



SHAREHOLDERS' MEETING ON APRIL 23 2020

2020 EMPLOYEE STOCK OWNERSHIP PLAN
INFORMATION DOCUMENT

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INTRODUCTION

On March 10, 2020 the Board of Directors of Telecom Italia S.p.A. ("TIM", the "Company" or the "Issuer"), based on the investigations made by the Nomination and Remuneration Committee, approved the proposal for the "2020 Employee Stock Ownership Ownership Plan" (the "Plan") to be submitted to the Shareholders' Meeting called for April 23, 2020.

The Plan consists of the offer to subscribe Company's ordinary shares, at a discount vis-à-vis market price, reserved to employees of the Company or its subsidiaries based in Italy, and the subsequent free allocation of ordinary shares, subject to retention of ownership of the subscribed shares for one year and continuing employment with a Telecom Italia Group company.

As such, the Plan is not a remuneration plan pursuant to art. 114-bis of Italian Legislative Decree no. 58/1998. Nevertheless, this information document (intended to provide information on the number and nature of the shares, as well as the reasons for and details of the offer) has been prepared based on the corresponding form, to the extent compatible and within reasonable limits. Any information that is not available at the time of approval by the Shareholders' Meeting of the proposal, will be disseminated in due time to the addressees of the initiative via the most efficient means, in compliance with applicable regulations.

DEFINITIONS

- Shares – The ordinary shares of the Company, without par value, listed on the MTA electronic share market organised and managed by Borsa Italiana.
- Subscribed Shares – The Shares subscribed at the time of Issuance of Reserved Shares.
- Bonus Share – the Shares allotted free of charge to Employees who held the Subscribed Shares for a period of twelve months after subscription, in the measure of 1 Bonus share for every 3 shares subscribed for cash.
- Subsidiaries – Each company that at any given time is directly or indirectly controlled by TIM, pursuant to art. 2359 of the Italian civil code, and based in Italy.
- Issuance of Reserved Shares – The issue of a maximum of 127,500,000 new Shares, with regular dividend entitlement, under the Offer.
- Group – TIM and its Subsidiaries.
- Offer – The offer reserved for Employees to subscribe to the Shares under the Issuance of Reserved Shares, at a price calculated by applying a discount of 10% with respect to the Normal Value, subject to a maximum countervalue of 10,000 euros per Employee.
- Offer Period – The period, to be decided by TIM's Board of Directors, in which the Shares under the Issuance of Reserved Shares may be subscribed.
- Rules – The Rules of the Plan.
- Normal Value – The arithmetic mean of the official Share prices as from the thirtieth ordinary calendar day up to the previous trading day before the Offer Period, both included, as registered on the electronic share market organised and operated by Borsa Italiana S.p.A., calculated using as denominator only those days to which the prices used for the basis of the calculation apply, up to two decimal places, and subject to the application of appropriate correction factors as per standard market practice.

1. BENEFICIARIES

The beneficiaries of the Plan are employees with a permanent contract at TIM or the Subsidiaries, excluding the category of Top Managers (the "Employees").

2. REASONS FOR ADOPTION OF THE PLAN

2.1. Objectives intended to be achieved through the Plan

Under this Plan, Employees will be given the opportunity to invest in Shares, to increase their motivation to achieve corporate objectives and to strengthen their feeling of being part of the business.

2.2. Key variables, including performance indicators, considered for the purpose of the launch of the Plan

Neither the Offer nor the free allocation of Bonus Shares are subject to performance conditions. The sole condition for allocation of the Bonus Share is retention of the Subscribed Shares at the Issuer for one year from issuance, along with retaining the status of Employee.

Each Employee may subscribe Shares included in the Offer up to a maximum countervalue corresponding to an investment of 10,000 euros, in accordance with the subscription lots to be defined in the Rules. In the event that the Issuance of Reserved Shares should be insufficient to satisfy all subscription requests, the Shares for the Offer shall be distributed proportionately among all the subscribers, ensuring them fully equal treatment.

2.3. Factors involved in determining the amount of remuneration based on financial instruments, or criteria for its determination

As already specified above, participating in the Plan (subject of an undifferentiated offer extended to all Employees) does not constitute a form of remuneration.

