

## ATTACHMENTS TO THE PRESS RELEASE

### ALTERNATIVE PERFORMANCE MEASURES

In this press release, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for purposes of a better understanding of the trend of operations and the financial condition related to the Telecom Italia Group and the Parent company Telecom Italia S.p.A.. Such measures, which are presented in the financial reports (annual and interim), should, however, not be considered as a substitute for those required by IFRS.

The alternative performance measures used are described below:

- **EBITDA:** this financial measure is used by Telecom Italia as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group (as a whole and at the Business Unit level) and the Parent Telecom Italia S.p.A. in addition to EBIT. These measures are calculated as follows:

<b>Profit (loss) before tax from continuing operations</b>	
+	Finance expenses
-	Finance income
+/-	Other expenses (income) from investments <sup>(1)</sup>
+/-	Share of losses (profits) of associates and joint ventures accounted for using the equity method <sup>(2)</sup>
<b>EBIT - Operating profit (loss)</b>	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Depreciation and amortization
<b>EBITDA - Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets</b>	

(1) Expenses (income) from investments for Telecom Italia S.p.A..

(2) Line item in Group consolidated financial statements only.

- **Organic change in Revenues, EBITDA and EBIT:** these measures express changes (amount and/or percentage) in Revenues, EBITDA and EBIT, excluding, where applicable, the effects of the change in the scope of consolidation and exchange differences. Telecom Italia believes that the presentation of such additional information allows for a more complete and effective understanding of the operating performance of the Group (as a whole and at the Business Unit level) and the Parent; the Organic change in Revenues, EBITDA and EBIT is also used in presentations to analysts and investors. In this press release, is also provided the reconciliation between the “accounting” or “reported” data and the “organic” ones.
- **Net Financial Debt:** Telecom Italia believes that the Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. In this press release are included two tables showing the amounts taken from the statement of financial position and used to calculate the Net Financial Debt of the Group and the Parent, respectively. In order to better represent the actual change in Net Financial Debt, in addition to the usual measure (renamed “Net financial debt carrying amount”) is also shown the “Adjusted net financial debt”, which excludes effects that are purely accounting in nature resulting from the fair value measurement of derivatives and related financial liabilities/assets.

Net financial debt is calculated as follows:

	+ Non-current financial liabilities
	+ Current financial liabilities
	+ Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale
<b>A)</b>	<b>Gross Financial Debt</b>
	+ Non-current financial assets
	+ Current financial assets
	+ Financial assets included in Discontinued operations/Non-current assets held for sale
<b>B)</b>	<b>Financial Assets</b>
<b>C = (A - B)</b>	<b>Net Financial Debt carrying amount</b>
<b>D)</b>	<b>Reversal of fair value measurement of derivatives and related financial liabilities/assets</b>
<b>E = (C+D)</b>	<b>Adjusted Net Financial Debt</b>

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The reclassified Separate Income Statements, Statements of Comprehensive Income, Statements of Financial Position and the Statements of Cash Flows as well as the Net Financial Debt of the Telecom Italia Group and the Parent Telecom Italia S.p.A., herewith presented, are the same as those included in the Report of Operations of 2015 Telecom Italia Annual Financial Report. Such statements, as well as the Net Financial Debt, are however consistent with those included in the Telecom Italia Consolidated and Separate Financial Statements for the year ended December 31, 2015.

To such extent, please note that the audit work by our independent auditors on the Telecom Italia Consolidated and Separate Financial Statements for the year ended December 31, 2015 as well as the check of consistency of the 2015 Report on Operations with the related Telecom Italia Consolidated and Separate Financial Statements have not yet been completed.

