

TELECOM ITALIA CAPITAL

Form 424B2

June 17, 2009

Table of Contents

File Pursuant to Rule 424(b)(2)
Registration No. 333-156476
333-156476-01

CALCULATION OF REGISTRATION FEE

Class of Securities Offered	AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Debt Securities of Telecom Italia Capital S.A. Guarantee of Telecom Italia S.p.A. ⁽³⁾	\$2,000,000,000	\$111,600 ⁽¹⁾⁽²⁾

- (1) The registration fee is calculated in accordance with Rule 457(r) under the Securities Act of 1933 and is being paid on a deferred basis in reliance upon Rules 456(b) and 457(r) under the Securities Act.
- (2) In accordance with Rule 457(p), \$105,479 of the unutilized registration fee paid with respect to securities that were previously registered pursuant to Registration Statement No. 333-127351, filed on August 9, 2005, and were not sold thereunder has been applied against the registration fee of \$111,600. The remaining fee of \$6,121 has been paid as of the date hereof.
- (3) Pursuant to Rule 457(n) under the Securities Act of 1933, no separate fee is payable with respect to the guarantees of Telecom Italia S.p.A. in connection with the guaranteed debt securities.

Table of Contents

PROSPECTUS SUPPLEMENT

(To prospectus dated December 28, 2008)

TELECOM ITALIA CAPITAL

\$1,000,000,000 6.175% Guaranteed Senior Notes due 2014

\$1,000,000,000 7.175% Guaranteed Senior Notes due 2019

Guaranteed on a senior, unsecured basis by Telecom Italia S.p.A.

Interest on the 2014 notes and the 2019 notes will be paid on June 18 and December 18 of each year, beginning on December 18, 2009. The 2014 notes will mature on June 18, 2014 and the 2019 notes will mature on June 18, 2019.

Telecom Italia Capital, a *société anonyme*, or TI Capital, and Telecom Italia S.p.A., or Telecom Italia, may redeem some or all of the notes at any time on and after December 21, 2010 at the redemption prices described in this prospectus supplement. The notes may also be redeemed at 100% of their principal amount in whole but not in part upon the occurrence of certain tax events described in this prospectus supplement and the accompanying prospectus.

The notes will be unsecured obligations and will rank equally with TI Capital's other unsecured senior indebtedness. The notes will be fully, unconditionally and irrevocably guaranteed by Telecom Italia. The guarantees will rank equally in right of payment with all of Telecom Italia's senior unsecured indebtedness. The notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000.

Application will be made following issuance of the notes to list the notes on the official list of the Luxembourg Stock Exchange and to admit the notes to trading on the regulated market of the Luxembourg Stock Exchange.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-22 of this prospectus supplement as well as in Telecom Italia's Annual Report on Form 20-F for the fiscal year ended December 31, 2008 that is incorporated by reference herein, beginning on page 5.

	Per 2014 Note	Total	Per 2019 Note	Total
Public Offering Price(1)	100%	\$ 1,000,000,000	100%	\$ 1,000,000,000
Underwriting Discount	0.35%	\$ 3,500,000	0.45%	\$ 4,500,000
Proceeds, before expenses, to Telecom Italia Capital	99.65%	\$ 996,500,000	99.55%	\$ 995,500,000

(1) Plus accrued interest from June 18, 2009, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect the notes will be ready for delivery in book-entry form only through The Depository Trust Company and its participants including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme, on or about June 18, 2009.

Joint Bookrunners

BNP PARIBAS Deutsche Bank Securities Goldman, Sachs & Co.

J.P. Morgan Mitsubishi UFJ Securities Morgan Stanley

The date of this prospectus supplement is June 15, 2009.

