TELECOM ITALIA S P A
Form 6-K
May 16, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15D-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF MAY 2016

TELECOM ITALIA S.p.A.

(Translation of registrant s name into English)

Via Gaetano Negri 1

20123 Milan, Italy

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

FORM 20-F x FORM 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

YES ¨ NO x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Press Release

TELECOM ITALIA GROUP: INTERIM REPORT ON OPERATIONS AS OF 31 MARCH 2016 APPROVED BY BOARD OF DIRECTORS

CONSOLIDATED REVENUES OF 4.4 BILLION EUROS (-5.6% IN ORGANIC TERMS COMPARED TO Q1 2015)

DOMESTIC CONSUMER REVENUES OF 1.8 BILLION EUROS (+2.0% COMPARED TO Q1 2015), THANKS TO THE CONSTANT IMPROVEMENT IN THE MOBILE SECTOR, REVENUES FOR WHICH INCREASED BY 8.9% COMPARED TO THE FIRST QUARTER OF 2015, TOTALLING 855 MILLION EUROS; IN THE FIXED SECTOR, REVENUES FROM INNOVATIVE SERVICES INCREASED (+5.8%)

EBITDA: 1.7 BILLION EUROS, 11.3% LESS THAN THE FIRST QUARTER OF 2015 IN ORGANIC TERMS, WITH AN EBITDA MARGIN OF 38.6%. NET OF THE NON-RECURRING ITEMS, THE FIGURE TOTALS APPROXIMATELY 1.8 BILLION EUROS (-7.5%)

EBIT: 704 MILLION EUROS, - 25.1% IN ORGANIC TERMS COMPARED WITH Q1 2015. NET OF THE NON-RECURRING ITEMS, THE CHANGE WOULD BE -17.3%

NET PROFIT ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS: 433 MILLION EUROS (82 MILLION EUROS IN Q1 2015)

LIQUIDITY MARGIN AS OF 31 MARCH 2016: 10.4 BILLION EUROS, ALLOWS FINANCIAL COMMITMENTS TO BE COVERED FOR AT LEAST THE NEXT 24 MONTHS

INVESTMENTS DURING THE PERIOD TOTALLED 944 MILLION EUROS, OF WHICH 778 MILLIONS IN ITALY (+102 MILLION EUROS COMPARED TO Q1 2015)

RECCHI: A NEW PHASE STARTS TODAY FOR THE GROUP, CHARACTERISED BY EFFICIENCY AND FOCUS ON MORE CHALLENGING GOALS

CATTANEO: INCREASE IN EFFICIENCIES FROM 0.6 TO 1.6 BILLION WITHIN 2018, MAINTAINING QUALITY AND COVERAGE LEVELS

The results of the first quarter of 2016 will be illustrated to the financial community during a conference call scheduled for Monday 16 May at 9.30 a.m. (Italian time). Journalists may listen in to the presentation, without asking questions, by calling +39 0633168. The presentation slides will shortly be available at: *http://www.telecomitalia.com/1Q2016/eng.*

Those unable to connect live may follow the presentation until 23 May 2016 by calling +39 06334843 (access code 948290#).

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After the transposition into Italian law of the amendments to the Transparency Directive, the obligation already set out in art. 154-ter (Financial Reports) of Legislative Decree 58/1998 (Consolidated Law on Finance - CLF) to draw up Interim Reports on Operations for the first and third quarter of the year has been eliminated for Listed Issuers. However, the right to prescribe publication of periodic financial information in addition to the annual and half-yearly financial reports, through suitable regulations, and after having ascertained the impact, has been transferred to Consob.

In this context, Telecom Italia confirms its intention of ensuring, on a voluntary basis and whilst awaiting legislative clarification, the continuity and regular supply of information to the market, publishing its usual information on the results as at 31 March 2016. It specifically reserves the right to duly assess the financial communication policy to be adopted by the Company, once the reference framework has been consolidated.

The interim Report on Operations also includes the Abbreviated Consolidated Financial Statements as of 31 March 2016 prepared in accordance with

IFRS accounting principles issued by IASB and endorsed by the EU and, in particular, with IAS 34 Interim Financial Reporting. The Abbreviated Consolidated Financial Statements as of 31 March 2016 are not audited.

The accounting policies and consolidation principles adopted in preparing the Abbreviated Consolidated Financial Statements as of 31 March 2016 are consistent with those adopted in the Telecom Italia Group Consolidated Financial Statements as of 31 December 2015, to which reference can be made, except for the application of new Standards/Interpretations adopted by the Group starting from 1 January 2016. Moreover, as illustrated in the notes to the Abbreviated Consolidated Financial Statements as of 31 March 2016, the new Standards/Interpretations have not had any effect on the Group s consolidated Financial Statements.

In the Brazil Business Unit, the management has identified an incorrect accounting entry made in previous years regarding the posting of service revenues from the sale pre-paid traffic. Although this accounting error had no impact in terms of the net financial position or cash and cash equivalents, it meant that the recognition of revenues from traffic prepaid and not yet consumed was posted earlier.

Provision has therefore been made to review the comparative data as at 31 December 2015 and for the first quarter of 2015, with no significant impact on the economic data compared.

In addition to the conventional financial performance indicators contemplated under IFRS, the Telecom Italia Group uses certain alternative performance indicators in order to give a clearer picture of the trend of operations and the company s financial position. Specifically, the alternative performance indicators refer to: EBITDA; EBIT; organic change in revenues, EBITDA and EBIT; net financial book debt carrying amount and adjusted net financial debt. The meaning and content of these measures are explained in the annexes.

