

PRESS RELEASE

TELECOM ITALIA: GIUSEPPE RECCHI APPOINTED CHAIRMAN, THE NEW BOD TO SERVE FOR THE NEXT THREE YEARS WILL BE COMPOSED OF 13 DIRECTORS

- ▶ **2013 FINANCIAL STATEMENTS APPROVED**
- ▶ **DISTRIBUTION OF A PRIVILEGED DIVIDEND OF 2.75 EUROCENTS ON SAVINGS SHARES APPROVED**

Rozzano (MI), 16 April 2014

Telecom Italia Shareholders' Meeting met today chaired by Aldo Minucci, in ordinary and extraordinary sessions. The Shareholders' Meeting recorded the presence of 56.04% of the Company's ordinary share capital.

In the ordinary session the Shareholders' Meeting:

- ▶ **approved the 2013 financial statements** of Telecom Italia S.p.A., resolving to fully cover the loss using reserves (for 499,374,035.06 euros) and profits carried forward (for 528,910,741.99 euros); approved the allocation of 9,900,000 euros to service the Employee Share Ownership Plan, resolved by the Shareholders' Meeting last year; it also approved the distribution of the privileged dividend of 2.75 eurocents per savings share only, using the reserves. The dividend will be payable from 25 April 2014 (record date 24 April 2014) with a coupon date of 22 April 2014;
- ▶ **approved the first section of the Remuneration Report** which illustrates the Company's remuneration policy for directors and executive officers for the 2014 financial year;
- ▶ **appointed the new Board of Directors**, comprised of 13 Directors, who will remain in office for three financial years, until approval of the financial statements at 31 December 2016. Established 1,900,000 euros as the maximum total annual compensation of the new Board of Directors pursuant to Art. 2389, subsection 1, of the Italian Civil Code, to be distributed among its members in accordance with the decisions which will be taken in this regard by the Board;

In accordance with the Bylaws, 6 Directors have been appointed based on the slates submitted by the shareholders,: 3 were taken from the slate submitted by a group of savings management companies and international institutional investors, which obtained the highest number of votes:

Lucia CALVOSA (independent)
Davide BENELLO (independent)
Francesca CORNELLI (independent)

another 3 were elected from the Telco S.p.A slate, which was second for number of votes

Giuseppe RECCHI (independent)
Marco PATUANO
Baroness Denise KINGSMILL CBE (independent)

As the composition of the Board of Directors was not completed with the slate vote, the following directors, proposed by the shareholder Telco S.p.A, were elected by the majority vote of the Shareholders' Meeting: :

Flavio CATTANEO (independent)
Giorgina GALLO (independent)
Tarak BEN AMMAR
Laura CIOLI (independent)
Giorgio VALERIO (independent)
Jean Paul FITOUSSI
Luca MARZOTTO (independent)

The *curricula* of the newly-appointed Directors and their declarations (including with regard to their meeting the requirements of independence) are available on the Company website www.telecomitalia.com, "Investors" section.

- ▶ **appointed Giuseppe Recchi Chairman of the new Board of Directors;**
- ▶ **approved the supplementary remuneration of the Board of Statutory Auditors**, which had already been established by the Shareholders' Meeting of 15 May 2012, attributing to each Statutory Auditor an individual attendance fee of 500 euros gross for each meeting they attend in addition to 24 meetings per year, with effect from 1 January 2014.
- ▶ **approved the 2014-2016 stock option plan** for part of the management holding organisational positions that are crucial for corporate business purposes The Plan involves a maximum of 196,000,000 options, which will give the beneficiaries the right to subscribe or purchase (at the end of the three-year incentive period, subject to the level to which they achieve the performance parameters: relative Total Shareholder Return and Cumulated Free Cash Flow as per the 2014-2016 plan), a corresponding number of Telecom Italia ordinary shares, at a strike price in line with the market price of the share at the time of the launch. The Board of Directors has all the powers needed to define the regulations for the plan, and to implement it.

In the extraordinary session the Shareholders' Meeting:

- ▶ **approved the mandate to increase the share capital for cash, solely to service the stock options plan** for a maximum amount of 196,000,000 newly issued ordinary shares (with a maximum dilution of 1.01% of the total capital and 1.46% of the ordinary shares only, as at 31 December 2013).
- ▶ **approved the definitive reduction in the Revaluation Reserve pursuant to law 413/1991** by an amount corresponding to the amount of 1,128,826.78 euros used to cover the losses of financial year 2013.

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