Table of Contents**TABLE OF CONTENTS****Prospectus Supplement**

	Page
<u>IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS</u>	S-ii
<u>CERTAIN DEFINED TERMS</u>	S-ii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-ii
<u>INCORPORATION BY REFERENCE</u>	S-iii
<u>NOTICE TO INVESTORS</u>	S-iv
<u>EUROPEAN ECONOMIC AREA</u>	S-iv
<u>NOTICE TO INVESTORS IN ITALY</u>	S-v
<u>NOTICE TO INVESTORS IN THE UNITED KINGDOM</u>	S-v
<u>NOTICE TO INVESTORS IN FRANCE</u>	S-v
<u>NOTICE TO INVESTORS IN JAPAN</u>	S-vi
<u>STABILIZATION</u>	S-vi
<u>CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS</u>	S-vi
<u>PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION</u>	S-vii
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-22
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	S-24
<u>CAPITALIZATION</u>	S-25
<u>USE OF PROCEEDS</u>	S-27
<u>DESCRIPTION OF NOTES AND GUARANTEES</u>	S-28
<u>CERTAIN TAX CONSIDERATIONS</u>	S-33
<u>UNDERWRITING</u>	S-36
<u>VALIDITY OF THE NOTES AND GUARANTEES</u>	S-39
<u>EXPERTS</u>	S-39

Prospectus

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>CERTAIN DEFINED TERMS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>INCORPORATION BY REFERENCE</u>	3
<u>PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION</u>	4
<u>ENFORCEABILITY OF CIVIL LIABILITIES UNDER THE UNITED STATES SECURITIES LAWS</u>	4
<u>CAUTIONARY STATEMENT RELATING TO FORWARD-LOOKING STATEMENTS</u>	5
<u>PROSPECTUS SUMMARY</u>	7
<u>RISK FACTORS</u>	9
<u>USE OF PROCEEDS</u>	10
<u>DESCRIPTION OF DEBT SECURITIES AND GUARANTEES</u>	11
<u>CLEARANCE AND SETTLEMENT</u>	25
<u>CERTAIN TAX CONSIDERATIONS</u>	29
<u>PLAN OF DISTRIBUTION</u>	43
<u>VALIDITY OF DEBT SECURITIES AND GUARANTEES</u>	45
<u>EXPERTS</u>	45

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and in any free writing prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date later than the date on the front of this prospectus supplement.

Table of Contents

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the notes being offered. The second part, the base prospectus, gives more general information, some of which may not apply to the notes being offered. Generally, when we refer only to the prospectus, we are referring to both parts combined and, when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of notes varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in the prospectus supplement.

CERTAIN DEFINED TERMS

In this prospectus supplement and the accompanying prospectus, references to the **Issuer** and **TI Capital** refer to Telecom Italia Capital. References to the **Guarantor** and **Telecom Italia** refer to Telecom Italia S.p.A. References to **we**, **us** and **our** refer to Telecom Italia Capital if the context so requires, also to Telecom Italia S.p.A. and, if the context so requires, its consolidated subsidiaries (including TI Capital). References to **Telecom Italia Group** refer to Telecom Italia S.p.A. and its consolidated subsidiaries (including TI Capital).

WHERE YOU CAN FIND MORE INFORMATION

Telecom Italia

Telecom Italia is subject to the informational requirements of the Securities and Exchange Act of 1934, as amended (the **Exchange Act**), applicable to foreign private issuers and files annual reports and other information with the U.S. Securities and Exchange Commission (**SEC**). You may read and copy any document Telecom Italia files with the SEC at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Since November 4, 2002, Telecom Italia has been required to file and furnish its documents to the SEC on EDGAR, the SEC's electronic filing system. All such filings made since such date can be reviewed on EDGAR by going to the SEC's website: <http://www.sec.gov>.

As a foreign private issuer, Telecom Italia is exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and Telecom Italia's officers, directors and controlling shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Telecom Italia's ordinary share ADSs and savings share ADSs are listed on the New York Stock Exchange and you can inspect Telecom Italia's reports and other information at the New York Stock Exchange Inc., 20 Broad Street, New York, New York.

TI Capital

TI Capital is a wholly-owned subsidiary of Telecom Italia, organized under the laws of Luxembourg. TI Capital does not, and will not, file separate reports with the SEC.

