Consob Request, Protocol 0109908/18 of 13/04/2018 pursuant to article 114, subsection 5, of Legislative Decree No. 58/1998

Supplement of the paragraph “Transactions with related parties and direction and coordination activities” of the 2017 Report on Operations

In relation to the resolutions made by majority vote of the Board of Directors on 28 September 2017, it should be noted that the decision to resume the project to sell Persidera (previously set aside owing to offers deemed to be unsatisfactory) was taken with the prior approval of the Control and Risk Committee; the decision was made with two dissenting votes , declaring that the Company had no interest in the operation.

The following resolutions were also made at that time:

- the granting of a power of attorney to exercise TIM's voting rights at the Persidera shareholders' meeting in favour of the Trustee appointed by Vivendi as part of the undertakings independently given by Vivendi itself toward the European Commission on 4 May 2017 (Advolis S.A.), as per the documentation available on the European Commission's website.
- the replacement on Persidera's Board of Directors of two directors appointed by TIM with two members proposed by the Trustee.

The two aforementioned decisions (power of attorney and replacement of directors) were taken by majority vote, following an opinion to the contrary by the Control and Risk Committee, unanimously adopted (for completeness, it should be noted that some members of the Committee, changed their opinion following the illustration of the situation at the board meeting).

With regard to the Board of Directors meeting held on 23 February 2018, the assessment of the non-strategic nature of Persidera took place on the basis of the fact that it focuses on activities that have no synergy with the company's core business and also that the 700 MHz frequency concessions, destined for telecoms use, did not and do not present any positioning benefit in view of the change of the designated use of the channel (today it is used for television broadcasting), nor for the purposes of the deployment of 5G technology, nor in terms compensation

The decision to accept the Rai Way – F2i offer was taken by a majority vote (with five dissenting votes, of which two with reasons explained in the dissenting opinion specified below), subject to the prior favourable opinion of the Control and Risk Committee, which was, in turn, taken by a majority vote. In this regard, the independent expert appointed by the Committee (Professor Mauro Bini) objected to the fairness of the aforementioned offer believing it not "fair in financial terms from TIM's perspective" (the Committee's opinion and the essential elements of the independent expert's opinion are attached).

To be thorough, it should be noted that the price of the aforementioned offer was lower than the value of the asset, as estimated by Credit Suisse commissioned by TIM and the minority shareholder in Persidera (Gedi), in order to define the conditions for exercising the predetermined rights in the relations between the parties, as specified in the shareholders' agreement. Pursuant to the provisions of the shareholders' agreement, the purpose of the aforementioned assessment is not to express a value of the shareholding which might be realised from concrete market offers, but rather to define the minimum value due to the minority shareholder in the event of the drag-along right being exercised by the majority shareholder.

The reasons underpinning the choice made by the Board of Directors to accept the Rai Way - F2i offer were, briefly, as follows:

– the offer was the only one received after an articulated sale process implemented also with the support of two financial advisors and therefore the price was that which the market was able to express at that time;
– the prospects of the business and the reference market did not suppose a future upside value, but rather a risk of deterioration;
– the renouncement of an asset that is not core made it possible to focus on the core business and use the financial proceeds in the investments scheduled in the strategic plan and specifically for 5G concessions.

The Rai Way offer - F2i was, however, rejected by the Persidera minority shareholder (GEDI), which in the press release dated 5 March 2018, stated that it was not in line with their expectations.

Subsequently, at the Board meeting on 23 February, Vivendi asked TIM's Chief Executive Officer, as part of its direction and coordination activity, to issue a new power of attorney to the Trustee referred to above, in order to involve it in the sale of Persidera, again in relation to the undertakings given independently by Vivendi to the European Commission. The power of attorney, following a debate between Tim and Vivendi, which led to a significant review of TIM's interest, was signed on 28 February 2018.

The Directors were informed of the above on 2 March 2018, without subsequently proceeding with any ratifying resolution, since the release of the power of attorney, as amended upon TIM's request, fell within the powers of the Chief Executive Officer and his entitlement to execute the mandate issued by the Board of Directors using his own discretion. The power of attorney, considered per se, excluded and excludes any independent decision-making power for the Trustee, since its content is limited to execution, in coordination with the Chief Executive Officer, of whatever (already or in the future) has been resolved by the Board of Directors in compliance with due governance procedures.

It should particularly be noted that the power of attorney is a deed of a private nature governed by express provision, by Italian law, and that TIM has made no commitment to the European Commission. The initial version of the document, as proposed in the context of the aforementioned EU procedure, envisaged the substantial transfer of Persidera shares from TIM to the Trustee, which would have allowed it to act autonomously in relation to the Company's Board of Directors: TIM had not accepted this, and no-one had made any objection. At the moment and as far as is known, Advolis is acting within the limits and requirements of the power of attorney.

Paragraph 6,

- on the one hand, envisages that, in executing the board resolution relating to the sale of Persidera, the Trustee, should liaise with the Company's Chief Executive Officer and
- it should be noted, on the other, that this coordination may not constitute a limitation of the powers attributed to Advolis.

