	1,284,385,598
Repayments of borrowings	-4,022,918	-2,886,465	-796,366,836
Interest, commissions and other financial expenses paid	-2,528,717,538	-565,384,100	-1,224,872,372
Dividends paid	-	-	-
Net cash flows from financing activities	**-1,048,260,385**	**710,424,116**	**-736,043,153**
Net Increase/Decrease in Cash and Cash Equivalents	24,376,482	-28,046,074	5,995,386
Net foreign exchange differences in C&CE	-31,037	483,204	-303,243
Cash and cash equivalents at the beginning of the period	42,180,694	36,488,551	36,488,551
Cash and cash equivalents at the end of the period	**66,526,139**	**8,925,681**	**42,180,694**

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS OF TELECOM ITALIA CAPITAL AS OF JUNE 30, 2009

Note 1 – General

Telecom Italia Capital S.A. (the **"Company"**) was incorporated in Luxembourg on September 27, 2000 for an unlimited duration. The registered office is established at 12, Rue Eugéne Ruppert L-2453 Luxembourg. The registered number is B 77.970.

The corporate object is to provide financial assistance to all the companies within Telecom Italia Group. In this respect, the Company can acquire assets by issuing securities, bonds or any other financial instrument and by taking loans in whatever form from banks and institutional investors or in any other form, the above-mentioned list being purely enumerative and not limitative.

The Company may also have participating interest in any Luxembourg or foreign Company and administrate, manage and develop its portfolio.

The Company may carry out any commercial, industrial or financial operation and perform real estate transactions pertaining directly or indirectly to its object.

Generally, the Company may carry out all transactions considered as useful to the achievement and development of its object.

The financial year begins on January 1st and ends on December 31st of each year.

Note 2 – Summary of significant accounting policies

Basis of presentation

The interim accounts have been prepared in accordance with accounting principles and regulations generally accepted in the Grand Duchy of Luxembourg

Euro ("EUR") is the book accounting currency.

Use of estimates

The preparation of financial statements in accordance with Luxembourg GAAP, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the interim accounts, and reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

Foreign currency translation

The Company follows the multi-currency accounting policy that consists in recording the assets and the liabilities in their original currencies, the same being converted into Euro at the end of each month. The net exchange differences that arise from these conversions are reflected in the profit and loss account in the item "other financial charges/ financial income".

The realized income and charges in currencies other than Euro are recorded in their respective currencies and converted at the exchange rate prevailing on the respective transaction dates.

The exchange differences arising from the transactions expressed in currencies other than EUR are hedged either by balanced deposits and loans, or through currency swaps contracts using the account « exchange revaluation » whose valuation at the year-end rate allows to hedge off the exchange variance risk.

Note 2 – Summary of significant accounting policies (continued)

Derivative instruments

The commitments related to currency and interest rates swaps are recorded as off-balance sheet items at the nominal value of the contracts.

Accrued income and prepaid expenses/accrued expenses and prepaid income

On one hand, this item includes the accrued interest receivable in connection with the deposits and loans granted, as well as in connection with the related interest rate swaps transactions (assets) and on the other hand the accrued interest payable on the notes and the related interest rate swap transactions (liabilities). The Accrued income also reflects the issue discounts and the other similar charges. These are amortized through the profit and loss account on a straight-line basis over the lifetime of the notes.

Tangible assets

Tangible assets are stated at cost less accumulated amortization and any impairment adjustments. Amortization is calculated on a straight-line basis over the estimated useful life of the assets. The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Debtors

Debtors are recorded at their probable collection value corresponding to the nominal value subject to individual value adjustments regarding any amount due which appears to be irrecoverable.

Cash and cash equivalents

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Note 3 – Tangible assets

The tangible assets can be detailed as follows:

	30/06/2009 EUR	**31/12/2008 EUR**
Acquisition cost at the beginning of the period	1,023	1,023
Acquisition during the period	---	---
Acquisition cost at the end of the period	1,023	1,023
Value adjustments at the beginning of the period	913	576
Value adjustments during the period	110	336
Value adjustments at the end of the period	1,023	913
Net book value at the end of the period	0	110

Note 4 – Non current financial assets - receivable from group companies

Following the issuance of a new bond on capital markets during the month of June 2009, the Company granted two loans for an aggregated amount of EUR 1,400,000,000.00 to Telecom Italia S.p.A. ("the Parent Company"). The total of long term loan agreements with the parent company using the proceeds received by issuing notes amounts to EUR 10,684,859,452 (2008: EUR 9,318,799,898).

Note 5 – Non current financial assets – Other receivables

As of September 2008, Telecom Italia Capital had two derivative transactions with Lehman Brothers International (Europe). Such instruments hedged financial risks on existing financial payables.

After the bankruptcy of Lehman Brothers Holding Inc. and its subsidiaries on September 2008, the Company initiated legal action aimed at the early termination of those transactions and at the recovery of the receivables. The mark to market value of the terminated transactions amounted to EUR 47,953,608.

In consideration of the bankruptcy procedure, the aforementioned account receivable has been written off by 80%, based on the estimated recovery value of EUR 9,590,722.

Note 6 – Current financial assets – Receivables from group companies

During the month of May, 2009 the Company entered into a new loan with Telecom Italia S.p.a for a total amount of EUR 60,000,000. The total of loans with affiliates amount to EUR 1,047,751,159 (2008: EUR 989,274,873).

	30/06/2009 **EUR**	**31/12/2008** **EUR**
Long Term Loan Agreement expiring within 1 year	851,590,491	851,615,291
Short Term Loan with Telecom Italia S.p.a	60,000,000	---
Short Term Loan with TIS France	16,000,000	16,000,166
Short Term Loan with TI Germany	12,700,000	12,700,000
Short Term Loan with TI United Kingdom	6,500,948	8,000,000
Short Term Loan with Hansanet	100,959,720	100,959,416
	1,047,751,159	989,274,873

Note 7 – Current financial assets – Other Receivables payable beyond 1 year

The item, amounting to EUR 39,883,580 (EUR 0 - 2008) corresponds to the positive difference between the contractual exchange rate and the exchange rate as of June 30, 2009 for swaps hedging currency risks and linked to the notes issued between 2004 and 2009. The CCIRS contracts having a negative difference between the two exchange rates are classified into liabilities (see notes 12 and 14).

Note 8 – Accrued income and prepaid expenses

The account includes the amount of accrued interest receivable.

	30/06/2009 EUR	31/12/2008 EUR
Accrued interest on bank deposits	18,083	33,583
Accrued interest on hedging instruments	121,044,701	121,639,662
Accrued interest on amounts owed by Parent company	86,402,929	159,010,218
Accrued interest on amounts owed by related companies	2,308,451	4,060,442
Prepaid charges and costs on notes (issue discounts and other similar charges)	59,308,388	57,829,728
Other prepayments	4,739,445	4,452,128
	273,821,997	**347,025,761**

Note 9 – Share capital

a) Subscribed share capital

As of June 30, 2009 the issued and fully paid share capital of EUR 2,336,000 is represented by 100,000 shares with a nominal value of EUR 23.36 per share.

