
ELLIOTT

April 26th, 2018

Dear Fellow Telecom Italia Shareholder,

Like you, Elliott has invested a considerable amount of time, energy, and resources in Telecom Italia (“TIM”, or the “Company”). We believe TIM is uniquely positioned in its market, with an outstanding collection of assets and a deeply attractive underlying value proposition. With proper stewardship at the Board level, and a highly qualified independent Board of Directors, TIM’s prospects are bright. The question being put to shareholders on May 4th is: can you trust Vivendi with your investment in TIM as long-term stewards of this company moving forward?

This is a pivotal moment in the Company’s history. As a shareholder, you have an opportunity and an obligation to remove an impediment to realizing TIM’s full potential. Since Vivendi effectively took control of TIM’s Board in December 2015, the Company has endured successive corporate governance failings and suffered multiple conflicts of interest. Vivendi has frayed relationships with key stakeholders, including those in the Italian government and with key regulatory agencies. Put plainly, Vivendi’s repeated missteps have eroded the value of your investment.

The management team has worked hard to overcome the systemic structural governance problems that have underscored a profound and persistent share price underperformance in recent years. We fully support TIM’s CEO, Mr. Amos Genish. In an April 19th statement, we made clear, “Elliott believes management should be led by the current CEO and the board of directors rather than by a single shareholder.” We most recently affirmed our support with our vote at this week’s AGM, in which we again voiced our support, stating, “We are very confident in the current management team led by the CEO Amos Genish.” We also support the business plan that Mr. Genish and his management team have put forward. We are encouraged that Mr. Genish has committed to remain at TIM to execute his plan with the full support of the Board of the Directors, regardless of its composition. To that end, we have proposed a slate of independent nominees that share Mr. Genish’s vision for TIM’s future.

The Vivendi Track Record—a litany of corporate governance failings and conflicts of interest

What truly threatens future value creation at TIM? The answer in our view is a governance structure rife with conflict and a company bereft of stewardship at the Board level. Both at TIM and in its extended business dealings, Vivendi and Groupe Bolloré have brought with them a cloud of distrust and suspicion.

Here is a brief factual review of the Vivendi governance track record, and a reminder of what Vivendi is asking you to forgive and forget on May 4th when they ask you to vote for their Board nominees:

- Abused the strategic importance of convergence to create value for Vivendi at the expense of TIM, by proposing and trying to pass the joint venture with Canal Plus as a minor related party transaction; this action was subsequently subject to CONSOB inquiry
- Attempted to use TIM to settle Vivendi’s legal dispute with Mediaset as reported by the press
- Used TIM to shift profits upstream, through a newly awarded EUR92 million advertising contract to Havas (at the time 60% directly owned by Bolloré)
- Appointed Michel Sibony as head of TIM’s procurement/real estate department, while also holding potentially conflicting positions at Bolloré Group, Havas, and Vivendi (where he was recently appointed Chief Value Officer, with the objective of optimizing “synergies” across the Group)

- Proposed Félicité Herzog as an independent director despite her clear lack of independence, given her work as a Vivendi consultant
- Strained relationships with both government ministers and regulatory authorities through violations of the Gasparri law (due to stakes in both TIM and Mediaset), and the Golden Power law (due to a failure to correctly notify the authorities of its TIM stake)

Beyond these governance failures at TIM, we have been deeply troubled by recent allegations of corruption involving Vincent Bolloré and presidents of two different African countries, which resulted in Bolloré being held in police custody for questioning and criminally charged. While we await more clarity on this specific case, this is just the latest instance of a troubling track record of conflict, self-interest, and even graver issues of potential criminality by those who would purport to ask for our trust in guiding TIM. We find it hard to reconcile a vote for the Vivendi slate while also proclaiming to champion good governance.

This litany of missteps and repeated pattern of poor behaviour has directly eroded the return on your investment. TIM's ordinary shares fell more than 35% from when Vivendi's nominees joined TIM's Board of Directors in December 2015, to the day before Elliott's interest in the Company was made public. The market has clearly applied a valuation discount, as a result of the Board's growing governance issues and lack of proper Board stewardship. Conversely, from the date Elliott called for an independent board until the April 24th AGM, TIM's shares have risen almost 20%, indicating that investors are looking forward to a brighter future.

Shareholders have a clear alternative—*independence and integrity*

Thankfully, a growing number of engaged shareholders have offered a path forward that turns the page on governance distractions and TIM's sizeable valuation discount. A refreshed, highly qualified, independent board can focus its energy on ensuring CEO Mr. Genish and his entire management team have the support they need to successfully execute their business plan.