Table of Contents

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC in other documents, which means:

incorporated documents are considered part of this prospectus;

Telecom Italia can disclose important information to you by referring you to those documents; and

information in this prospectus automatically updates and supersedes information in earlier documents that are incorporated by reference in this prospectus, and information that Telecom Italia files with the SEC after the date of this prospectus automatically updates and supersedes this prospectus. In all cases, you should rely on the information contained in a document that was filed later over differing information included in this prospectus or the prospectus supplement.

We are incorporating by reference the following documents:

Telecom Italia's Annual Report on Form 20-F for the year ended December 31, 2008 (the **Telecom Italia Annual Report**) (File No. 001-13882) filed with the SEC on April 10, 2009; and

Telecom Italia's Report on Form 6-K filed with the SEC on June 15, 2009, which contains unaudited consolidated financial information of Telecom Italia as of and for the three months ended March 31, 2009 and 2008.

We also incorporate by reference each of the following documents that Telecom Italia will file with the SEC after the date of this prospectus until such time as all of the notes covered by this prospectus supplement have been sold:

reports filed under Section 13(a), 13(c) or 15(d) of the Exchange Act; and

any future reports filed on Form 6-K that indicate they are incorporated by reference in this prospectus.

You may obtain a copy of any of the documents referred to above (excluding exhibits) at no cost by contacting Telecom Italia or TI Capital at the following respective addresses:

Telecom Italia S.p.A.	Telecom Italia Capital
Piazza degli Affari 2	12, rue Eugène Ruppert
20123 Milan	L-2453
Italy	Luxembourg
(+39-02-85951)	(+352-456060440)
Attention: Andrea Balzarini	Attention: Adriano Trapletti

Table of Contents

NOTICE TO INVESTORS

You understand that an investor in the notes offered hereunder must be resident for income tax purposes in one of the countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended. Accordingly, upon agreeing to purchase any notes offered hereunder, you are deemed to represent and agree that you resident for income tax purposes in one of the countries listed in the Decree of the Ministry of Finance of Italy of September 4, 1996, as amended. A copy of the decree can be obtained from the website of the Ministry of Finance of Italy at www.finanze.it. See Description of the Debt Securities and Guarantees Transfer Restrictions in the accompanying prospectus and Description of Notes and Guarantees Transfer Restrictions in this prospectus supplement. You also understand that it is the intention of Telecom Italia that the notes will be held only by investors resident in countries identified in the above mentioned decree. If Telecom Italia becomes the obligor under the notes due to substitution or otherwise (see Description of Debt Securities and Guarantees Mergers and Similar Events in the accompanying prospectus), including under its guarantee of amounts payable on the notes, and Telecom Italia were obligated to withhold on any payments made on the notes, there would be no obligation to gross up such payments to investors resident in the countries identified in the above Decree (including investors resident in the United States) who do not furnish the required certifications under applicable Italian tax requirements. See Description of Notes and Guarantees Payment of Additional Amounts in this prospectus supplement and Description of Debt Securities and Guarantees Payment of Additional Amounts in the accompanying prospectus. Please refer to Description of the Debt Securities and Guarantees Transfer Restrictions in the accompanying prospectus and Description of Notes and Guarantees Transfer Restrictions in this prospectus supplement for the current exclusive list of countries or territories where, if the notes were held by residents for income tax purposes of such countries or territories, and Telecom Italia were to become the obligor on the notes, including under its guarantee of amounts payable on the notes, Telecom Italia would have, on certain conditions, an obligation to gross up payments in the event of a withholding on any payments on the notes (if and only if an investor provides the required certifications under applicable Italian tax requirements). See Risk Factors .

The list of countries included in the Decree of the Ministry of Finance of Italy of September 4, 1996 is expected to be replaced in the future by a new list attached to a ministerial decree yet to be issued. If a holder of the notes is not resident in one of the countries that will be identified in the forthcoming decree, that holder will not have a right to receive a gross-up in the event of a tax withholding as described above. Accordingly, holders will bear the risk of changes in the list of countries that will be included in the forthcoming decree.

EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), the notes have not been offered and will not be offered to the public in that Relevant Member State, except that the notes may, with effect from and including the Relevant Implementation Date, be offered to the public in that Relevant Member State (provided that the notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy):

to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000; and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by the Issuer for any such offer; or

Table of Contents

in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes referred to above shall require TI Capital or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the foregoing, the expression an **offer of notes to the public** in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

NOTICE TO INVESTORS IN ITALY

The notes have not been and will not be offered, sold or delivered in Italy or to investors resident in Italy and copies of this prospectus or any materials relating to the notes may not be distributed in Italy. Trading in the notes on the secondary market in Italy may be subject to restrictions pursuant to Italian law. In particular, failing an exemption under applicable regulatory provisions, systematic re-sales of the notes in Italy to persons who are not qualified investors, in the 12 months following an initial placement in Italy or abroad reserved for qualified investors, trigger an offer to the public as provided for by Article 100-*bis*, paragraph 2, of Legislative Decree of February 24, 1998, no. 58. In such circumstances, if no prospectus is published, the acquirer acting for purposes not related to entrepreneurial or professional activities may obtain that the sale is declared void and the authorized operators at which the sale took place may be responsible for damages; in addition, certain administrative fines may apply. Furthermore, in the case an Italian investor were to purchase the notes on the secondary market and were holding the notes at the time of the optional redemption (see Description of the Notes and Guarantees Redemption at TI Capital's Option on page S-29 of this prospectus supplement), in certain cases there may be adverse tax consequences including the application of a 20% surtax. Italian investors holding the notes will be responsible for such adverse tax consequences and no additional amounts will be paid in connection therewith by TI Capital or Telecom Italia.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This prospectus is being distributed only to, and is directed only at, persons in the United Kingdom that are **qualified investors** within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as **relevant persons**). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any investment or investment activity to which this prospectus and its contents relate is available only to relevant persons and will be engaged in only with relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus or any of its contents.

NOTICE TO INVESTORS IN FRANCE

In France, the notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public, and offers and sales of the notes will be made in France only to (i) qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cerle restreint d'investisseurs*), in each case investing for their own accounts, all as defined in and in accordance with Article L.411-2-II-4°, D.411-1 to D.411-4, D.734-1, D.744-1, D.754-1 and D.764-1 of the *Code monétaire et financier*, or (ii) to investment services providers

Table of Contents

authorized to engage in portfolio management on behalf of third parties, or (iii) in a transaction that, in accordance with Article L.411-2-II-1°-or-2°-or-3° of the *Code monétaire et financier* and Article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*). Accordingly, this prospectus has not been submitted to the approval procedure of the *Autorité des marchés financiers* (**AMF**) or of a competent authority of another member State of the European Economic Area which would have notified its approval to the AMF under the Directive 2003/71/EC as implemented in France and the relevant member State. Neither this prospectus nor any other offering material has been nor will be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of the notes to the public in France. In the event that the notes purchased by investors are directly or indirectly offered or sold to the public in France, the conditions set forth in Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the *Code monétaire et financier* must be satisfied. Investors in France and persons into whose possession offering material comes must inform themselves about and observe any such restrictions.

NOTICE TO INVESTORS IN JAPAN

The notes have not been registered and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**), and may not be offered or sold, directly or indirectly, to, or for the account of, any resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other applicable requirements of Japanese law. As used in this paragraph, resident of Japan means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

STABILIZATION

In connection with the issue of the notes, the underwriters (or persons acting on behalf of the underwriters) may over-allot notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, there is no assurance that the underwriters (or persons acting on behalf of the underwriters) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the notes and 60 days after the date of the allotment of the notes. Any stabilization action or over-allotment shall be conducted in accordance with all applicable laws and rules.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus or any incorporated document may contain certain forward-looking statements, which reflect management's current views with respect to certain future events, trends and financial performance. Actual results may differ materially from those projected or implied in the forward-looking statements. Such forward-looking information is based on certain key assumptions which we believe to be reasonable but forward-looking information by its nature involves risks and uncertainties, which are outside of our control, that could significantly affect expected results of future events.