This implies that the activities of the Trustee must be coordinated with those carried out by the Chief Executive Officer, while not necessarily having to be carried out jointly with him.

The power of attorney in any case prescribes that these activities are limited to the mere execution of the decisions taken, autonomously and fully by the Board of Directors and in the duty to operate with due professional diligence in the interests of TIM. In this sense, as decided by the Board of Directors, the initiatives taken by the Chief Executive Officer, in coordination with the Trustee, are aimed, given the unwillingness of the minority shareholder to sell its stake (thus making it not possible to pursue the offer made by Rai Way – F2i), to try to raise the offer received, or check the existence of further offers by other investors.

The process is still underway, however, it should again be recalled, that any opportunity which arises shall be subject to examination and decision by the Board of Directors, in compliance with the procedure for performing transactions with related parties.

Consob Request, Protocol 0109908/18 of 13/04/2018 pursuant to article 114, subsection 5, of Legislative Decree No. 58/1998

Supplement to the 2017 Report on Operations

The negotiations for the creation of a JV between TIM and Canal Plus were resumed with the sending of a new framework proposal by Vivendi on 18 January 2018, which was followed by the drafting of an analysis and evaluation document by TIM. This material was presented, in the context of the procedure for performing transactions with related parties of greater importance, during the meeting of the Committee of Independent Directors, which proceeded to appoint its own experts.

Following the approval of the 2018-2020 strategic plan and in relation to some innovations contained in the Vivendi proposal (starting from the company called to participate in the JV, identified in Vivendi and no longer in Canal Plus), the Chief Executive Officer decided to hold the project on stand-by and in the meantime to continue to autonomously develop content, resuming negotiations with various operators, including Mediaset, with which commercial agreements are being finalized.

OPINION OF THE CONTROL AND RISK COMMITTEE
PROVIDED TO THE BOARD OF DIRECTORS
DURING THE MEETING HELD ON 23 FEBRUARY 2018

The CRC, by a majority vote:

- *following the review undertaken on 27 September 2017, to consider if it is in the Company's interest to proceed with the sale of the stake it currently holds in Persidera S.p.A. (70% owned by TIM and 30% by GEDI, with which TIM has entered into a shareholders ' agreement containing clauses and conditions concerning the process for disposal of the company;*
- *given the guidelines of the strategic plan presented to the Board of Directors at its meeting on 5 December 2017, which evidenced the conviction of the company's management that the stake is not a core asset, and, in addition, the need to find financial resources to support the Group's strategic investment initiatives and to respect the commitment made with regard to the net financial position;*
- *given the documentation prepared by the management and by TIM's financial advisor on the disposal process (Barclays), regarding said process, and the structure of the offer that had been announced at that time by F2i and Rai Way S.p.A., made available prior to the meeting on 1 February 2018, and in that meeting illustrated by the Chief Financial Officer of the Company;*
- *having examined the documents prepared by the Committee's independent consultant, Professor Mauro Bini, on the economics of Persidera, its target market and the prospects of its evolution, analytically presented in the meetings on 1 and 16 February 2018, and further examined in a special meeting on 19 February 2018;*
- *having acquired the valuation of the asset made by Credit Suisse, engaged by TIM and GEDI in the past, pursuant to the shareholders' agreements;*
- *having noted the evaluation material and the presentation made by the aforementioned Professor Bini at the meeting of 16 February 2018 and the meeting of 19 February 2018;*
- *having acquired the offer of F2i and Rai Way received on 15 February 2018;*
- *given the opinion regarding the financial adequacy (of the offer), and having acquired the full Valuation Memorandum, drafted by Professor Bini, who concluded*

his engagement by expressing the opinion that the offer price could not be considered adequate in financial terms from TIM's perspective, although he also emphasised the intrinsic limitations of the work done;

- *given the analysis of the offer made by F2i and Rai Way, by the financial advisor and the Company's management (including the Chief Executive Officer, the Chief Financial Officer and the General Counsel of the Company), which was made available for the meeting of 23 February 2018;*
- *having noted the renewal of their offer by F2i and Rai Way, reported by the Chief Financial Officer of the Company at the meeting on 23 February 2018;*
- *having acknowledged the non-binding offer received during the night from I Squared Capital, as illustrated by the management today;*
- *based on the assumption that the Company has - jointly with its fellow shareholder, as prescribed in the shareholders' agreements - carried out an articulated process to sell Persidera, availing itself of two major international banks, and thoroughly described during today's meeting of the Committee, after which the offer referred to above was received. This offer therefore represents the value currently available on the market for Persidera, and (which also indicated) that there remains room for negotiation, subject to improvement of the conditions proposed by potential buyers of the asset;*

expresses itself in favour of accepting the offer, based on the following reasons:

- *the initiative is in the interests of the Company:*
  - ✓ *the asset is not part of TIM's core business and does not present opportunities for synergies with the rest of the Group;*
  - ✓ *the asset does not present recognisable prospects for growth in value (but possible risks of loss of value) in the short term and in the medium-long term, as confirmed by the scenarios on which the strategic planning of the Group itself is based, in relation to the progressive decline in DTT transmissions after the competition with other platforms, first and foremost IPTV, on which TIM itself is focussing, and this therefore shows that TIM's strategic interest is opposite to that of Persidera;*
  - ✓ *TIM has no interest in tying up resources, given the pressing financial needs which the Group expects to have to face in the short term, to fund productive*

investments in sectors that are strategic for the growth of its core business, upon which the Company's share price and rating depend, without by this damaging its net financial position;