Elliott's nominated directors represent ten independent, highly qualified, credible candidates who would collectively strengthen the TIM Board. We believe our proposed slate would empower the Board to correct the persistent undervaluation that is clearly present at TIM. If elected, the independent nominees would evaluate the merits of any value-creation proposals with management, and they would determine *whether* and *when* to implement them in the best interest of long-term value creation for all shareholders.

As a reminder of the voting mechanics, with only two slates put forward to shareholders and with 15 directors to be elected to the Board, the slate which obtains the majority of the votes (the "Majority Slate") will get ten Board Members elected. The remaining five directors will be elected from the other slate. If a majority of shareholders supports Elliott's slate, in addition to Mr. Genish as CEO, TIM will have 10 independent directors from Elliott's slate, 1 Vivendi executive, and 3 other directors from Vivendi's slate. Additional details regarding the voting process and possible outcomes can be found in Appendix A.

Conclusion

Inadequate governance and poor stewardship have imposed a heavy cost on TIM's many stakeholders for too long. Next week's vote offers a textbook opportunity to put good governance principles into practice in an environment of heightened scrutiny across the investment community on governance matters. The choice involves whether or not governance failures can earn public affirmation. With their vote, investors can make clear they will not turn a blind eye to poor stewardship. On May 4th, TIM's shareholders can state plainly: governance matters and can prevail.

Elliott has been encouraged by the widespread support we have received in recent weeks. At a number of key moments over the past two decades, Elliott has actively advocated on behalf of TIM’s minority shareholders. As a result of the consequential—and costly—tenure of the Vivendi-controlled board, shareholders have a duty to set the company back on solid footing. Shareholders have been engaged and vocal. Now comes the time to step up and cast your vote for ten candidates of high standing, diverse and complementary skills, and united by an essential and sorely needed qualification: Independence. Biographical detail of the independent directors proposed by Elliott can be found in Appendix B and have been uploaded on www.transformingTIM.com.

We are energized by the opportunities ahead at TIM. We trust you will join us in setting the right conditions and appointing the right team at the Board level to allow TIM’s many stakeholders to thrive in the years ahead.

Yours sincerely,

Elliott Advisors (UK) Limited

About Elliott

Elliott Management Corporation manages two multi-strategy funds which combined have approximately \$35 billion of assets under management. Its flagship fund, Elliott Associates, L.P., was founded in 1977, making it one of the oldest funds of its kind under continuous management. The Elliott funds’ investors include pension plans, sovereign wealth funds, endowments, foundations, funds-of-funds, high net worth individuals and families, and employees of the firm. Elliott Advisors (UK) Limited is an affiliate of Elliott Management Corporation.

Our approach to TIM is consistent with our approach to many of our current and previous investments. We have been engaged in TIM since 1999, speaking out over the years in defense of the minority shareholders. We have invested a significant amount of time and resources into understanding TIM, including hiring numerous advisors and consultants with whom we have worked closely together with our business associates. We believe strongly in the value conclusions that we have drawn as a result of this effort.

Appendix A: May 4th, 2018 TIM Shareholder Meeting Voting Guide

Shareholders can choose between two slates: the Vivendi slate or a slate with Independent Directors that represent the market

Key Facts

15 members likely to be elected

10 Board Members to be chosen from the slate that obtains the majority of the votes (the “Majority Slate”), of which at least 5 are independent

5 elected from the other slate (the “Minority Slate”), of which at least 3 are independent

At least 5 Board Members must belong to the less represented gender

Voting outcome

Directors likely to be elected on May 4th

Elliott Slate

- 1 Fulvio Conti
- 2 Alfredo Altavilla
- 3 Massimo Ferrari
- 4 Paola Giannotti de Ponti
- 5 Luigi Gubitosi

Directors appointed if **Elliott’s** slate gets majority of votes

- 6 Paola Bonomo
- 7 Maria Elena Cappello
- 8 Lucia Morselli
- 9 Dante Roscini
- 10 Rocco Sabelli

Vivendi Slate¹

- 1 Amos Genish
- 2 Arnaud Roy de Puylfontaine
- 3 Marella Moretti
- 4 Michele Valensise
- 5 Giuseppina Capaldo

Directors appointed if **Vivendi’s** slate gets majority of votes

- 6 Franco Bernabè
- 7 Frédéric Crepin
- 8 Anna Jones
- 9 Camilla Antonini
- 10 Stephane Roussel

¹ Slate names do not reflect candidacy order in the slate, but ranked to reflect requirement of independence as provided for by TIM by-laws and in accordance with the candidates' declarations: 50% rounded up of directors elected from each slate needs to be independent

The Candidates You Are Choosing

Because there are two slates, the top five candidates of both slates will be appointed on the Board in either scenario. The winning slate will also appoint the other five proposed candidates. The following is a side-by-side comparison of the choice you face:

