



C A P I T A L

**TELECOM ITALIA CAPITAL SUCCESSFULLY COMPLETES THE LAUNCH OF A MULTI-TRANCHE
BOND FOR A TOTAL OF 2 BILLION DOLLARS**

THE TRANSACTION LENGTHENS THE AVERAGE DEBT MATURITY

AND FURTHER DIVERSIFIES THE INVESTOR BASE

Luxembourg , 29 may 2008

Telecom Italia Capital, Société Anonyme – a Luxembourg fully-owned Telecom Italia S.p.A. subsidiary - announces that today successfully completed the launch of a multi-tranche bond issue for a total of USD 2 billion. The issue, fully guaranteed by Telecom Italia S.p.A., is part of the process of refinancing maturing debt of the Telecom Italia Group and of diversifying the investor base. This operation, in particular, further lengthens the average life of debt, managing once more to obtain credit with extra-long maturities.

Today's bond issue was split into two fixed rate tranches, a 10-year and a 30-year which is a combination not achievable on the Euro market.

Details are:

10-year fixed rate tranche

Issuer: Telecom Italia Capital S.A.

Guarantor: Telecom Italia S.p.A.

Amount: USD 1000 million

Settlement date: 4 June 2008

Maturity: 4 June 2018

Coupon: 6,999%

Issue price: 100%

Redemption price: 100%

The effective yield to maturity of the 10 year fixed rate is 6.999% per year, which corresponds to a yield of 300 basis points above the corresponding US Treasury bond.

30-year fixed-rate tranche:

Issuer: Telecom Italia Capital S.A.

Guarantor: Telecom Italia S.p.A.

Amount: USD 1000 million

Settlement date: 4 June 2008

Maturity: 4 June 2038

Coupon: 7.721%

Issue price: 100%

Redemption price: 100%

The effective yield to maturity of the 30 year fixed rate is 7.721% per year, which corresponds to a yield of 305 basis points above the corresponding US Treasury bond.

The bonds will be issued under the 10 billion US dollar "Shelf Registration" program filed in August 2005 with the SEC and will be listed on the Luxembourg Stock Exchange.

This press release does not constitute a solicitation to invest, nor can the sale of these bonds take place in jurisdictions in which their offer, solicitation or sale is not legal, or in other words, with methods or limits different to those allowed by the applicable regulations.