Nevertheless the Plan will meet the conditions for access to the favourable tax regime pursuant to article 51 of the Consolidated Income Tax Act, as provided for employee stock ownership plans. Sale of the shares within three years of the subscription (of the Subscribed Shares) or of the allocation (of the Bonus Shares) shall entail forfeiture of the respective benefit by the Employee.

2.4. Reasons for any decision to attribute compensation plans based on financial instruments not issued by the Issuer

Not applicable.

2.5. Evaluation of significant tax and accounting implications that have influenced the definition of the Plan.

No significant accounting or tax implications have influenced the definition of the Plan.

Nevertheless, the Plan will meet the conditions for access to the favourable tax regime pursuant to article 51 of the Consolidated Income Tax Act, as provided for broad-based share ownership plans.

2.6. Any support for the Plan from the special fund for encouraging employee ownership of firms pursuant to Art. 4, subsection 112, of Law No. 350 of 24 December 2003

The Plan does not receive support from the special fund for encouraging employee ownership of firms.

3. APPROVAL PROCESS AND TIMETABLE FOR ALLOCATION OF THE INSTRUMENTS

3.1. Scope of the powers and functions delegated by the Shareholders' Meeting to the Board of Directors for implementing the Plan

The share issues to service the Plan shall be subject to approval by the Shareholders' Meeting called for 23 April 2020, which will give the Board of Directors all the necessary or appropriate powers for the purpose of implementing the initiative, including adoption of the Rules and execution of the share issues to service the Plan, establishing, in particular, the Offer Period for the Issuance of Reserved Shares.

3.2. Parties in charge of administering the Plan and their functions and duties

The Board of Directors is assigned responsibility for the administration of the Plan, through the corporate functions for those aspects within their competence, and also through delegation of all or part of the relevant powers to the Chief Executive Officer.

3.3. Any procedures in place for revising the Plan also in relation to possible changes to the underlying objectives

Should any extraordinary event concerning the Company or change to the regulatory framework which could have an impact on the Plan occur, the Board of Directors will have the power, after obtaining the assent of the Nomination and Remuneration Committee and without requiring further involvement of the Shareholders' Meeting, to make amendments or additions to the Regulations aimed at keeping the substantial and economic contents of the Plan unchanged, within the limits permitted by the resolutions passed by the Shareholders' Meeting of 23 April 2020 (including the maximum number of Shares to serve the Plan) and by the regulations applicable at the time.

3.4. Description of how the availability and allocation of the financial instruments on which the Plan is based are established

The following proposal to service the initiative is submitted to the Shareholders' Meeting of April 23, 2020:

- the issue of a maximum of 127,500,000 new Shares, with regular dividend entitlement, to be offered for subscription with exclusion of pre-emption rights pursuant to article 2441, paragraph 8, of the Italian Civil Code, reserved for Employees, without a capital increase and allocating the entire subscription price to the share premium account, and then, subsequently
- the issue of a maximum of 42,500,000 new Shares with regular dividend entitlement, pursuant to article 2349 of the Italian civil code (as permitted by art. 5 of the Bylaws), without a capital increase, on the basis of the free allocation of 1 Bonus Share for every 3 Subscribed Shares.

It is also proposed to authorise the Board of Directors, when deemed necessary or appropriate, to satisfy the demand for matching shares, in whole or in part, by utilising treasury shares in the Company's portfolio at the time.

3.5. Role played by each director in determining the features of the Plan; any conflict of interest involving the directors concerned

The analysis of the design of the Plan was carried out by the Nomination and Remuneration Committee (composed of Directors Altavilla – Chairman, Bonomo, Capaldo, Sabelli and Valensise, all qualified as independent), with support provided by the company's management and Mercer Italia.

The Board of Directors has taken the relevant decisions in view of the Shareholders' Meeting, acting on the unanimous proposal of the Nomination and Remuneration Committee.

The subsequent board resolutions for the approval of the Plan Rules and the launch of the Offer and any other decision related to administering the Plan will be adopted in compliance with the provisions concerning the interests of Directors, where applicable.

In this regard, for the purpose of providing complete information, it is noted that:

- the CEO, although an employee of the Company, is excluded from the Plan as he qualifies as a Top Manager;
- Directors Roscini and Sabelli have family relationships with TIM employees (see the 2019 Report on Corporate Governance and Share Ownership).

