

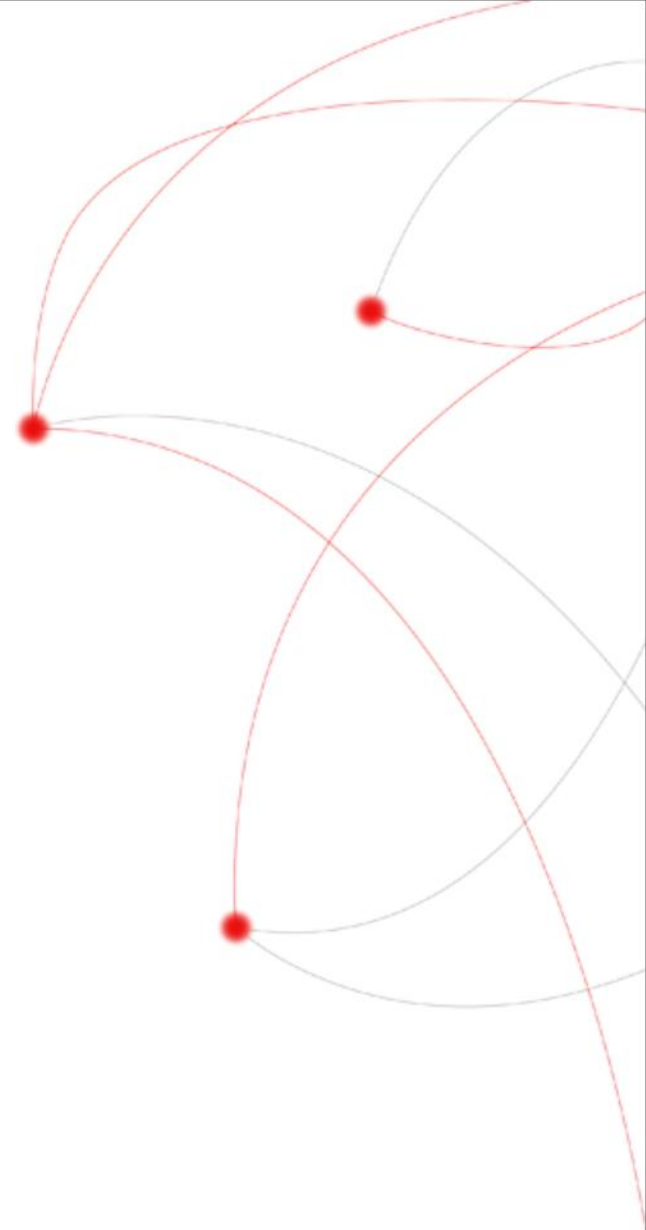
TELECOM ITALIA GROUP

9M 2009 Results

Milan, November 5^h, 2009

Telecom Italia 9M 2009 Financial Results

MARCO PATUANO



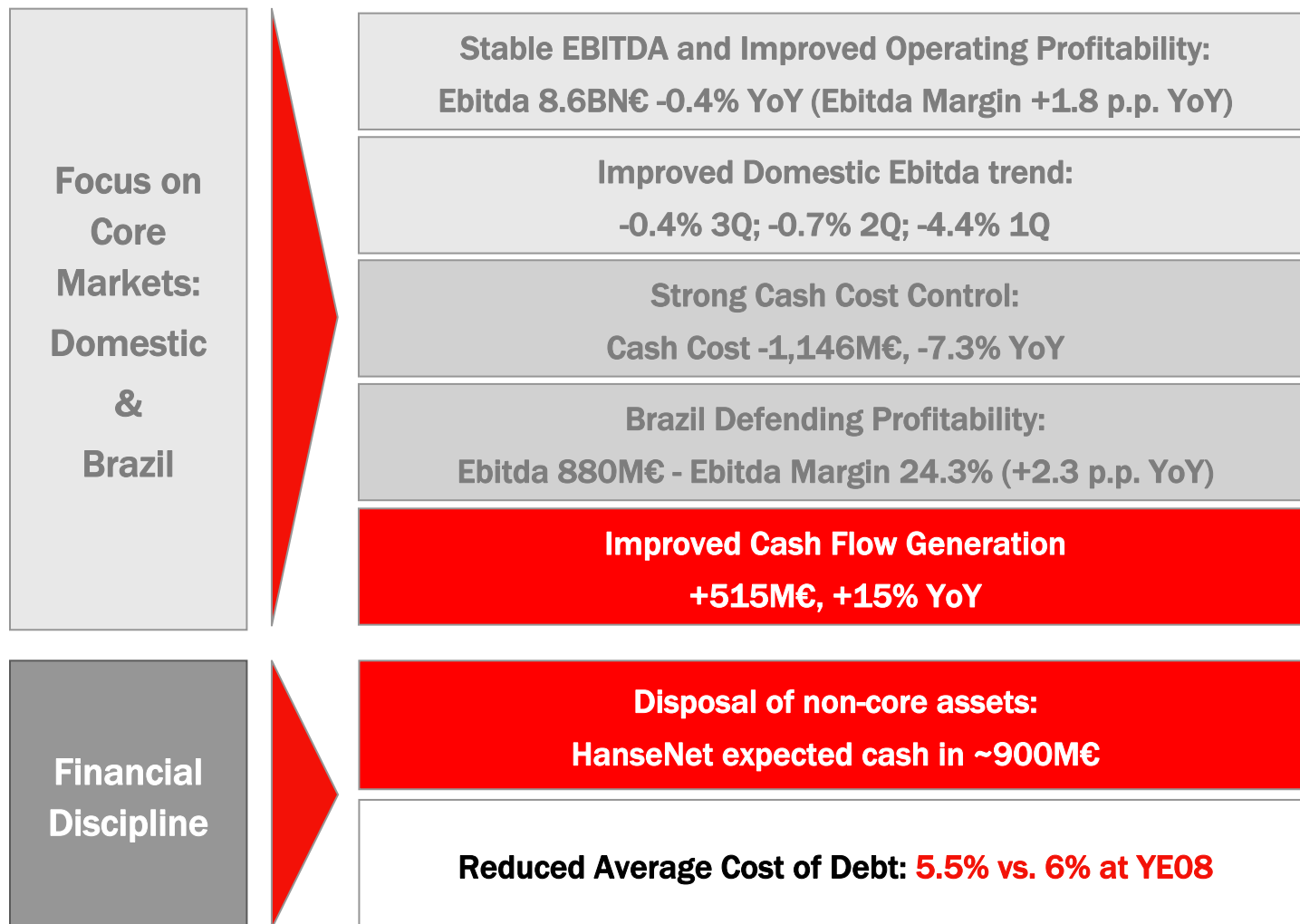
Safe Harbour

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

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

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

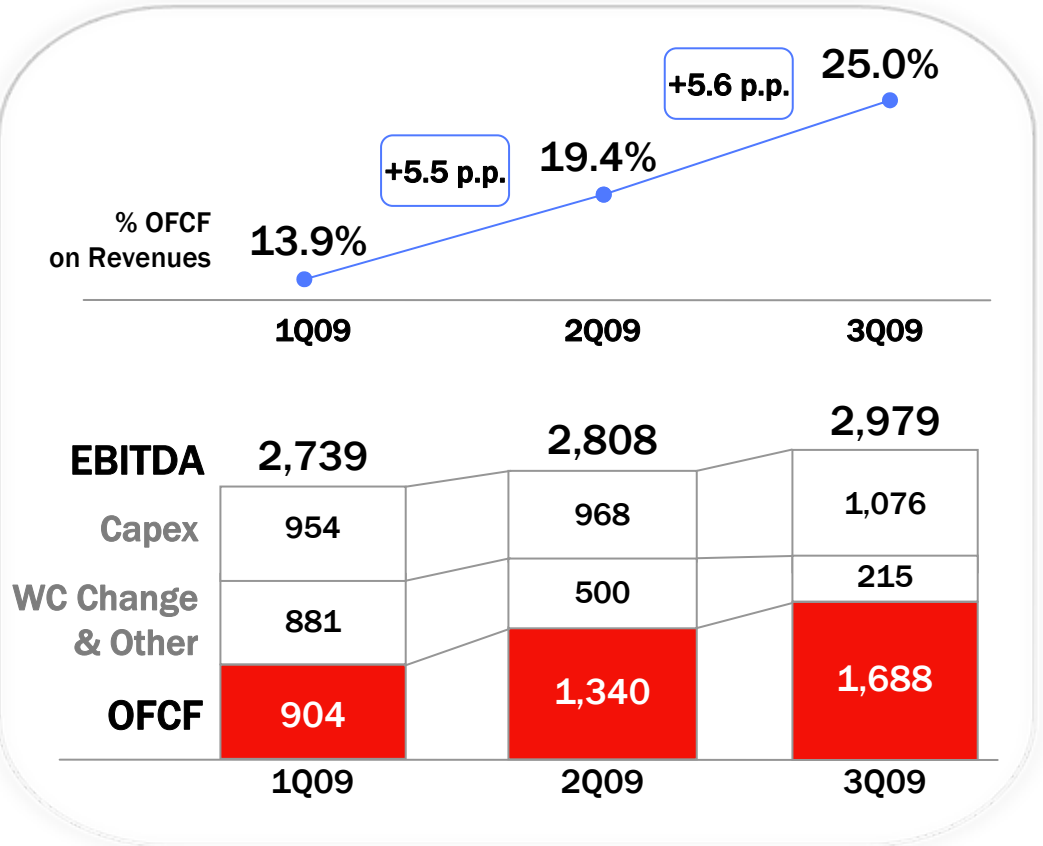
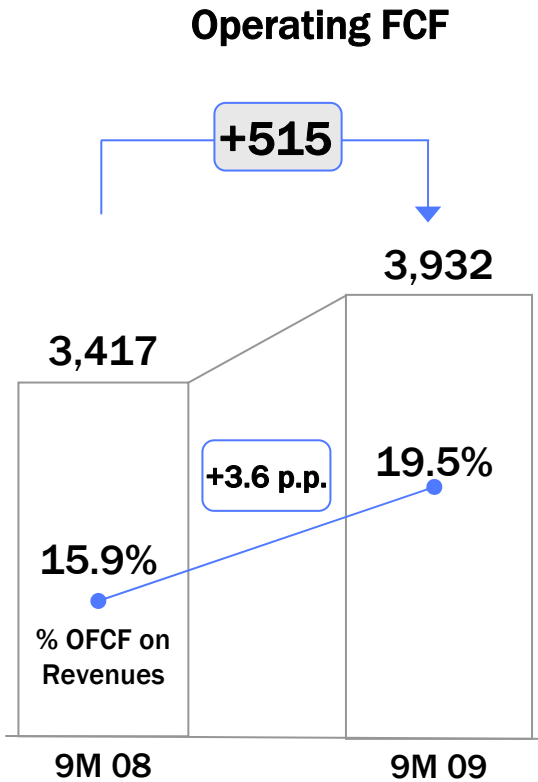
TI Group 9M 09 Financial Progress Report