Note that this release and in particular the information on the Outlook for the 2016 financial year contain forward-looking statements about the Group s intentions, beliefs and current expectations with regard to its financial results and other aspects of Group s operations and strategies. Readers of the present press release should not place undue reliance on such forward-looking statements, as final results may differ significantly from those contained in the above-mentioned forecasts owing to a number of factors, the majority of which are beyond the Group s control.

MAIN VARIATIONS TO THE TELECOM ITALIA GROUP CONSOLIDATION AREA

The following changes occurred in the first quarter of 2016:

Sofora Group - Telecom Argentina: classified under Discontinued operations (discontinued operations/non-current assets held for sale) was sold on 8 March 2016;

Revi Immobili S.r.l., Gestione Due S.r.l. and Gestione Immobili S.r.l. (Business Unit Domestic): *on 11 January 2016 INWIT S.p.A. acquired 100% of the companies, which therefore entered the consolidation scope of the Group.*

The following changes occurred in 2015:

INWIT S.p.A. (Business Unit Domestic): was established in January 2015*;*

Alfabook S.r.l. (Domestic Business Unit): on 1 July 2015, Telecom Italia Digital Solutions S.p.A. acquired 100% of the capital of the company, which therefore entered the Group s consolidation scope;

TIM Real Estate S.r.l. (Domestic Business Unit): was established in November 2015.

Rome, 13 May 2016

The Board of Directors of Telecom Italia met today, chaired by Giuseppe Recchi, to approve the Interim Report on Operations at 31 March 2016. The BoD also examined the update to the 2016-2018 Plan, centered around the better allocation of investments and the more effective recovery of efficiencies.

Efficiency and focus on ever more challenging goals, as long advocated by the Board of Directors, distinguish the new phase for Telecom Italia, starting today , **pointed out the Executive Chairman Giuseppe Recchi**. Biggest infrastructural investor in Italy, Telecom Italia aims at ensuring a more prompt and widespread implementation of fibre optic network infrastructure with FttH/B technology in the most important cities and areas, in response to the growing demand for ultrabroadband for the use of quality and customized innovative services and content. We thus confirm our leadership in the Italian market and the coverage targets for 2018 fibre for approximately 84% of the population (45% at present) and 4G for 98% (92% at present) .

The faster implementation of ultrabroadband infrastructure will be accompanied by careful cost control , **pointed out the new Chief Executive Officer, Flavio Cattaneo**, which means the efficiency of the investments can be significantly increased. The aim is to reach the end of 2018 with 1.6 billion euros of efficiencies compared to the 600 million euros previously envisaged. This will involve targeted actions amounting to around 800 million on Opex and around 800 million on Capex .

As for Brazil, Cattaneo announced, for the upcoming months, a strengthening of the efficiency plans envisaged thus far while maintaining strong development in both 3G and 4G. We must take into account the major changes to the macroeconomic, political and market context seen in the country in recent months. A strong sign of change is necessary, which started with the appointment of the new Chief Executive Officer .

RECOVERY PLAN - 2016-2018 PLAN UPDATED

The total efficiencies, coming to 1.6 billion euros, envisaged within 2018 will be achieved as regards Opex, in particular, through the reduction of:

- the commercial component thanks to the optimisation of purchase and advertising costs;
- industrial costs through the increase in productivity and simplification of IT and network platforms;
- expenditure on energy, support and lease through the optimisation of spaces and implementation of the zero base budget approach;
- the cost of labour.

The efficiencies applied to investments - whilst maintaining UBB coverage levels and quality of service - will be pursued through:

- the simplification of network architecture in order to optimise expenditure;
- a carefully-targeted allocation of expenses on the basis of return on investments.

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TELECOM ITALIA GROUP RESULTS

Revenues in Q1 2016 totalled **4,440 million euros**, down 12.1% on the first quarter of 2015 (5,054 million euros). In terms of organic change, calculated by excluding the effect of changes in exchange rates and consolidation area, consolidated revenues were down 5.6% (-263 million euros).

Revenues, broken down by operating segment, were as follows:

	Q1 2016		Q1 2015		Changes		
(million euros)		% of total	Reviewed	% of total	absolute	%	% organic
Domestic (*)	3,548	79.9	3,631	71.9	(83)	(2.3)	(2.3)
Core Domestic (**)	*3,310*	*74.5*	*3,397*	*67.2*	*(87)*	*(2.6)*	*(2.6)*
International Wholesale	*311*	*7.0*	*310*	*6.1*	*1*	*0.3*	*(0.3)*

Brazil	897	20.2	1,412	27.9	(515)	(36.5)	(15.3)
Other assets	6	0.1	21	0.4	(15)		
Adjustments and eliminations	*(11)*	*(0.2)*	*(10)*	*(0.2)*	*(1)*		
Consolidated Total	4,440	100.0	5,054	100.0	(614)	(12.1)	(5.6)

(*) After the change to Persidera s mission, the Media Business Unit was incorporated into the Domestic Business Unit (Domestic Core) from 1 January 2016; in the absence of this change, Domestic revenues for the first quarter of 2016 would have been 3,530 million euros.

(**) Includes the Olivetti company since 1 January 2016. The data for comparative periods have therefore been changed accordingly.

