Transforming TIM

ELLIOTT

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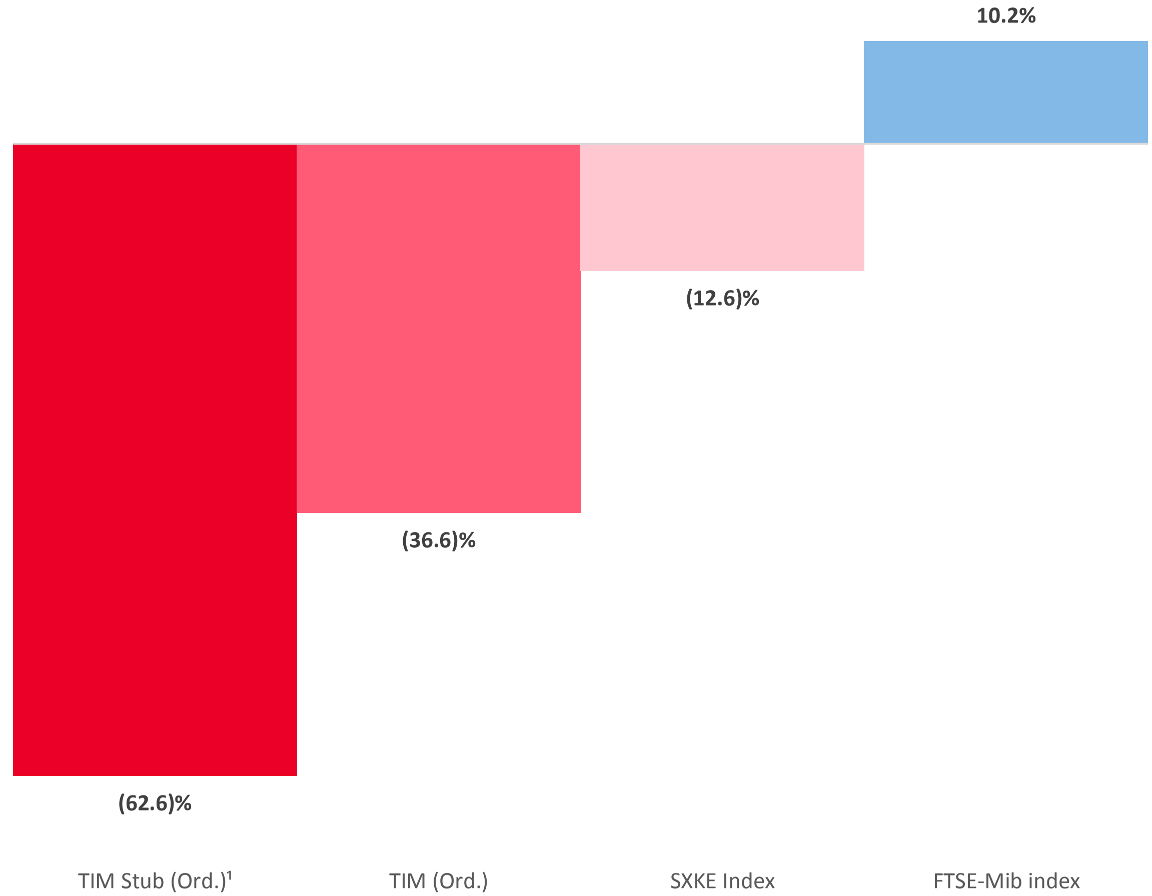
Why We Are Here

- Telecom Italia (TIM) is uniquely positioned in the Italian market and operates an outstanding collection of assets that, **if properly managed, should produce substantial, consistent returns for its shareholders while enhancing a nationally strategic infrastructure asset**
- However, poor stewardship **under the Vivendi-controlled Board** has resulted in deeply **troubling corporate governance issues, a valuation discount and no clear strategic path forward**
- **Elliott believes a board composed of truly independent directors is the most efficient and effective way to improve governance and performance at TIM**
- Shareholders have the **opportunity to unlock significant value** at the Company by supporting our proposal, of which the principal pillar is the **full independence of TIM's Board** so that the Company can start focusing on creating value for all shareholders

Vivendi is Not Working for TIM

Since joining the board in December 2015, **Telecom Italia has dramatically underperformed its peers and broader indices.**

This is especially striking as the **Company's underlying operating improvements**, which were set in motion before Vivendi entered the board, **should have made it a top-performer.**



Source: Bloomberg
Note: Chart shows total return since 15-Dec-2015 (when Vivendi nominees entered TIM's board) to 05-Mar-2018 (latest undisturbed pricing date before Elliott interest in TIM was disclosed)
[1] TIM Stub equity value calculated as TIM Equity value net of INWIT and TIM Brasil stakes.

What We Have Done So Far

1999: We supported Tecnost's tender for TIM: the last time a controlling shareholder offered TIM minorities a proper premium

1999-2003: We campaigned for TIM shareholders' rights and for a TIM saving shares conversion

2003: We fought against the terms of the merger with Olivetti, which penalised Telecom Italia minorities[1]

2015: We supported TIM saving shares conversion

2018: We are seeking to liberate TIM from a new controlling[2] shareholder who is using its 18% economic stake in TIM to benefit Vivendi at the expense of TIM's minority shareholders

- **06-Mar:** We communicated to the market our interest in TIM shares
- **14-Mar:** We asked TIM to supplement the AGM Agenda, proposing to replace 6 Vivendi-nominated directors with 6 new, independent directors
- **16-Mar:** We sent a letter to all shareholders and launched the website www.transformingTIM.com

[1] *Elliott's Mark Levine at Telecom Italia Shareholders' meeting: "I'd like to have an explanation as to how you, as chairman of Telecom Italia and Olivetti, can justify a move like this that destroys so much value for Telecom Italia" Source: New York Times, 13 March 2003, https://www.nytimes.com/2003/03/13/business/olivetti-telecom-italia-merger-planned.html*

Il fondo Liverpool al Tribunale: "Fermate Olivetti-Telecom!" Source: La Repubblica, 14 May 2003 http://ricerca.repubblica.it/repubblica/archivio/repubblica/2003/05/14/il-fondo-liverpool-al-tribunale-fermate-olivetti-telecom.html.

[2] *As deemed by CONSOB in Sep-2017: Vivendi S.A. exercises de facto control of TIM pursuant to art. 2359 of the Italian Civil Code and art. 93 of the Consolidated Law on Finance, as well as the rules on related parties". Vivendi controls TIM despite owning just 24% of voting rights and with an economic interest of 18%.*

What We Propose

- **Elliott fully supports TIM's Business Plan** and its interests are **aligned with other minority shareholders**
- Elliott wants to **augment TIM's Business Plan** by **aligning TIM with** international **corporate governance best practices**
- Elliott believes a **constructive approach with the Italian government and regulator** will allow TIM to **maximise the value of its assets** and to act in the best interest of all stakeholders

Industrial Plan	✔ Full support of management plan
Alignment with Other Shareholders	✔ Elliott doesn't want to control TIM
Governance Enhancing Proposals	✔ Fully independent board of directors ✔ Saving shares conversion
Value Realisation Opportunities	✔ Accelerate NetCo value realisation, maximising asset value and encouraging the creation of a single national network ✔ Reinitiate dividend

01 TIM Has Strong Fundamentals

01 Current Situation

TIM

- Reversed historic pattern of weak financial performance, and since 2016 has started to consistently **deliver growing revenue and EBITDA**
- The improvement has been driven by a combination of factors including **(i) investments in the network to increase fibre coverage** and improved revenue mix, **(ii) cost efficiencies** and **(iii) a generally positive operating environment** for European incumbents
- **Cash generated** has been fully **absorbed by network capex**, which is **now expected to decrease** starting from this year allowing the company to generate €4.5bn of Equity Free Cash Flow according to the latest Business Plan; yet…
- **…Valuation discount** vs. peers has **increased over three times since Vivendi nominees joined TIM's board**

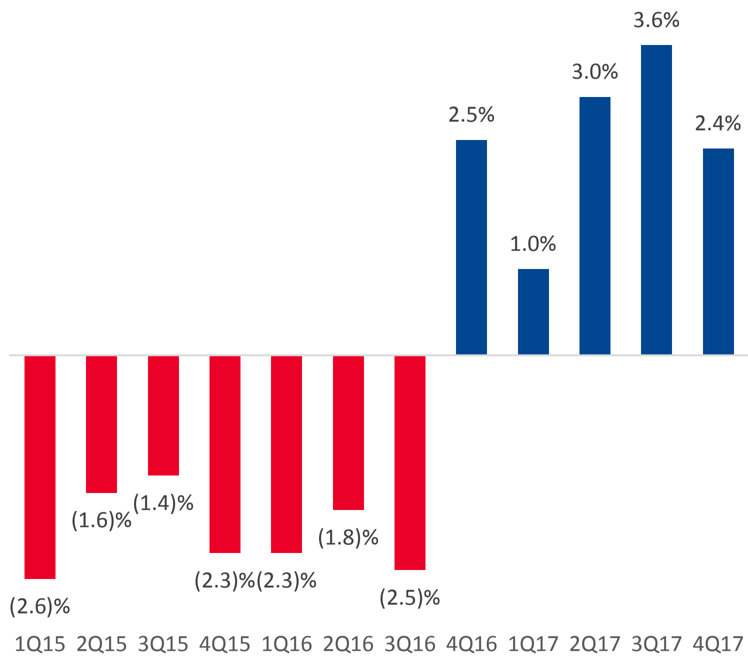
Vivendi

- **Focused on creating value for its shareholders rather than for TIM**, preventing the Company from responding to investors' concern over competition (Iliad, Open Fiber)
- Clear conflict of interest and lack of leadership (3 CEOs in 2 years) coupled with poor market guidance on the future strategy has **led investors to price-in a very significant discount on the share price**