Figures considering HanseNet classified as Discontinued Operations

Improved Operating Free Cash Flow

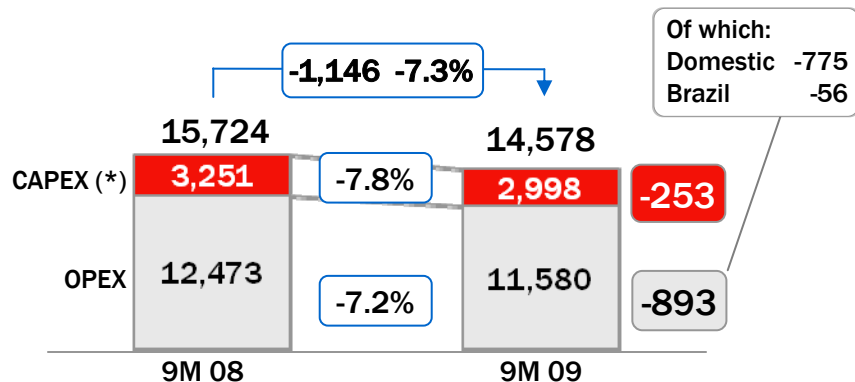
Euro mln, Reported data



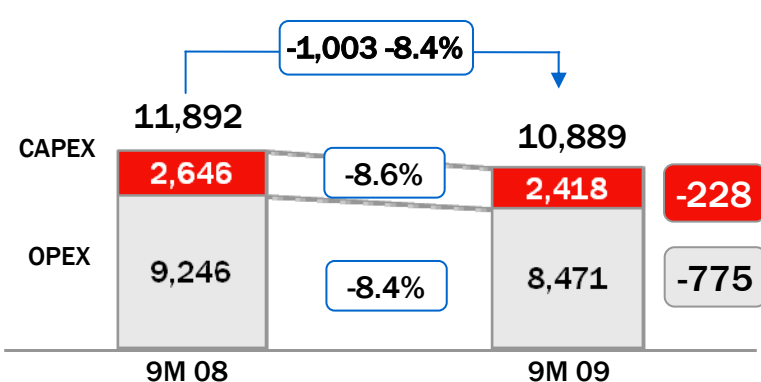
Group Cash Cost Control to improve Operating Cash Flow

Euro mln, Organic data, %

TI Group Cash Cost



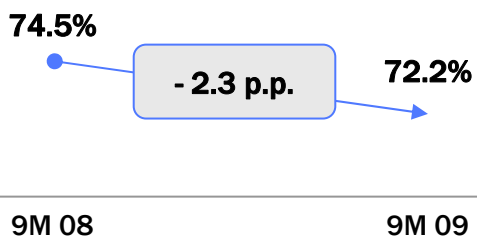
Domestic Cash Cost



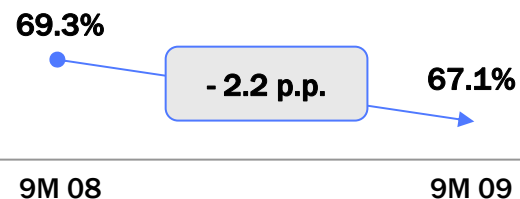
I Half (*) 10,600 **-878 -8.3%** 9,722

I Half 8,154 **-746 -9.1%** 7,408

TI Group Cash Cost on Revenues (%)



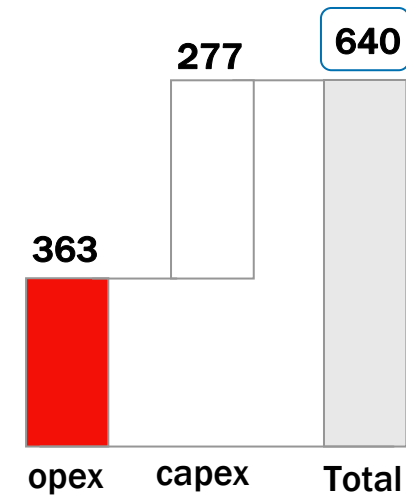
Domestic Cash Cost on Revenues (%)