EBITDA for the first three months of 2016 amounted to **1,712 million euros** down by 321 million euros (-15.8%) compared to the same period of the previous year, with an EBITDA margin of 38.6% (40.2% in the first three months of 2015). In organic terms, EBITDA fell by 218 million euros (-11.3%) compared to the first quarter of 2015, and the margin fell by 2.4 percentage points.

EBITDA for the first quarter of 2016 reflected the negative impact of non-recurring charges for a total of 75 million euros. Without these, the organic change in EBITDA would have been -7.5%, with an EBITDA margin of 40.2%, 0.9 percentage points lower than the first quarter of 2015.

These charges were connected with events and operations that by their very nature do not occur continuously in normal operating activity. They are emphasised because the total is significant, and comprises, essentially, charges and liabilities deriving from the reorganisation/restructuring of the business.

The following table shows a breakdown of EBITDA and EBITDA margin by business unit:

	Q1 2016		Q1 2015		Changes		
(million euros)		% of total	Reviewed	% of total	absolute	%	% organic
Domestic (*)	1,461	85.3	1,610	79.3	(149)	(9.3)	(9.3)
% of Revenues	*41.2*		*44.3*			*(3.1) pp*	*(3.1) pp*
Brazil	258	15.1	416	20.5	(158)	(38.0)	(17.4)
% of Revenues	*28.7*		*29.5*			*(0.8) pp*	*(0.7) pp*
Other assets	(6)	(0.4)	7	0.3	(13)		
Adjustments and eliminations	*(1)*		*(1)*				
Consolidated Total	1,712	100.0	2,033	100.0	(321)	(15.8)	(11.3)
% of Revenues	*38.6*		*40.2*			*(1.6) pp*	*(2.4) pp*

(*) After the change to Persidera s mission, the Media Business Unit was incorporated into the Domestic Business Unit (Domestic Core) from 1 January 2016; in the absence of this change, Domestic EBITDA for the first quarter of 2016 would have been 1,451 million euros.

EBIT in the first quarter of 2016 was **704 million euros** (981 million euros in Q1 2015), down 277 million euros (-28.2%) compared with the first quarter of 2015, accounting for 15.9% of revenues (19.4% in Q1 2015).

Organic EBIT was down 236 million euros, accounting for 15.9% of revenues (20.0% in Q1 2015).

EBIT for the first quarter of 2016 reflected the negative impact of non-recurring charges for a total of 74 million euros. Without these, the organic change in EBIT would have been -17.3%, with an EBIT margin of 17.5% of revenues, a fall of 2.5 percentage points with respect to the first quarter of 2015.

Profits from discontinued operations/non-current assets held for sale in the first quarter of 2016 totalled **47 million euros** (169 million euros in Q1 2015) and refer to the positive contribution (59 million euros) made to the consolidated results by the Sofora - Telecom Argentina group for the period 1 January - 8 March, to which were added the effects of the sale that, when the related income taxes are included, had a negative impact of 12 million euros.

First quarter 2016 profits attributable to Parent Company Shareholders were **433 million euros** (82 million euros in Q1 2015) including the negative effects of net non-recurring charges totalling 64 million euros; however, they benefited from some items of a purely accounting and valuation nature, which do not generate any financial adjustments, connected in particular with the valuation at fair value of the implicit option included in the Mandatory Convertible Bond issued late 2013 with maturity at three years. In the absence of these impacts, the profits for the first quarter of 2016 attributable to the Parent Company Shareholders would have totalled approximately 260 million euros, substantially in line with the same value for the first quarter of 2015.

Capital expenditure totalled **944 million euros**, 20 million euros less than in the first quarter of 2015, broken down by operational sector as follows:

(million euros)	Q1 2016		Q1 2015		Change
		% of total		% of total	
Domestic (*)	778	82.4	676	70.1	102
Brazil	166	17.6	287	29.8	(121)
Other assets			1	0.1	(1)
Adjustments and eliminations					
Consolidated Total	944	100.0	964	100.0	(20)
% of Revenues	*21.3*		*19.1*		*2.2 pp*

(*) After the change to Persidera s mission, the Media Business Unit was incorporated into the Domestic Business Unit (Domestic Core) from 1 January 2016; in the absence of this change, Domestic investments in the first quarter of 2016 would have been 777 million euros.

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The **Domestic Business Unit** posted investments for 778 million euros, 102 million euros higher than in the first quarter of 2015. This increase was particularly attributable to the acceleration and growth of innovative investments for the development of new generation networks and services (+169 million euros), which accounted for 50% of total investments (33% in the same period of 2015).

The **Brazil Business Unit** posted a reduction of 121 million euros (including a negative foreign exchange effect of 72 million euros) from the figure in the first quarter of 2015; these investments were focussed mainly on the evolution of the business infrastructure and the sales support platforms.

Cash flow from Group operations was positive for **25 million euros** (negative for 455 million euros in the first quarter of 2015).

Adjusted net financial debt was 27,139 million euros at 31 March 2016, 139 million euros less than at the end of 2015 (27,278 million euros). The conclusion of the operation to sell the Sofora - Telecom Argentina group with receipt of the relative price and the consequent deconsolidation of its financial debt, together with the positive trend in operations, allowed the requirements deriving from financial management, real estate project and the renegotiation of leasing contracts, which reduced the debt.

Net financial debt carrying amount as of 31 March 2016 was equal to 28,233 million euros (28,475 million euros as of 31 December 2015).