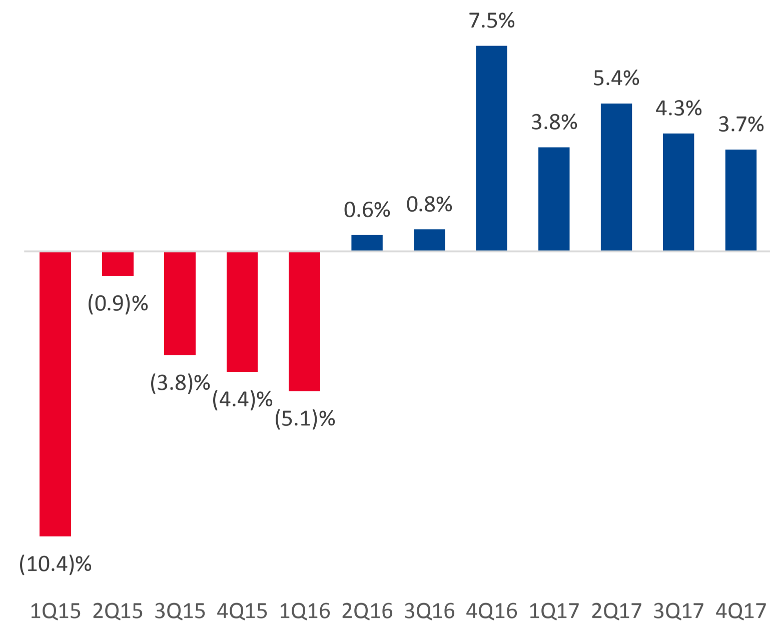
Improving Fundamentals

Cost cutting and investments in broadband, both started before Vivendi became a shareholder, are now paying-off

TIM Domestic Business – Organic Revenue Growth[1]



TIM Domestic Business – Organic EBITDA Growth[1]



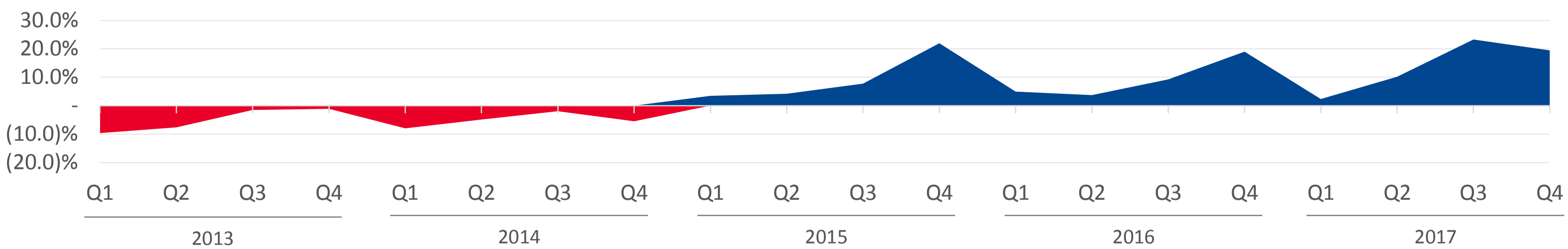
Source: Company's result presentations

[1] 1st, 2nd and 3rd quarter y-o-y growth for 2016 and 2017 and 4th quarter y-o-y growth for 2017 refer to Organic "Like for Like" organic growth as reported by the Company.

Results Have Come

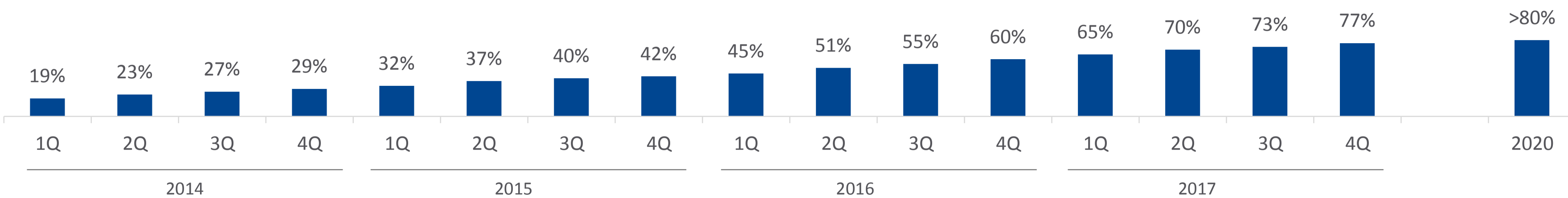
Over the past 3 years TIM has had to invest more than other EU incumbents…

Delta between TIM and Peers' Capex/Sales[1]



…to expand broadband coverage in Italy (closing the gap with other European countries)…

% Total TIM Fiber Coverage in Italy



…with positive impact on its results

	2014				2015				2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Fixed BB Customers ('000)	6,933	6,939	6,932	6,921	6,945	6,971	6,984	7,023	7,067	7,088	7,123	7,191	7,195	7,278	7,425	7,510
Growth (QoQ)		*0%*	*(0)%*	*(0)%*	*0%*	*0%*	*0%*	*1%*	*1%*	*0%*	*0%*	*1%*	*0%*	*1%*	*2%*	*1%*
UBB Users ('000)	45	103	151	231	290	374	435	538	672	790	872	997	1,229	1,521	1,770	2,170
Growth (QoQ)		*129%*	*47%*	*53%*	*26%*	*29%*	*16%*	*24%*	*25%*	*18%*	*10%*	*14%*	*23%*	*24%*	*16%*	*23%*
BB ARPU (€)	19.2	19.6	20.0	20.2	20.4	20.9	20.7	21.2	21.5	21.9	22.4	22.3	23.0	24.9	24.5	24.9
Growth (YoY)	*2%*	*3%*	*4%*	*5%*	*6%*	*7%*	*3%*	*5%*	*5%*	*5%*	*8%*	*5%*	*7%*	*14%*	*9%*	*12%*

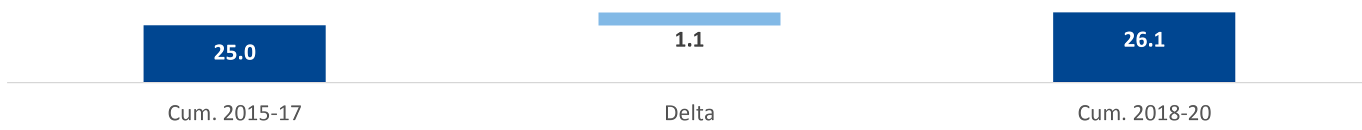
Source: Company's filings for TIM, Bloomberg for peers

[1] Peers include European incumbents: Vodafone, Telefonica, Orange, Telekom Austria, DT, Swisscom, Proximus and KPN.

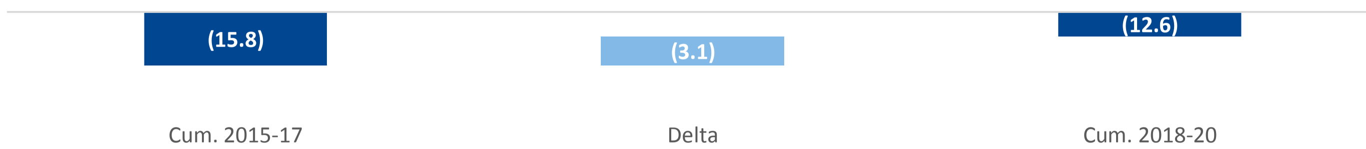
Investment Has Peaked

According to consensus[1] TIM's capex reached its peak in 2017, indicating **lower capex and stronger cash flow generation hereafter**

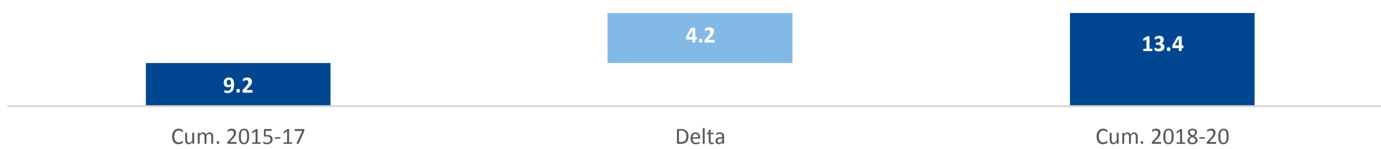
Analysts expect **€1.1bn more Adj. EBITDA** in the BP 3 Years...