As of June 30, 2009 the shareholders of the Company are:

	Number of shares as of 30/06/2009	Number of shares as of 31/12/2008
Telecom Italia S.p.A.	100,000	99,999
Telecom Italia Finance S.A.	0	1
	100,000	100,000

b) Issuance premium

The extraordinary shareholders meeting held on May 15, 2009 decided to recapitalize the Company by injecting EUR 50,000,000.00 in cash, EUR 47,664,000 of which as issuance premium. Such premium, paid on the same date, has been utilized in order to cover residual losses after capital reduction (EUR 35,853,303.61) emerging from the interim accounts as of February 28, 2009. As of June 30, 2009 the Issuance Premium amounts to EUR 11,810,696.

c) Reserves

The reserves are split as follows:

a) Legal reserve of EUR 234,000, equal to the 10% of the share capital, set up by the shareholders meeting as of March 2, 2005 by converting a quote of other unavailable reserves;

b) Other reserves of EUR 1,235,541 are divided as follows:

- reserves set up in order to cover losses of the current fiscal year of EUR 958,916 and
- Tax reserve for an amount of EUR 276,625. Such reserve has been created by the shareholders meeting held on March 1, 2006 (EUR 83,225) and increased by the shareholders meetings which were held on March 7, 2007 (EUR 84,725) and on March 5, 2008 (EUR 108,675). It is equal to five times the amount of the net wealth tax to be paid for year 2005, 2006 and 2007 and will be unavailable for tax purposes for a five year period since the year following its creation.

Note 10 – Non convertible notes

The Company issued the following non convertible notes for a total amount of EUR 11,037,215,226 of which EUR 884,392,246 maturing within one year:

	30/06/2009 in EUR	31/12/2008 in EUR
USD 2,000,000,000 29/10/2003 - 15/11/2013 fixed interest rate 5.25%	1,415,027,593	1,437,091,327
USD 1,000,000,000 29/10/2003 - 15/11/2033 fixed interest rate 6.375%	707,513,797	718,545,664
USD 1,250,000,000 06/10/2004 - 15/01/2010 fixed interest rate 4%	884,392,246	898,182,079
USD 1,250,000,000 06/10/2004 - 30/09/2014 fixed interest rate 4.95%	884,392,246	898,182,079
USD 1,000,000,000 06/10/2004 - 30/09/2034 fixed interest rate 6%	707,513,797	718,545,664
USD 700,000,000 28/09/2005 - 01/10/2010 fixed interest rate 4.875%	495,259,657	502,981,964
USD 400,000,000 28/09/2005 - 01/02/2011 floating rate LIBOR 3M+ 0.48%	283,005,518	287,418,265
USD 1,400,000,000 28/09/2005 - 01/10/2015 fixed interest rate 5.25%	990,519,313	1,005,963,929
USD 750,000,000 18/07/2006 - 18/07/2011 fixed interest rate 6.20%	530,635,347	538,909,248
USD 850,000,000 18/07/2006 - 18/07/2011 floating LIBOR 3M + 0.61%	601,386,727	610,763,814
USD 1,000,000,000 18/07/2006 - 18/07/2036 fixed interest rate 7.20%	707,513,797	718,545,664
USD 1,000,000,000 04/06/2008 - 04/06/2018 fixed interest rate 6.999%	707,513,797	718,545,664
USD 1,000,000,000 04/06/2008 - 04/06/2038 fixed interest rate 7.721%	707,513,797	718,545,664
USD 1,000,000,000 (1) 18/06/2009 - 18/06/2014 fixed interest rate 6.175%	707,513,797	---
USD 1,000,000,000 (1) 18/06/2009 - 18/06/2019 fixed interest rate 7.175%	707,513,797	---
	11,037,215,226	**9,772,221,025**

(1) On June 18, 2009, Telecom Italia Capital S.A. issued USD 1,000,000,000 fixed interest rate 6.175% Notes maturing on June 18, 2014 and USD 1,000,000,000 fixed interest rate 7.175% notes maturing on June 18, 2019.

Note 11 – Payables to banks and financial institutions

The issue of the notes mentioned in Note 10 above, generated the following costs: USD 31,300,000 for notes issued as of October 29, 2003; USD 35,652,500 for those issued as of October 6, 2004; USD 19,684,000 for those issued as of September 28, 2005 and of USD 14,036,350 for those issued as of July 18, 2006. In order to finance the aforesaid costs, the Company entered into bank loans for the same duration of the related notes.

Final quarterly payment on	**30/06/2009 in EUR**	**31/12/2008 in EUR**
15/01/2010	828,863	1,398,330
01/10/2010	711,047	957,361
01/02/2011	347,908	450,233
18/07/2011	1,343,931	1,646,570
18/07/2011	1,014,704	1,245,042
15/11/2011	3,976,228	4,845,872
15/11/2013	4,960,366	5,550,397
30/09/2014	4,063,184	4,475,672
01/10/2015	7,463,667	8,084,822
15/11/2033	8,471,626	8,695,579
29/09/2034	11,668,689	11,973,113
18/07/2036	4,803,073	4,925,513
	49,653,286	**54,248,504**

Note 12 – Payables to group companies

This item refers to the following payables due to the Parent Company:

a) the amount of EUR 104,252,496 is due for the amount of 1,164,781 to the guarantee fee for 2009 (EUR 2,344,304 – 2008) and for the amount of EUR 103,087,715 (EUR 0 - 2008) to the hedging contracts of currency risks expiring within 1 year;

b) the amount of EUR 678,083,004 is due to the CCIRS contracts expiring beyond 1 year.

Note 13 – Tax payables and social security contributions

It represents the amount provisioned in relation to number of taxes to be paid for a total amount of EUR 2,532,171 (EUR 2,071,880 – 2008).

Note 14 – Other payables

The item, amounting to EUR 26,671,462 (EUR 625,003,148 - 2008) corresponds to the negative difference between the contractual exchange rate and the exchange rate as of June 30, 2009 for swaps hedging currency risks and linked to the notes issued between 2004 and 2009 (see notes 7 and 12).

Note 15 – Accrued expenses and prepaid income

The account includes the amount of accrued interest payables.

	30/06/2009 EUR	31/12/2008 EUR
Accrued interest payable on debentures	124,371,758	128,077,354
Accrued interest payable on hedging contracts	83,016,757	155,322,315
Accrued interest payable on non hedging contracts	8	
Accrued interest payable to banks	250,100	280,278
	207,638,623	**283,679,947**

Note 16 – Interest and similar expenses (concerning group companies)

This item refers to the following charges versus Telecom Italia S.p.A.:

a) EUR 1,164,781 - as guarantee fee (EUR 968,867 as of June 30, 2008);

b) EUR 1,500,900,211 - for the derivative contracts entered with the Parent company.

Note 17 – Hedging contracts

In order to hedge the exchange and interest rate risks linked to the notes issued, the Company concluded several currency and interest rate swap contracts (CCIRS) for the same duration of the hedged bonds.

	30/06/2009 EUR	31/12/2008 EUR
Currency and interest rates swaps contracts	9,682,632,437	8,241,587,182
Interest rates swaps contracts	7,747,276,072	7,868,075,016
Currency swaps	5,584,212	5,425,618
	17,435,492,721	**16,115,087,816**

Note 18 – Tax situation

The Company is subject to the fiscal law in force in Luxembourg applicable to all commercial companies.

Note 19 – Consolidations

The accounts of the Company are included in the consolidated accounts of Telecom Italia S.p.A., which are available at the registered office of Telecom Italia S.p.A. located in Milano, Piazza degli Affari 2.

Note 20 – Directors remuneration

No remuneration has been paid to Directors during the six month period.

Note 21 – Litigation

The Company has not been and is not involved into litigation.