  - ✓ *TIM therefore has immediate opportunities to reinvest the revenues deriving from the sale of the asset, which can be used to pursue its strategic priorities;*
  - ✓ *there is a strategic and financial interest in the sale of the asset;*

- *expediency of the initiative:*
  - ✓ *the valuation process has been carried out in a professional manner, by making every reasonable attempt to identify and reach out to potential partners that might be interested in buying, also availing itself of the support of two major international banks;*
  - ✓ *no credible alternatives to monetising the asset have been identified, in terms of both execution times and in terms of achievable results;*
  - ✓ *the sale to Rai Way and F2i represents an opportunity to generate cash immediately, with an execution risk that is manageable*
  - ✓ *the offer received from Rai Way and F2i may reasonably be considered the best offer that could today be obtained on the market;*
- *correctness of the terms and conditions of the transaction:*
  - ✓ *the offer price and therefore the economic conditions of the transaction are correct in the sense that the price offered by Rai Way and F2i is objectively the price (that would be) expressed by the market after a structured sale process and a search for potential purchasers;*
  - ✓ *the earn-out mechanisms allow the seller to benefit from the opportunities for value enhancement that the asset does not currently express at the present time, but which it would be unfair for the purchaser to benefit from;*
  - ✓ *the terms and conditions of the sale agreement, if negotiated according to the guidelines presented by the management, are balanced and representative of the interests of the parties and in line with market practice for similar transactions.*

Finally, Professor Calvosa reported the dissenting opinions expressed by herself and by Professor Cornelli. In particular, she stated that:

- Professor Cornelli

- ✓ considered that the conditions in which the process has taken place (i.e. the fact that Vivendi's commitment to the EU Commission to dispose of Persidera was known) had a detrimental effect on its outcome, reasonably resulting in the formulation of offers lower than might have been obtained;
- ✓ deems it unworkable to accept an offer for less than the amount specified in the two fairness opinions, the opinion by Professor Bini, the Committee's independent consultant, and the opinion by Credit Suisse, the advisor appointed jointly by TIM and GEDI, pursuant to the shareholders' agreement;

- Professor Calvosa
  - ✓ confirmed her opinion that it was not in the interest of the Company to sell, as she had reiterated several times before. From the investigation it had emerged, in her view, that there was no interest in selling at this time and in this way, and this had been confirmed by today's discussion with the Committee's advisor, Professor Bini;
  - ✓ she emphasised that the offer was lower than the fairness opinion issued by the aforementioned Professor Bini and therefore not to the advantage of the company;
  - ✓ she stated that she was against the transaction.

PROFESSOR MAURO BINI'S OPINION

KEY ELEMENTS

Under the scope of the disposal of Persidera, which is still in progress, TIM has appointed Mauro Bini (the "Expert"), full professor of Corporate Finance at Luigi Bocconi University, to give a fairness opinion on the offers received.

In fulfilling the appointment, the Expert adopted the Italian Valuation Standards ("PIV") and considered the price at which an asset may be exchanged between independent, motivated subjects operating in a well-informed, prudent manner and without being exposed to any particular pressure (obligations to buy or sell), as the market value; he also considered the fair value(PIV I.6.5), which also reflects the additional synergies that the specific buyer may achieve.

In preparing his valuation, the Expert adopted the Discounted Cash Flow (CDF) criterion, calculated as at 31 December 2017, insofar the lack of comparable transactions and comparable listed companies made the market approach impossible.

As regards the main sources and assumptions of the valuation, the Expert particularly considered the management forecasts relative to the company's business (the business plan) and past performance. The Expert then considered the partially uncertain context relative to the possible consequences of re-farming the 700 Mhz bandwidth, as envisaged by the 2018 Budget Law, adopting the scenario envisaged by the management - based on the availability of 3 MUX - by way of the reference considered most likely and considering the relative risk in the discounting rate. Finally, the uncertainties connected with the evolution of the long-term technological scenario, beyond the expiry of the current licences, were also factored in by the Expert, by adopting two different criteria for defining the terminal value and by setting out two different prospective profitability scenarios for the sector.

The Expert then considered the existing regulatory and legislative restrictions that may reduce the number of possible buyers.

In order to fulfil the appointment, private information was used, as the Expert enjoys extensive access to past and prospective data on the company, as well as public information, including through the consultation of databases.

The fairness opinion, issued by Professor Bini on 21 February 2018, identified a market value for 100% of the Enterprise Value of Persidera as at 31/12/2017 ranging between 257 million euros and 282 million euros.

This range, which does not include the value of contributions to be recognised to Persidera in the future, pursuant to the 2018 Budget Law (offsetting the costs of converting to DVB-T2 technology) and the potential indemnity relative to a dispute on frequencies, may also be increased according to any additional synergies that can be realised by the effective buyer (fair value).