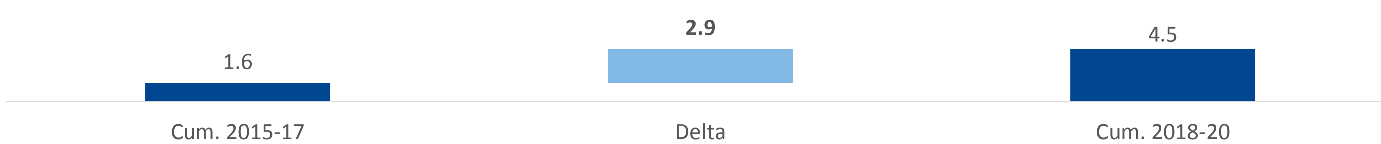
...and **€3.1bn less capex** as FTTx deployment will start to be opportunistic...



Resulting in **€4.2bn more of cash generation**



TIM BP Announced **€3bn more Equity Free Cash Flow** in the next 3 years



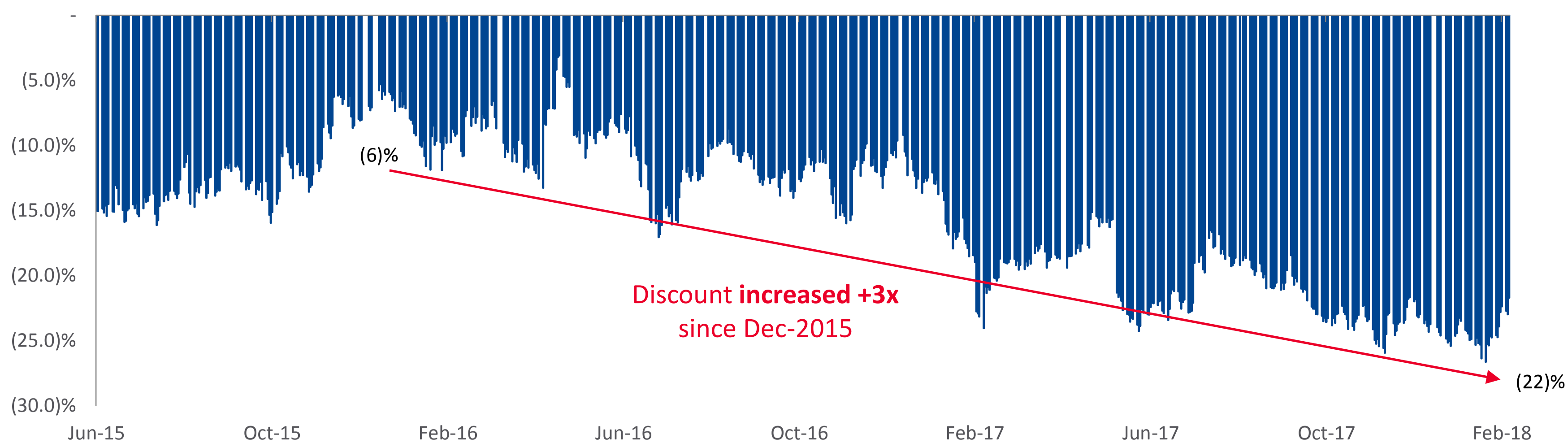
Source: Company's filings, TIM 2018-20 Business Plan, Bloomberg as of 05-Apr-2018
Note: all data in €bn
[1] *EBITDA and capex consensus from Bloomberg.*

01 But Market Has Lost Faith

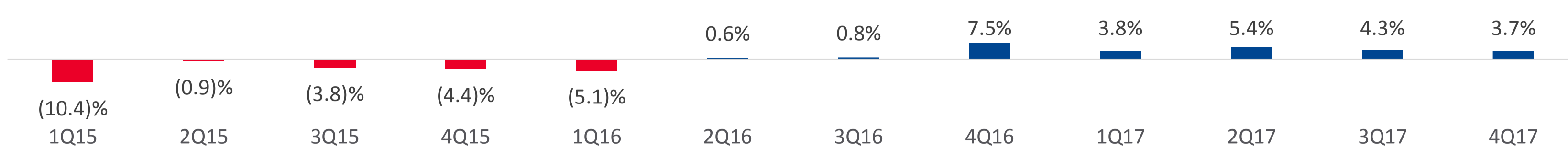
Discount vs. Peers[1] has increased significantly since Vivendi nominees joined TIM's board at the December 2015 AGM

Driven by governance concerns, conflicts of interest and lack of clear competitive strategy

Stub NTM EV/EBITDA Discount vs. Peers[1] Increased over 3 times since Vivendi nominees joined TIM Board…

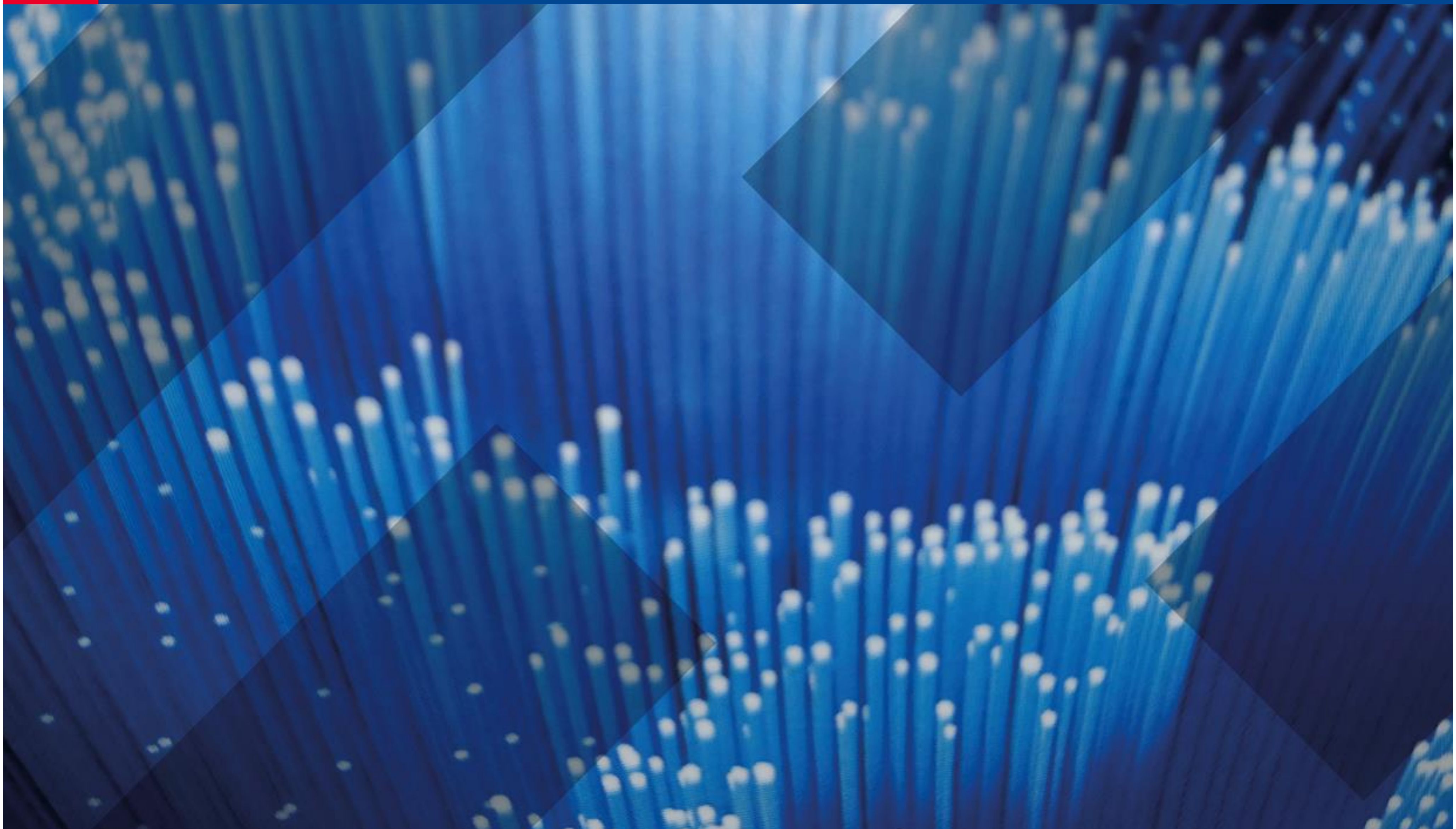


…Whereas Domestic EBITDA returned to growth following years of heavy investments in fixed line started before Vivendi[2]



Source: Bloomberg as of 05-Mar-2018 (latest undisturbed pricing date)
Note: TIM Stub calculated excluding 60% stake in INWIT and 67% stake in Tim Brasil
[1] Peers include European incumbents: Vodafone, Telefonica, Orange, Telekom Austria, DT, Swisscom, Proximus and KPN.
[2] 1st, 2nd and 3rd quarter y-o-y growth for 2016 and 2017 and 4th quarter y-o-y growth for 2017 refer to Organic "Like for Like" organic growth as reported by the Company.