DECLARATION OF THE MANAGER RESPONSIBLE FOR FINANCIAL REPORTING

Pursuant to paragraph 4 of Luxembourg's Transparency Law, the undersigned Adriano Trapletti, Managing Director of the Company, to the best of his knowledge, hereby declares that the above interim financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and that the management report includes an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Telecom Italia Capital
Société Anonyme
Adriano Trapletti
Managing Director

/s/ Adriano Trapletti

Financial Statements of TI Capital for the Year Ended December 31, 2008

Balance sheet

For the year ended December 31, 2008

(expressed in EUR)

	2008	2007
ASSETS		
Non current assets		
Tangible assets (note 3)	110	446
Non current financial assets		
Receivables from group companies (note 4)	9,318,799,898	9,537,676,082
Other receivables (note 5)	9,590,722	—
	9,328,390,730	**9,537,676,528**
Current assets		
Financial receivables		
Receivables from group companies (note 6)	989,274,873	100,959,416
Other receivables	197,407	183,813
Cash and cash equivalent	42,180,694	36,488,732
	1,031,652,974	**137,631,961**
Prepayments and accrued income (note 7)	**347,025,761**	**313,797,238**
TOTAL ASSETS	**10,707,069,465**	**9,989,105,727**

	2008	2007
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital		
Subscriber share capital (note 8)	2,336,000	2,336,000
Reserves (note 9)		
Legal reserves	234,000	234,000
Other reserves	635,455	526,780
Retained earnings	2,664,233	250,517
(Loss) profit for the financial year	(40,253,450)	2,522,391
Total capital and reserves	**(34,383,762)**	**5,869,688**
Liabilities		
Non convertible notes (note 10)		
a) payable within one year	—	679,301,678
b) payable in more than one year	9,772,221,025	7,879,899,463
	9,772,221,025	**8,559,201,141**
Payables to banks and financial institutions		
b) payable in more than one year (note 11)	54,248,504	52,770,917
Trade and services payables	1,073,963	565,191
Payables to group companies (note 12)	2,344,304	1,052,918
Tax payables and social security contribution (note 13)	2,071,880	2,410,882
Other payables		
a) payable within one year	810,456	2
b) payable in more than one year (note 14)	625,003,148	1,112,364,613
	625,813,604	**1,112,364,615**
Total liabilities	**10,457,773,280**	**9,728,365,664**
Accruals and deferred income (note 15)	**283,676,947**	**254,870,375**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**10,707,069,465**	**9,989,105,727**

Profit and loss account

For the year ended December 31, 2008
(expressed in EUR)

	2008	2007
CHARGES		
Personnel expenses		
a) Wages and salaries	97,524	96,935
b) Social securities contributions	13,128	54,989
	110,652	**151,924**
Value adjustment in respect of tangible and intangible fixed assets	336	14,413
Value adjustment in respect of current assets	38,362,887	—
Other operating expenses	**1,325,535**	**1,108,933**
Interest and similar expenses		
a) concerning group companies (note 16)	2,469,304	2,244,095
b) other interests and charges	1,212,354,657	913,052,280
	1,214,823,961	**915,296,375**
Exceptional expenses	**—**	**1,207,103**
Income tax	**377,886**	**1,062,015**
Profit for financial year	**—**	**2,522,391**
TOTAL CHARGES	**1,255,001,257**	**921,363,154**
INCOME		
Other operating income	**39,662**	**39,937**
Other interests and similar income		
a) from group companies	558,900,005	524,930,944
b) other interests and similar income	655,808,140	395,185,171
	1,214,708,145	**920,116,115**
Extraordinary income	**—**	**1,207,102**
Loss for financial year	**40,253,450**	**—**
TOTAL INCOME	**1,255,001,257**	**921,363,154**

Cash flow account

For the year ended December 31, 2008
(expressed in EUR)

	2008	2007
Operating activities		
(Loss) profit before tax	(40,631,337)	3,584,406
Non cash items		
Amortization of property, plant and equipment	336	335
Amortization and impairment of intangible assets	—	14,078
Finance income	(1,166,754,535)	(919,808,678)
Finance expenses	1,212,479,657	913,139,086
(Increase) decrease in trade and other receivables	(9,404,557)	888,477
Increase (decrease) in trade and other payables	1,840,720	(314,137)
Net cash flows used in operating activities	**(2,469,716)**	**(2,496,433)**
Cash flow from investing activities		
Investments and re-payments in financial receivables	(441,572,713)	21,678,063
Interest, commissions and other financial income received	1,186,080,972	971,760,880
Net cash flow from investing activities	**744,508,259**	**993,438,943**
Cash flow from financing activities		
Net change in short-term financial payables	810,454	—
Proceeds from borrowings	1,284,385,598	—
Repayment of borrowings	(796,366,836)	(6,276,122)
Interest, commissions and other financial expenses paid	(1,224,872,372)	(958,819,298)
Dividends paid	—	(999,990)
Net cash flows used in financing activities	**(736,043,156)**	**(966,095,410)**
Net increase in cash and cash equivalents	5,995,386	24,847,100
Net foreign exchange difference	(303,243)	238,202
Cash and cash equivalents at January 1	36,488,551	11,403,249
Cash and cash equivalents at December 31	**42,180,694**	**36,488,551**

(1) In order to be consistent with the new format utilised in these annual accounts, figures referred to year 2007 have been reclassified compared to those presented in the cash flow account included in the annual accounts as of December 31, 2007.

Notes to the accounts
As of December 31, 2008

Note 1 – General

Telecom Italia Capital S.A. ("the Company") was incorporated in Luxembourg on September 27, 2000 for an unlimited duration. The registered office is established at 12, Rue Eugène Ruppert L-2453 Luxembourg. The registered number is B 77.970.

The corporate object is to provide financial assistance to all the companies within Telecom Italia Group. In this respect, the Company can acquire assets by issuing securities, bonds or any other financial instrument and by taking loans in whatever form from banks and institutional investors or in any other form, the above-mentioned list being purely enumerative and not limitative.

The Company may also have participating interest in any Luxembourg or foreign Company and administrate, manage and develop its portfolio.

The Company may carry out any commercial, industrial or financial operation and perform real estate transactions pertaining directly or indirectly to its object.

Generally, the Company may carry out all transactions considered as useful to the achievement and development of its object.

The financial year begins on January 1st and ends on December 31st of each year.

Note 2 – Summary of significant accounting policies

Basis of presentation

The annual accounts have been prepared in accordance with accounting principles and regulations generally accepted in the Grand Duchy of Luxembourg

Euro ("EUR") is the book accounting currency.

Use of estimates

The preparation of financial statements in accordance with Luxembourg GAAP, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the annual accounts, and reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

Note 2 – Accounting policies and principles (continued)

Foreign currency translation

The Company follows the multi-currency accounting policy that consists in recording the assets and the liabilities in their original currencies, the same being converted into Euro at the end of each month. The net exchange differences that arise from these conversions are reflected in the profit and loss account in the item "other financial charges/ financial income".

The realized income and charges in currencies other than Euro are recorded in their respective currencies and converted at the exchange rate prevailing on the respective transaction dates.

The exchange differences arising from the transactions expressed in currencies other than EUR are hedged either by balanced deposits and loans, or through currency swaps contracts using the account « exchange revaluation » whose valuation at the year-end rate allows to hedge off the exchange variance risk.

Derivative instruments

The commitments related to currency and interest rates swaps are recorded as off-balance sheet items at the nominal value of the contracts.

Accrued income and prepaid expenses/accrued expenses and prepaid income

On one hand, this item includes the accrued interest receivable in connection with the deposits and loans granted, as well as in connection with the related interest rate swaps transactions (assets) and on the other hand the accrued interest payable on the notes and the related interest rate swap transactions (liabilities).

The Accrued income also reflects the issue discounts and the other similar charges. These are amortized through the profit and loss account on a straight-line basis over the lifetime of the notes.

Tangible assets

Tangible assets are stated at cost less accumulated amortization and any impairment adjustments. Amortization is calculated on a straight-line basis over the estimated useful life of the assets. The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Debtors

Debtors are recorded at their probable collection value corresponding to the nominal value subject to individual value adjustments regarding any amount due which appears to be irrecoverable.