The **liquidity margin** at 31 March 2016 was 10,400 million euros, equivalent to the sum of Cash and cash equivalents and Securities other than investments for a total of 3,400 million euros (5,047 million euros at 31 December 2015) and unused committed lines of credit for a total of 7,000 million euros. This margin covers the financial liabilities of the Group falling due for at least the next 24 months.

Group **headcount** at 31 March 2016 was **65,107**, including 52,554 in Italy (65,867 as of 31 December 2015, including 52,555 in Italy).

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BUSINESS UNIT RESULTS

DOMESTIC

The revenues of the first quarter of 2016 totalled 3,548 million euros, with a reduction of 83 million euros (-2.3%) compared to the first quarter of 2015, with a performance trend in line with that of the fourth quarter of 2015 (which was -2.3%). Compared to the same period in 2015, service revenues presented a trend similar to that of total revenues (-83 million euros, -2.4%), but with indications that the recovery trend is slowing slightly, after, in particular, a worsening of the performance of the Fixed segment, while the solid, structural recovery of Mobile revenues was confirmed, thanks both to maintenance of market share and stabilisation of ARPU levels.

In greater detail:

Fixed market service revenues totalled 2,483 million euros in the first quarter, a contraction of 112 million euros from the figure for the first quarter of 2015 (-4.3%). This downward trend is wholly correlated with the reduction in revenues from voice services (-129 million euros due to the loss of about one million in the number of lines), only partially offset by continued growth in Broadband and Ultra-Broadband customers, which leads the growth in innovative services (+32 million euros, +5.8%). The results of the Fixed segment were also affected by the reduction in the price of wholesale services; net of this impact (of 18 million euros), the fall would have been -3.7% from the figure for the first quarter of 2015;

Mobile market service revenues totalled 1,059 million euros and presented an increase of 6 million euros compared to the previous year (+0.6%); this confirmed the constant improvement trend already observed in the preceding quarters (+0.1% in Q4 2015, compared to the -1.5% in Q3 2015, -2.5% in Q2 2015 and -4.2% in Q1 2015).

Revenues from product sales, including changes to work in progress, totalled 196 million euros in the first quarter of 2016, in line with the first quarter of 2015.

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The Domestic Business Unit operates distinctly in two different reference environments, and an analysis of related revenues:

Core Domestic Revenues

Core Domestic **revenues** totalled **3,310 million euros** and fell by 2.6% (3,397 million euros in Q1 2015).

The performance of the individual market segments as compared with 2015 is as follows:

Consumer: the revenues of the Consumer segment in the first quarter of 2016 totalled 1,758 million euros, with an increase of 34 million euros (+2.0%) compared to the same period in 2015; this confirmed the recovery trend already underway in 2015, thanks, in particular, to the structural, solid improvement in the Mobile sector, as an effect of both the recovery of market share and the stabilisation of ARPU levels.

In particular:

Mobile revenues totalled 855 million euros and presented a trend to grow, compared to the first quarter of 2015 (+70 million euros, +8.9%), confirming the improvement trend already observed in the previous year (Q4 2015: +2.5%; third quarter: +3.3%; second quarter: -1.6%; first quarter: -1,5%). Services revenues increased by 35 million euros (+4.9% compared to Q1 2015), confirming the appreciable recovery that started in the second half of 2015 (Q4 2015: +1.5%; third quarter: -0.3%; second quarter: -2.1%; first quarter: -4.3%), which may be attributed to a cooling of competitive pressure, the progressive stabilisation of market share and the constant growth of mobile internet and digital services to support the stabilisation of ARPU;

Fixed revenues totalled 890 million euros, with a decrease of 57 million euros compared to the first quarter of 2015 (-6.0%), recovering with respect to the last quarter of 2015 (-6.7%), attributed to the loss of voice-only accesses and greater pressures on ARPU levels, partially offset by growth in innovative services, thanks to the positive trend in the Broadband Customer Base.

Business: the revenues of the Business segment totalled 1,085 million euros, 96 million euros less than in the first quarter of 2015 (-8.1%), -58 million euros (-5.5%) of which on the service component. In detail:

revenues from Mobile services fell by 23 million euros (-7.9% than in Q1 2015); in particular, the contraction in traditional mobile services continued (-18% of the voice and messaging component, compared to Q1 2015), caused by the trend for customers to reposition on bundle formulations with a lower overall ARPU, and the migration of Government customers to the new Consip offer (the unit prices of which have been lowered), and only marginally recovered, thanks to the positive performance of the new digital services (+2.5% compared to 2015);

fixed services revenue fell by 30 million euros (-3.8% compared to 2015): despite constant growth in ICT service revenues (+3.2%), in particular in Cloud services, the segment continued to suffer the effects of the slow economic recovery, the contraction in prices of traditional voice and data services, and the technological shift towards VoIP systems.

Wholesale: the revenues of the Wholesale segment totalled 433 million euros in the first quarter of 2016, a fall compared to the corresponding period of 2015 (-24 million euros, -5.3%), principally because of the reduction in regulated prices; net of this impact (which totalled 18 million euros), the fall would have been -1.5% from the figure for the same period of the previous year.

International Wholesale Revenues Telecom Italia Sparkle Group Revenues

The 2015 revenues of International Wholesale - Telecom Italia Sparkle Group totalled to 311 million euros, substantially in line with the first quarter of 2015 (+1 million euros, +0.3%). This result may be attributed to growth in revenues for IP/Data services (+2 million euros, +2.8%) and the fall in revenues for phone services (-1 million euros, -0.5%). The other lines of business remained substantially stable.