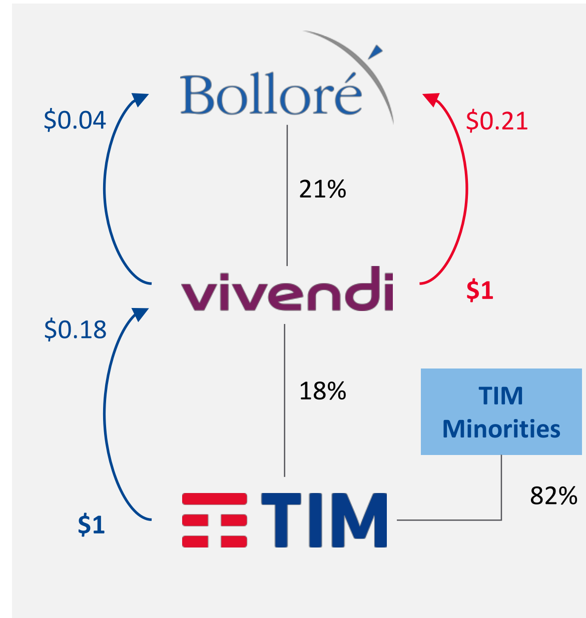
02 The Vivendi Discount



Vivendi Benefits at the Expense of TIM Minorities

Vivendi is incentivised to shift profits to the detriment of TIM minority shareholders

- Groupe Bolloré controls Vivendi with 30% of the voting rights and 21% of the shares. **Groupe Bolloré gets almost 6x more[1] of each $1 of profit at Vivendi, compared to the same $1 profit at TIM**, as TIM profits are shared with minorities representing 82% of the economic capital
- Vivendi trades at a 2018 P/E[2] of 22.4x compared to TIM at 10.0x, such that **when capitalisation effects are included, $1 of profit at Vivendi is 12x better** for Groupe Bolloré than making the same $1 profit at TIM
- Examples of Vivendi attempts to shift value from TIM to itself include
  - TIM / Canal Plus JV
  - TIM content acquisition contract with Mediaset (rumoured)
  - Advertising mandate awarded from TIM to Havas
    - In January 2017 when the mandate was awarded, Groupe Bolloré directly owned 60% of Havas
    - This implies that for Groupe Bolloré shifting $1 of value from TIM to Havas would represent $0.6 profit at a cost of $0.04[3]
  - Appointing Michel Sibony, Vivendi Chief Value Officier and also responsible for the procurement departments of the Bolloré, Vivendi and Havas groups, as well as for coordinating synergies within the Group, as head of the Procurement Unit and Real Estate Department at TIM



Source: Vivendi website, Bloomberg
[1] Calculated using Vivendi economic stake of 18% in TIM and Groupe Bolloré economic stake of 21% in VIV.
[2] Calculated using total market capitalisation on Bloomberg estimated 2018 net income.
[3] Calculated using Vivendi economic stake of 18% in TIM and Groupe Bolloré economic stake of 21% in Vivendi and 60% in Havas.

Multiple Missteps Have Eroded Relationship with Institutions

No Golden Power Notification - the law requiring companies to notify the government of activities deemed to be of strategic importance in the defense and national security sector

- Potential fine on TIM, with consequent damage for all of its shareholders
- The Company continues to be in a critical situation with respect to Golden Power as proven by recent Executive vice-Chairman resignation

Lack of Strategic Guidance to the Italian Government has Allowed Competition in the Network to Grow

- TIM fixed-line network ultra broadband coverage was low in 2015, therefore Open Fiber was started by Enel together with CDP in order to exploit the opportunity and allow government to meet 2020 EU directive on digital divide

Breaking the Gasparri Law

- By building a stake of almost 30% in Mediaset Vivendi breaches the concentration threshold in telecom and media under Gasparri law
  - Vivendi is required to sell one of the two stakes as stipulated by AGCOM to avoid Vivendi having an influence on both companies
  - At present Vivendi has appealed against this decision and has not yet disposed its stakes

CONSOB investigations (That we know about…)

- Appointment of Bolloré's associate, Michel Sibony, as consultant to TIM for procurement
- Real independence of Félicité Herzog
- Canal Plus JV
- Sale of Persidera
- Fininvest letter to CONSOB on Vivendi's market manipulation on Mediaset….

Is Vivendi fit to control a regulated business in Italy?

TIM Disclosure and Financial Impact of its Media Offer is Very Limited

TIM Canal Plus JV

- 60% TIM stake, 40% Canal Plus
- Fixed revenue to the JV **guaranteed by TIM** (€95m in 2020)
- **Canal Plus had a veto right** on new content acquisition, even if its stake was subsequently reduced to only 20%
- **JV had content acquisition exclusivity**, significantly limiting TIM's freedom to purchase new content
  - TIM could only purchase new content outside the JV if Canal Plus did not exercise its veto
- **Canal Plus had a put option to sell its stake back to TIM** at Fair Market Value plus the nominal value of loans to the JV (plus interest)

Rumoured Mediaset Deal

- According to rumours **TIM proposed a content acquisition deal to Mediaset worth €600m**[1]
- How can TIM minorities trust that this deal is in their best interest given **Mediaset lawsuit against Vivendi**[2]**?**

Source: Company filings, press

[1] https://www.milanofinanza.it/news/berlusconi-spera-in-accordo-tim-mediaset-201712221346235528.

[2] http://www.fininvest.it/en/press_office/press_release/fininvest-claims-570-million-euros-damages-from-vivendi-228.html.

Demonstrated Poor Stewardship

Vivendi has had **issues with management…**	▪ Vivendi **lost two TIM CEOs in two years**, spending **€25 million on severance for Flavio Cattaneo alone, after only 16 months in service**, despite the Board of Auditors expressing a negative opinion on his initial compensation package – Vivendi failed to explain to the market why the CEO left after only 16 months ▪ **Michel Sibony** was appointed as **Head of the Procurement Unit and Real Estate** Department at TIM's March 2018 Board meeting, despite also **holding several functions within the Bolloré Group** where he is also Chief Value Officer of Havas and Vivendi (potential suppliers of TIM). Previously he was TIM outside consultant while holding several positions with the Bolloré Group
…and **appointed conflicted directors…**	▪ **Félicité Herzog** has been proposed as an "**independent**" director on the Company's board by Vivendi and she is also **member of the Control and Risk Committee**. She is also founder of Apremont Conseil, whose relationships with the Bolloré Group and Vivendi are currently being **investigated by CONSOB** ▪ Vivendi passed the motion to **exempt its executives from non-competition rule**, leveraging on its large but minority stake
…who **focused on Vivendi's interest over TIM…**	▪ **TIM and Canal Plus JV** was initially treated by the Board as a related party transaction with "**minor relevance**" thus **avoiding** the prerequisite for an **independent directors' binding opinion** ▪ In January 2017 Telecom Italia awarded an **advertising mandate (€91 million in 2017) to Havas**, which is **owned by Vivendi**
… and as a consequence has **destroyed value in TIM**	▪ In order to comply with European Commission directive on concentration, **Vivendi exercised its control forcing Telecom Italia to sell one of its assets**, the 70% owned **Persidera** in such a way that, we believe, does not maximise shareholder value: a **trustee has been appointed to execute the sale at no minimum price**; ▪ Vivendi was a supporter of the **saving shares conversion** up until the December 2015 AGM when they refrained from voting asking for additional information. The conversion has not since been included in a shareholders' meeting agenda

Vivendi Used its Stake to Pass Motions in Its Own Interest

First at 2015 AGM, despite majority of minority's dissent…

	Increase BoD Members	
	Votes	As % of Attendees
In Favour	29.5%	52.9%
VIV	20.0%	35.9%
Funds and Others	**9.5%**	**17.0%**
Against	25.4%	45.7%
Funds and Others	**25.4%**	**45.7%**
Abstentions	0.8%	1.4%
Attendees	*55.7%*	*100.0%*

	Nominate VIV Directors	
	Votes	As % of Attendees
In Favour	29.5%	52.9%
VIV	20.0%	35.9%
Funds and Others	**9.5%**	**17.0%**
Against	25.2%	45.3%
Funds and Others	**25.2%**	**45.3%**
Abstentions	1.0%	1.7%
Attendees	*55.7%*	*100.0%*

	Increase BoD Compensation	
	Votes	As % of Attendees
In Favour	28.4%	51.0%
VIV	20.0%	35.9%
Funds and Others	**8.4%**	**15.1%**
Against	26.3%	47.3%
Funds and Others	**26.3%**	**47.3%**
Abstentions	1.0%	1.7%
Attendees	*55.7%*	*100.0%*