(*) 477M€ Brazilian license Fee in 2008 excluded

Domestic Efficiency on track

9M 09 Efficiency Program

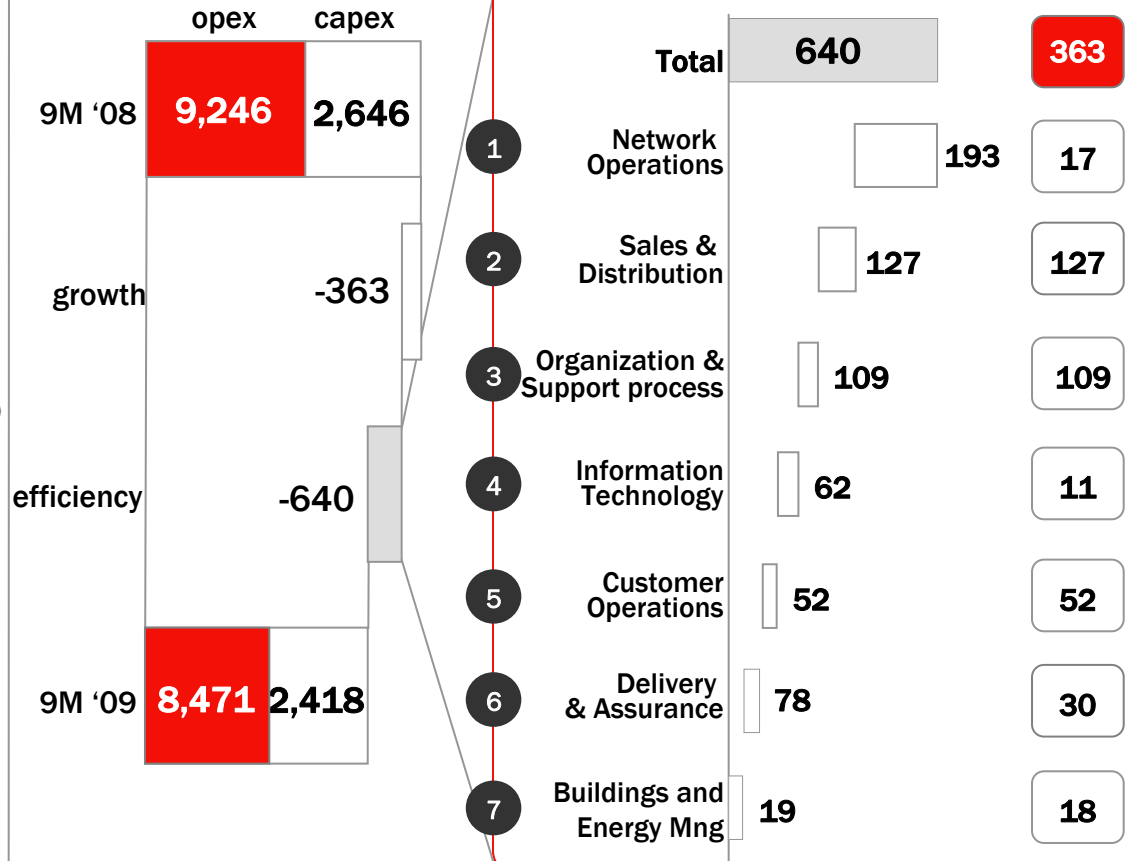


% 9M 09 on FY Target

71% 79% **74%**

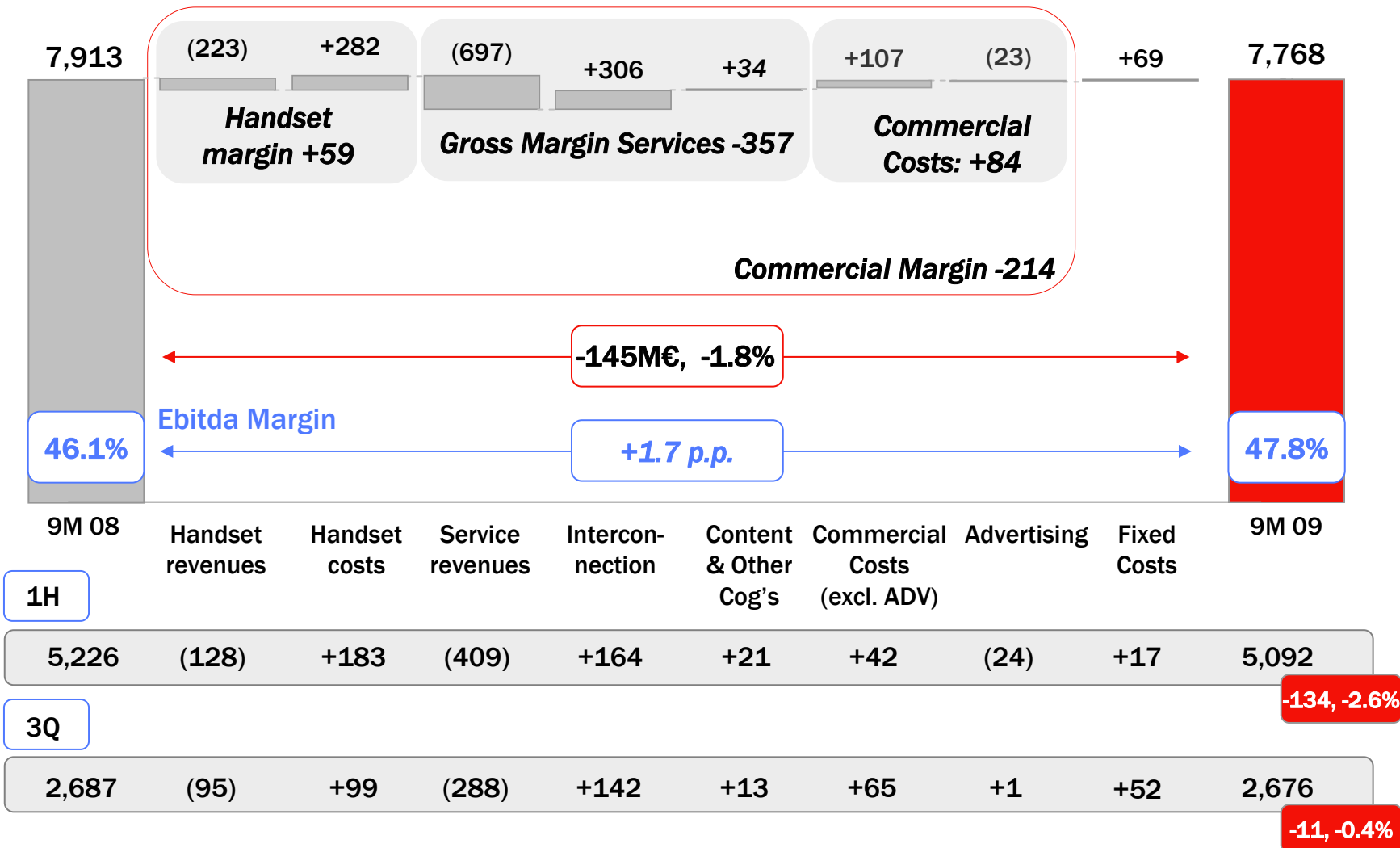
Efficiency 9M 09

Euro Mln, Organic Data



Domestic EBITDA change vs 2008

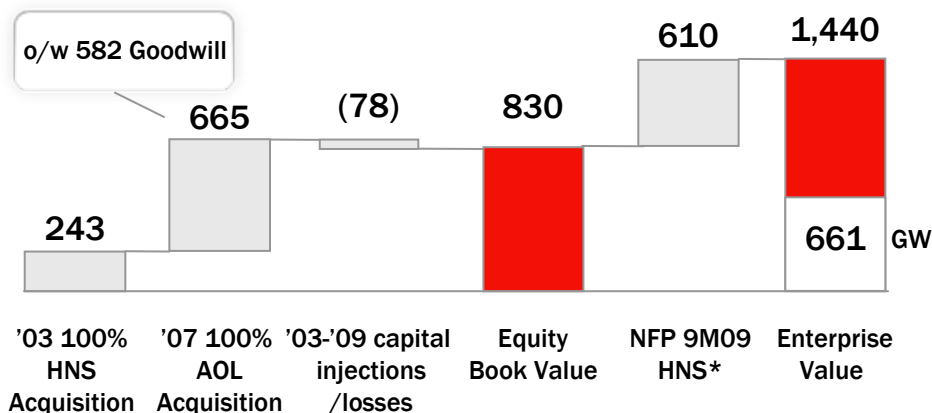
Euro million, %, Organic data



Non Core Assets Disposal: HanseNet

Book Value (Consolidated Accounts)

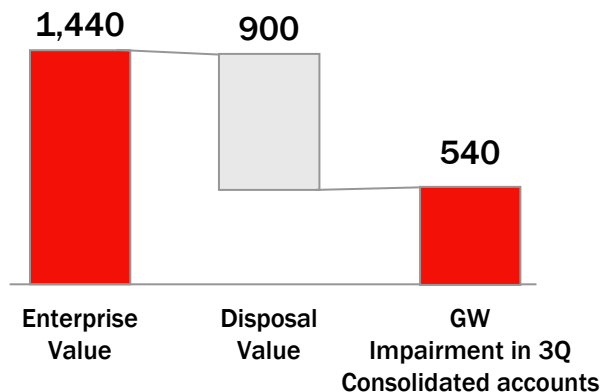
Euro Million



* Intercompany loans

TI Group P&L Impact

Euro Million



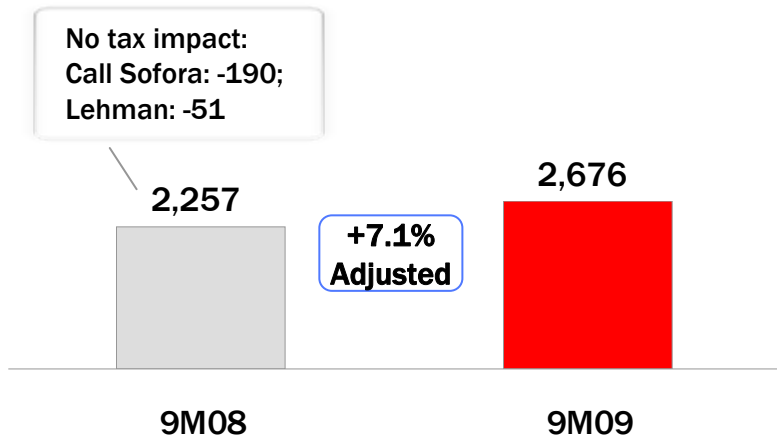
Key Points

- ▶ Disposal of non core assets: expected cash in approx. 900 million
- ▶ Closing is expected in 1Q 2010
- ▶ In consolidated accounts HanseNet is considered as Discontinued Operation.
- ▶ The Consolidated P&L Impact is -540 million euro

TI Group – Tax Trend

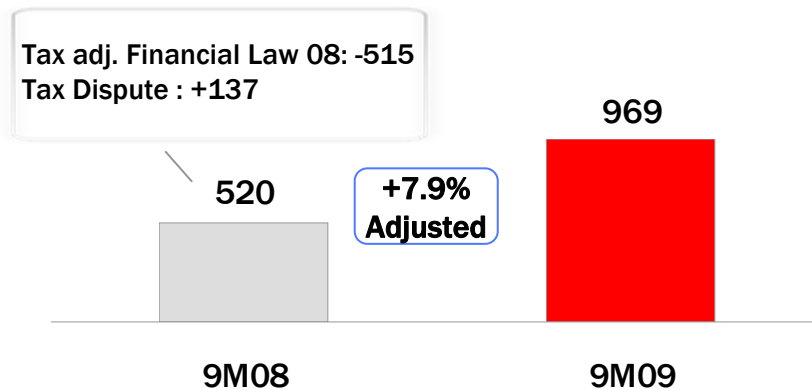
Net Income Before Taxes and Disc. Ops.