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The **EBITDA** of the Domestic Business Unit at 31 March 2016 totalled **1,461 million euros**, with a fall of 149 million euros compared to the first quarter of 2015 (-9.3%), with an EBITDA margin of 41.2%, (-3.6 percentage points less than the same period of the previous year). EBITDA in the first quarter of 2016 was affected by the negative impact of non-recurring charges totalling 67 million euros. Without these charges, the organic change in EBITDA would have been -5.2%, with an EBITDA margin of 43.1%, down 1.3 percentage points on March 2015.

EBIT for the Domestic Business Unit in the first quarter of 2016 was **662 million euros** (814 million euros in the corresponding period of 2015), a reduction of 152 million euros (-18.7%), with an EBIT margin of 18.7% (22.4% in Q1 2015). The trend in EBIT reflects, primarily, the contraction in EBITDA detailed above.

EBIT for the first quarter of 2016 was affected by the negative impact of non-recurring charges totalling 67 million euros. Without these, the organic change in EBIT would have been -10.6%, with an EBIT margin of 20.5%.

The **headcount**, at **52,713** , increased by 69 from the number at 31 December 2015, also because of the incorporation of the Media business unit, in the absence of which the increase would have been 6 employees.

BRAZIL (average real/euro exchange rate 4.29753)

The **revenues** of the **Tim Brasil group** in the first quarter of 2016 totalled **3,854 million reais**, down by 697 million reais (-15.3%) compared to the same period of the previous year. Revenues from services reached 3,618 million reais, with a reduction of 326 million reais compared to 3,944 million reais in the first quarter of 2015 (-8.3%).

Revenues from product sales stood at 236 million reais (607 million reais in 2015, -61.1%); reflecting a sales policy less focussed on the sale of handsets, as well as the impact of the Brazilian macroeconomic crisis on family spending decisions.

Mobile ARPU in the first quarter of 2016 **was 17.2 reais** compared to 16.7 reais n the same period of the previous year (+3%).

The **total number of lines** as of 31 March 2016 was **67,269 thousand,** a slight increase from the figure at 31 December 2015, and corresponded to a market share of approximately 26.1% (25.7% as of 31 December 2015).

EBITDA of **1,107 million reais** was 234 million reais lower than the first quarter of 2015 (-17.4%). The fall in EBITDA is attributable to the contraction in revenues, only partially offset by the effects of some efficiency interventions on cost items, and by the reduction in costs for quotas to pay to other operators and sales costs; however, employee benefits expenses increased, due also to the adjustment of salaries to inflation, and non-recurring charges for 33 million reais for early retirement costs.

The EBITDA margin was 28.7%, down 0.8 percentage points on the first quarter of 2015.

EBIT totalled 210 million reais, 321 million reais less than in the first quarter of 2015. This result also reflects the lower contribution made by EBITDA, the effect of higher depreciation (+98 million reais) due to greater investment.

The **headcount** stood at **12,280 employees** (13,042 as of 31 December 2015).

EVENTS SUBSEQUENT TO 31 March 2016

On 27 April 2016 the Board of Directors appointed Arnaud de Puyfontaine as Deputy Chairman of the Company. The office does not include any powers.

OUTLOOK FOR THE 2016 FINANCIAL YEAR

As forecast in the Business Plan, there was a constant and gradual improvement in operating performance in the Domestic perimeter in 2016, combined with a progressive reduction of the debt, thanks in part to the conversion of the Mandatory Convertible Bond (contractually set for November 2016 in the amount of 1.3 billion euros) and the sale of the residual stake of Telecom Argentina (completed on 8 March 2016). By the end 2018, the company expects that the Net Adjusted Debt/reported EBITDA ratio will be below 3x.

TIM continues its transformation and transition from traditional Telco to Digital Telco, enabler of the country s digital life: a business model based on the development of innovative infrastructure and an excellent quality of customer service, increasingly aimed at disseminating premium services and digital content.

More specifically, in the Domestic Mobile segment, in a competitive context where there has been a progressive cooling of the pricing lever, greater attention paid to level of service and strong, continuous growth in data consumption, TIM will be focussing on the ever-greater adoption of 4G by its customers, fostered by the growing penetration of smartphones and bundle offers with distinctive digital contents. This will enable the Company to increase ARPU and strengthen its market leadership.

In the Domestic Fixed segment, TIM expects to reduce the decline in the number of customers as from 2016, thanks to the acceleration in the dissemination of fibre, convergence and the strengthening of the positioning of services with digital content (Video, Music, Gaming and Publishing). TIM will also continue to work with Italian businesses in their digital transformation process, with its ICT and Cloud services, taking a differentiated approach depending on customer base characteristics, aiming to achieve a distinctive positioning in the vertical markets deemed to be of greatest interest.

These dynamics of commercial and business development, accompanied by a strengthening of the efficiency programme and cost cutting, represent the basis for a further improvement in operating performance, with the aim of stabilising EBITDA as early as 2016.

In Brazil, the Plan considers and suffers the major changes to the macroeconomic, political and market context seen in recent months.

The latest forecasts on the economic outlook in fact show a further, progressive deterioration for the whole of 2016 of its main indicators. More specifically, a downturn of almost 4% is expected in the GDP and an inflation rate - also following a series of interventions raising tariffs in regulated sectors - that will remain high and very volatile. This acceleration in inflation may have an increasing impact on the purchasing power of households, consequently worsening financial conditions, particularly for the low income brackets. The exchange rate with the dollar also reached and exceeded 4.0 reais/USD in 2015, with growth forecast during the Plan up to 4.20 reais/USD.

