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TELECOM ITALIA S P A  
Form 6-K  
September 18, 2006

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 SEPTEMBER 2006

TELECOM ITALIA S.p.A.  
(Translation of registrant's name into English)

Piazza degli Affari 2  
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  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

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

**TELECOM ITALIA TO ACQUIRE  
TIME WARNER S AOL GERMANY INTERNET ACCESS BUSINESS FOR 675 MILLION EUROS**

**Telecom Italia Continues its Strategy**

**Focused on the Development of its Broadband Business**

**Once Transaction Closes, Telecom Italia will be Germany s Second-Largest Broadband Provider Serving more than 3.2 Million Total Subscribers,**

**Including 2 Million Broadband Customers**

**AOL to Provide Co-Branded Audience Services for**

**Telecom Italia s Internet Access Subscribers in Germany**

**AOL Responsible for Online Advertising Sales**

**MILAN and NEW YORK, September 17, 2006** Telecom Italia (Milan:TIT,TITR; NYSE: TI, TIA) and Time Warner Inc. (NYSE:TWX) today announced that Telecom Italia has agreed to acquire Time Warner s AOL Germany Internet access business for €675 million (\$870 million, Equity Value) in cash.

The companies expect to close the transaction in four to six months, after receiving the customary regulatory approvals.

In light of Germany s fast-growing demand for broadband Internet access (over 12 million ADSL subscribers at 30 June 2006 that could increase by 10 million in the next three years), Telecom Italia is moving to consolidate its

presence in Germany, which started with its acquisition of Hansenet in 2003 and expanded with its organic growth. Once its acquisition of AOL Germany's Internet access business closes, Telecom Italia will be Germany's second-largest broadband provider with more than 3.2 million total subscribers, including nearly 2 million broadband customers.

Telecom Italia is already a European leader in broadband Internet access. With its presence in Italy, France, Germany and Netherlands as well as its pending acquisition of AOL Germany's Internet access business, Telecom Italia will serve approximately 9 million broadband subscribers in Europe.

Under a new partnership, AOL will provide co-branded audience services and content on a joint web portal for all of Telecom Italia's residential Internet access subscribers in Germany and will handle all online advertising sales.

AOL Germany has operated as an ISP for over 10 years and competes in both narrowband and broadband Internet access. As of June 2006, AOL Germany, ranked second and third among German narrowband and broadband access providers, had 1.1 million broadband subscribers and approximately 1.3 million narrowband subscribers.

**Riccardo Ruggiero, CEO of Telecom Italia** said: This acquisition marks a further step in Telecom Italia's strategy of focusing on Broadband services and content delivery at an international level. Since we acquired Hansenet in 2003, our German presence has gone from strength to strength, confirming the validity of Telecom Italia's Broadband strategy, and with the AOL co-branding agreement our content offer, as well as our customer base, grows.

**Dick Parsons, Chairman and CEO of Time Warner Inc.**, said: This agreement to sell AOL Germany's Internet access business marks the latest step in Time Warner's strategy of focusing on our core assets to drive profitable growth. Our partnership with Telecom Italia advances AOL's worldwide transition from a business built primarily on providing Internet access to an advertising-supported business model. We look forward to AOL continuing to grow its online advertising business both in the U.S. and overseas to help create enhanced value for our shareholders.

Under the terms of the five-year partnership, AOL will design, host and operate audience services for Telecom Italia's entire residential Internet access customer base in Germany. AOL will be responsible for all online advertising sales for the co-branded audience services. The financial terms of the audience services partnership were not disclosed.

**Jon Miller, Chairman and CEO of AOL LLC**, said: "AOL's partnership with Telecom Italia highlights the value of the Internet access business we have built in Germany, as well as our programming assets and advertising network. AOL's content and features will enhance Telecom Italia's Internet service, and the scale of our advertising network in Germany Europe's second-largest online market will increase. This continues our strong momentum in building our worldwide advertising business and serving a large and highly engaged audience."

### **About Telecom Italia**

The Telecom Italia Group is a leading telecommunications group which operates in across the entire advanced communications services chain – fixed-line and mobile telephony, Internet, media, and innovative business solutions and systems.

### **About Time Warner Inc.**

Time Warner Inc. is a leading media and entertainment company, whose businesses include interactive services, cable systems, filmed entertainment, television networks and publishing.

### **About AOL**

AOL and its subsidiaries operate a leading network of Web brands and the largest Internet access subscription service in the United States. Web brands include the AOL.com(R) website, AIM(R), MapQuest(R) and Netscape(R). AOL offers a range of digital services in the areas of education, safety and security, communications and music. The company also has operations in Europe and Canada. AOL LLC is a majority-owned subsidiary of Time Warner Inc. (NYSE:TWX) and is based in Dulles, Virginia.

### **CONTACTS:**

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Cautionary Statement for Purposes of the "Safe Harbor" Provision of the United States Private Securities Litigation Reform Act of 1995.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. The Press Release included in this Form 6-K contains certain forward looking statements and forecasts reflecting management's current views with respect to certain future events. The ability of the Telecom Italia Group to achieve its projected results is dependent on many factors which are outside of management's control. Actual results may differ materially from those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and are based on certain key assumptions.

The following important factors could cause the Telecom Italia Group's actual results to differ materially from those projected or implied in any forward-looking statements:

- the continuing impact of increased competition in a liberalized market,

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including competition from global and regional alliances formed by other telecommunications operators in the core domestic fixed-line and wireless markets of the Telecom Italia Group;

- the ability of the Telecom Italia Group to introduce new services to stimulate increased usage to its fixed and wireless networks to offset declines in its traditional fixed-line business due to the continuing impact of regulatory required price reductions, market share loss and pricing pressures generally and shifts in usage pattern;

- the level of demand for telecommunications services, particularly wireless telecommunication services in the maturing Italian market and for new higher value added products and services such as broadband;

- the ability of the Telecom Italia Group to successfully implement its reorganization;

- the success of Telecom Italia's customer loyalty and retention programs and the impact of such programs on revenues;

- the impact of regulatory decisions and changes in the regulatory environment, including implementation of recently adopted EU directives in Italy;

- the impact of economic development generally on the international business of the Telecom Italia Group and on its foreign investments and capital expenditures;

- the continuing impact of rapid or "disruptive" changes in technologies;

- the impact of political and economic developments in Italy and other countries in which the Telecom Italia Group operates;

- the impact of fluctuations in currency exchange and interest rates;

- Telecom Italia's ability to successfully implement its strategy over the 2006-2008 period;

- the ability of the Telecom Italia Group to successfully achieve its debt reduction targets;

- Telecom Italia's ability to successfully implement its internet and broadband strategy;

- the ability of the Telecom Italia Group to achieve the expected return on the significant investments and capital expenditures it has made and continues to make in Brazil and in Europe on broadband;

- the amount and timing of any future impairment charges for Telecom Italia's licences, goodwill or other assets; and

- the impact of litigation or decreased mobile communications usage arising from actual or perceived health risks or other problems relating to mobile handsets or transmission masts.

The foregoing factors should not be construed as exhaustive. Such factors should also be considered together with risk factors included in Telecom Italia Group's Annual Report on Form 20-F for 2005. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Accordingly, there can be no assurance that the Group will achieve its projected results.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 18th, 2006

TELECOM ITALIA S.p.A.

BY: /s/ Carlo De Gennaro

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Carlo De Gennaro  
Company Manager