Euro million



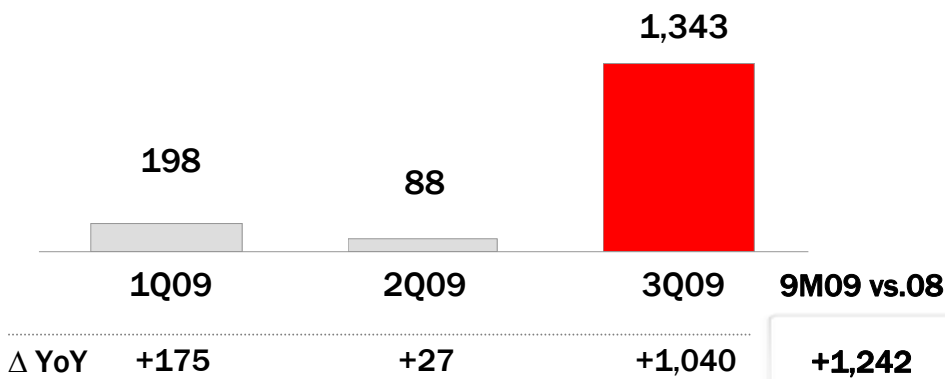
P&L Taxes

Euro million

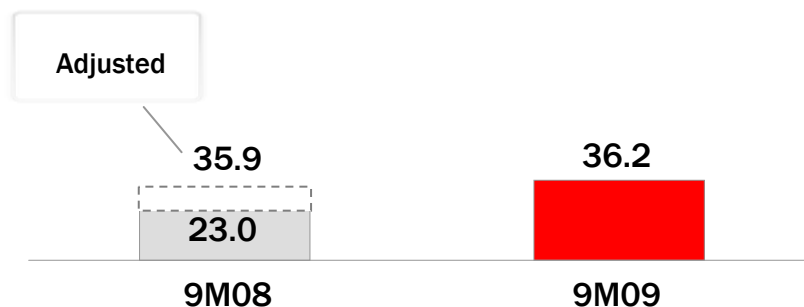


Tax Cash Out

Euro million

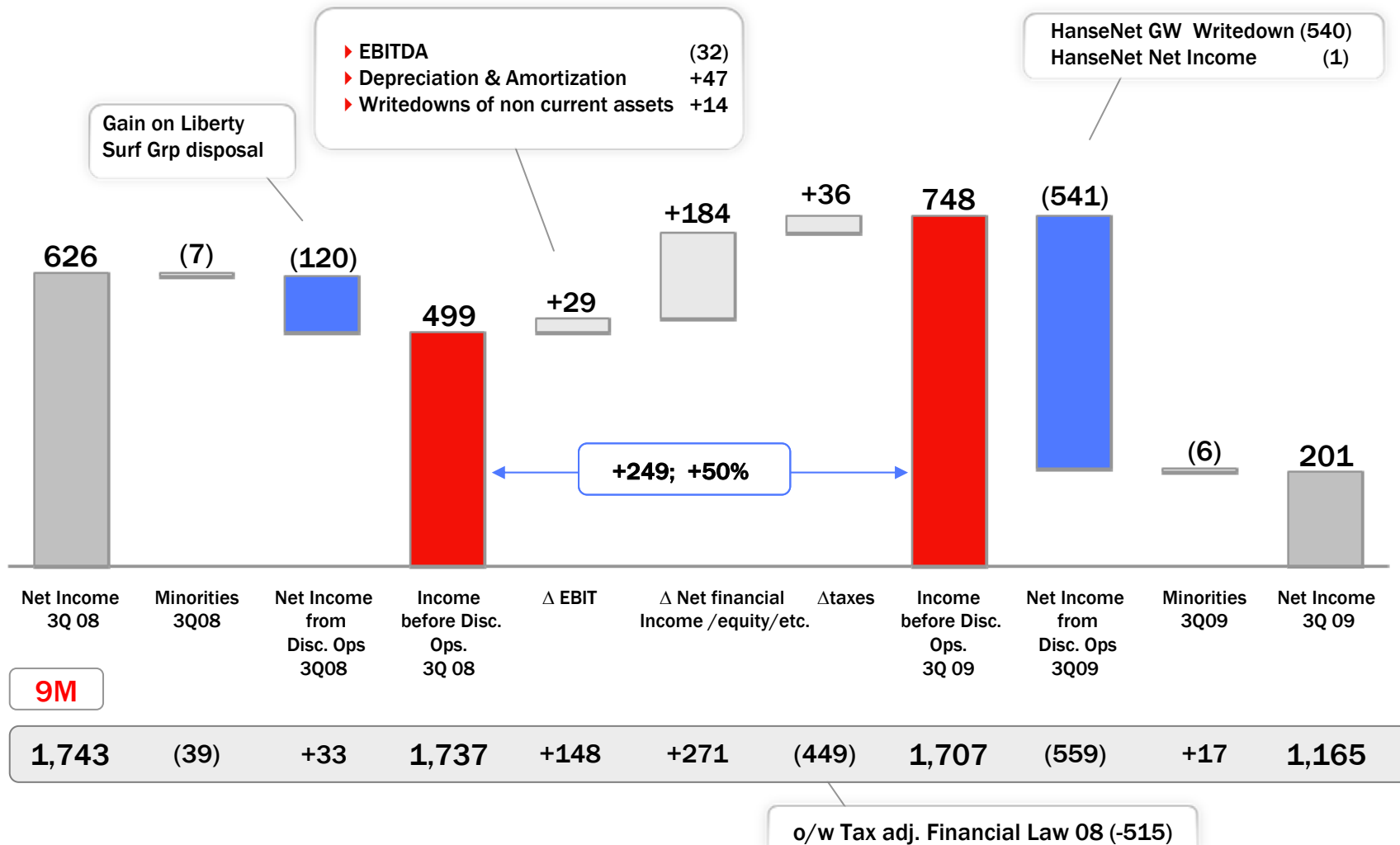


Tax Rate (%)



Net Income Evolution – 3Q09 vs. 3Q08

Euro mln



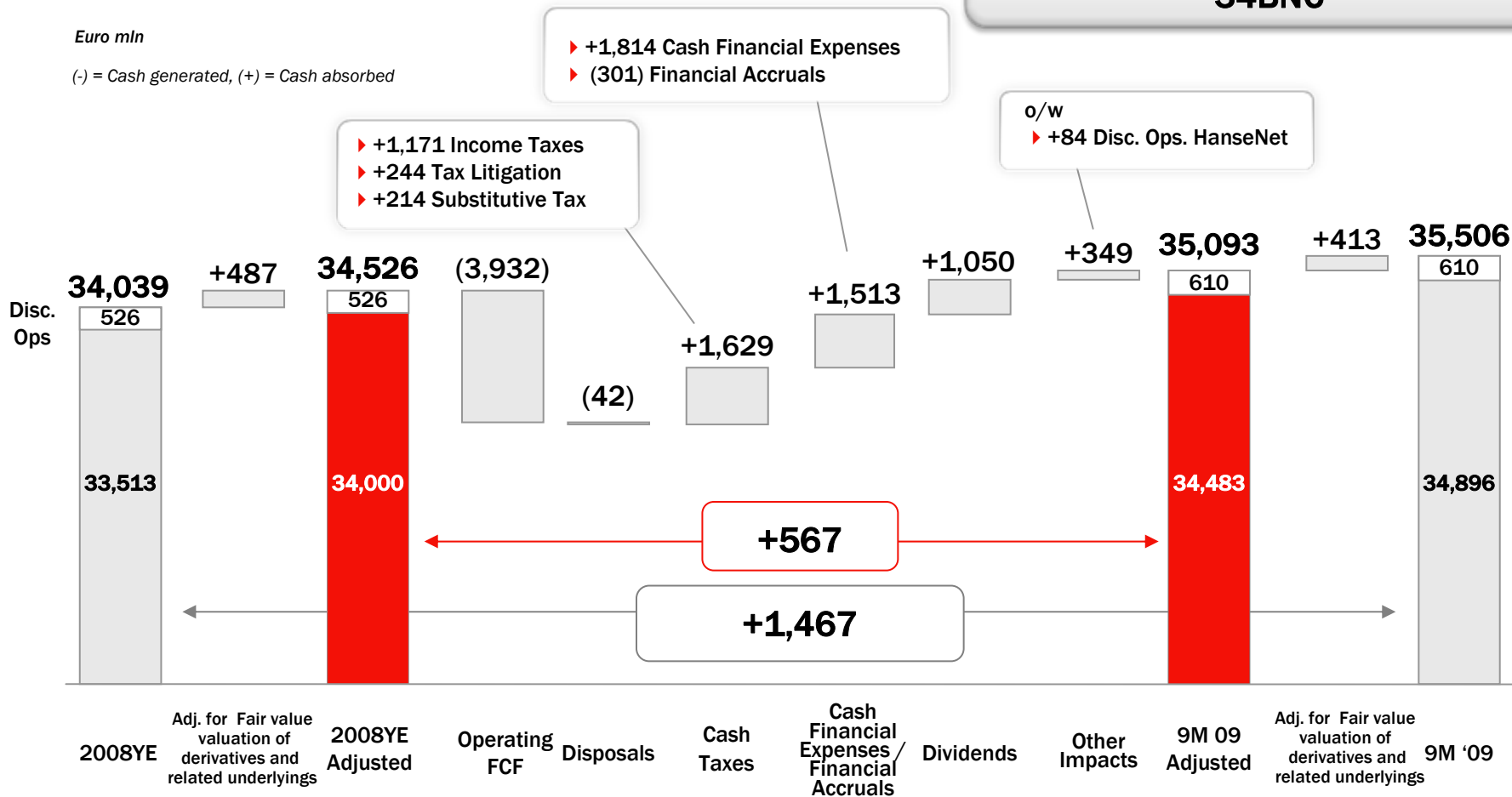
Net Debt Dynamics

Euro mln

(-) = Cash generated, (+) = Cash absorbed

FY09 NFP Adjusted Estimate:

~34BN€



2007YE		9M 08
35,873	(3,417)	35,898
Δ vs 9M '08	(515)	(64)

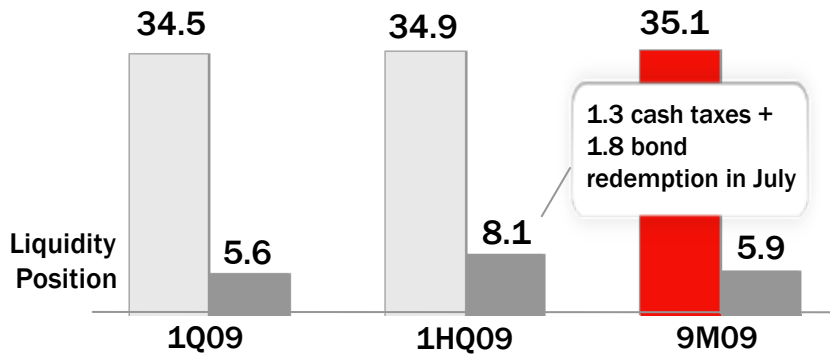
(+25) Δ vs 9M '08
 (+387) Δ vs 9M '08
 (+1,565) Δ vs 9M '08
 (+1,665) Δ vs 9M '08
 (+413) Δ vs 9M '08
 (+151) Δ vs 9M '08

(*) o/w +151 Disc. Ops. HanseNet

Cost of Debt

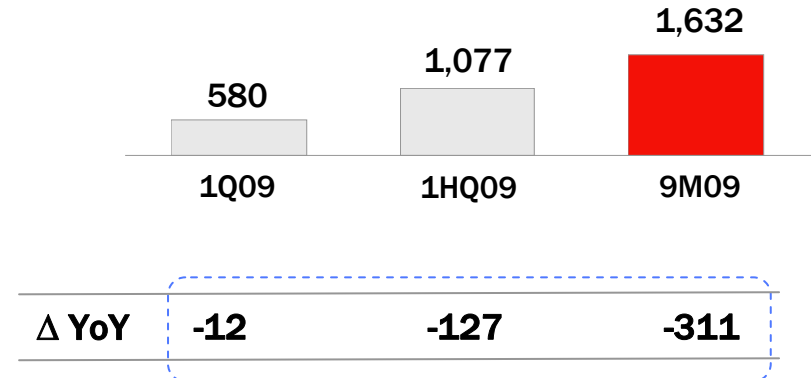
Net Financial Position Adj and Liquidity

Euro billion



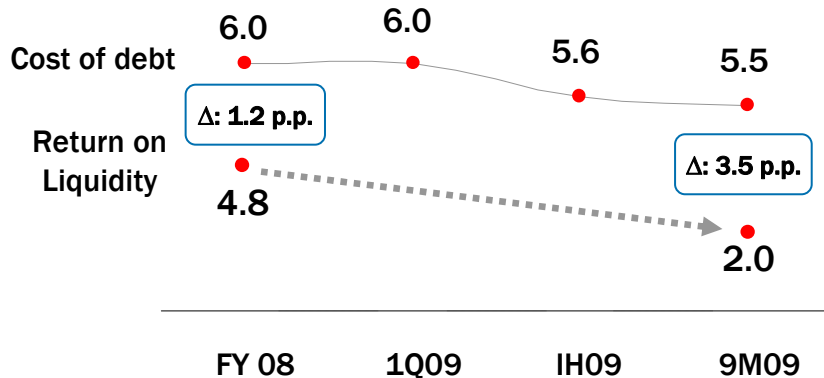
Net Financial Expenses

Euro million



Cost of Debt - Return on Liquidity (%)

Euro million



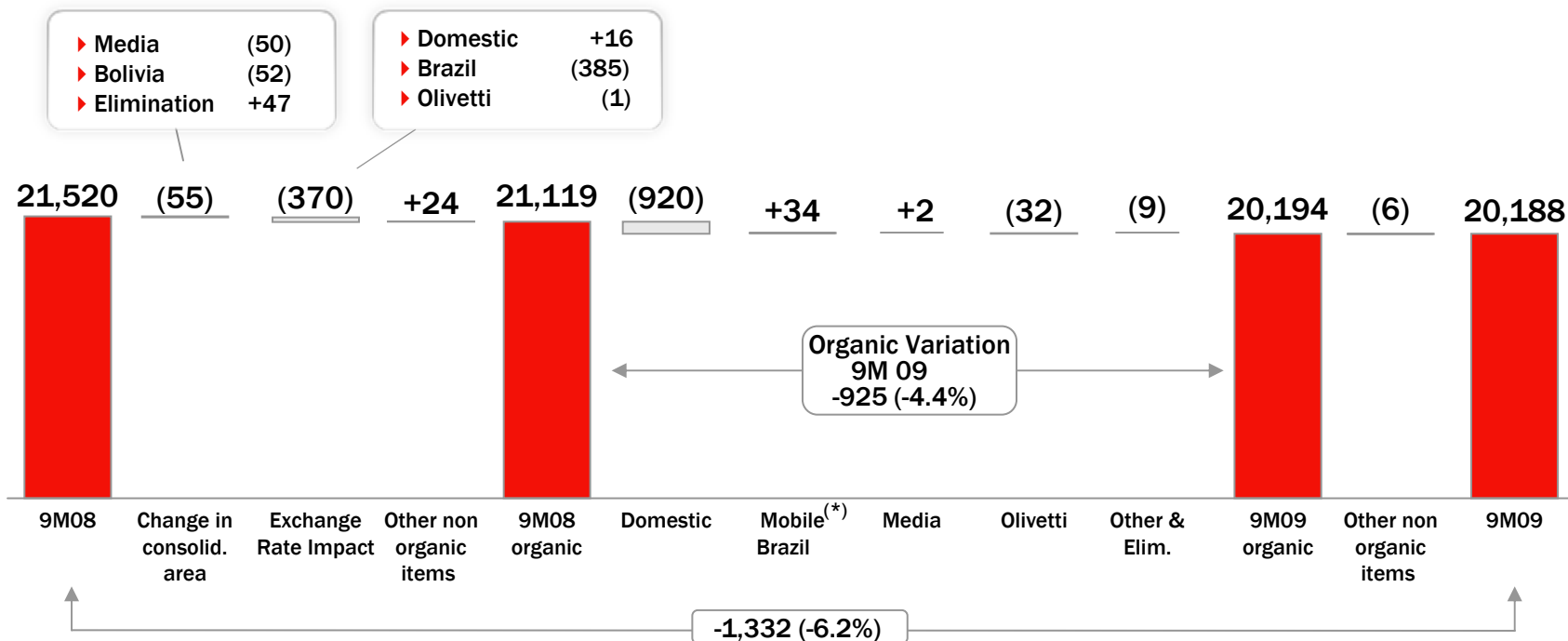
▶ Average debt maturity: 7.7 years (bond only 8.30 years)