Elliott's Nominees			Vivendi's Nominees		
Nominee	Independent	Background	Nominee	Independent	Background
Paola Bonomo	✓	She worked in several leadership roles such as Senior Director at eBay, Head of Online Services at Vodafone Italia, Regional Director at Facebook Angel investor and advisor in the digital technology space (Business Angel of the Year award in 2017) In 2015 and 2016 recognized as one of the fifty most inspiring women in European Technology	Franco Bernabè	✗	Deputy chairman of Telecom Italia He served as CEO of Telecom Italia From November 1998 until May 1999 and from 2008 until 2010 He previously worked for FIAT Group and for ENI Group
Maria Elena Cappello	✓	From 2010 to 2013 served as CEO, General Manager and Deputy Chairman of the Board of Directors of Nokia Siemens Networks In 2005, she became Senior VP of Sales at Pirelli Broadband Solutions In 2002, she founded the EU branch of MetiLinx, an innovative U.S. software company	Fédéric Crepin	✗	Member of the Vivendi Group Management Board. He also holds many other relevant positions within the Vivendi Group In May 2017 he was appointed Director and Member of the Strategy Committee and of the Nominations and Remuneration Committee at Telecom Italia
Lucia Morselli	✓	From 1995 to 1998 CEO of the first Italian pay-tv Telepiù, then until 2003 CEO of News Corp in Europe and Stream (later became Sky Italia) She then was CEO of Tecnosistemi, Mikado, Bioera and from 2014 to 2016 of Acciai Speciali Terni Director of Essilor-Luxottica, Sisal Group and Snam	Anna Jones	?	Director of Telecom Italia from May 2017 until April 2018 Previously co-founded AllBright Group, an innovative platform for the support of the professional career of talented women in UK From 2014 to 2017 served as CEO of Hearst Magazines (where Mr. De Puyfontaine was her predecessor) and as Chairwoman at Comag in the UK (where Mr. De Puyfontaine was a director)
Dante Roscini	✓	Member of faculty of Harvard Business School for the past decade, member of the Business, Government and International Economy Unit Before Harvard Business School, spent twenty years in senior positions at three leading US investment banks in New York and London	Camilla Antonini	?	Director of Telecom Italia from May 2017 until April 2018 Writer and economic journalist at L'ÉCO (Play Bac Presse), a French economic periodical As member of the Risk and Control Committee, she voted in favour of TIM/Canal Plus JV in October 2017 on which both independent directors nominated by Assogestioni voted against
Rocco Sabelli	✓	CEO of Alitalia from 2009 to 2012 where he restructured the company Since 2013 he has been an Operating Partner at Italian Private Equity funds including Clessidra Served as CEO of Piaggio from 2003 to 2006 listing the company in 2006. In 1993 he joined Telecom Italia Group where he worked until 2001 in various positions including TIM Managing Director	Stephane Roussel	✗	Director of Telecom Italia from Dec-2015 to May 2017 COO of Vivendi and CEO of Gameloft CEO of SFR from June 2012 until May 2013

Note: Notwithstanding that Vivendi nominees Anna Jones and Camilla Antonini declared their independence in the candidacy papers, it is our opinion that such independence is doubtful, since they both resigned from their former position in the board—together with other directors—to accomplish what Elliott believes to be a pro-Vivendi oriented outcome.

Appendix B: Biographies of Elliott's Nominees

Fulvio Conti

Fulvio served as Enel CEO from 2005 to 2014 where he led the company's international expansion through several deals including the acquisition of Endesa, the largest electric utility in Spain with a substantial footprint in Latin America. Previously, he joined Enel in 1999 as CFO where he worked on several major transactions including the company's IPO and listing of Terna, the Italian high-voltage transmission grid.

In 1998 he joined Telecom Italia and held several roles including Managing Director, CFO, and Board Member of TIM and various major subsidiaries.

He has been a director of several significant international companies including Aon (where he is currently director), the Italian Institute of Technology, RCS MediaGroup, Barclays, and served as vice-chairman of Confindustria. Cavaliere del Lavoro della Repubblica Italiana and Officier de la Légion d'Honneur de la République Française.

Alfredo Altavilla

Alfredo has been FCA's Chief Operating Officer EMEA since 2012. Within the FCA Group he has been also a member of Executive Council and Head of Business Development since 2011.

Alfredo started his career at the FIAT Group in 1990, where he has held various managerial roles with increasing responsibilities including President and Chief Executive Officer of Iveco, from 2010 to 2012, and Executive Vice President of Business Development for Fiat Group in 2009.

He also currently sits in the Board of Directors at Actuant Corp. and FCA Bank.

Massimo Ferrari

Massimo currently serves as General Manager Corporate & Finance, Group CFO of Salini Impregilo, a post held since 2013.