The following important factors could cause our actual results to differ materially from those projected or implied in any forward-looking statements:

our ability to successfully implement our strategy over the 2009-2011 period;

our ability to successfully achieve our debt reduction targets;

S-vi

Table of Contents

the continuing impact of increased competition in a liberalized market, including competition from established domestic competitors and global and regional alliances formed by other telecommunications operators in our core Italian domestic fixed-line and wireless markets;

the impact of the global recession in the principal markets in which we operate;

our ability to utilize our relationship with Telefónica to attain synergies primarily in areas such as network, IT, purchasing and international mobile roaming;

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

our ability to successfully implement our internet and broadband strategy both in Italy and abroad;

the impact of regulatory decisions and changes in the regulatory environment in Italy and other countries in which we operate;

the impact of economic development generally on our international business and on our foreign investments and capital expenditures;

our services are technology-intensive and the development of new technologies could render such services non-competitive;

the impact of political developments in Italy and other countries in which we operate;

the impact of fluctuations in currency exchange and interest rates;

our ability to build up our business in adjacent markets and in international markets (particularly in Brazil), due to our specialist and technical resources;

our ability to achieve the expected return on the investments and capital expenditures we have made and continue to make (such as those in Brazil);

the amount and timing of any future impairment charges for our licenses, goodwill or other assets; and

the outcome of litigation, disputes and investigations in which we are involved or may become involved.

The foregoing factors should not be construed as exhaustive. 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. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof, including, without limitation, changes in our business or acquisition strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, the financial information contained in this prospectus supplement and incorporated by reference herein has been prepared in accordance with International Financial Reporting Standards issued by the IASB International Accounting Standard Board (**IFRS**). IFRS also include all effective International Accounting Standards (**IAS**) and all Interpretations issued by the International Financial Reporting Interpretations Committee (**IFRIC**), comprising those previously issued by the Standing Interpretations Committee (**SIC**).

Telecom Italia adopted IFRS for the first time in its annual consolidated financial statements for the year ended December 31, 2005, which included comparative financial statements for the year ended December 31, 2004. Pursuant to SEC Release No. 33-8879, *Acceptance from Foreign Private Issuers of Financial Statements*

S-vii

Table of Contents

Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP , Telecom Italia includes Selected Financial Data prepared in compliance with IFRS, without reconciliation to U.S. GAAP.

The currency used by Telecom Italia in preparing its consolidated financial statements is the euro. References to , euro and Euro are to the euro, and references to U.S. dollars , dollars , U.S.\$ or \$ are to U.S. dollars. For the purpose of this prospectus, billion means a thousand million.

On June 12, 2009, the Noon Buying Rate (as defined below) was 1.00=U.S.\$1.4040. The noon buying rate is determined based on cable transfers in foreign currencies as announced by the Federal Reserve Bank of New York for customs purposes (the **Noon Buying Rate**).

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

The following summary contains key information about this offering and Telecom Italia's financial results. It may not contain all the information that is important to you. For more information regarding the Telecom Italia Group and for a more complete understanding of the terms of the notes, and before making your investment decision, you should carefully read this prospectus supplement and the accompanying prospectus and the documents referred to in "Where You Can Find More Information" and "Incorporation by Reference".

The Offering

The following summary contains basic information about the notes. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the "Description of Notes and Guarantees" section of this prospectus supplement and the "Description of Debt Securities and Guarantees" section of the accompanying prospectus which contain more detailed information regarding the terms and conditions of the notes and guarantees.

Issuer TI Capital

Guarantor Telecom Italia

Securities \$1,000,000,000 6.175% Guaranteed Senior Notes due 2014 (the **2014 notes**); and \$1,000,000,000 7.175% Guaranteed Senior Notes due 2019 (the **2019 notes** and, together with the 2014 notes, the **notes**).

Guarantee Telecom Italia will irrevocably and unconditionally guarantee the full and punctual payment of principal, interest, additional amounts and all other amounts, if any, that may become due and payable in respect of the notes. If TI Capital fails to punctually pay any such amount, Telecom Italia will immediately pay the same.

Issue price 100% of the principal amount for the 2014 notes; and 100% of the principal amount for the 2019 notes.