	Waive Non-Comp- for VIV Directors	
	Votes	As % of Attendees
In Favour	27.7%	49.7%
VIV	20.0%	35.9%
Funds and Others	**7.7%**	**13.8%**
Against	27.5%	49.4%
Funds and Others	**27.5%**	**49.4%**
Abstentions	0.5%	0.9%
Attendees	*55.7%*	*100.0%*

Source: TIM Dec-2015 AGM minutes

- At the 2015 AGM TIM's Board was increased to 17 members from 13 **in order to allow Vivendi's representatives to join**
  - Corporate Governance best practice limits a board size to 15, and several proxy advisors were against this change
- Vivendi opportunistically used the 19 member cap in TIM's by-laws to allow its executives onto the Board, although a **majority of other investors voted against** this as well as objecting to using TIM's funds to pay for compensation for these additional directors
- Vivendi also tried to waive non-competition for its directors but the motion was denied as votes failed to reach 50% threshold

Vivendi Used its Stake to Pass Motions in Its Own Interest (Cont'd)

… as well as in 2016 and 2017, with continued disagreement from most minorities

2016 AGM

Remuneration - Special Award	Votes	As % of Attendees
In Favour	37.2%	61.5%
VIV	24.7%	40.8%
Funds and Others	**12.5%**	**20.7%**
Against	23.2%	38.4%
Funds and Others	**23.2%**	**38.4%**
Abstentions	0.0%	0.1%
Attendees	*60.5%*	*100.0%*

2017 AGM

Remuneration - First Section	Votes	As % of Attendees
In Favour	32.7%	56.1%
VIV	24.2%	41.5%
Funds and Others	**8.5%**	**14.6%**
Against	25.4%	43.5%
Funds and Others	**25.4%**	**43.5%**
Abstentions	0.3%	0.4%
Attendees	*58.4%*	*100.0%*

Waive Non-Comp- for VIV Directors	Votes	As % of Attendees
In Favour	30.5%	52.7%
VIV	24.2%	41.9%
Funds and Others	**6.2%**	**10.8%**
Against	26.2%	45.3%
Funds and Others	**26.2%**	**45.3%**
Abstentions	1.2%	2.0%
Attendees	*57.8%*	*100.0%*

- At 2016 AGM Vivendi passed a Special Award for the new CEO Flavio Cattaneo, despite being contested by key minority shareholders and the Board of Auditors
- In 2017 once again Vivendi used its power as the largest shareholder to pass a compensation package for its directors using TIM's funds and waiving the non-competition rule for its directors
- Only 8% and 6% of the other Institutional Investors supported these two proposals, both solely benefitting the interest of Vivendi

Source: TIM May-2016 and May-2017 AGM minutes

Failed Minority Shareholders by Using TIM as a Subsidiary of Vivendi

What is Vivendi's real agenda for TIM? Bolloré recognises the inherent conflict of interest, given the risk of prejudicial procurement decisions, so **why is Vivendi managing the Company?**

> We are in telecoms but it is complementary to content…We don't want to be an operator. We don't want, industrially speaking, to manage a telecoms company. We manage content…We don't manage Telecom Italia and we will never manage it.
>
> *Vincent Bolloré, Financial Times article, June 2, 2016*

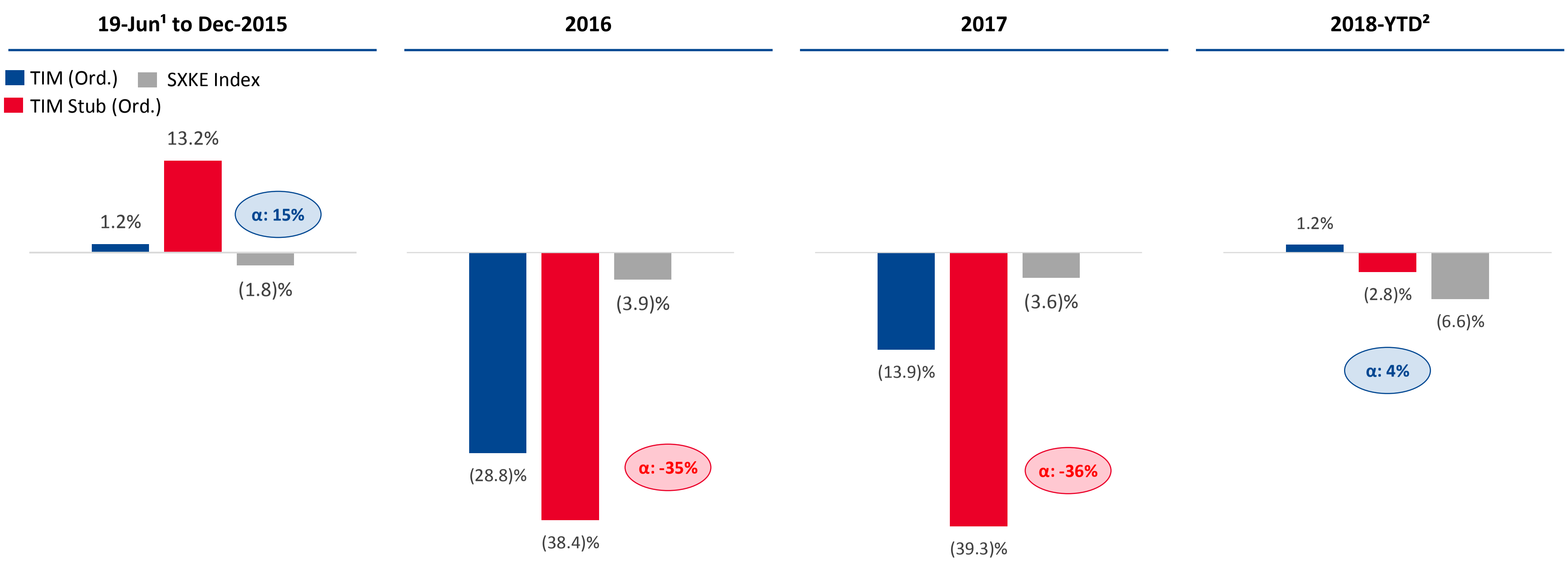
- Vivendi received 8.3% stake in TIM and 1% stake in TEF as part of the payment from TEF to Vivendi for GVT acquisition
- Vivendi has no stake in the other telecom "partners" (operators/distributors)

Source: press, Vivendi April 2017 AGM Presentation

02

Failed to Deliver Returns to TIM Shareholders

Market trusted Vivendi's convergence plan initially**, which supported the stock together with its own stakebuilding and value unlocking from INWIT separation,** but investors soon lost faith, leading to **sustained value destruction**



Source: Bloomberg as of 05-Mar-2018 (latest undisturbed pricing date)
Note: Chart shows total shareholder return. TIM Stub calculated excluding 60% stake in INWIT and 67% stake in Tim Brasil
[1] Date of INWIT IPO.
[2] Performance until 05-Mar-2018, last undisturbed day before Elliott interest in TIM was disclosed.

03 A Brighter Future

TIM Business Plan

On 07-Mar-2018, CEO **Amos Genish announced a promising plan for value creation at TIM.** The Industrial Plan includes the following key elements:

Domestic

- **Consumer**
  - Sustain premium base through convergence
  - Accelerating fiber migration and new avenues of growth
  - Customer engagement: Digital journeys, simplified portfolios
- **Business**
  - Sustain revenue through convergence, fiber, VOIP
  - Accelerate evolution towards an "ICT Company“
- **Wholesale**
  - Sustain traditional revenues through fiber migration
  - Step-change growth of non-regulated sales improving engagement
  - Optimize coverage to improve competitive positioning

Other Businesses

- **TIM Brasil**
  - Win share on affluent segments leveraging premium infrastructure and improving digital engagement
  - Deliver on fixed and mobile UBB by expanding coverage
  - Accelerate cash generation: smart CAPEX and efficiency
- **INWIT**
  - Strengthen leadership by leveraging new mobile opportunities and network densification
- **Sparkle**
  - Sustain traditional business, expand commercial footprint in new geographies and accelerate data/VAS service

Cash-flow generation

- **OPEX Efficiencies**
  - Create a lean efficient and zero-based cost structure leveraging the digital transformation and data analytics
- **CAPEX Efficiencies**
  - Maximize value driven CAPEX deployment leveraging current UBB infrastructure

Agile organisation

- **Digital**: Enable superior customer engagement and omnichannel experience while unlocking efficiency
- **Advanced Analytics and AI**: capture value both on customer engagement and cash flow generation
- **People, Culture and Organisation**: accountability, transparency, performance-based culture, agile organization, employee engagement
- **Execution**: streamline internal processes with end-to-end Transformation Office