## TELECOM ITALIA GROUP - SEPARATE CONSOLIDATED INCOME STATEMENTS

(millions of euros)	2015	2014	Change	
	(a)	(b)	amount	%
<b>Revenues</b>	<b>19,718</b>	<b>21,573</b>	<b>(1,855)</b>	<b>(8.6)</b>
Other income	287	401	(114)	(28.4)
<b>Total operating revenues and other income</b>	<b>20,005</b>	<b>21,974</b>	<b>(1,969)</b>	<b>(9.0)</b>
Acquisition of goods and services	(8,533)	(9,430)	897	9.5
Employee benefits expenses	(3,589)	(3,119)	(470)	(15.1)
Other operating expenses	(1,491)	(1,175)	(316)	(26.9)
Change in inventories	(44)	(52)	8	15.4
Internally generated assets	656	588	68	11.6
<b>Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>	<b>7,004</b>	<b>8,786</b>	<b>(1,782)</b>	<b>(20.3)</b>
Depreciation and amortization	(4,135)	(4,284)	149	3.5
Gains (losses) on disposals of non-current assets	336	29	307	-
Impairment reversals (losses) on non-current assets	(244)	(1)	(243)	-
<b>Operating profit (loss) (EBIT)</b>	<b>2,961</b>	<b>4,530</b>	<b>(1,569)</b>	<b>(34.6)</b>
Share of profits (losses) of associates and joint ventures accounted for using the equity method	1	(5)	6	-
Other income (expenses) from investments	10	16	(6)	(37.5)
Finance income	2,756	2,400	356	14.8
Finance expenses	(5,281)	(4,594)	(687)	(15.0)
<b>Profit (loss) before tax from continuing operations</b>	<b>447</b>	<b>2,347</b>	<b>(1,900)</b>	<b>(81.0)</b>
Income tax expense	(401)	(928)	527	56.8
<b>Profit (loss) from continuing operations</b>	<b>46</b>	<b>1,419</b>	<b>(1,373)</b>	<b>(96.8)</b>
Profit (loss) from Discontinued operations/Non-current assets held for sale	611	541	70	12.9
<b>Profit (loss) for the year</b>	<b>657</b>	<b>1,960</b>	<b>(1,303)</b>	<b>(66.5)</b>
Attributable to:				
<b>Owners of the Parent</b>	<b>(72)</b>	<b>1,350</b>	<b>(1,422)</b>	<b>-</b>
Non-controlling interests	729	610	119	19.5

## TELECOM ITALIA GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In accordance with IAS 1 (Presentation of Financial Statements) here below are presented the Consolidated Statements of Comprehensive Income, including the Profit (loss) for the year, as shown in the Separate Consolidated Income Statements, and all non-owner changes in equity.

(millions of euros)

		2015	2014
<b>Profit (loss) for the year</b>	(a)	657	1,960
<b>Other components of the Consolidated Statement of Comprehensive Income</b>			
<b>Other components that will not be reclassified subsequently to Separate Consolidated Income Statement</b>			
<b>Remeasurements of employee defined benefit plans (IAS19):</b>			
Actuarial gains (losses)		16	(209)
Income tax effect		(7)	53
	(b)	9	(156)
<b>Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:</b>			
Profit (loss)		-	-
Income tax effect		-	-
	(c)	-	-
<b>Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement</b>	(d=b+c)	9	(156)
<b>Other components that will be reclassified subsequently to Separate Consolidated Income Statement</b>			
<b>Available-for-sale financial assets:</b>			
Profit (loss) from fair value adjustments		(4)	74
Loss (profit) transferred to Separate Consolidated Income Statement		(57)	(23)
Income tax effect		18	(15)
	(e)	(43)	36
<b>Hedging instruments:</b>			
Profit (loss) from fair value adjustments		1,536	767
Loss (profit) transferred to Separate Consolidated Income Statement		(983)	(871)
Income tax effect		(165)	28
	(f)	388	(76)
<b>Exchange differences on translating foreign operations:</b>			
Profit (loss) on translating foreign operations		(2,155)	(225)
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		(1)	-
Income tax effect		-	-
	(g)	(2,156)	(225)
<b>Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:</b>			
Profit (loss)		-	-
Loss (profit) transferred to Separate Consolidated Income Statement		-	-
Income tax effect		-	-
	(h)	-	-
<b>Total other components that will be reclassified subsequently to Separate Consolidated Income Statement</b>	(i=e+f+g+h)	(1,811)	(265)
<b>Total other components of the Consolidated Statement of Comprehensive Income</b>	(k=d+i)	(1,802)	(421)
<b>Total comprehensive income (loss) for the year</b>	(a+k)	(1,145)	1,539
Attributable to:			
<b>Owners of the Parent</b>		(827)	1,123
Non-controlling interests		(318)	416