Maturities June 18, 2014 for the 2014 notes; and June 18, 2019 for the 2019 notes.

Interest rate The 2014 notes will bear interest at a rate of 6.175% per annum; and the 2019 notes will bear interest at a rate of 7.175% per annum. The notes will bear interest from June 18, 2009.

Interest payment dates June 18 and December 18, beginning on December 18, 2009, for the 2014 notes. June 18 and December 18, beginning on December 18, 2009, for the 2019 notes.

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Regular record dates

June 1 and December 1 for the 2019 notes.

June 1 and December 1 for the 2014 notes.

Settlement date

June 18, 2009.

S-1

Table of Contents

Use of proceeds

We estimate that the net proceeds from this offering (after deducting the underwriting discount but excluding expenses) will be approximately \$1,992 million. The net proceeds of this offering are intended to be used to make inter-company loans to Telecom Italia Group companies for their general corporate purposes, which may include the repayment of existing indebtedness. See Use of Proceeds.

Ranking

The notes are unsecured by assets or property. The notes will rank equally in right of payment with all other senior unsecured indebtedness of TI Capital from time to time outstanding. The guarantee will rank equally in right of payment with all of Telecom Italia's senior unsecured indebtedness.

Payment of additional amounts

TI Capital, as issuer, and Telecom Italia, as guarantor, will pay additional amounts in respect of any payments of interest or principal so that the amount you receive after Luxembourg or Italian withholding tax will equal the amount that you would have received if no withholding of tax had been applicable, subject to some exceptions as described under Description of Notes and Guarantees Payment of Additional Amounts in this prospectus supplement and Description of Debt Securities and Guarantees Payment of Additional Amounts in the accompanying prospectus. See also Description of Debt Securities and Guarantees Transfer Restrictions.

Optional redemption

Beginning on December 21, 2010, the notes will be redeemable in whole or in part at TI Capital's option at any time at a redemption price equal to the greater of:

100% of the principal amount of the applicable notes, or

as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued and unpaid as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 50 basis points, plus accrued and unpaid interest thereon to the date of redemption.

See Description of Notes and Guarantees Redemption at TI Capital's Option .

Tax redemption

If, due to changes in Italian or Luxembourg laws relating to withholding taxes applicable to payments of principal or interest, or in connection with certain merger or similar transactions of Telecom Italia or TI Capital, TI Capital, as issuer, or Telecom Italia, as guarantor (or its respective successors), is obligated to pay additional

Table of Contents

amounts on the notes, TI Capital may redeem the outstanding notes in whole, but not in part, at any time at a price equal to 100% of their principal amount plus accrued interest to the redemption date.

Form and denomination

Delivery of the notes is expected to be made on or about June 18, 2009 as described below.

The notes will be issued only in fully registered form in minimum denominations of \$2,000 and integral multiples of \$1,000, unless otherwise specified by us. Each series of the notes will be evidenced by a separate note in global form, which will be deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company (**DTC**).

You may hold a beneficial interest in the global notes through DTC, directly as a participant in DTC or indirectly through financial institutions that are DTC participants. Both Euroclear and Clearstream are DTC participants. As an owner of a beneficial interest in the global notes, you will generally not be entitled to have your notes registered in your name, will not be entitled to receive certificates in your name evidencing the notes and will not be considered the holder of any notes under the indenture for the global notes.

Mergers and assumptions

Each of TI Capital and Telecom Italia is generally permitted to consolidate or merge with another company. TI Capital will be permitted to merge with an Italian company and either Telecom Italia or any Italian subsidiary of Telecom Italia will be permitted to assume the obligations of TI Capital subject to the delivery of certain legal opinions. To the extent that an Italian company, including Telecom Italia or any Italian subsidiary of Telecom Italia, will become the obligor under the notes and that such Italian company will be required to withhold on any payments made on the notes, there would be no obligation to gross up such payments to investors (including investors resident in the United States) who do not furnish the required certifications under applicable Italian tax requirements.

Luxembourg listing

TI Capital will, following issuance of the notes, apply to list the notes on the official list of the Luxembourg Stock Exchange and to admit the notes to trading on the regulated market of the Luxembourg Stock Exchange in accordance with the rules and regulations of the regulated market of the Luxembourg Stock Exchange.