The whole of the telecommunications segment (and prepaid Mobile in particular) is very exposed to this scenario, with a decline in the comprehensive market value also as a result of its substantial maturity and saturation.

Moreover, a trend is being seen in Brazil of constant, strong growth in data use, with an intensity that is even greater than that recorded in the other major countries. This phenomenon goes hand-in-hand with a simultaneous reduction of voice traffic and messaging, driven by the aim of optimising and reducing customer spending, as customers privilege use of the services offered by the OTTs as an alternative to traditional methods of using services.

In this context, TIM Brasil has set itself the objective of increasing its market share on revenues and improving its profitability (EBITDA margin), due to a major investment plan (in particular in 4G, where TIM is already leader today), and to a renewed commercial and competitive positioning and great attention to efficiency as a structural element necessary to give balance and financial sustainability to the Plan.

INFORMATION PROVIDED PURSUANT TO ARTICLE 114, SUBSECTION 5, OF LEGISLATIVE DECREE NO. 58/1998

In view of the Shareholders Meeting convened for 25 May 2016, Consob has asked the Company to disclose certain information regarding:

- the consolidated financial statements as at 31 December 2015;
- the disclosure document on the remuneration plan with the award of financial instruments, with reference to the 2016-2019 special award plan;
- the 2015 report on remuneration.

The above information has been included in a specific document made available to the public at the Company s Registered Offices and on the 1INFO storage platform (www.1Info.it), as well as on the website http://www.telecomitalia.com/content/dam/telecomitalia/en/archive/documents/investors/AGM and Meetings/2016/Documento risposta Consob eng.pdf

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The Manager in charge of preparing the corporate accounting documents, Piergiorgio Peluso, hereby declares, pursuant to subsection 2, Art.154 bis of Italy s Consolidated Law on Financial Intermediation, that the accounting information contained herein corresponds to the company s documentation, accounting books and records.

ATTACHMENTS TO THE PRESS RELEASE

ALTERNATIVE PERFORMANCE MEASURES

In this press release, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for purposes of a better understanding of the trend of operations and the financial condition related to the Telecom Italia Group. Such measures, which are presented in the financial reports (annual and interim), should, however, not be considered as a substitute for those required by IFRS.

The alternative performance measures used are described below:

EBITDA: this financial measure is used by Telecom Italia as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group (as a whole and at the Business Unit level) in addition to EBIT. These measures are calculated as follows:

Profit (loss) before tax from continuing operations
+ Finance expenses
- Finance income
+/- Other expenses (income) from investments
+/- Share of losses (profits) of associates and joint ventures accounted for using the equity method
EBIT - Operating profit (loss)
+/- Impairment losses (reversals) on non-current assets
+/- Losses (gains) on disposals of non-current assets
+ Depreciation and amortization
EBITDA - Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets

Organic change in Revenues, EBITDA and EBIT**:** these measures express changes (amount and/or percentage) in Revenues, EBITDA and EBIT, excluding, where applicable, the effects of the change in the scope of consolidation and exchange differences.

Telecom Italia believes that the presentation of such additional information allows for a more complete and effective understanding of the operating performance of the Group (as a whole and at the Business Unit level) ; the Organic change in Revenues, EBITDA and EBIT is also used in presentations to analysts and investors. In this press release, is also provided the reconciliation between the accounting or reported data and the organic ones.

Net Financial Debt: Telecom Italia believes that the Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. In this press release is included a table showing the amounts taken from the statement of financial position and used to calculate the Net Financial Debt of the Group.

In order to better represent the actual change in Net Financial Debt, in addition to the usual measure (renamed Net financial debt carrying amount) is also shown the Adjusted net financial debt , which excludes effects that are purely accounting in nature resulting from the fair value measurement of derivatives and related financial liabilities/assets.

Net financial debt is calculated as follows:

+	Non-current financial liabilities
+	Current financial liabilities
+	Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale
A)	Gross Financial Debt
+	Non-current financial assets
+	Current financial assets
+	Financial assets included in Discontinued operations/Non-current assets held for sale
B)	Financial Assets
C = (A - B)	Net Financial Debt carrying amount
D)	Reversal of fair value measurement of derivatives and related financial liabilities/assets
E = (C+D)	Adjusted Net Financial Debt

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The reclassified Separate Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position and the Consolidated Statements of Cash Flows as well as the Consolidated Net Financial Debt of the Telecom Italia Group, herewith presented, are the same as those included in the Interim Management Report of the Interim Report at March 31, 2016 and are unaudited.

Such statements, as well as the Consolidated Net Financial Debt of the Telecom Italia Group, are however consistent with those included in the Telecom Italia Group Condensed Consolidated Financial Statements at March 31, 2016.

The accounting policies and consolidation principles adopted in the preparation of the Condensed Consolidated Financial Statements at March 31, 2016 have been applied on a basis consistent with those adopted in the Annual Consolidated Financial Statements at December 31, 2015, to which reference can be made, except for the new standards and interpretations adopted by the Group starting from January 1, 2016, the adoption of which had no impact on the Telecom Italia Group Condensed Consolidated Financial Statements at March 31, 2016.

Furthermore, please note that the Condensed Consolidated Financial Statements at March 31, 2016 are unaudited.