▶ Fixed rate portion on gross debt approximately 65%

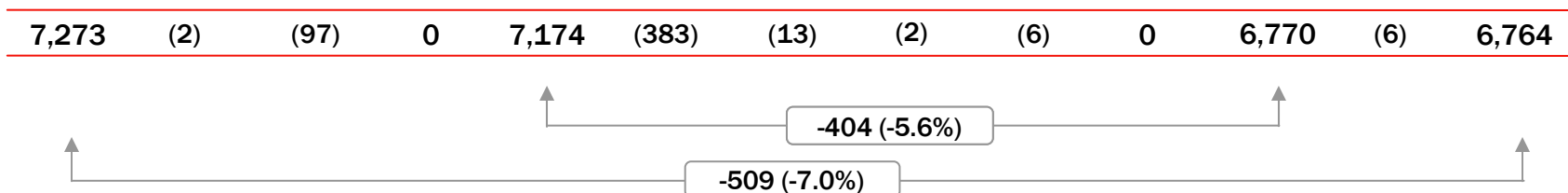
Appendix

Revenues Evolution

TI Group, Euro mln



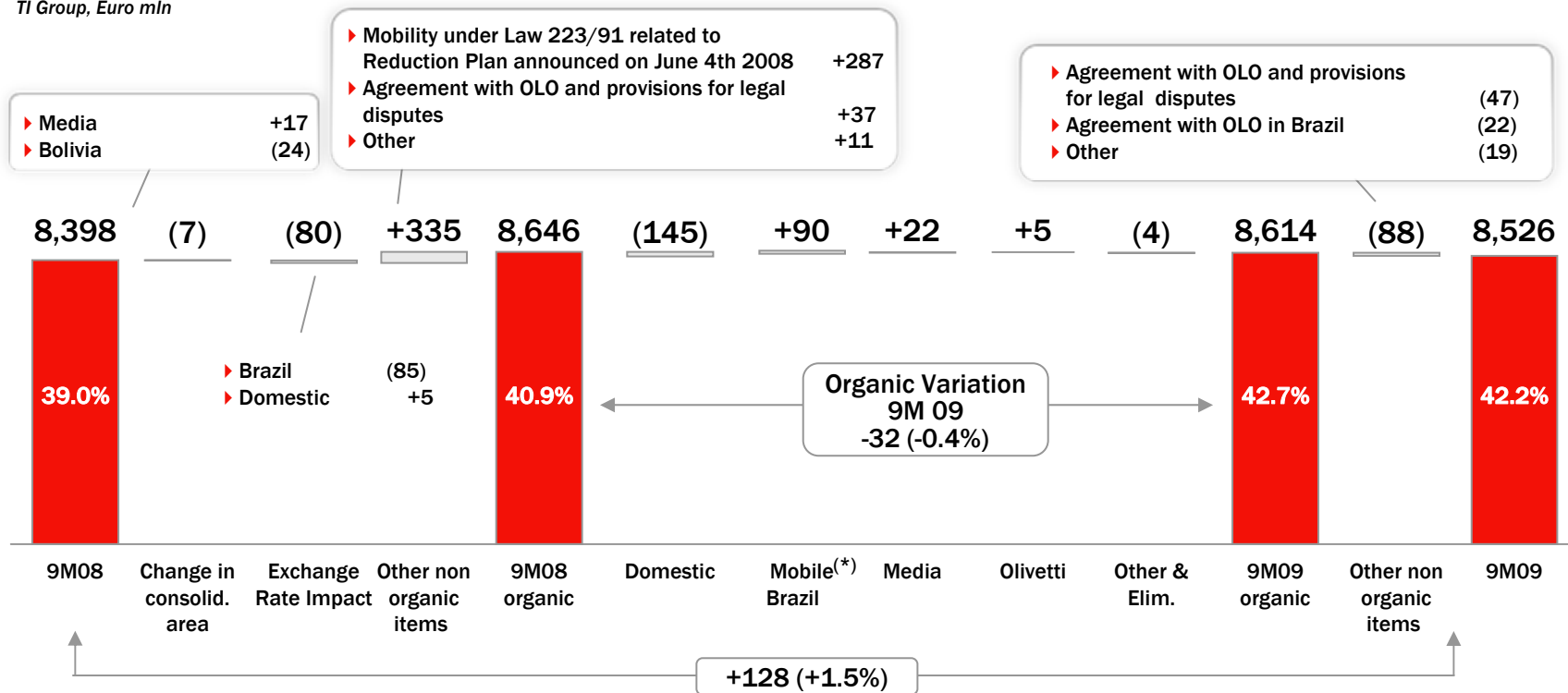
IIIQ



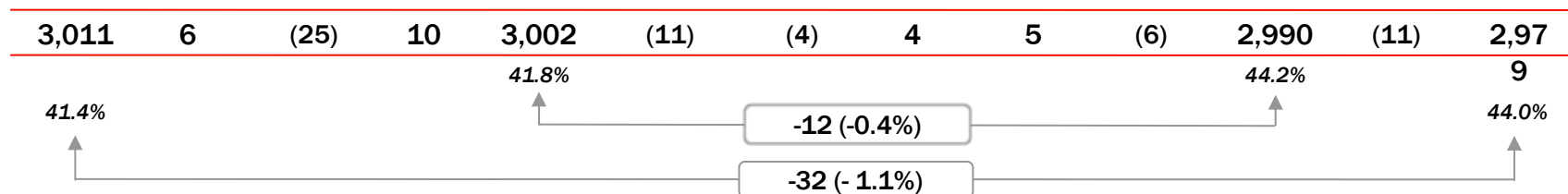
(*) Exchange rate (Real/Euro): 2.84 in 2009, 2.56 in 2008.

EBITDA Evolution

TI Group, Euro mln



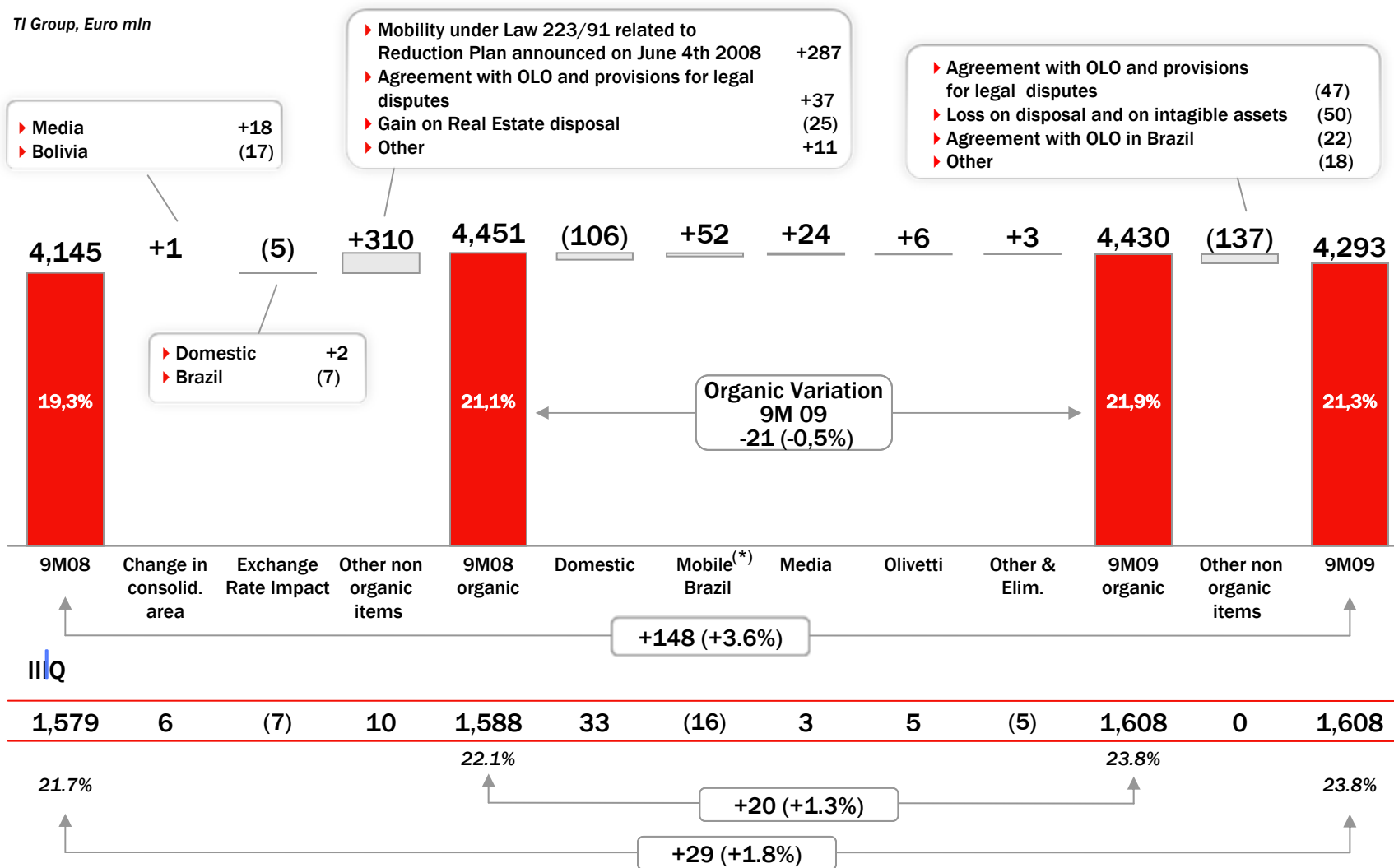
IIIQ



(*) Exchange rate (Real/Euro): 2.84 in 2009, 2.56 in 2008.

EBIT Evolution

TI Group, Euro mln

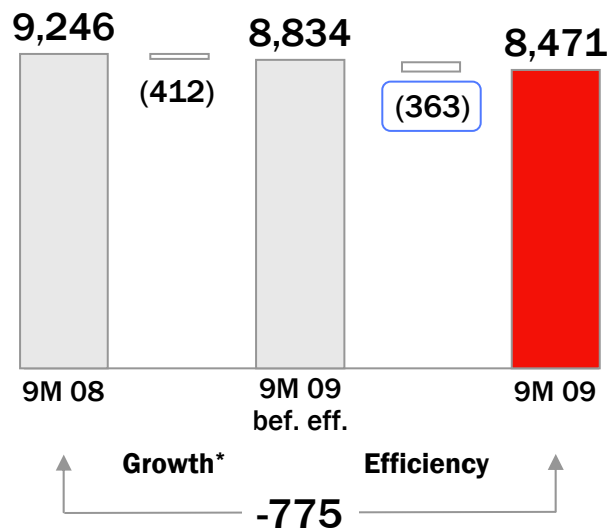


(*) Exchange rate (Real/Euro): 2.84 in 2009, 2.56 in 2008.