Source: TIM Business Plan from FY2017 results presentation

Elliott vs. Vivendi: Value Creation vs. Destruction

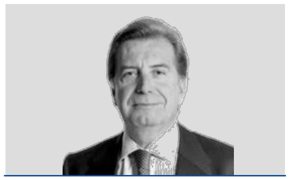
- **Elliott fully supports TIM's Business Plan** and its interests are **aligned with other minority shareholders**
- Elliott wants to **supplement TIM's Business Plan by aligning TIM with international corporate governance best practices**
- Elliott believes a **constructive approach with the government and regulator** will allow **asset value maximisation** and **fair treatment of minorities**
  - Elliott is just a shareholder, **TIM directors and executives will have the responsibility to assess the best timing and strategy for these initiatives**

	ELLIOTT	vivendi
Industrial Plan	✓ **Full support of management plan**	✗ **Additional (hidden) agenda**: Vivendi has been trying to **use TIM to make profits for itself** ✗ **TIM/Canal Plus JV** ✗ **TIM/Mediaset content acquisition contract** ✗ **Advertising mandate to Havas**
Alignment with other Shareholders	✓ **Elliott doesn't want to control TIM**	✗ **Vivendi is controlling the Company** ✗ **No alignment of interest**: for Vivendi's majority shareholder, Groupe Bolloré, profits for Vivendi are almost 6 times better than profits for TIM[1]
Governance Enhancing Proposals	✓ **Fully independent board of directors** ✓ **Implement saving shares conversion**	✗ Vivendi **blocked saving shares conversion** in Dec 2015 ✗ Vivendi has been **appointing its own managers** to the TIM Board since 2015
Value Realisation Opportunities	✓ **Accelerate NetCo value realisation**, maximising asset value and encouraging the creation of a single national network	✗ Vivendi **relationship with regulator and government can be detrimental** to the maximisation of NetCo value

Source: press articles

[1] Calculated using Vivendi economic stake of 18% in TIM and Groupe Bolloré economic stake of 21% in VIV.

Fully Independent Highly Qualified New Board Members



Fulvio Conti

- Mr. Conti 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 until joining Enel

Massimo Ferrari

- Currently serves as General Manager Corporate & Finance, **Group CFO of Salini Impregilo**, a post held since 2013
- 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, Ms. Giannotti has been a Director on the Supervisory Committee, Chairwoman of the Risks Committee and a member of the Related Parties Committee of UBI Banca. Since April 2017 she has been a Board Member, member of the Audit and Risk, Corp. Governance and Sustainability Committee of Terna
- She has held various managerial roles throughout her **thirty years of financial sector experience, including Morgan Stanley, Citigroup, Dresdner Bank and BNP Paribas**
- Previously she sat on the boards of Ansaldo STS S.p.A. and Dresdner Kleinwort Wasserstein SGR

Luigi Gubitosi

- Mr. Gubitosi 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 2007 to 2011 he was **CEO of Wind Telecomunicazioni** where he joined in 2005 as CFO

Dante Roscini

- Mr. Roscini 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, he spent twenty years in senior positions at three leading US investment banks in New York and London

Rocco Sabelli

- Mr. Sabelli served as CEO of Alitalia from 2009 to 2012 where he successfully restructured the company
- He served as CEO of Piaggio from 2003 to 2006
- Previously Since 2013 he has been an Operating Partner at various Italian Private Equity funds including Clessidra
- **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

Our Plan: A Stronger Company

First-class corporate governance: our candidates ensure competence and independence for the Board, unprecedented since TIM privatization

TIM

A: **100% Ordinary Shares**

	TIM NetCo	Sparkle	INWIT	TIM (Evoluir é fazer diferente)	TIM ServiceCo (C)
Target Ownership	25-75%	0-75%	0-60%	67%	100%
	▪ Legal separation of Access Network ▪ Pave way for potential consolidating transactions ▪ Further value realisation via stake sales	▪ Stake Sale to strategic partner	▪ Potential further monetisation	▪ Retain control of high-performing Brazilian business ▪ Possibly combine with local peers, strengthening international presence	▪ Focus on value-add profitable services ▪ De-lever company to reintroduce dividend

B

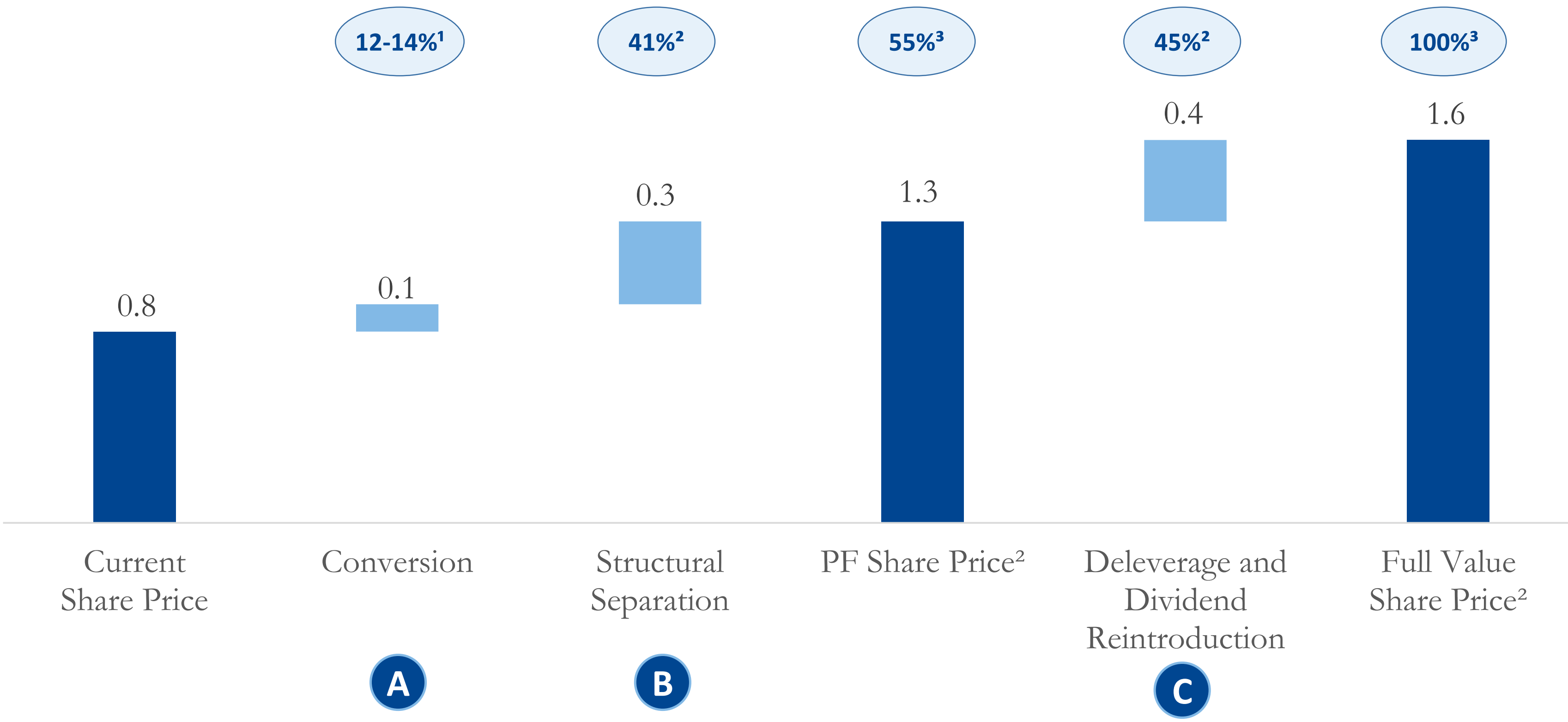
Unlock hidden asset value

Solve issues with Govt.

De-lever

How the Company Could Deliver Additional Value to Shareholders

An Independent Board Could Deliver Actions **Which May Double the Stock Price over the Next Two Years**



Source: Bloomberg as of 05-Apr-2018. Note: Conversion needs 2/3 of ordinaries' EGM approval, plus approval by holders of saving shares

[1] Illustrative 2018 EPS accretion of voluntary and mandatory conversion. Upsides exclude positive impact of use of cash proceeds / removal of dividend to savers and assume ordinaries' P/E doesn't change after conversion. Consistent value creation is also derived as the NPV of current savers' dividend estimates (assuming no ordinary dividends paid).

[2] Performance calculated on last ordinary share price. B and C performances exclude upside from conversion.

[3] Share prices include upside from mandatory conversion.