TELECOM ITALIA GROUP - SEPARATE CONSOLIDATED INCOME STATEMENTS

(millions of euros)	1st Quarter 2016 (a)	1st Quarter 2015 Revised (b)	Change (a-b) amount	%
Revenues	4,440	5,054	(614)	(12.1)
Other income	47	53	(6)	(11.3)
Total operating revenues and other income	4,487	5,107	(620)	(12.1)
Acquisition of goods and services	(1,923)	(2,171)	248	11.4
Employee benefits expenses	(848)	(833)	(15)	(1.8)
Other operating expenses	(247)	(265)	18	6.8
Change in inventories	85	47	38	80.9
Internally generated assets	158	148	10	6.8
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	1,712	2,033	(321)	(15.8)
Depreciation and amortization	(1,009)	(1,052)	43	4.1
Gains (losses) on disposals of non-current assets	3		3	
Impairment reversals (losses) on non-current assets	(2)		(2)	

Operating profit (loss) (EBIT)	704	981	(277)	(28.2)
Share of profits (losses) of associates and joint ventures accounted for using the equity method				
Other income (expenses) from investments		2	(2)	
Finance income	1,120	1,512	(392)	(25.9)
Finance expenses	(1,146)	(2,329)	1,183	50.8
Profit (loss) before tax from continuing operations	678	166	512	
Income tax expense	(221)	(74)	(147)	
Profit (loss) from continuing operations	457	92	365	
Profit (loss) from Discontinued operations/Non-current assets held for sale	47	169	(122)	(72.2)
Profit (loss) for the period	504	261	243	93.1
Attributable to:				
Owners of the Parent	433	82	351	
Non-controlling interests	71	179	(108)	(60.3)

TELECOM ITALIA GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In accordance with IAS 1 (Presentation of Financial Statements) here below are presented the Consolidated Statements of Comprehensive Income, including the Profit (loss) for the period, as shown in the Separate Consolidated Income Statements, and all non-owner changes in equity.

(millions of euros)		1st Quarter 2016	1st Quarter 2015 Revised
Profit (loss) for the period	(a)	504	261
Other components of the Consolidated Statement of Comprehensive Income			
Other components that will not be reclassified subsequently to Separate Consolidated Income Statement			
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)			
Income tax effect			
	(b)		
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)			
Income tax effect			
	(c)		
Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement	(d=b+c)		
Other components that will be reclassified subsequently to Separate Consolidated Income Statement			
Available-for-sale financial assets:			
Profit (loss) from fair value adjustments		87	39
Loss (profit) transferred to Separate Consolidated Income Statement		(82)	(4)
Income tax effect		(4)	(7)
	(e)	1	28
Hedging instruments:			
Profit (loss) from fair value adjustments		(679)	539
Loss (profit) transferred to Separate Consolidated Income Statement		382	(455)

Income tax effect		88	(22)
	(f)	(209)	62
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		146	(158)
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		304	
Income tax effect			
	(g)	450	(158)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)			
Loss (profit) transferred to Separate Consolidated Income Statement			
Income tax effect			
	(h)		
Total other components that will be reclassified subsequently to Separate Consolidated Income Statement	(i=e+f+g+h)	242	(68)
Total other components of the Consolidated Statement of Comprehensive Income	(k=d+i)	242	(68)
Total comprehensive income (loss) for the period	(a+k)	746	193
Attributable to:			
Owners of the Parent		638	(44)
Non-controlling interests		108	237

TELECOM ITALIA GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(millions of euros)		3/31/2016 (a)	12/31/2015 Revised (b)	Change (a-b)	1/1/2015 Revised
Assets					
Non-current assets					
Intangible assets					
Goodwill		29,436	29,383	53	29,943
Intangible assets with a finite useful life		6,516	6,480	36	6,827
		35,952	35,863	89	36,770
Tangible assets					
Property, plant and equipment owned		12,816	12,659	157	12,544
Assets held under finance leases		2,210	2,208	2	843
		15,026	14,867	159	13,387
Other non-current assets					
Investments in associates and joint ventures accounted for using the equity method		41	41		36
Other investments		41	45	(4)	43
Non-current financial assets		2,766	2,989	(223)	2,445
Miscellaneous receivables and other non-current assets		1,899	1,778	121	1,614
Deferred tax assets		894	853	41	1,118
		5,641	5,706	(65)	5,256
Total Non-current assets	(a)	56,619	56,436	183	55,413
Current assets					
Inventories		341	254	87	313
Trade and miscellaneous receivables and other current assets		5,534	5,112	422	5,617
Current income tax receivables		26	163	(137)	101
Current financial assets					

Securities other than investments, financial receivables and other current financial assets		*1,130*	*1,840*	*(710)*	*1,611*
Cash and cash equivalents		*2,665*	*3,559*	*(894)*	*4,812*
		3,795	5,399	(1,604)	6,423
Current assets sub-total		9,696	10,928	(1,232)	12,454
Discontinued operations /Non-current assets held for sale					
of a financial nature			227	(227)	165
of a non-financial nature			3,677	(3,677)	3,564
			3,904	(3,904)	3,729
Total Current assets	(b)	9,696	14,832	(5,136)	16,183
Total Assets	(a+b)	66,315	71,268	(4,953)	71,596