Note 2 – Accounting policies and principles (continued)

Cash and cash equivalents

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Note 3 – Tangible assets

The tangible assets can be detailed as follows:

	2008 **EUR**	**2007** **EUR**
Acquisition cost at the beginning of the year	1,023	1,023
Acquisition during the year	---	---
Acquisition cost at the end of the year	1,023	1,023
Value adjustments at the beginning of the year	577	241
Value adjustments during the year	336	336
Value adjustments at the end of the year	913	577
Net book value at the end of the year	110	446

Note 4 – Non current financial assets - receivable from group companies

Following the issuance of a new bond on capital markets during the month of June 2008, the Company granted a new loan of EUR 1,287,000,000 to Telecom Italia S.p.A. ("the Parent Company"). Furthermore, during the month of December 2008 the Company registered a credit towards the parent company of USD 7,306,000, to be paid in 13 quarterly fixed installments concluding in November 2011. The aforementioned credit is balanced by a corresponding debt versus Bank of America (Note 12). The total of loan agreements with the parent company using the proceeds received by issuing notes (Note 11) amounts to EUR 9,318,799,898 (2007: EUR 9,409,326,081).

Note 5 – Non current financial assets – Other receivable

As of September 2008, Telecom Italia Capital had two derivative transactions with Lehman Brothers International (Europe). Such instruments hedged financial risks on existing financial payables.

After the bankruptcy of Lehman Brothers Holding Inc. and its subsidiaries on September 2008, the Company initiated legal action aimed at the early termination of those transactions and at the recovery of the receivables. The mark to market value of the terminated transactions amounted to EUR 47,953,608.

In consideration of the bankruptcy procedure, the aforementioned account receivable has been written off by 80%, based on the estimated recovery value of EUR 9,590,722.

Note 6 – Current financial assets – Receivables from group companies

The Company entered into loans with affiliates for a total amount of EUR 137,659,582 (2007: EUR 100,959,597).

	2008 EUR	2007 EUR
Loan with TIS France	16,000,166	---
Loan with TI Germany	12,700,000	---
Loan with TI United Kingdom	8,000,000	---
Loan with Hansenet	100,959,416	100,959,597
	137,659,582	100,959,597

Additionally, the maturity date of one of the loans granted to Telecom Italia S.p.A. is December 15, 2009, so an amount of EUR 851,615,291 has been classified as current receivable.

Note 7 – Prepayments and accrued income

	2008 EUR	2007 EUR
Accrued interest on bank deposits	33,583	82,833
Accrued interest on hedging instruments	121,639,662	105,215,458
Accrued interest on amounts owed by Parent company	159,010,218	146,885,864
Accrued interest on amounts owed by related companies	4,060,442	3,412,130
Prepaid charges and costs on notes (issue discounts and other similar charges)	57,829,728	53,562,660
Other prepayments	4,452,128	4,638,293
	347,025,761	**313,797,238**

Note 8 – Subscribed share capital

As of December 31, 2008, and 2007 the authorized, issued and fully paid share capital of EUR 2,336,000 is represented by 100,000 shares with a nominal value of EUR 23.36 per share.

As of December 31, 2008 and 2007 the shareholders of the Company are:

	Number of shares 2008	Number of shares 2007
Telecom Italia S.p.A.	99,999	99,999
Telecom Italia Finance S.A.	1	1
	100,000	100,000

Note 9 – Reserves

The reserves are split as follows:

a) Legal reserve of EUR 234,000, equal to the 10% of the share capital, set up by the shareholders meeting as of March 2, 2005 by converting a quote of other unavailable reserves;

b) Other reserves of EUR 635,455 are divided as follows:

I. Unavailable reserves of EUR 358,830 and

II. Tax reserve for an amount of EUR 276,625. Such reserve has been created by the shareholders meeting held on March 1, 2006 (EUR 83,225) and increased by the shareholders meetings which were held on March 7, 2007 (EUR 84,725) and on March 5, 2008 (EUR 108,675). It is equal to five times the amount of the net wealth tax to be paid for year 2005, 2006 and 2007 and will be unavailable for tax purposes for a five year period since the year following its creation.

Note 10 – Non convertibles notes

The Company issued the following non convertible notes:

	2008 in EUR	**2007 in EUR**
USD 1,000,000,000 (1) 29/10/2003 - 15/11/2008 fixed interest rate 4%	---	679,301,678
USD 2,000,000,000 29/10/2003 - 15/11/2013 fixed interest rate 5.25%	1,437,091,327	1,358,603,356
USD 1,000,000,000 29/10/2003 - 15/11/2033 fixed interest rate 6.375%	718,545,664	679,301,678
USD 1,250,000,000 06/10/2004 - 15/01/2010 fixed interest rate 4%	898,182,079	849,127,097
USD 1,250,000,000 06/10/2004 - 30/09/2014 fixed interest rate 4.95%	898,182,079	849,127,097
USD 1,000,000,000 06/10/2004 - 30/09/2034 fixed interest rate 6%	718,545,664	679,301,678
USD 700,000,000 28/09/2005 - 01/10/2010 fixed interest rate 4.875%	502,981,964	475,511,175
USD 400,000,000 28/09/2005 - 01/02/2011 floating rate LIBOR 3M+ 0.48%	287,418,265	271,720,671
USD 1,400,000,000 28/09/2005 -01/10/2015 fixed interest rate 5.25%	1,005,963,929	951,022,349
USD 750,000,000 18/07/2006 - 18/07/2011 fixed interest rate 6.20%	538,909,248	509,476,258
USD 850,000,000 18/07/2006 - 18/07/2011 floating LIBOR 3M + 0.61%	610,763,814	577,406,426
USD 1,000,000,000 18/07/2006 - 18/07/2036 fixed interest rate 7.20%	718,545,664	679,301,678
USD 1,000,000,000 (2) 04/06/2008 - 04/06/2018 fixed interest rate 6.999%	718,545,664	---
USD 1,000,000,000 (2) 04/06/2008 - 04/06/2038 fixed interest rate 7.721%	718,545,664	---
	9,772,221,025	**8,559,201,141**

(1) The Notes totaling USD 1,000,000,000 issued on October 29, 2003 fixed interest rate 4% have matured and been repaid on November 15, 2008.

(2) On June 4, 2008, Telecom Italia Capital S.A. issued USD 1,000,000,000 fixed interest rate 6.999% Notes maturing on June 4, 2018 and USD 1,000,000,000 fixed interest rate 7.721% notes maturing on June 4, 2038.

Note 11 – Payables to banks and financial institutions

The issue of the notes mentioned in Note 10 above, generated the following costs: USD 31,300,000 for notes issued as of October 29, 2003; USD 35,652,500 for those issued as of October 6, 2004; USD 19,684,000 for those issued as of September 28, 2005 and of USD 14,036,350 for those issued as of July 18, 2006. In order to finance the aforesaid costs, the Company entered into bank loans for the same duration of the related notes. The loans are matured in quarterly basis.

Final quarterly payment on	**2008 in EUR**	**2007 in EUR**
15/11/2008 [(1)]	---	559,479
15/01/2010	1,398,330	2,346,277
01/10/2010	957,361	1,333,571
01/02/2011	450,233	604,769
18/07/2011	1,646,570	2,070,938
18/07/2011	1,245,042	1,567,624
15/11/2011 [(2)]	4,845,872	---
15/11/2013	5,550,397	6,193,543
30/09/2014	4,475,672	4,872,195
01/10/2015	8,084,822	8,554,485
15/11/2033	8,695,579	8,382,875
29/09/2034	11,973,113	11,541,648
18/07/2036	4,925,513	4,743,513
	54,248,505	**52,770,917**

(1) On November 15, 2008, the Company has paid out the bank loan ending for the Notes USD 1,000,000,000.00 fixed interest rate 4%, expiring on the same date.

(2) On December 2008, the Company registered a debt towards Bank of America for a total USD 7,306,000. Such amount will be paid in 13 quarterly fixed installments of USD 562,000, the first of which has been already paid on December 2008 and the last one to be paid on November 2011. A credit towards Telecom Italia S.p.A. for the same amount has been registered (Note 6).