He has served as Chief Executive Officer, General Manager and Investment Manager of Capitalia Asset Management SGR, General Manager and member of various internal committees of Fineco Group, and Senior Vice President and Secretary to the Internal Control and Risk Committee of UniCredit Group.

He has also served as Head of Issuer Division of the CONSOB, and member of the Board of Directors of Borsa Italiana S.p.A.

Paola Giannotti De Ponti

Since 2016, Paola has been a Director on the Supervisory Committee, Chairwoman of the Risks Committee and a member of the Related Parties Committee of UBI Banca S.p.A.

Since April 2017 she has been a Board Member and member of the Audit and Risk, Corporate Governance and Sustainability Committee of Terna S.p.A.

Previously she sat on the boards of Ansaldo STS S.p.A. and Dresdner Kleinwort Wasserstein SGR. From 2000 to 2012 she was a member of the Council for the United States and Italy. She has held various managerial roles throughout her thirty years of financial sector experience both in Italy and abroad, including Morgan Stanley, Citigroup, Dresdner Bank and BNP Paribas.

Her specific areas of focus have been corporate and investment banking, capital markets, extraordinary operations and project finance. Previous company experience includes Montedison, Sviluppo Finanziaria Milano and The Mac Group.

Luigi Gubitosi

Luigi has been Extraordinary Commissioner of Alitalia since May 2017 and Operating Partner of Advent International since October 2015.

He was General Manager of the Italian state broadcaster RAI from July 2012 to August 2015. From November 2011 to July 2012 he served as Country Manager and Head of Corporate and Investment Banking for Bank of America Merrill Lynch in Italy.

From 2007 to 2011 he was CEO of Wind Telecomunicazioni where he joined in 2005 as CFO. He is a professor of Corporate Finance at Università LUISS Guido Carli in Rome.

He is also a board member and Chairman of the control committee of Il Sole 24 Ore.

Paola Bonomo

Paola served as Vodafone Italy Head of Online Commercial Operations from 2010 to 2013 where she led the company's cross-channel integration and digital transformation.

In 2015 and again in 2016, she was recognized as one of the "Inspiring Fifty", the fifty most inspiring women in European Technology.

Paola has focused her career in the digital technologies sector achieving leading positions in several international enterprises such as Senior Director at eBay, Head of Online Services at Vodafone Italia and Regional Director at Facebook. Since 2009 she has been investing in technology startups with Italian Angels for Growth, where she focuses on investments in the digital space.

Paola currently serves on the Boards of Directors of primary Italian companies such as Sisal Group and AXA Assicurazioni. She started her career at McKinsey & Company.

Maria Elena Cappello

Maria Elena served as CEO of Nokia Siemens Networks Italia from 2010 to 2013, being in charge of the Company's second largest European market and, formerly, as Global Head of Strategic Marketing.

From 2005 to 2006, she also held the role of Sales Senior Vice President at Pirelli Broadband Solutions, being responsible of global Broadband Access and Photonic businesses.

Earlier in her career, she was a manager in Hewlett Packard, Italtel and EMC Italia and the founder of the software company Metilinx.

Maria Elena currently holds the role of Independent Board Member of Banca Monte dei Paschi di Siena, Prysmian and Saipem

Lucia Morselli

Lucia held several leading roles in primary media companies: she served as CEO of the pay-tv company Stream (Sky) and previously was Managing Director and CFO at Telepiu Group and at News Corporation Europe.

During her career she held important roles in primary Italian companies, serving as CEO of Acciaitalia, Acciai Speciali Terni, Berco, Bioera, Mikado and Tecnosistemi and as CFO of the Aircraft Division of Finmeccanica.

Lucia currently sits in the Board of Directors of Essilor-Luxottica, Sisal Group and Snam and she also is a member of the Chapter for Climate Change within the World Economic Forum.

Dante Roscini

He has been on the faculty of Harvard Business School for the past decade where he is a member of the Business, Government, and the International Economy Unit.

Before Harvard Business School, Prof. Roscini spent twenty years in senior positions at three leading US investment banks in New York and London.

He is a Senior Fellow of the Foreign Policy Association in New York and of the Atlantic Council in Washington.

Rocco Sabelli

Served as CEO of Alitalia from 2009 to 2012 where he successfully restructured the company. Since 2013 he has been an Operating Partner at various Italian Private Equity funds including Clessidra.

He served as CEO of Piaggio from 2003 to 2006 where he acquired Moto Guzzi and Aprilia, as well as listing the company in 2006.

In 1993 he joined Telecom Italia Group where he worked until 2001 in various positions including TIM Managing Director, director of both fixed and mobile business in Italy and responsible of the Wireline Services business unit in addition to the international wholesale business.