## TELECOM ITALIA GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(millions of euros)	<b>12/31/2015</b>	<b>12/31/2014</b>	<b>Change</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a-b)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	29,383	29,943	(560)
Intangible assets with a finite useful life	6,480	6,827	(347)
	<b>35,863</b>	<b>36,770</b>	<b>(907)</b>
<b>Tangible assets</b>			
Property, plant and equipment owned	12,659	12,544	115
Assets held under finance leases	2,208	843	1,365
	<b>14,867</b>	<b>13,387</b>	<b>1,480</b>
<b>Other non-current assets</b>			
Investments in associates and joint ventures accounted for using the equity method	41	36	5
Other investments	45	43	2
Non-current financial assets	2,989	2,445	544
Miscellaneous receivables and other non-current assets	1,744	1,571	173
Deferred tax assets	853	1,118	(265)
	<b>5,672</b>	<b>5,213</b>	<b>459</b>
<b>Total Non-current assets</b>	<b>(a) 56,402</b>	<b>55,370</b>	<b>1,032</b>
<b>Current assets</b>			
Inventories	254	313	(59)
Trade and miscellaneous receivables and other current assets	5,110	5,615	(505)
Current income tax receivables	163	101	62
Current financial assets			
<i>Securities other than investments, financial receivables and other current financial assets</i>	1,840	1,611	229
<i>Cash and cash equivalents</i>	3,559	4,812	(1,253)
	5,399	6,423	(1,024)
<b>Current assets sub-total</b>	<b>10,926</b>	<b>12,452</b>	<b>(1,526)</b>
<b>Discontinued operations / Non-current assets held for sale</b>			
of a financial nature	227	165	62
of a non-financial nature	3,677	3,564	113
	<b>3,904</b>	<b>3,729</b>	<b>175</b>
<b>Total Current assets</b>	<b>(b) 14,830</b>	<b>16,181</b>	<b>(1,351)</b>
<b>Total Assets</b>	<b>(a+b) 71,232</b>	<b>71,551</b>	<b>(319)</b>

(millions of euros)

	<b>12/31/2015</b>	<b>12/31/2014</b>	<b>Change</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a-b)</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity attributable to owners of the Parent	17,610	18,145	(535)
Non-controlling interests	3,723	3,554	169
<b>Total Equity (c)</b>	<b>21,333</b>	<b>21,699</b>	<b>(366)</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	30,518	32,325	(1,807)
Employee benefits	1,420	1,056	364
Deferred tax liabilities	323	438	(115)
Provisions	551	720	(169)
Miscellaneous payables and other non-current liabilities	1,110	697	413
<b>Total Non-current liabilities (d)</b>	<b>33,922</b>	<b>35,236</b>	<b>(1,314)</b>
<b>Current liabilities</b>			
Current financial liabilities	6,224	4,686	1,538
Trade and miscellaneous payables and other current liabilities	7,762	8,376	(614)
Current income tax payables	110	36	74
<b>Current liabilities sub-total</b>	<b>14,096</b>	<b>13,098</b>	<b>998</b>
<b>Liabilities directly associated with Discontinued operations/Non-current assets held for sale</b>			
of a financial nature	348	43	305
of a non-financial nature	1,533	1,475	58
	<b>1,881</b>	<b>1,518</b>	<b>363</b>
<b>Total Current Liabilities (e)</b>	<b>15,977</b>	<b>14,616</b>	<b>1,361</b>
<b>Total Liabilities (f=d+e)</b>	<b>49,899</b>	<b>49,852</b>	<b>47</b>
<b>Total Equity and liabilities (c+f)</b>	<b>71,232</b>	<b>71,551</b>	<b>(319)</b>