3.6. Date of the decision taken by the body competent to propose the approval of the Plan to the Shareholders' Meeting and of the proposal of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has specifically reviewed the design of the Plan at the meetings held on January 22, February 19 and March 4, 2020.

The Board of Directors, which had already been informed of the plan on December 19, 2019, has discussed the measure, making observations and suggestions, at the meetings held on January 29 and February 27, 2020, and then approved the proposal to be submitted to the Shareholders' Meeting (with unanimous approval) during the proceedings on March 10, 2020.

3.7. Date of the decision taken by the competent body concerning allocation of the instruments and any proposal made to such body by the Nomination and Remuneration Committee

The Plan is subject to the approval of the Shareholders' Meeting called for April 23, 2020.

Subsequently, if the Plan should be approved, the Board of Directors will meet to take the relevant decisions for implementing the initiative, adopting the Rules and establishing the Offer Period of the Issuance of Restricted Shares.

3.8. Market price of the Shares recorded on the aforementioned dates

The official price of the Shares on the MTA electronic share market organised and managed by Borsa Italiana S.p.A. was as follows:

- January 22, 2020 – 0.5001 euros
- January 29, 2020 – 0.5138 euros
- February 19, 2020 – 0.5232 euros
- February 27, 2020 – 0.5245 euros
- March 4, 2020 – 0.4808 euros
- March 10, 2020 – 0.3823 euros

3.9. Terms and procedures considered by the Issuer with regard to establishing the schedule for launching the Plan, the possible timing coincidence between the launch and dissemination of any relevant information pursuant to article 114, subsection 1 of the CLF

The initiative is expected to be launched within 2020, as the deadline for the Issuance of Restricted Shares is on December 31, 2020. At the time of the launch, a press release will be issued containing the terms and conditions of implementation of the initiative.

The Company does not envisage any particular provisions in relation to the situations referred to above, while respecting the applicable regulations.

4. CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ALLOCATED

4.1. Description of how the Plan is structured

The Plan consists in giving employees the opportunity to subscribe, with a discount of 10% off the Normal Value of the Share at the start of the Offer period, a maximum number of 127.500.000 Shares. In the event that the number of Shares offered should be insufficient to satisfy all subscription requests, the newly issued Shares shall be distributed proportionately among all the subscribers, ensuring them fully equal treatment.

Employees who have held the Subscribed Shares for a period of one year, subject to their retaining the status of Employee, shall be allotted free of charge, 1 Bonus Share for every 3 Subscribed Shares, and therefore for a total maximum of 42,500,000 Shares. These Shares will be obtained from a specific issue pursuant to art. 2349 of the Italian Civil Code, or they will be treasury shares in the Company's portfolio, subject to specific disposal procedures.

Neither the purchase of the Shares at the Offer stage nor allocation of the Bonus Share are linked to performance indicators.

4.2. Indication of the period of actual implementation of the Plan with reference also to any different cycles envisaged

The Plan is to be executed in two steps, as already described above in paragraph 4.1.

The Issuance of Reserved Shares will take place by December 31, 2020 (deadline for the issue of the relevant Shares, according to the proposed resolution for the Shareholders' Meeting), while the free allocation of the Bonus Shares shall take place one year after crediting the Subscribed Shares, once it has been ascertained that the Employees already participating in the Offer fulfil the requirements necessary to benefit from the matching, and in any case – as per the proposed resolution for the Shareholders' Meeting – by December 31, 2021.

4.3. Expiration of the Plan

As specified in subsection 4.2, the deadline set for the Issuance of Reserved Shares is December 31, 2020, while the Bonus Shares must be issued by December 31, 2021.

4.4. Maximum number of shares allotted in each tax year to persons identified by name or indicated by category

The number of Subscribed Shares (by December 31, 2020, as mentioned above) will depend on to what extent the Offer is taken up by Employees, to whom the Offer is addressed.

In turn, the number of Bonus Shares (subject to free allocation by December 31, 2021, as mentioned above) will be, in due time, approved by the Board of Directors provided that the following conditions for their allocation have been met, in the ratio of 1 free Share for every 3 Subscribed Shares: the individual participating in the Offer has retained the status of Employee and retained uninterrupted ownership of the Subscribed Shares for twelve months following subscription.

