

## **PRESS RELEASE**

### **TELECOM ITALIA: BYLAWS ADAPTED TO THE GOLDEN POWER DISCIPLINE; RECCHI EXECUTIVE CHAIRMAN**

#### **Launch of the 2014-2016 Stock Options Plan approved**

*Rome, 26 June 2014*

The Telecom Italia Board of Directors, chaired today by Giuseppe Recchi, examined the operations update as of May 2014.

The Board of Directors resolved to abrogate art. 22 of the company Bylaws, which incorporated the regulations regarding the special powers granted to the State issued at the time of the privatizations (known as the Golden Share). The discipline was, in fact, amended by law no. 56 of 11 May 2012 (known as the golden power) which introduced new regulations regarding the special powers granted to the State, identifying specific prerogatives (powers of veto, also in the form of the giving of specific undertakings) that the State is empowered to exert, among other things, regarding operations inherent to strategic assets belonging to companies that work in the telecommunications sector.

The discipline became effective on 7 June last with the coming into force of the regulations identifying assets of strategic importance in the communications sector; the original legislation and the relevant implementing ministerial decrees have been abrogated as from the same date, clauses in Bylaws which incorporated the previous regulations have also ceased to have effect.

Making use of the authorisation granted by the Shareholders' Meeting of 16 April 2014, the Board of Directors also approved the launch of the 2014-2016 Stock Options Plan.

The Plan involves a maximum of 196,000,000 options and is intended for three categories of beneficiaries: Chief Executive Officer, Top Management and Selected Executives.

The regulation governs the allocation of options exercisable to an extent that varies according to the level of achievement of the Performance Objectives in the three-year period 2014-2016, represented by the relative Total Shareholder Return (TSR) of Telecom Italia and the consolidated adjusted Net Cash Flow before dividends of the Group based on the 2014-2016 industrial plan, each of which influences 50% of the Options. The strike price will be in line with the market price of the security at the time of the launch. The Performance Objectives will be ascertained by the Board of Directors of the Company called on to approve the consolidated financial statements at 31 December 2016.

The Board of Directors also took note of the analysis conducted with regard to qualifying the Chairman as an executive director according to the Corporate Governance Code for listed companies, in view of the powers assigned to him at the meeting held on 18 April 2014.

In particular, having noted that, according to the criterion in the aforesaid Corporate Governance Code, in the case of chairmen, "executive" status is derived "from the assignment of a specific role in developing

corporate strategies”, the Board of Directors agreed with the Chairman that his office should be considered an executive office. As a consequence of said qualification the Chairman renounced to the duty of ensuring a link between the Board of Directors and the heads of internal Audit and the compliance functions, in accordance with the Corporate Governance Principles of the Company.

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