



## Balance sheets of Telecom Italia S.p.A.

	12.31.2004	12.31.2003 After the merger	12.31.2003 Historical data	Change
(millions of euro)	(a)	(b) (*)		(a-b)
<b>A. INTANGIBLES, FIXED ASSETS AND LONG-TERM INVESTMENTS</b>				
Intangible assets	1,845	1,583	1,485	262
Fixed assets	11,020	12,043	11,843	(1,023)
Long-term investments:				
· equity investments and advances on future capital contributions	34,233	34,865	34,995	(632)
· other	584	290	281	294
	<b>(A)</b>	<b>47,682</b>	<b>48,781</b>	<b>(1,099)</b>
<b>B. WORKING CAPITAL</b>				
Inventories	145	124	88	21
Trade accounts receivable	3,807	4,669	4,542	(862)
Other assets	2,854	3,696	3,693	(842)
Trade accounts payable	(2,804)	(3,038)	(3,138)	234
Other liabilities	(3,926)	(3,551)	(3,476)	(375)
Reserves for employee termination indemnities and pensions and similar obligation	(1,043)	(1,030)	(973)	(13)
Capital and/or investment grants	(168)	(201)	(199)	33
Deferred tax assets net of reserve for income taxes	2,223	3,111	3,111	(888)
Other reserves for risks and charges	(702)	(604)	(569)	(98)
	<b>(B)</b>	<b>386</b>	<b>3,176</b>	<b>(2,790)</b>
<b>C. NET INVESTED CAPITAL</b>	<b>(A+B)</b>	<b>48,068</b>	<b>51,957</b>	<b>(3,889)</b>
Financed by:				
<b>D. SHAREHOLDERS' EQUITY</b>				
Share capital	8,865	8,854	8,854	11
Retained earnings and reserves	5,811	4,856	4,856	955
Net income	2,135	2,646	2,646	(511)
	<b>(D)</b>	<b>16,811</b>	<b>16,356</b>	<b>455</b>
<b>E. MEDIUM/LONG TERM DEBT</b>				
	<b>33,122</b>	<b>20,697</b>	<b>20,692</b>	<b>12,425</b>
<b>F. NET SHORT-TERM FINANCIAL DEBT (LIQUIDITY)</b>				
Short-term borrowings	3,700	14,376	14,373	(10,676)
Liquid assets and short-term financial receivables	(6,477)	(1,160)	(1,426)	(5,317)
Financial accrued expenses (income) and deferred expenses (income), net	912	1,688	1,688	(776)
	<b>(F)</b>	<b>(1,865)</b>	<b>14,904</b>	<b>(16,769)</b>
<b>G. TOTAL NET FINANCIAL DEBT</b>	<b>(E+F)</b>	<b>31,257</b>	<b>35,601</b>	<b>(4,344)</b>
<b>H. TOTAL FINANCING</b>	<b>(D+G=C)</b>	<b>48,068</b>	<b>51,957</b>	<b>(3,889)</b>

(\*) The data "after the merger" were prepared on the basis that the merger of IT Telecom and EPICLink with and into Telecom Italia SpA, that was completed on December 31, 2004 and for accounting and fiscal purposes was effective from January 1, 2004, occurred on January 1, 2003.