Focus on Domestic Efficiency

Euro Mln, Organic data

9M 09 Efficiency on Opex

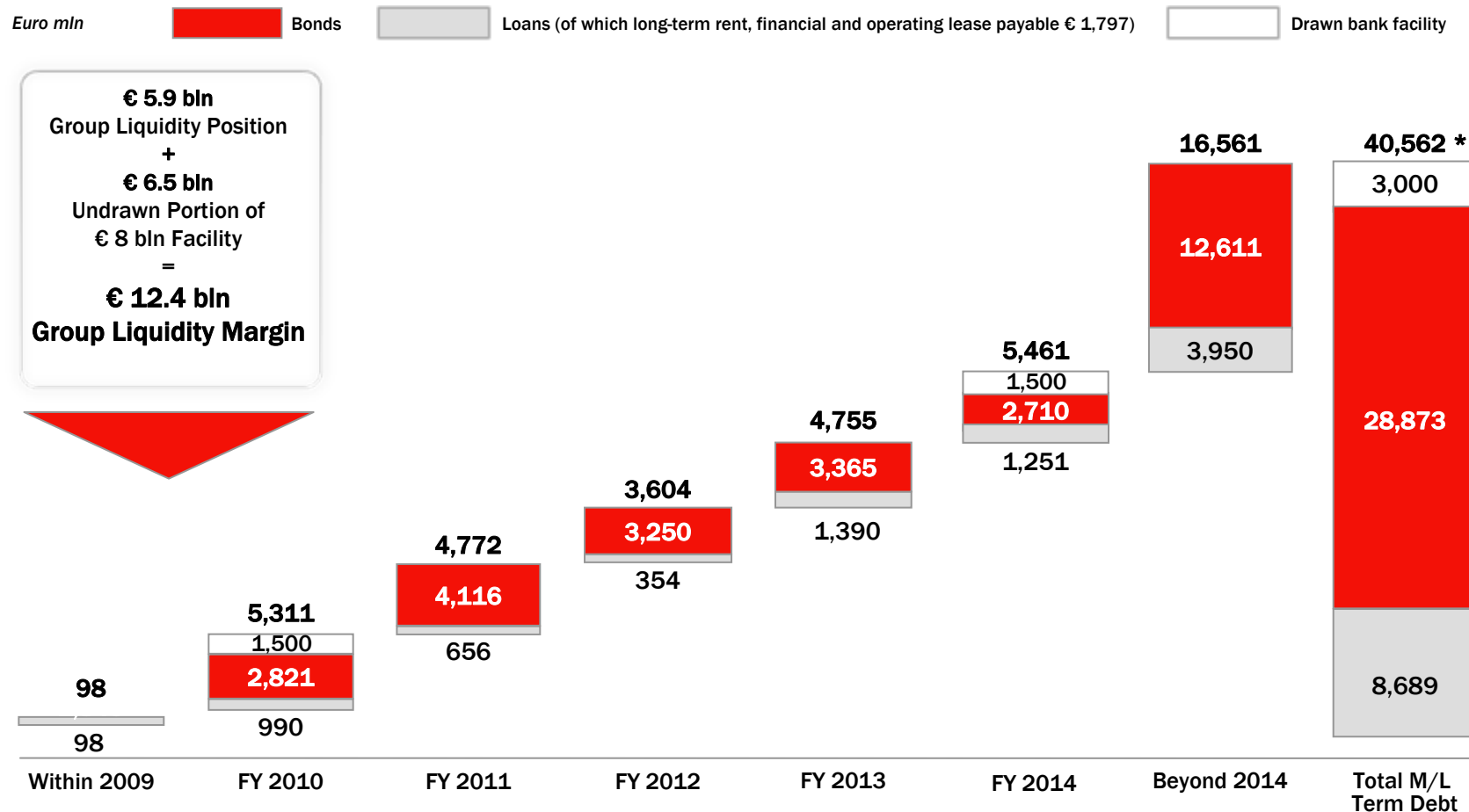


	Δ Abs vs. 9 M '08	of which Efficiency	of which Growth*
Interconnection	-306	-	-306
Marketing & Sales	-399	-161	-238
Personnel	-3	-72	+69
Industrial	+16	-12	+28
G&A	-94	-107	+13
Other **	+11	-11	+22
Total	-775	-363	-412

* Non Efficiency

** Other operating income and expenses

Group Liquidity Matches 2009 – 2010 Maturities



* € 40,562 mln is the nominal amount of outstanding medium-long term debt : by adding IAS adjustments (€ 825, not considering € 1,443 mln due to interest rates impact on derivatives valuation), current liabilities (€ 575 mln) and HanseNet intercompany/other debt accounted for as discontinued operations (€ 659 mln) gross debt figure of € 42,621 mln is reached.

N.B. Debt maturities are net of repurchased own bonds of which: € 180 mln TI Spa € 850 mln 5.25 % Notes due 2055, € 77 mln TI Spa € 750 mln 4.75 % Notes due 2014, € 54 mln TI Spa € 850 mln Notes due 2010, € 20 mln TIF € 139 mln FRN Notes due 2010 and € 35 mln TIF € 1,050 mln 7.75 % Notes due 2033.

TI Group – Profit and Loss

Euro mln	I Half				III Quarter				9 Months			
	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %
REVENUES	13.424	14.247	(823)	(5,8)	6.764	7.273	(509)	(7,0)	20.188	21.520	(1.332)	(6,2)
Other Operating Income	136	151	(15)	(9,9)	48	64	(16)	(25,0)	184	215	(31)	(14,4)
TOTAL REVENUES & OTHER INCOME	13.560	14.398	(838)	(5,8)	6.812	7.337	(525)	(7,2)	20.372	21.735	(1.363)	(6,3)
Total Purchases of materials and external services	(5.600)	(6.218)	618	9,9	(2.762)	(3.235)	473	14,6	(8.362)	(9.453)	1.091	11,5
Personnel	(1.903)	(2.221)	318	14,3	(834)	(867)	33	3,8	(2.737)	(3.088)	351	11,4
of which payroll	(1.862)	(1.878)	16	0,9	(834)	(844)	10	1,2	(2.696)	(2.722)	26	1,0
Other operating costs	(730)	(850)	120	14,1	(348)	(386)	38	9,8	(1.078)	(1.236)	158	12,8
Capitalized Cost and Others	220	278	(58)	(20,9)	111	162	(51)	(31,5)	331	440	(109)	(24,8)
EBITDA	5.547	5.387	160	3,0	2.979	3.011	(32)	(1,1)	8.526	8.398	128	1,5
% on Revenues	41,3%	37,8%			44,0%	41,4%			42,2%	39,0%		
Depreciation & Amortization	(2.799)	(2.846)	47	1,7	(1.379)	(1.426)	47	3,3	(4.178)	(4.272)	94	2,2
Writedowns/revaluations of non current assets	(48)	(1)	(47)	(4.700,0)	9	(5)	14	-	0	(6)	6	-
Gains/losses of non current assets realization	(15)	26	(41)	-	(1)	(1)	0	0,0	(55)	25	(80)	-
EBIT	2.685	2.566	119	4,6	1.608	1.579	29	1,8	4.293	4.145	148	3,6
% on Revenues	20,0%	18,0%			23,8%	21,7%			21,3%	19,3%		
Income (loss) equity invest. valued equity method	33	37	(4)		16	16	0		49	53	(4)	
Other income (expenses) from investments	(34)	2	(36)		0	0	0		(34)	2	(36)	
Net Financial Income / (Expenses)	(1.077)	(1.204)	127		(555)	(739)	184		(1.632)	(1.943)	311	
Income before Taxes & Disc. Op.	1.607	1.401	206		1.069	856	213		2.676	2.257	419	
% on Revenues	12,0%	9,8%			15,8%	11,8%			13,3%	10,5%		
Taxes	(648)	(163)	(485)		(321)	(357)	36		(969)	(520)	(449)	
Income before Discontinued Op.	959	1.238	(279)		748	499	249		1.707	1.737	(30)	
Net income (loss) of assets disposed	(18)	(153)	135		(541)	120	(661)		(559)	(33)	(526)	
Net Income (ante Minorities)	941	1.085	(144)		207	619	(412)		1.148	1.704	(556)	
% on Revenues	7,0%	7,6%			3,1%	8,5%			5,7%	7,9%		
Minorities	23	32	(9)		(6)	7	(13)		17	39	(22)	
Net Income (post Minorities)	964	1.117	(153)		201	626	(425)		1.165	1.743	(578)	
% on Revenues	7,2%	7,8%			3,0%	8,6%			5,8%	8,1%		