Note 12 – Payables to group companies

It represents the amount due to the Parent Company in relation to the guarantee fee for 2008 for an amount of EUR 2,344,304 (EUR 1,052,918 – 2007).

Note 13 – Tax payables and social security contributions

It represents the amount provisioned in relation to number of taxes to be paid for a total amount of EUR 2,071,880 (EUR 2,410,882 – 2007).

Note 14 – Other payables (payable in more than one year)

The item, amounting to EUR 625,003,148 (EUR 1,112,364,613 - 2007), is due to the hedging contracts of currency risks linked to the notes issued in 2004, 2005, 2006 and 2008. This negative amount is equal to the difference between the contractual exchange ratio and the exchange ratio as of December 31, 2008 and 2007. On the profit and loss account this item is balanced by the positive result of the conversion of notes into EUR.

Note 15 – Accruals and deferred income

The account includes the amount of accrued interest payables.

	2008 EUR	**2007 EUR**
Accrued interest payable on debentures	128,077,354	118,915,142
Accrued interest payable on hedging contracts	155,322,315	135,635,744
Accrued interest payable to banks	280,278	319,489
	283,679,947	**254,870,375**

Note 16 – Interest and similar expenses (concerning group companies)

The notes issued by Telecom Italia Capital and the hedging contracts are guaranteed by Telecom Italia S.p.A.

A guarantee fee of EUR 2,344,304 (EUR 2,157,290 as of December 31, 2007) is registered in the profit and loss account.

Note 17 – Hedging contracts

In order to hedge the exchange and interest rate risks linked to the notes issued, the Company concluded several currency and interest rate swap contracts (CCIRS) for the same duration of the hedged bonds.

	2008 EUR	**2007 EUR**
Currency and interest rates swaps contracts	8,241,587,182	6,954,359,044
Interest rates swaps contracts	7,868,075,016	7,710,074,044
Currency swaps	5,425,618	5,266,519
	16,115,087,816	**14,669,699,607**

Note 18 – Tax situation

The Company is subject to the fiscal law in force in Luxembourg applicable to all commercial companies.

Note 19 – Consolidations

The accounts of the Company are included in the consolidated accounts of Telecom Italia S.p.A., which are available at the registered office of Telecom Italia S.p.A. located in Milano, Piazza degli Affari 2.

Note 20 – Directors remuneration

No remuneration has been paid to Directors during fiscal year 2008.

Note 21 – Litigation

The Company has not been and is not involved into litigation.

DECLARATION OF THE MANAGER RESPONSIBLE FOR FINANCIAL REPORTING

Pursuant to paragraph 3 of Luxembourg's Transparency Law, the undersigned Adriano Trapletti, Managing Director of the Company, to the best of his knowledge, hereby declares that the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and that the management report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that the issuer faces.

Telecom Italia Capital
Société Anonyme
Adriano Trapletti
Managing director

/s/ Adriano Trapletti

[ERNST & YOUNG LETTERHEAD]

Independent Auditor's report

To the Board of Directors of
Telecom Italia Capital S.A.
12, rue Eugène Ruppert
L-2453 Luxembourg

We have audited the accompanying annual accounts of Telecom Italia Capital S.A., which comprise of the balance sheet as at December 31, 2008, the profit and loss account and the cash flow account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the "Réviseur d'Entreprises"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'Entreprises", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'Entreprises" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Telecom Italia Capital S.A. as of December 31, 2008, and of the results of its operations and its cash flow for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Without qualifying our report, we draw to your attention that for comparison purposes the presentation and figures of the cash flow account for the financial year 2007 have been changed / reclassified respectively compared to last year published annual accounts without any consequences to the cash and cash equivalents year end amount.

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the annual accounts

ERNST & YOUNG
Société Anonyme
Réviseur d'entreprises
/s/ Jean-Marie GISCHER

February 20, 2009 Jean-Marie GISCHER

Financial Statements of TI Capital for the Year Ended December 31, 2007

COMPTE DE PROFITS ET PERTES POUR L'EXERCICE CLOTURE AU 31 DECEMBRE 2007					
A. CHARGES - EUR	**31/12/2007**	**31/12/2006**	**B. PRODUITS - EUR**	**31/12/2007**	**31/12/2006**
1. Réduction du stock de produits finis et en cours de fabrication	–	–	**1. Montant net du chiffre d'affaires**	–	–
2. a) Consommation de marchandises et de matières premières et consommables	–	–	**2. Augmentation du stock de produits finis et en cours de fabrication**	–	–
3. Frais de personnel	**151,923.51**	**131,702.02**	**3. Travaux effectués par l'entreprise pour elle-même et portés à l'actif**	–	–
a) Salaires et traitements	96,934.07	87,121.76			
b) Charges sociales couvrant les salaires et traitements	54,989.44	44,580.26			
4. a) Corrections de valeur sur frais d'établissement sur immobilisations corporelles et incorporelles	**14,413.02**	**15,409.26**	**4. Autres produits d'exploitation**	**39,936.84**	–
5. Autres charges d'exploitation	**1,108,933.18**	**1,063,265.76**	**5. Produits de participations**	–	–
6.Corrections de valeur sur immobilisations financières et sur valeurs mobilières faisant partie de l'actif circulant	–	–	**6. Produits d'autre valeurs mobilières et de créances de l'actif immobilisé**	–	–
7. Intérêts et charges assimilées	**915,296,375.40**	**781,808,743.28**	**7. Autres intérêts et produits assimilés**	**920,116,114.57**	**784,836,348.01**
a) Concernant des entreprises liées (*note 17*)	2,244,095.37	2,166,957.78	a) Provenant des entreprises liées	524,930,944.00	407,700,870.12
b) Autres intérêts et charges	913,052,280.03	779,641,785.50	b) Autres intérêts et produits assimilés	395,185,170.57	377,135,477.89
10. Charges exceptionnelles	**1,207,102.10**	–	**9. Produits exceptionnels**	**1,207,102.10**	–
11. Impôts sur le résultat *(note 18)*	**1,062,015.11**	**538,444.56**			
13. Résultat de l'exercice	**2,522,391.19**	**1,278,783.13**	**10. Résultat de l'exercice**	–	–
TOTAL CHARGES	**921,363,153.51**	**784,836,348.01**	**TOTAL PRODUITS**	**921,363,153.51**	**784,836,348.01**

BILAN AU 31 DÉCEMBRE 2007

ACTIF – EUR	31/12/2007	31/12/2006
A. Capital souscrit non versé	–	–
B. Frais d'établissement (note 4)	–	**14,077.69**
C. Actif Immobilisé	**9,537,676,528.05**	**9,939,286,975.41**
II. Immobilisations corporelles (*note 5*)		
2. Installations techniques et machines	446.55	781.88
III. Immobilisations financières (*note 6*)		
2. Créances sur des entreprises liées	9,537,676,081.50	9,939,286,193.53
D. Actif Circulant	**137,631,961.06**	**52,371,935.00**
II. Créances		
2. Créances sur des entreprises liées		
a) dont la durée résiduelle est ≤ à un an	100,959,415.63	40,959,415.63
4. Autres Créances		
a) dont la durée résiduelle est ≤ à un an	183,813.38	9,031.49
IV. Avoirs en banques, avoirs en compte de chèques postaux, chèques et en caisse	36,488,732.05	11,403,487.88
E. Comptes de régularisation (note 7)	**313,797,237.90**	**316,705,548.74**
TOTAL ACTIF	**9,989,105,727.01**	**10,308,378,536.84**

