

TELECOM ITALIA S P A
Form FWP
July 12, 2006

Filed Pursuant to Rule 433

Registration Statement No. 333-127351-01

and No. 333-127351

July 11, 2006

TELECOM ITALIA CAPITAL

\$1,000,000,000 7.20% Guaranteed Senior Notes due 2036

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

Issuer: Telecom Italia Capital
Guarantor: Telecom Italia S.p.A.
Ratings: Baa2 Moody s/BBB+ Standard & Poors/BBB+ Fitch
Principal Amount: \$1,000,000,000
Security Type: Guaranteed Senior Notes
Legal Format: SEC Registered
Settlement Date: July 18, 2006
Maturity Date: July 18, 2036
Price to Public (Issue Price): 99.440%
Coupon: 7.20%
Benchmark Treasury: 5.375% due February 15, 2031
Spread to Benchmark Treasury: 205 basis points (2.05%)
Treasury Strike: 5.196%
All-in Yield: 7.319%
Interest Payment Dates: Semi-annually on January 18 and July 18, commencing on January 18, 2007
Make-whole call: At any time after January 18, 2008 at the greater of (1) 100% or (2) at a discount rate of adjusted Treasury plus 30 basis pts.
Denominations: \$ 2,000 and integral multiples of \$1,000
CUSIP: 87927VAR 9
Underwriters: Credit Suisse Securities (USA) LLC (20%) (bookrunner)
J.P. Morgan Securities Inc. (20%) (bookrunner)
Lehman Brothers Inc. (20%) (bookrunner)
Merrill Lynch International (20%) (bookrunner)
Morgan Stanley & Co. Incorporated (20%) (bookrunner)

The issuer has filed a registration statement (including a prospectus) with the U.S. Securities and Exchange Commission (SEC) for this offering. Before you invest, you should read the prospectus for this offering in that registration statement, and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by searching the SEC online database (EDGAR®) at www.sec.gov. Alternatively, you may obtain a copy of the prospectus by calling

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Credit Suisse at 1-800-221-1037, J.P. Morgan at 1-866-718-1649, Lehman at 1-888-603-5847, Merrill Lynch at 1-866-500-5408 or Morgan Stanley at 1-800-718-1649.