Trustee, principal paying agent,

registrar and calculation agent

The Bank of New York Mellon.

Governing law

New York law. For the avoidance of doubt, the provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

Table of Contents

Ratings Telecom Italia's long-term rating is Baa2 with a stable outlook according to Moody's, BBB with a stable outlook according to Standard & Poor's and BBB with a stable outlook according to Fitch.

A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization and each rating should be evaluated independently of any other rating.

Risk factors Prospective purchasers of the notes should consider carefully all of the information set forth in this prospectus and, in particular, the information set forth under "Risk Factors" and in the "Description of the Debt Securities and Guarantees - Transfer Restrictions" in the accompanying prospectus.

Selling restrictions There are restrictions on persons that can be sold notes and on the distribution of this prospectus, as described in "Underwriting".

Transfer restrictions Investors should also note that under certain circumstances Italian taxes could apply. See "Description of Notes and Guarantees - Transfer Restrictions".

Further issues TI Capital may issue as many distinct series of notes under the indenture as it wishes. TI Capital may, subject to certain conditions, without the consent of any holder of the notes, reopen any series of the notes and issue additional notes having the same ranking, maturity and other terms (except for the issue date and public offering price) as the notes of the applicable series offered pursuant to this prospectus. Any further issue will be considered to be part of the notes of the applicable series offered hereby, will be fungible therewith and will rank equally and ratably with the notes of the applicable series offered hereby.

Table of Contents

SUMMARY SELECTED FINANCIAL INFORMATION

Financial Information prepared in accordance with IFRS as of and for the Years Ended December 31, 2008, 2007, 2006, 2005 and 2004

The summary selected financial data set forth below are consolidated financial data of the Telecom Italia Group as of and for each of the years ended December 31, 2008, 2007, 2006, 2005 and 2004, which have been extracted or derived from the audited Consolidated Financial Statements of the Telecom Italia Group prepared in accordance with IFRS as issued by IASB.

Until December 31, 2004, Telecom Italia prepared its consolidated financial statements and other interim financial information in accordance with Italian GAAP.

Furthermore, pursuant to SEC Release No. 33-8879, *Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation to U.S. GAAP*, Telecom Italia includes Selected Financial Data prepared in compliance with IFRS, without reconciliation to U.S. GAAP.

The summary selected financial data set forth below has not been recast to give effect to the required retrospective application of IFRIC 13 (*Customer loyalty programmes*) effective January 1, 2009.

The summary selected financial data below should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Telecom Italia Annual Report incorporated in this prospectus supplement by reference.

Table of Contents

The selected financial data below should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Telecom Italia Annual Report incorporated in this prospectus supplement by reference.

	2008(1) (millions of U.S. dollars, except percentages, ratios, employees and per share amounts)(2)	Year ended December 31, (millions of Euro, except percentages, ratios, employees and per share amounts)				
	2008(1)	2008(1)	2007(1)	2006(1)	2005(1)	2004(1)
Income Statement Data:						
Revenues	41,977	30,158	31,013	31,037	29,794	28,292
Operating profit	7,604	5,463	5,955	7,635	7,631	7,603
Profit before tax from continuing operations	4,032	2,897	4,324	5,723	5,673	5,606
Profit from continuing operations	3,123	2,244	2,641	3,203	3,277	2,952
Profit (loss) from Discontinued operations/Non-current assets held for sale	(40)	(29)	(186)	(200)	413	(118)
Profit for the year	3,083	2,215	2,455	3,003	3,690	2,834
<i>Profit attributable to equity holders of the Parent(3)</i>	<i>3,082</i>	<i>2,214</i>	<i>2,448</i>	<i>3,014</i>	<i>3,216</i>	<i>1,815</i>
Investments:						
<i>Capital expenditures</i>	<i>7,468</i>	<i>5,365</i>	<i>5,370</i>	<i>4,877</i>	<i>5,097</i>	<i>5,002</i>
<i>&nbs</i>						