TI Group - Main Results by BU - by Quarter - Reported

Euro mln	I Quarter				II Quarter				III Quarter				9 Months			
	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %
REVENUES																
Domestic	5.357	5.600	-243	(4,3)	5.534	5.791	-257	(4,4)	5.342	5.728	-386	(6,7)	16.233	17.119	-886	(5,2)
Wireline Domestic	3.677	3.746	-69	(1,8)	3.724	3.739	-15	(0,4)	3.563	3.643	-80	(2,2)	10.964	11.128	-164	(1,5)
Tim Domestic	2.059	2.217	-158	(7,1)	2.253	2.424	-171	(7,1)	2.184	2.444	-260	(10,6)	6.496	7.085	-589	(8,3)
Funzioni Centrali	298	375	-77	(20,5)	6	371	-365	(98,4)	160	382	-222	(58,1)	464	1.128	-664	(58,9)
Mobile Brazil	1.061	1.224	-163	(13,3)	1.238	1.313	-75	(5,7)	1.323	1.436	-113	(7,9)	3.622	3.973	-351	(8,8)
Media	51	74	-23	(31,1)	63	74	-11	(14,9)	48	62	-14	(22,6)	162	210	-48	(22,9)
Olivetti	71	83	-12	(14,5)	82	97	-15	(15,5)	66	72	-6	(8,3)	219	252	-33	(13,1)
Other Activities	39	96	-57	(59,4)	41	43	-2	(4,7)	37	37	0	0,0	117	176	-59	(33,5)
Bolivia	0	52	-52	(100,0)	0	0	0	-	0	0	0	-	0	52	-52	(100,0)
Elim.	-52	-81	29	35,8	-61	-67	6	9,0	-52	-62	10	16,1	-165	-210	45	21,4
TI Group	6.527	6.996	-469	(6,7)	6.897	7.251	-354	(4,9)	6.764	7.273	-509	(7,0)	20.188	21.520	-1.332	(6,2)

	I Quarter				II Quarter				III Quarter				9 Months			
	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %
EBITDA																
Domestic	2.526	2.644	-118	(4,5)	2.518	2.253	265	11,8	2.668	2.676	-8	(0,3)	7.712	7.573	139	1,8
Mobile Brazil	231	242	-11	(4,5)	296	279	17	6,1	322	354	-32	(9,0)	849	875	-26	(3,0)
Media	-5	-21	16	76,2	-1	-14	13	92,9	0	-10	10	-	-6	-45	39	86,7
Olivetti	-9	-7	-2	(28,6)	-3	-5	2	40,0	-6	-11	5	45,5	-18	-23	5	21,7
Other Activities	-1	27	-28	-	1	0	1	-	-4	1	-5	-	-4	28	-32	-
Bolivia	0	24	-24	(100,0)	0	0	0	-	0	0	0	-	0	24	-24	(100,0)
Elim.	-3	-2	-1	(50,0)	-3	-9	6	66,7	-1	1	-2	-	-7	-10	3	30,0
TI Group	2.739	2.883	-144	(5,0)	2.808	2.504	304	12,1	2.979	3.011	-32	(1,1)	8.526	8.398	128	1,5
EBITDA MARGIN	42,0%	41,2%	0,8 pp		40,7%	34,5%	6,2 pp		44,0%	41,4%	2,6 pp		42,2%	39,0%	3,2 pp	

	I Quarter				II Quarter				III Quarter				9 Months			
	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %
EBIT																
Domestic	1.392	1.543	-151	(9,8)	1.319	1.102	217	19,7	1.587	1.542	45	2,9	4.298	4.187	111	2,7
Mobile Brazil	-5	-17	12	70,6	42	15	27	180,0	48	73	-25	(34,2)	85	71	14	19,7
Media	-20	-37	17	45,9	-27	-32	5	15,6	-15	-24	9	37,5	-62	-93	31	33,3
Olivetti	-10	-9	-1	(11,1)	-5	-7	2	28,6	-7	-12	5	41,7	-22	-28	6	21,4
Other Activities	-6	13	-19	-	-5	-5	0	0,0	-9	-6	-3	(50,0)	-20	2	-22	-
Bolivia	0	17	-17	(100,0)	0	0	0	-	0	0	0	-	0	17	-17	(100,0)
Elim.	3	2	1	50,0	7	-2	9	-	4	6	-2	(33,3)	14	6	8	133,3
TI Group	1.354	1.495	-141	(9,4)	1.331	1.071	260	24,3	1.608	1.579	29	1,8	4.293	4.145	148	3,6
EBIT MARGIN	20,7%	21,4%	-0,7 pp		19,3%	14,8%	4,5 pp		23,8%	21,7%	2,1 pp		21,3%	19,3%	2 pp	

TI Group - Main Results by BU - by Quarter - Organic

Euro mln	I Quarter				II Quarter				III Quarter				9 Months			
	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %
REVENUES																
Domestic	5.357	5.607	-250	(4,5)	5.534	5.821	-287	(4,9)	5.348	5.731	-383	(6,7)	16.239	17.159	-920	(5,4)
Wireline Domestic	3.677	3.753	-76	(2,0)	3.724	3.769	-45	(1,2)	3.569	3.646	-77	(2,1)	10.970	11.168	-198	(1,8)
Tim Domestic	2.059	2.217	-158	(7,1)	2.253	2.424	-171	(7,1)	2.184	2.444	-260	(10,6)	6.496	7.085	-589	(8,3)
Mobile Brazil	1.061	1.054	7	0,7	1.238	1.198	40	3,4	1.323	1.336	-13	(1,2)	3.622	3.588	34	1,0
Media	51	49	2	4,1	63	61	2	3,3	48	50	-2	(4,0)	162	160	2	1,3
Olivetti	71	83	-12	(14,5)	82	96	-14	(14,6)	66	72	-6	(8,3)	219	251	-32	(12,7)
Other Activities	39	44	-5	(11,4)	41	43	-2	(4,7)	37	37	0	0,0	117	124	-7	(5,6)
Bolivia	0	0	0	-	0	0	0	-	0	0	0	-	0	0	0	-
Elim.	-52	-57	5	8,8	-61	-54	-7	(13,0)	-52	-52	0	0,0	-165	-163	-2	(1,2)
TI Group	6.527	6.780	-253	(3,7)	6.897	7.165	-268	(3,7)	6.770	7.174	-404	(5,6)	20.194	21.119	-925	(4,4)

	I Quarter				II Quarter				III Quarter				9 Months			
	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %
EBITDA																
Domestic	2.542	2.658	-116	(4,4)	2.550	2.568		(0,7)	2.676	2.687	-11	(0,4)	7.768	7.913	-145	(1,8)
Mobile Brazil	252	208	44	20,7	304	254	50	20,1	324	328	-4	(2,0)	880	790	90	11,5
Media	-5	-15	10	66,7	-1	-9	8	88,9	0	-4	4	-	-6	-28	22	78,6
Olivetti	-9	-7	-2	(28,6)	-3	-5	2	40,0	-6	-11	5	45,5	-18	-23	5	21,7
Other Activities	-1	3	-4	-	1	0	1	-	-4	1	-5	-	-4	4	-8	-
Bolivia	0	0	0	-	0	0	0	-	0	0	0	-	0	0	0	-
Elim.	-3	-2	-1	(50,0)	-3	-9	6	66,7	0	1	-1	(100,0)	-6	-10	4	40,0
TI Group	2.776	2.845	-69	(2,4)	2.848	2.799	49	1,8	2.990	3.002	-12	(0,4)	8.614	8.646	-32	(0,4)
EBITDA MARGIN	42,5%	42,0%	0,5 pp		41,3%	39,1%	2,2 pp		44,2%	41,8%	2,4 pp		42,7%	40,9%	1,8 pp	

	I Quarter				II Quarter				III Quarter				9 Months			
	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %	2009	2008	Δ Abs	Δ %
EBIT																
Domestic	1.408	1.530	-122	(8,0)	1.400	1.417	-17	(1,2)	1.585	1.552	33	2,1	4.393	4.499	-106	(2,4)
Mobile Brazil	16	-15	31	-	50	13	37	-	50	66	-16	(27,0)	116	64	52	80,3
Media	-20	-31	11	35,5	-16	-26	10	38,5	-15	-18	3	16,7	-51	-75	24	32,0
Olivetti	-10	-9	-1	(11,1)	-5	-7	2	28,6	-7	-12	5	41,7	-22	-28	6	21,4
Other Activities	-6	-4	-2	(50,0)	-5	-5	0	0,0	-9	-6	-3	(50,0)	-20	-15	-5	(33,3)
Bolivia	0	0	0	-	0	0	0	-	0	0	0	-	0	0	0	-
Elim.	3	2	1	50,0	7	-2	9	-	4	6	-2	(33,3)	14	6	8	133,3
TI Group	1.391	1.473	-82	(5,6)	1.431	1.390	41	2,9	1.608	1.588	20	1,3	4.430	4.451	-21	(0,5)
EBIT MARGIN	21,3%	21,7%	-0,4 pp		20,7%	19,4%	1,3 pp		23,8%	22,1%	1,7 pp		21,9%	21,1%	0,8 pp	