Shares Conversion Simulations

- In 1999 there were 35 companies with savings shares listed on Borsa Italiana, today there are only three[1] and **TIM represents almost 80% of total class capitalisation** (others being family-owned companies)
- Simplified capital structure, increased liquidity and avoided dividend leakage

Voluntary Conversion					
Voluntary Cash Contribution Per Sav. Share (€)	0.028	0.035	0.0417	0.049	0.056
Conversion Premium to Current	***10.9%***	***9.9%***	***8.9%***	***7.9%***	***6.9%***
Conversion Premium to Last 6 Months Average	***24.4%***	***23.3%***	***22.2%***	***21.1%***	***19.9%***
TIM Cash-in (€m)	167	209	251	293	335
Exchange Ratio	1.00	1.00	1.00	1.00	1.00
PF Ordinary Shares	21,067	21,067	21,067	21,067	21,067
Mandatory Conversion					
Conversion Premium to Current	***8.8%***	***7.5%***	***6.3%***	***5.0%***	***3.8%***
Conversion Premium to Last 6 Months Average	***22.0%***	***20.6%***	***19.2%***	***17.8%***	***16.4%***
Exchange Ratio	0.95	0.94	0.92	0.91	0.90
PF Ordinary Shares	20,743	20,678	20,612	20,547	20,481

Illustrative Case

Source: Bloomberg as of 05-Apr-2018, company's filings.

Note: Assuming no withdrawal rights exercised. Excluding the positive impact of use of cash proceeds / dividends saved

[1] *Calculated on subsect representing 93% of total listed savings shares. The remaining 7% is composed by 11 companies with savings market cap below €150m. Excludes Intesa Sanpaolo as announced conversion in Feb-2018.*

A Shares Conversion: Accretive for Ordinary Shareholders

	(€m)		2018BC	2019BC	2020BC
	Net Income		**1,562**	**1,746**	**1,905**
	Dividend to Savings (5% of Nominal)[1]		166	166	166
	Net Income to All Shares		1,396	1,580	1,740
	Total NOSH (m)		21,067	21,067	21,067
	Ordinaries EPS (€)[2]		**0.066**	**0.075**	**0.083**
	Savings EPS (€)[2]		**0.094**	**0.103**	**0.110**
Illustrative **Voluntary Conversion with Cash Contribution**	**Premium to Savings Last 6 Months Price: 22.2%**				
	PF NOSH (m)		21,067	21,067	21,067
	PF EPS (€)		0.074	0.083	0.090
	EPS Accretion/(Dilution)		***11.9%***	***10.5%***	***9.5%***
	Voting Rights (Dilution)	***(28.6)%***			
Illustrative **Mandatory Conversion**	**Premium to Savings Last 6 Months Price: 19.2%**				
	PF NOSH (m)		20,612	20,612	20,612
	PF EPS (€)		0.076	0.085	0.092
	EPS Accretion/(Dilution)		***14.3%***	***12.9%***	***11.9%***
	Voting Rights (Dilution)	***(27.0)%***			

Source: Bloomberg as of 05-Apr-2018, company's filings
Note: Assuming no withdrawal rights exercised. Excluding the positive impact of use of cash proceeds / dividends saved
[1] Assumes TIM doesn't distribute dividend to ordinary shareholders over the next 3 years as currently estimated by selected brokers.
[2] Ordinaries EPS calculated as Bloomberg estimated Net Income to Ordinaries on Total NOSH; Savings' EPS calculated as Ordinaries' EPS plus Savings' DPS.

B NetCo Separation Could Unlock Substantial Hidden Value

€20-25bn range indicated by previous CEO Cattaneo in June 2017

Methodology		NetCo Valuation Range (€m) 9,000 11,000 13,000 15,000 17,000 19,000 21,000 23,000 25,000	Comment
Regulated NetCos		€16bn €25bn	▪ Regulated NetCos[1] EV EBITDA (range 9x-12x) applied to NetCo estimated EBITDA of €1.8bn and €2.1bn
RAB Valuation	Italian NetCos	€15bn €19bn	▪ Asset Value of €15bn as latest reported ▪ Top value calculated applying Snam, Italgas and Terna median EV premium to RAB
RAB Valuation	BT OR	€15bn €17bn	▪ Asset Value of €15bn as latest reported ▪ Top value calculated applying analysts' 15-20% EV/RAB premium as analysts do for BT OpenReach
Market Multiples	BT OR	€10bn €15bn	▪ BT OpenReach EV calculated by analysts at 15-20% premium on a RAB of £12-15bn, on 2017 EBITDA ▪ Implied EV EBITDA range of 5.4-6.9x applied to NetCo estimated EBITDA
Market Multiples	Chorus	€10bn €12bn	▪ NZ cash-burning NetCo spun-off in 2008 from Spark ▪ EV EBITDA of 5.8x applied to NetCo EBITDA of €1.8-€2.1bn

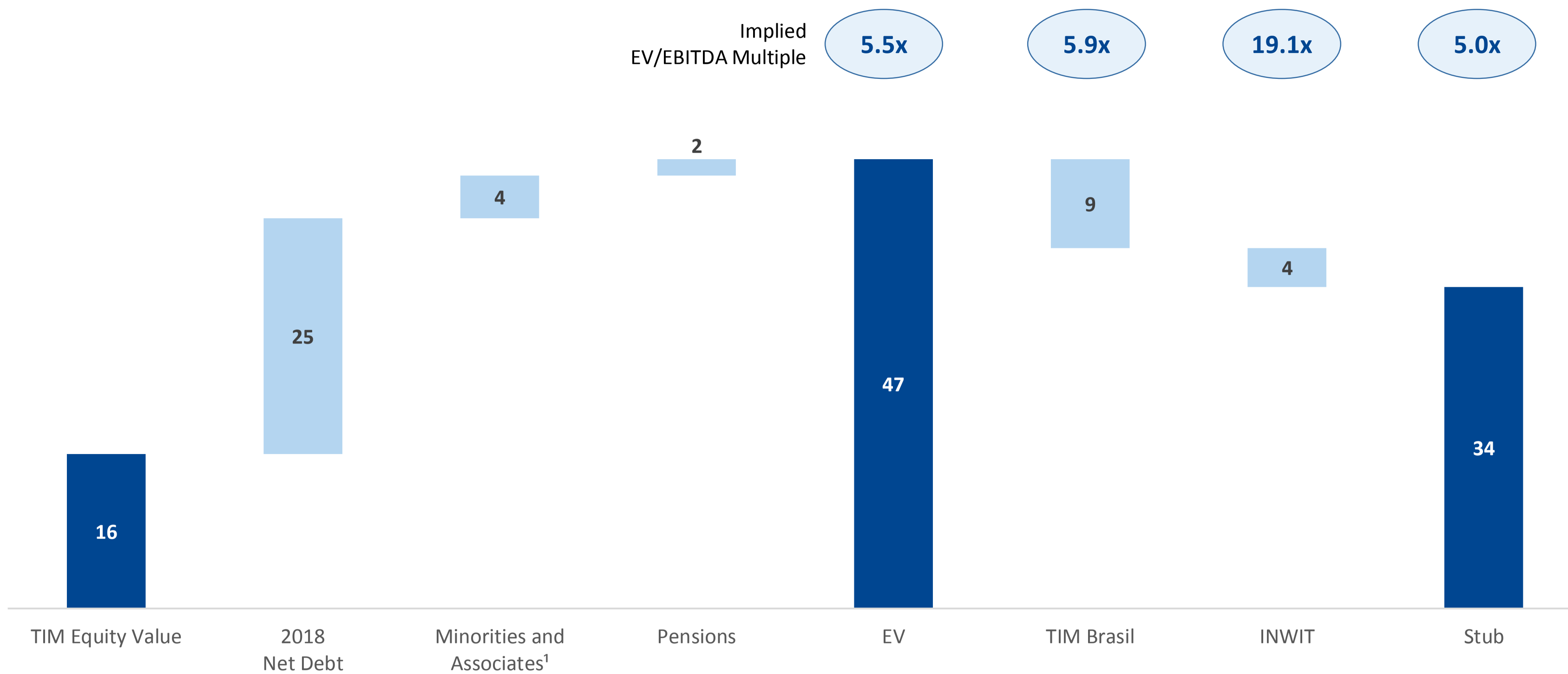
Source: Bloomberg as of 05-Apr-2018, AGCOM

[1] Regulated NetCos include Snam Rete Gas, Terna, Italgas, National Grid, Red Electrica and Enagas.

Current TIM Sum Of The Parts

European Incumbents EV/EBITDA median is **6.0x**, a **premium of 20%** to TIM Stub

SOTP EV Bridge at Current Market Prices (€bn)



Source: Bloomberg as of 05-Apr-2018

Note: Multiples calculated on 2018 EBITDA as estimated by Bloomberg. 2018 Net Debt estimated by Bloomberg

[1] Minorities include 40% of INWIT and 33% of TIM Brasil at current market prices. Associates of €17m.