PASSIF – EUR	31/12/2007	31/12/2006
A. Capitaux propres	**5,869,687.71**	**4,347,286.46**
I. Capital Souscrit (*note 8*)	2,336,000.00	2,336,000.00
IV. Réserves (*note 9*)		
1. Réserve légale	234,000.00	234,000.00
4. Autres réserves	526,779.57	442,054.57
V. Résultats reportés	250,516.95	56,448.76
VI. Résultat de l'exercice	2,522,391.19	1,278,783.13
B. Provisions pour risques et charges	–	–
3. Autres provisions	–	–
C. Dettes	**9,728,365,664.13**	**10,060,359,167.43**
1. Emprunts obligataires (*note 10*)		
b) Emprunts non convertibles		
a) dont la durée résiduelle est ≤ à un an	679,301,677.88	–
b) dont la durée résiduelle est > à un an	7,879,899,463.36	9,567,198,177.66
2. Dettes envers des établissements de crédit		
a) dont la durée résiduelle est ≤ à un an	–	239.26
b) dont la durée résiduelle est > à un an (*note 11*)	52,770,917.07	65,502,632.47
4. Dettes sur achats et prestations de services		
a) dont la durée résiduelle est ≤ à un an	565,191.08	758,564.37
6. Dettes envers des entreprires liées (*note 12*)		
a) dont la durée résiduelle est ≤ à un an	1,052,917.61	1,162,430.50
8. Dettes fiscales et dettes au titre de la sécurité sociale (*note 13*)		
a) dont la durée résiduelle est ≤ à un an	2,410,881.98	1,360,183.19
9. Autres dettes		
a) dont la durée résiduelle est ≤ à un an	2.01	10,304.03
b) dont la durée résiduelle est > à un an (*note 14*)	1,112,364,613.14	424,366,635.95
D. Comptes de régularisation (*note 15*)	**254,870,375.17**	**243,672,082.95**
TOTAL PASSIF	**9,989,105,727.01**	**10,308,378,536.84**

ETATS DES FLUX DE TRESORERIE AU 31 DECEMBRE 2007		
	Décembre 2007	**Décembre 2006**
Flux de trésorerie liés à l'activité		
Résultat net de la période	2,522,391.15	1,278,783.19
Variations pour réconcilier le résultat de la période avec les flux de trésorerie nets généres par l'activité	–	–
Dévaluations, Amortissements et autres variations non monétaires	14,121,016.08	10,657,232.90
Variations nettes des autres créances et des autres dettes	747,812.61	-1,471,061.83
Flux net de trésorerie génére (utilisé) par l'activité	**17,391,219.84**	**10,464,954.26**
Flux de trésorerie liés aux opérations d'investissement		
Variations d'immobilisations corporelles	–	-1,023.50
Variations d'immobilisations incorporelles	–	–
Variations des autres investissements	–	–
Variations des credits financiers et des autres activités financières	341,435,330.14	-1,700,633,711.72
Flux de trésorerie lié aux operations d'investissement	**341,435,330.14**	**-1,700,634,735.22**
Flux de trésorerie liés aux opérations de financement		
Variations nettes des dettes à court terme	-10,302.02	10,302.03
Variations des dettes à moyen/long terme	–	–
Autres variations des dettes à moyen/long terme	-332,730,774.64	1,690,271,971.13
Flux net de trésorerie affecté aux opérations de financement	**-332,741,076.66**	**1,690,282,273.16**
Flux de trésorerie liés aux variations du patrimoine		
Dividendes versés	-999,989.96	-349,996.50
Augmentation (diminution) de capital	–	–
Flux net de trésorerie lié aux opérations sur le patrimoine	**-999,989.96**	**-349,996.50**
Augmentation (diminution) des disponibilités et autres liquidités disponibles	**25,085,483.36**	**-237,504.30**
Disponibilités et autres liquidités disponibles au debut de la période	11,403,248.68	11,640,752.98
Disponibilités et autres liquidités disponibles à la clôture de la période	**36,488,732.04**	**11,403,248.68**

NOTES EXPLICATIVES AUX ETATS FINANCIERS AU 31 DECEMBRE 2007

NOTE 1 – CONSTITUTION DE LA SOCIETE

La société a été constituée le 27 Septembre 2000 pour une durée illimitée. Elle est enregistrée au Registre de Commerce et des Sociétés de Luxembourg sous le numéro B 77.970 et son siège social est actuellement au 12, Rue Eugène Ruppert L-2453 Luxembourg.

NOTE 2 – ACTIVITE DE LA SOCIETE

La société a pour objet de financer de la manière la plus large les sociétés et entreprises faisant partie du Groupe Telecom Italia.

A cette fin, elle peut se procurer tous fonds en émettant des obligations, des bons de caisse et tous autres instruments et en contractant tous emprunts sous toutes formes auprès de banques et d'investisseurs institutionnels et de toute autre manière, l'énumération qui précède étant purement énonciative et non limitative.

Elle peut également prendre des participations dans toute société luxembourgeoise ou étrangère et administrer, gérer et mettre en valeur son portefeuille.

Elle peut accomplir toutes opérations généralement quelconques, commerciales, financières, mobilières et immobilières se rapportant directement ou indirectement à son objet.

D'une manière générale, la société peut effectuer toutes opérations qu'elle jugera utile à l'accomplissement et au développement de son objet social.

L'exercice social de la Société débute le 1er janvier et se termine le 31 décembre.

NOTE 3 – PRINCIPES ET METHODES COMPTABLES

Les comptes annuels sont établis conformément aux dispositions légales et réglementaires luxembourgeoises et aux pratiques comptables généralement admises.

La comptabilité sociale et le bilan annuel de la Société sont tenus et exprimés en euros (EUR).

La Société utilise la méthode de la comptabilité multidevises qui consiste à enregistrer les actifs et les passifs dans leur devise d'origine qui sont convertis en euros à la fin de chaque mois. Les différences nettes de change résultant de ces conversions sont imputées au compte de profits et pertes au poste autres charges /produits financiers.

Les produits et les charges réalisés en devises autres que l'euro sont enregistrés dans leurs devises respectives et convertis aux cours de change en vigueur à la date de l'opération.

Les différences de change provenant des opérations de financement libellées en devises autres que l'euro sont couvertes soit par le biais de placements et prêts congruents, soit par le recours à des contrats de swaps de devises par l'utilisation du compte de « réévaluation du change » dont l'évaluation au cours de clôture permet de neutraliser le risque de change.

Swaps de taux d'intérêt et de devises

Les engagements relatifs aux swaps de devises et de taux d'intérêt sont inscrits dans les postes hors bilan à la valeur nominale des contrats.

Compte de régularisation

Les comptes de régularisation comprennent d'une part les intérêts courus non échus relatifs aux dépôts et prêts accordés ainsi que sur les opérations de swap d'intérêts liées (compte de régularisation actif) et d'autre part les intérêts courus non échus sur les emprunts obligataires et les opérations de swap d'intérêts liées (compte de régularisation passif).

Les comptes de régularisation actifs incluent également les primes d'émission et frais d'émission. Ceux-ci sont portés en compte de profits et pertes de manière linéaire sur la durée de vie des emprunts obligataires.

