

SHAREHOLDERS' MEETING OF TELECOM ITALIA S.P.A.  
EXPLANATORY REPORT PURSUANT TO ART. 126bis, SUBSECTION 4 OF LEGISLATIVE DECREE  
No. 58 OF 24 FEBRUARY 1998  
REGARDING THE REQUEST TO SUPPLEMENT THE AGENDA FORMULATED BY THE  
UNDERSIGNED Elliot International LP Elliot Associates LP The Liverpool Limited Partnership

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Gentlemen, ladies,

This report has been prepared pursuant to and for the effects of art. 126bis, subsection 4, of Legislative Decree no. 58 of 28 February 1998 ("CLF") in order to illustrate the reasons underlying the request, which we formulated today, to supplement the agenda of the shareholders' meeting of Telecom Italia S.p.A. ("TELECOM" or the "COMPANY") called for 24 April 2018 (the "Agenda") with the following subjects:

1. the revocation of the mandates of 6 Directors, in the persons of Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Giuseppe Recchi, Félicité Herzog and Anna Jones;
2. the appointment of 6 Directors, in the persons of Fulvio Conti, Massimo Ferrari, Paola Giannotti De Ponti, Luigi Gubitosi, Dante Roscini and Rocco Sabelli, to replace the directors whose mandates have been revoked pursuant to the preceding agenda item.

REASONS FOR THE ADOPTION OF THE RESOLUTIONS PROPOSED HERE

TELECOM is the leading market operator in Italy and has great strategic potential and resources that, if adequately capitalised on, would ensure major benefits for all its shareholders. But TELECOM's results are compromised by VIVENDI's control, which, in practice, has proved unsatisfactory and deficient.

**Since the COMPANY has been run by VIVENDI**, the name TELECOM is more and more often associated not with a strategic vision of the future of Italian telecommunications, but with ***governance failings and clashes with the Italian Authorities, with its employees and with the trade unions.***

The ***negative performance*** of the share against its competitors is the inevitable consequence of this situation.

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VIVENDI ***directs and coordinates*** TELECOM with less than a quarter of its capital<sup>1</sup>. Two thirds of its directors are currently appointed by VIVENDI, which thus has full control of the board of directors of TELECOM.

We believe that some members of this board of directors are focused on the particular interests of shareholder Vivendi to the detriment of the remaining shareholders.

Replacing the directors appointed by Vivendi with new and **fully independent** directors, with a high degree of professionalism and more representative of the share ownership - is the only tool to restore adequate governance of the COMPANY, give it a clear strategic direction and re-establish a constructive relationship with the Italian Authorities (a fundamental factor in a regulated business).

For the as yet unexpressed value of TELECOM to emerge, what is needed is a break with the past, which could be achieved in the shareholders' meeting, with the vote in favour of all those shareholders who, like us, disagree profoundly with VIVENDI's management.

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<sup>1</sup> VIVENDI's holding is around 24% of the voting capital and just over 18% of the entire share capital.

I.  
REMOVAL OF SIX DIRECTORS  
PROPOSED RESOLUTION

In light of the above, we intend to submit the following proposed resolution to the shareholders' meeting for approval:

"The shareholders' meeting of Telecom Italia S.p.A. resolves to revoke - with immediate effect - the mandates of Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Giuseppe Recchi, Félicité Herzog and Anna Jones to serve as Directors of the company, giving powers to the legal representative pro-tempore and, if he does not act, to the board of statutory auditors to ensure that the consequent entries are made in the competent Business Register, pursuant to the law".

II.  
APPOINTMENT OF SIX NEW DIRECTORS TO REPLACE THOSE REMOVED PURSUANT TO THE  
PREVIOUS ITEM ON THE AGENDA

If the shareholders' meeting should approve the above resolution, it would become possible to restore a governance free of bias with an administrative body focussed solely on the company's business, in the interest of all its shareholders. We hope that, in this context, a new Board of Directors would wish to consider, among its priority objectives, establishing the timing and best procedures in the interest of all the shareholders of the COMPANY:

- the conversion of the savings shares into ordinary shares, so as to modernise the structure of the capital of TELECOM as the market has sought for some time;
- the deconsolidation of "NetCo" and of Telecom Italia Sparkle S.p.A., through their flotation or partial sale, maintaining major holdings in both these assets in the interest of all stakeholders, using the cash generated to reduce Telecom's financial leverage;
- the consequent reintroduction of dividends on ordinary shares.

The undersigned shareholders have therefore proposed the appointment of the following people, to serve as directors of the COMPANY in place of the directors that have been removed:

- Fulvio Conti;
- Massimo Ferrari;
- Paola Giannotti De Ponti;
- Luigi Gubitosi;
- Dante Roscini;
- Rocco Sabelli;

whose curricula vitae and required declarations (pursuant to the prescriptions of the law and the Company bylaws) are attached herewith.

### **PROPOSED RESOLUTION**

We therefore intend to submit the following proposed resolution to the shareholders' meeting for approval:

*"The shareholders' meeting of Telecom Italia S.p.A., having taken note of the removal of Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Giuseppe Recchi, Félicité Herzog and Anna Jones from office as Directors and Members of the Board of Directors, resolves to appoint as Directors of the company, to replace the aforementioned removed Directors, Fulvio Conti, Massimo Ferrari, Paola Giannotti De Ponti, Luigi Gubitosi, Dante Roscini and Rocco Sabelli, who will remain in office until the expiry of the mandate of the current Board of Directors, and therefore until the shareholders' meeting called to approve the financial statements at 31 December 2019".*

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The following documents are annexed to this report (a) the declarations of acceptance of candidacy (in accordance with the prescriptions of the law and the Company bylaws) and (b) a brief curriculum vitae for each candidate (containing inter alia an indication of the offices held in the administration and control bodies of other companies). This report is available on the website [www.transformingt看.com](http://www.transformingt看.com) and will be made available to the shareholders by the COMPANY within the legal terms and forms.

14 March 2018

Elliott International LP  
Represented by: Joshua Nadell

Elliott Associates LP  
Represented by: Joshua Nadell

The Liverpool Limited Partnership  
Represented by: Joshua Nadell