(millions of euros)		3/31/2016 (a)	12/31/2015 Revised (b)	Change (a-b)	1/1/2015 Revised
Equity and Liabilities					
Equity					
Equity attributable to owners of the Parent		18,181	17,554	627	18,068
Non-controlling interests		2,035	3,695	(1,660)	3,516
Total Equity	(c)	20,216	21,249	(1,033)	21,584
Non-current liabilities					
Non-current financial liabilities		30,354	30,518	(164)	32,325
Employee benefits		1,459	1,420	39	1,056
Deferred tax liabilities		367	323	44	438
Provisions		551	551		720
Miscellaneous payables and other non-current liabilities		1,140	1,110	30	697
Total Non-current liabilities	(d)	33,871	33,922	(51)	35,236
Current liabilities					
Current financial liabilities		4,440	6,224	(1,784)	4,686
Trade and miscellaneous payables and other current liabilities		7,701	7,882	(181)	8,536
Current income tax payables		87	110	(23)	36
Current liabilities sub-total		12,228	14,216	(1,988)	13,258
Liabilities directly associated with Discontinued operations/Non-current assets held for sale					
of a financial nature			348	(348)	43
of a non-financial nature			1,533	(1,533)	1,475
			1,881	(1,881)	1,518
Total Current Liabilities	(e)	12,228	16,097	(3,869)	14,776
Total Liabilities	(f=d+e)	46,099	50,019	(3,920)	50,012
Total Equity and liabilities	(c+f)	66,315	71,268	(4,953)	71,596

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TELECOM ITALIA GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of euros)	1st Quarter 2016	1st Quarter 2015 Revised
Cash flows from operating activities:		
Profit (loss) from continuing operations	457	92
Adjustments for:		
Depreciation and amortization	1,009	1,052
Impairment losses (reversals) on non-current assets (including investments)	2	3
Net change in deferred tax assets and liabilities	90	(11)
Losses (gains) realized on disposals of non-current assets (including investments)	(4)	
Share of losses (profits) of associates and joint ventures accounted for using the equity method		
Change in provisions for employee benefits	59	(6)
Change in inventories	(87)	(40)

through underwriters or dealers;

through agents; or

directly to purchasers.

We will describe in a prospectus supplement the particular terms of any offering of debt securities, including the following:

the names of any underwriters or agents;

the proceeds we will receive from the sale;

any discounts and other items constituting underwriters or agents compensation;

any discounts or concessions allowed or reallowed or paid to dealers; and

any securities exchanges on which the applicable debt securities may be listed.

If we use underwriters in the sale, such underwriters will acquire the debt securities for their own account. The underwriters may resell the debt securities in one or more transactions, at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices relating to prevailing market prices or at negotiated prices.

The debt securities may be offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase the debt securities will be subject to certain conditions. The underwriters will be obligated to purchase all the debt securities of the series offered if any of the debt securities are purchased.

We may sell debt securities through agents or dealers designated by us. Any agent or dealer involved in the offer or sale of the debt securities for which this prospectus is delivered will be named, and any commissions payable by us to that agent or dealer will be set forth, in the prospectus supplement. Unless indicated in the prospectus supplement, the agents will agree to use their reasonable efforts to solicit purchases for the period of their appointment and any dealer will purchase debt securities from us as principal and may resell those debt securities at varying prices to be determined by the dealer.

We also may sell debt securities directly. In this case, no underwriters or agents would be involved.

Underwriters, dealers and agents that participate in the distribution of the debt securities may be underwriters as defined in the Securities Act, and any discounts or commissions received by them from us and any profit on the resale of the debt securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries in the ordinary course of their businesses.

In order to facilitate the offering of the debt securities, any underwriters or agents, as the case may be, involved in the offering of such securities may engage in transactions that stabilize, maintain or otherwise affect the price of such securities or other securities the prices of which may be used to determine payments on the securities. Specifically, the underwriters or agents, as the case may be, may overallot in connection with the offering, creating a short position in such securities for their own account. In addition, to cover overallotments or to stabilize the price of the securities or of such other securities, the underwriters or agents, as the case may be, may bid for, and purchase, such securities in the open market. Finally, in any offering of such securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allotted to an underwriter or a dealer for distributing such securities in the offering if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the securities above independent market levels. The underwriters or agents, as the case may be, are not required to engage in these activities, and may end any of these activities at any time.

We may solicit offers to purchase debt securities directly from, and we may sell debt securities directly to, institutional investors or others. The terms of any of those sales, including the terms of any bidding or auction process, if utilized, will be described in the applicable prospectus supplement.

Some or all of the debt securities may be new issues of securities with no established trading market. We cannot and will not give any assurances as to the liquidity of the trading market for any of our securities.

LEGAL MATTERS

The validity of the debt securities and certain other matters will be passed upon for us by Sidley Austin LLP, Chicago, Illinois.

EXPERTS

The consolidated financial statements of The Western Union Company appearing in The Western Union Company s Annual Report (Form 10-K) for the year ended December 31, 2015, and the effectiveness of The Western Union Company s internal control over financial reporting as of December 31, 2015 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of The Western Union Company for the three-month periods ended March 31, 2016 and 2015 and the three-month and six-month periods ended June 30, 2016 and 2015, incorporated by reference in this prospectus, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports dated May 3, 2016 and August 3, 2016, included in The Western Union Company s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016, respectively, and incorporated by reference herein, state that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act for their report on the unaudited interim financial information because that report is not a report or a part of the registration statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Securities Act.

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% Notes due 20

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays

BofA Merrill Lynch

Citigroup

, 2017