NOTE 4 – FRAIS D'ETABLISSEMENT

Les frais d'établissement sont amortis linéairement au taux de 20% par an. Au 31 Décembre 2007, les frais d'établissement se détaillent comme suit:

	31/12/2007 en EUR	**31/12/2006 en EUR**
Valeur d'acquisition au début de l'exercice	105,714.58	105,714.58
Acquisition au cours de l'exercice	–	–
Valeur d'acquisition à la fin de l'exercice	105,714.58	105,714.58
Corrections de valeur au début de l'exercice	-91,636.89	-76,469.25
Corrections de valeur au cours de l'exercice	-14,077.69	-15,167.64
Corrections de valeur à la fin de l'exercice	-105,714.58	-91,636.89
Valeur nette comptable à la fin de l'exercice	**–**	**14,077.69**

NOTE 5 – IMMOBILISATIONS CORPORELLES

Au 31 Décembre 2007, les valeurs nettes des immobilisations corporelles se détaillent comme suit :

	31/12/2007 en EUR	31/12/2006 en EUR
Valeur d'acquisition au début de l'exercice	1,023.50	–
Acquisition au cours de l'exercice	–	1,023.50
Valeur d'acquisition à la fin de l'exercice	1,023.50	1,023.50
Corrections de valeur au début de l'exercice	-241.62	–
Corrections de valeur au cours de l'exercice	-335.33	-241.62
Corrections de valeur à la fin de l'exercice	-576.95	-241.62
Valeur nette comptable à la fin de l'exercice	**446.55**	**781.88**

NOTE 6 – IMMOBILISATIONS FINANCIERES

Avec les montants reçus suite aux émissions d'emprunts obligataires (Note 10), la Société a conclu des contrats de dépôts envers la Maison Mère pour un montant total de EUR 9,409,326,081.50 au 31 décembre 2007 (2006: EUR 9,729,325,140.69) et des financements envers des entreprises liées pour un montant total de EUR 128,350,000.00 au 31 décembre 2007 (2006: EUR 209,961,052.84).

NOTE 7 – COMPTES DE REGULARISATION (ACTIF)

Le compte est composé des montants relatifs à la part des intérêts courus et aux autres charges payées d'avance se rattachant à l'exercice.

	31/12/2007 en EUR	31/12/2006 en EUR
Intérêts courus sur dépôts bancaires	82,833.34	3,946.11
Intérêts courus sur contrats de couverture	105,215,457.82	115,614,774.62
Intérêts courus sur créances envers Maison Mère	146,885,864.09	123,784,652.41
Intérêts courus sur créances envers sociétés du Groupe	3,412,130.05	4,340,960.24
Charges payées d'avance sur Emprunt Ob. (primes d'émission et frais d'émission)	53,562,659.78	67,434,445.30
Autres charges payées d'avance	4,638,292.82	5,526,770.06
	313,797,237.90	**316,705,548.74**

NOTE 8 – CAPITAL SOCIAL

La Société a été constituée avec un capital social s'élevant à USD 30,000 (trente mille), représenté par 3,000 (trois mille) actions d'une valeur nominale de USD 10 (dix) chacune, entièrement libérées.
Au cours de l'Assemblée Générale Extraordinaire du 5 mars 2001, le capital social a été augmenté pour le porter à USD 1,000,000 (un million) par émission de 97,000 (quatre vingt dix-sept mille) actions d'une valeur nominale de USD 10 (dix) chacune, entièrement libérées.
L'Assemblée Générale Extraordinaire du 20 décembre 2002 a décidé d'augmenter le capital pour le porter d'USD 1,000,000 à USD 8,000,000 par augmentation de la valeur nominale des actions d'USD 10 à USD 80. Elle a ensuite décidé de réduire à USD 2,400,000 le capital afin d'absorber des pertes reportées (USD 5,600,000). Ensuite, elle a décidé de convertir le capital social en Euro au cours de change de 1 euro égal à 1.0273 USD.

Au 31 Décembre 2007, le capital social s'élève donc à EUR 2,336,000 divisé en 100,000 actions d'une valeur nominale d'EUR 23.36 par action.

La composition de l'actionnariat est la suivante:

	Nombre d'actions 31/12/2007	**Nombre d'actions 31/12/2006**
TELECOM ITALIA S.p.A.	99,999	99,999
TELECOM ITALIA FINANCE S.A.	1	1
	100,000	**100,000**

NOTE 9 – RESERVES

Les réserves se détaillent comme suit :

a) Réserve légale de EUR 234,000.00, soit 10% du capital social, qui a été créée au cours de l'assemblée du 2 mars 2005 en y affectant une partie du montant des réserves indisponibles;
b) Autres réserves de EUR 526,779.57 divisées comme suit:
   i. Réserves indisponibles de EUR 358,829.57 et
   ii. Réserves disponibles de EUR 167,950.00: cette réserve a été créée lors de l'assemblée du 1 mars 2006 pour un montant de EUR 83,225.00 et augmentée par l'assemblée du 7 mars 2007 d'un montant de EUR 84,725.00. Elle correspond au quintuple de l'impôt sur la fortune pour les exercices 2005 et 2006.

NOTE 10 – EMPRUNTS OBLIGATAIRES

La Société a émis les emprunts obligataires suivants, dont EUR 679,301,677.88 ont durée résiduelle inférieure à un an:

	31/12/2007 en EUR	**31/12/2006 en EUR**
Emprunt obligataire USD 1,000,000,000 29/10/2003 15/11/2008 taux fixe 4%	679,301,677.88	759,301,442.67
Emprunt obligataire USD 2,000,000,000 29/10/2003 15/11/2013 taux fixe 5.25%	1,358,603,355.75	1,518,602,885.35
Emprunt obligataire USD 1,000,000,000 29/10/2003 15/11/2033 taux fixe 6.375%	679,301,677.88	759,301,442.67
Emprunt obligataire USD 1,250,000,000 06/10/2004 15/01/2010 taux fixe 4%	849,127,097.34	949,126,803.34
Emprunt obligataire USD 1,250,000,000 06/10/2004 30/09/2014 taux fixe 4.95%	849,127,097.34	949,126,803.34
Emprunt obligataire USD 1,000,000,000 06/10/2004 30/09/2034 taux fixe 6%	679,301,677.88	759,301,442.67
Emprunt obligataire USD 700,000,000 28/09/2005 01/10/2010 taux fixe 4.875%	475,511,174.51	531,511,009.87
Emprunt obligataire USD 400,000,000 28/09/2005 01/02/2011 taux variable LIBOR 3M + 0.48%	271,720,671.15	303,720,577.07
Emprunt obligataire USD 1,400,000,000 28/09/2005 01/10/2015 taux fixe 5.25%	951,022,349.03	1,063,022,019.74
Emprunt obligataire USD 750,000,000 18/07/2006 18/07/2011 taux fixe 6.20%	509,476,258.41	569,476,082.00
Emprunt obligataire USD 850,000,000 18/07/2006 18/07/2011 taux variable LIBOR 3M + 0.61%	577,406,426.19	645,406,226.27
Emprunt obligataire USD 1,000,000,000 18/07/2006 18/07/2036 taux fixe 7.20%	679,301,677.88	759,301,442.67
	8,559,201,141.24	**9,567,198,177.66**

NOTE 11 – DETTES ENVERS ETABLISSEMENTS DE CREDIT

L'émission des emprunts obligataires a engendré un montant de frais d'émission d'USD 31,300,000 pour l'émission du 29 Octobre 2003, d'USD 35,652,500 pour l'émission du 6 Octobre 2004, d'USD 19,684,000 pour l'émission du 28 Septembre 2005 et d'USD 14,036,250 pour l'émission du 18 Juillet 2006. Pour financer le paiement des ces frais, la Société a conclu des contrats d'emprunts bancaires de même durée que les emprunts obligataires. Les contrats prévoient le remboursement par échéances trimestrielles.

	31/12/2007 en EUR	**31/12/2006 en EUR**
Echéance : 15/11/2008	559,478.60	1,239,123.27
Echéance : 15/11/2013	6,193,543.33	7,927,921.40
Echéance : 15/11/2033	8,382,875.10	9,538,454.68
Echéance : 15/01/2010	2,346,277.33	3,727,681.43
Echéance : 30/09/2014	4,872,194.84	6,169,481.95
Echéance : 29/09/2034	11,541,648.01	13,134,833.70
Echéance : 01/10/2010	1,333,570.82	1,952,252.99
Echéance : 01/02/2011	604,768.34	865,960.21
Echéance : 01/10/2015	8,554,485.15	10,537,943.54
Echéance : 18/07/2011	2,070,938.11	2,854,986.92
Echéance : 18/07/2011	1,567,624.28	2,160,736.55
Echéance : 18/07/2036	4,743,513.16	5,393,255.83
	52,770,917.07	**65,502,632.47**

NOTE 12 – DETTES ENVERS DES ENTREPRISES LIEES

Le compte comprend les dettes envers la Maison Mère pour le paiement de la commission de garantie pour le deuxième semestre 2007 pour EUR 1,100,539.60.