B Separation Would Realize Up to €7 Billion in Hidden Value

How the assets are presented to the market affects their valuation

Enabling investors to target their exposure

- will draw new investors, driving a re-rating of shares
- could unlock as much as 7 billion euros (41% of market cap) in hidden value

	Status-quo			Separation		Rerating		Value Creation		
€bn	2018E EBITDA	EV	Multiple	EV	Impl. Multiple	EV	Impl. Multiple	Delta EV	As % of Market Cap	Per-share (€)
NetCo	1.8	9	5.0 x	15	8.3 x	15	8.3 x	6	*37%*	0.29
Sparkle	0.2	1	5.0 x	2	8.2 x	2	8.2 x	1	*4%*	0.03
ServiceCo	4.7	24	5.0 x	17	3.6 x	24	5.0 x	-	-	
Stub	**6.8**	**34**	**5.0 x**	**34**	**5.0 x**	**40**	**6.0 x**	**7**	***41%***	**0.32**
ServiceCo Discount vs. Peers			*(17.0)%*		*(40.1)%*		*(17.0)%*			
Peers Premium vs. ServiceCo			*20.4%*		*66.9%*		*20.4%*			

- Current lack of disclosure means the market cannot properly value NetCo and Sparkle
- As a result, they are implicitly trading at ServiceCo EV/EBITDA multiple

- After separation, we expect standalone ServiceCo to trade in-line with current Stub EV/EBITDA
- This would create €7bn of value, or €0.32 per share

Source: Bloomberg as of 05-Apr-2018
Note: EBITDA of Stub components is based on preliminary estimates. EV and multiples calculated on 2018 estimates, not assuming ordinary shares conversion. TIM Stub calculated excluding INWIT and TIM Brasil

B CLAIM: "But it's unprecedented in Europe!"

The same was said 10 years ago about separating and selling mobile towers in Europe

The critical factor is not precedent. It is the value of the assets and their appeal to investors:

- TIM's copper network is among the best in Europe, with the shortest average distance between cabinet and homes (250mt vs. Germany 300mt, UK 500mt and France >1km)
- TIM fiber network deployment has been rapidly accelerated, increasing ultra-broadband coverage from 19% of population as of Mar-2014 to 77% as of Dec-2017
- No real competition from alternative technologies (no cable in Italy) but there is a risk we can address:
  - Since 2016 the government is indirectly (via 30% owned Enel and Cassa Depositi e Prestiti) deploying an additional 100%-fiber network with a company called Open Fiber (OF)
  - OF was created to ensure meeting 2020 EU targets on digital divide because TIM's network was well behind, and the Company was showing limited cooperation
  - It makes no sense for TIM to compete with another network
  - If TIM can be proactive in addressing this government objective, network unification could drive great value creation for shareholders - reversing the competitive threat created by the Company's prior unwillingness to help the country meet its EU commitment

The transaction is value-additive precisely because the remaining business is not worthless:

- Assuming €2bn EBITDA for NetCo and Sparkle and excluding INWIT and TIM Brasil, the remaining EBITDA would be €5bn. How could this be worthless?

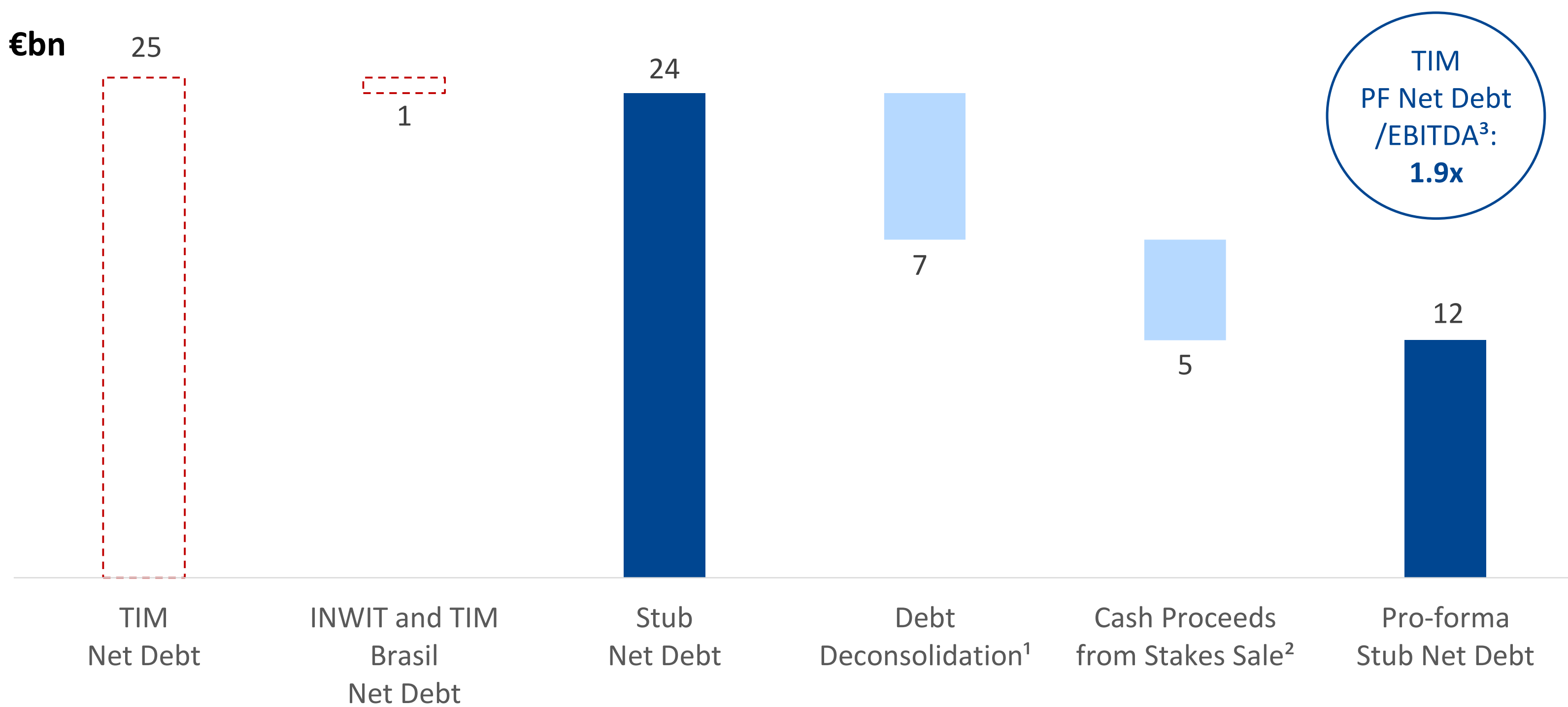
And there are precedents in Europe:

O2 Czech network separation created great value for shareholders

TDC acquisition in Denmark signals that investors recognise **value in NetCos spin-off**

A Potential Deconsolidation Could Allow TIM to Delever…

- We believe deconsolidating both NetCo and Sparkle could allow TIM to maximise the value of its assets as well as bring leverage in line with peers



Source: Bloomberg as of 29-Mar-2018.
Note: Both Net debt and EBITDA estimated by Bloomberg for 2018
[1] Deconsolidation of NetCo debt assuming 4.0x estimated EBITDA of €1.8bn. [2] Cash proceeds from illustrative sale of 51% stake in NetCo at an assumed Enterprise Value of €15bn and 51% stake in Sparkle at an assumed Enterprise Value of €2bn. [3] Pro-forma Consolidated TIM Net Debt and EBITDA excluding NetCo and Sparkle estimated 2018 EBITDA (Excludes value of stakes in NetCo and Sparkle; PF leverage would be 1.2x).

...Delevering Will Allow TIM to Pay a Dividend

Following the deleverage TIM would be positioned to distribute a stable dividend again to ordinary shareholders

We estimated a preliminary ServiceCo pro-forma Free Cash Flow

- 2019 EBITDA of €5bn, net of €2bn NetCo and Sparkle estimated EBITDA
- 2019 Capex of €2bn
- 2018 estimated PF Net Debt of €12bn, assuming refinancing at interest rate of 3.5%

- **We derive a preliminary Free Cash Flow for ServiceCo in 2019 of €1.7bn**
- **We estimate the Company will have a dividend coverage (FCF/Dividend) of 1.4x, in line with peers, therefore being able to distribute €1.2bn of dividend in 2019**

Peers Dividend Yield	*%*	*5.6%*
Assumed Premium vs. Peers	*%*	*15.0%*
Dividend Yield	***%***	***6.4%***
ServiceCo Est. FCF	€bn	1.7
Peers Dividend Coverage		1.4 x
Imp. Dividend	**€bn**	**1.2**
Implied ServiceCo Equity Value	€bn	19
ServiceCo 2018PF Net Debt	€bn	12
ServiceCo PF EV	€bn	31
ServiceCo EV Post-separation	€bn	24
Additional Value Creation	*€bn*	*7*
As % of Market Cap	*%*	*45%*
PF Ord. Sh. Px.[1]	**€**	**1.5**
Additional Upside[2]	€	0.4

Source: Bloomberg as of 05-Apr-2018
[1] PF share price excludes potential upside from shares conversion, includes upside from separation.
[2] In addition to upside from separation.

Call to Action

- We are not seeking control of the Board, we seek to liberate it from Vivendi's reign of value destruction
- We ask for your vote to elect a highly qualified and independent Board of Directors to focus on creating value for all shareholders
- We are in favour of the current management team, including the CEO whom we will support at the April 24th AGM
- We believe there should not be another general meeting in May as the board will be restored on April 24th in compliance with Italian law and TIM by-laws