In any event, as regards the Issuance of Reserved Shares, it has been established that a maximum of 127,500,000 Shares may be issued, and accordingly a maximum of 42,500,000 Bonus Shares may be issued.

4.5. Plan-implementing procedures and clauses, specifying whether actual allocation of the Shares is subject to the fulfilment of conditions or to the achievement of specific results, including performance results

See points 4.1 and 4.2, above.

Neither the purchase of the Shares at the Offer stage nor allocation of the Bonus Share are linked to performance indicators.

4.6. Information on any restrictions on the availability of the Shares under the Plan

The Subscribed Shares and the Bonus Shares shall have full entitlement to dividends as of the time of issuance.

No lock-up of the Subscribed Shares or the Bonus Shares is provided for, without prejudice to the following:

- the sale within one year from purchase of the Subscribed Shares shall result in forfeiture of the right to allotment of Bonus Shares;
- sale of the Shares within three years of the subscription (of Subscribed Shares) or of the free allocation (of the Bonus Shares) will result in the Employee forfeiting the favourable tax regime pursuant to Article 51, subsection 2, letter g) of the Income Tax Consolidation Act applicable to employee stock ownership plans.

4.7. Description of any resolutive conditions in relation to the application of the Plan in the event that the Beneficiaries should perform hedging operations enabling the neutralisation of any bans on the sale of the Shares resulting from the vesting of the performance shares

Not applicable.

4.8. Description of the effects arising from termination of employment

If an Employee participating in the Offer loses the status of Employee in the year following the issue of the Subscribed Shares (for any reason, including premature death or placement outside the perimeter of the Group of the company the Employee works for), the right to allocation of free Bonus Shares will become null and void.

4.9. Indication of any other grounds for cancellation of the Plan

The Plan does not have any grounds for cancellation.

4.10. Reasons for an option for the company to “buy back” the financial instruments underlying the plan, introduced pursuant to article 2357 et seq. of the Italian Civil Code

The Plan does not provide for buy back by the Company.

4.11. Any loans or other credit facilities that are to be granted for the purchase of the Shares pursuant to Article 2358, subsection 3 of the Italian Civil Code

Not provided for.

The Employee may also participate in the Offer by paying the subscription price by means of Employee's leaving entitlement (TFR), in the amount of the portion held by the Company and not allocated in supplementary pension funds.

4.12. Indication of the cost the Company is expected to incur at the time of the allocation, as may be determined on the basis of the already defined terms and conditions, in total and for each financial instrument

At the date of this document, it is not possible to indicate the exact amount of the expected cost of the Plan for the Issuer, as this cost depends on the number of Subscribed Shares and on the number of Bonus Shares allotted when Shares are matched in the subsequent year.

In applying accounting principle IFRS 2 ("Share-based payments"), the Company and, where applicable, each Subsidiary, for the part pertaining to them:

- in 2020 will recognise in a separate profit and loss account an item in personnel costs as a counter-entry of a net equity reserve the countervalue of the discount granted to employees for the Subscribed Shares;
- recognise in a separate profit and loss account, in personnel costs, the fair value of the Bonus Shares over the 12 months established for this right to be acquired as a counter-entry of a net equity reserve.

These expenses recognised under personnel costs may be deducted for IRES and IRAP purposes by the Company and by each Subsidiary with registered offices in Italy where IFRS 2 is applicable, for the portion pertaining to it.

4.13. Indication of any capital dilution effects caused by the Plan

A maximum of 170,000,000 Shares are allocated to the Plan, for a maximum theoretical dilution of 0.80% with respect to the total of TIM shares issued as at December 31, 2019 and 1.11% with respect to TIM's ordinary shares.

In addition, treasury shares in the Company's portfolio at any time may be used for matching shares.

4.14. Any restrictions on the exercise of voting right or the attribution of property rights

No restrictions are placed on the exercise of voting rights or for the attribution of the economic rights inherent to the Subscribed Shares or the Bonus Shares.

4.15. If the shares are not traded on regulated markets, all the information needed to properly assess the value attributed to them

Not applicable.