NOTE 13 – DETTES FISCALES ET DETTES AU TITRE DE LA SECURITE SOCIALE

Le compte est composé des provisions pour impôts pour un montant total de EUR 2,410,881.98 (EUR 1,360,183.19 au 31 décembre 2006).

NOTE 14 –AUTRES DETTES DONT LA DUREE RESIDUELLE EST SUPERIEURE A UN AN

Ce poste d'un montant de EUR 1,112,364,613.14 (au 31/12/06 un montant de EUR 424,366,635.95 correspondant à la réévaluation du change) est relatif à l'évaluation au cours de clôture des contrats de change souscrits dans un but de couverture du risque de change concernant les émissions du 6 Octobre 2004, du 28 Septembre 2005 et du 18 juillet 2006. Cette évaluation correspond à la différence entre le taux de change contractuel et le taux de change de clôture. La contrepartie au compte de profits et pertes est compensée par le résultat de change provenant de la conversion en EURO des emprunts obligataires.

NOTE 15 – COMPTES DE REGULARISATION (PASSIF)

Le compte est composé des montants relatifs à la part des intérêts courus de compétence de l'exercice.

	31/12/2007 en EUR	**31/12/2006 en EUR**
Intérêts courus sur emprunts obligataires	118,915,142.28	133,378,938.36
Intérêts courus sur contrats de couverture	135,635,744.35	109,886,574.09
Intérêts courus envers des établ. de crédit	319,488.54	406,570.50
	254,870,375.17	**243,672,082.95**

NOTE 16 – CONTRATS DE COUVERTURE

Afin de couvrir le risque de taux lié aux emprunts obligataires émis en 2003, la Société a conclu des contrats IRS (Interest Rate Swap) de même durée que les emprunts, qui prévoient le paiement aux banques du taux variable USD contre le paiement par celles-ci du taux fixe USD du coupon.
Afin de couvrir le risque de taux et le risque de change liés aux emprunts obligataires émis en 2004, 2005 et 2006, la Société a conclu plusieurs contrats de swaps de devises et taux (CCIRS) de même durée que les emprunts, qui prévoient le paiement aux banques du taux variable EUR contre le paiement par celles-ci du taux fixe USD. Ces mêmes contrats permettent également la couverture du risque de change. En effet, la société a émis au cours des années 2004, 2005 et 2006 des emprunts obligataires en USD mais a prêté les fonds reçus en EURO.

	31/12/2007 en EUR	31/12/2006 en EUR
Swap de devises et de taux d'intérêt	6,954,359,044.49	7,964,269,289.27
Swap de taux d'intérêt	7,710,074,043.88	8,618,071,374.34
Swap de devise	5,266,519.00	5,809,807.69
	14,669,699,607.37	**16,588,150,471.30**

NOTE 17 – INTERETS ET CHARGES ASSIMILEES CONCERNANT DES ENTREPRISES LIEES

Les emprunts obligataires pour un montant total d'USD 12,600,000,000 et les contrats dérivés pour la couverture du risque de taux et de change, sont garantis par Telecom Italia S.p.A. Une commission de EUR 2,157,289.81 (2006: EUR 2,166,957.78) est enregistrée dans le compte de profits et pertes.

NOTE 18 – IMPOTS SUR LE RESULTAT

Ce poste comprend les montants provisionnés au titre d'impôt sur le revenu de l'exercice au 31/12/2007. Le montant est de EUR 1,062,015.11 (EUR 538,444.56 au 31/12/2006).

NOTE 19 - SITUATION FISCALE

La Société est soumise au Luxembourg au droit fiscal commun applicable à toutes les sociétés de capitaux.

NOTE 20 – CONSOLIDATION

Les comptes de la société sont inclus dans les comptes consolidés de Telecom Italia S.p.A., qui sont disponibles auprès du siège social de Telecom Italia S.p.A., situé à Milano, Piazza degli Affari 2.

NOTE 21 – REMUNERATIONS DES ADMINISTRATEURS

Aucune rémunération n'a été payée aux Administrateurs au cours de l'exercice 2007.

[ERNST & YOUNG LETTERHEAD]

RAPPORT DU REVISEUR D'ENTREPRISES

Aux actionnaires de
Telecom Italia Capital S.A.
12, rue Eugène Ruppert
L-2453 Luxembourg

Rapport sur les comptes annuels

Conformément au mandat donné par l'Assemblée Générale des actionnaires, nous avons effectué l'audit des comptes annuels ci-joints de Telecom Italia Capital S.A. comprenant le bilan ainsi que le compte de profits et pertes pour l'exercice clos à cette date 31 Décembre 2007, et l'annexe contenant un résumé des principales méthodes comptables et d'autres notes explicatives.

Responsabilité du Conseil d'Administration dans l'établissement et la présentation des comptes annuels

Le Conseil d'Administration est responsable de l'établissement et de la présentation sincère de ces comptes annuels, conformément aux obligations légales et réglementaires relatives à l'établissement et la présentation des comptes annuels en vigueur au Luxembourg. Cette responsabilité comprend: la conception, la mise en place et le suivi d'un contrôle interne relatif à l'établissement et la présentation sincère de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, le choix et l'application de méthodes comptables appropriées, ainsi que la détermination d'estimations comptables raisonnables au regard des circonstances.

Responsabilité du Réviseur d'Entreprises

Notre responsabilité est d'exprimer une opinion sur ces comptes annuels sur la base de notre audit. Nous avons effectué notre audit selon les Normes Internationales d'Audit telles qu'adoptées par l'Institut des Réviseurs d'Entreprises. Ces normes requièrent de notre part de nous conformer aux règles d'éthique ainsi que de planifier et de réaliser l'audit pour obtenir une assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives.

Un audit implique la mise en oeuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les comptes annuels. Le choix des procédures relève du jugement du Réviseur d'Entreprises, de même que l'évaluation du risque que les comptes annuels contiennent des anomalies significatives, que celles-ci résultant de fraudes ou d'erreurs. En procédant à ces évaluations du risque, le Réviseur d'Entreprises prend en compte le contrôle interne en vigueur dans l'entité relatif à l'établissement et la présentation sincère des comptes annuels afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité de celui-ci.

Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par le Conseil d'Administration, de même que l'appréciation de la présentation d'ensemble des comptes annuels.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.

Opinion

À notre avis, les comptes annuels donnent une image fidèle du patrimoine et de la situation financière de Telecom Italia Capital S.A., ainsi que des résultats pour l'exercice clos à cette date 31 Décembre 2007, conformément aux obligations légales et réglementaires relatives à l'établissement et à la présentation des comptes annuels en vigueur au Luxembourg.

Rapport sur d'autres obligations légales ou réglementaires

Le rapport de gestion, qui relève de la responsabilité du Conseil d'Administration est en concordance avec les comptes annuels.

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises

/s/ Jean-Marie GISCHER

Jean-Marie GISCHER

Le 15 février 2008

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LISTING PROSPECTUS

TELECOM ITALIA CAPITAL

$1,000,000,000 6.175% Guaranteed Senior Notes due 2014

$1,000,000,000 7.175% Guaranteed Senior Notes due 2019

Guaranteed on a senior, unsecured basis by

TELECOM ITALIA S.p.A.

Dated November 3, 2009

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