## TELECOM ITALIA GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of euros)

	2015	2014
<b>Cash flows from operating activities:</b>		
Profit (loss) from continuing operations	46	1,419
Adjustments for:		
Depreciation and amortization	4,135	4,284
Impairment losses (reversals) on non-current assets (including investments)	253	13
Net change in deferred tax assets and liabilities	(45)	187
Losses (gains) realized on disposals of non-current assets (including investments)	(343)	(29)
Share of losses (profits) of associates and joint ventures accounted for using the equity method	(1)	5
Change in provisions for employee benefits	389	(59)
Change in inventories	56	55
Change in trade receivables and net amounts due from customers on construction contracts	410	(125)
Change in trade payables	(483)	(325)
Net change in current income tax receivables/payables	4	355
Net change in miscellaneous receivables/payables and other assets/liabilities	649	(583)
<b>Cash flows from (used in) operating activities</b>	<b>(a) 5,070</b>	<b>5,197</b>
<b>Cash flows from investing activities:</b>		
Purchase of intangible assets	(1,959)	(2,422)
Purchase of tangible assets	(4,761)	(2,562)
Total purchase of intangible and tangible assets on an accrual basis	(6,720)	(4,984)
Change in amounts due for purchases of intangible and tangible assets	1,294	325
Total purchase of intangible and tangible assets on a cash basis	(5,426)	(4,659)
Acquisition of control of companies or other businesses, net of cash acquired	(5)	(9)
Acquisitions/disposals of other investments	(36)	(2)
Change in financial receivables and other financial assets	(635)	(1,118)
Proceeds from sale/repayments of intangible, tangible and other non-current assets	717	78
<b>Cash flows from (used in) investing activities</b>	<b>(b) (5,385)</b>	<b>(5,710)</b>
<b>Cash flows from financing activities:</b>		
Change in current financial liabilities and other	408	1,305
Proceeds from non-current financial liabilities (including current portion)	5,054	4,377
Repayments of non-current financial liabilities (including current portion)	(7,191)	(5,877)
Share capital proceeds/reimbursements (including subsidiaries)	186	14
Dividends paid	(204)	(252)
Changes in ownership interests in consolidated subsidiaries	845	160
<b>Cash flows from (used in) financing activities</b>	<b>(c) (902)</b>	<b>(273)</b>
<b>Cash flows from (used in) discontinued operations/non-current assets held for sale</b>	<b>(d) (19)</b>	<b>(499)</b>
<b>Aggregate cash flows</b>	<b>(e=a+b+c+d) (1,236)</b>	<b>(1,285)</b>
<b>Net cash and cash equivalents at beginning of the year</b>	<b>(f) 4,910</b>	<b>6,296</b>
Net foreign exchange differences on net cash and cash equivalents	(g) (458)	(101)
<b>Net cash and cash equivalents at end of the year</b>	<b>(h=e+f+g) 3,216</b>	<b>4,910</b>

### Additional Cash Flow information

(millions of euros)	2015	2014
Income taxes (paid) received	(363)	(427)
Interest expense paid	(5,145)	(4,985)
Interest income received	3,632	3,301
Dividends received	3	5

### Analysis of Net Cash and Cash Equivalents

(millions of euros)	2015	2014
<b>Net cash and cash equivalents at beginning of the year:</b>		
Cash and cash equivalents - from continuing operations	4,812	5,744
Bank overdrafts repayable on demand - from continuing operations	(19)	(64)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	117	616
Bank overdrafts repayable on demand - from Discontinued operations/Non-current assets held for sale	-	-
	<b>4,910</b>	<b>6,296</b>
<b>Net cash and cash equivalents at end of the year:</b>		
Cash and cash equivalents - from continuing operations	3,559	4,812
Bank overdrafts repayable on demand - from continuing operations	(441)	(19)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	98	117
Bank overdrafts repayable on demand - from Discontinued operations/Non-current assets held for sale	-	-
	<b>3,216</b>	<b>4,910</b>



## TELECOM ITALIA GROUP - NET FINANCIAL DEBT

(millions of euros)	12/31/2015 (a)	12/31/2014 (b)	Change (a-b)
<b>Non-current financial liabilities</b>			
Bonds	19,883	23,440	(3,557)
Amounts due to banks, other financial payables and liabilities	8,364	7,901	463
Finance lease liabilities	2,271	984	1,287
	<b>30,518</b>	<b>32,325</b>	<b>(1,807)</b>
<b>Current financial liabilities (*)</b>			
Bonds	3,681	2,645	1,036
Amounts due to banks, other financial payables and liabilities	2,390	1,872	518
Finance lease liabilities	153	169	(16)
	<b>6,224</b>	<b>4,686</b>	<b>1,538</b>
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	348	43	305
<b>Total gross financial debt</b>	<b>37,090</b>	<b>37,054</b>	<b>36</b>
<b>Non-current financial assets</b>			
Securities other than investments	(3)	(6)	3
Financial receivables and other non-current financial assets	(2,986)	(2,439)	(547)
	<b>(2,989)</b>	<b>(2,445)</b>	<b>(544)</b>
<b>Current financial assets</b>			
Securities other than investments	(1,488)	(1,300)	(188)
Financial receivables and other current financial assets	(352)	(311)	(41)
Cash and cash equivalents	(3,559)	(4,812)	1,253
	<b>(5,399)</b>	<b>(6,423)</b>	<b>1,024</b>
Financial assets relating to Discontinued operations/Non-current assets held for sale	(227)	(165)	(62)
<b>Total financial assets</b>	<b>(8,615)</b>	<b>(9,033)</b>	<b>418</b>
<b>Net financial debt carrying amount</b>	<b>28,475</b>	<b>28,021</b>	<b>454</b>
<i>Reversal of fair value measurement of derivatives and related financial assets/liabilities</i>	<i>(1,197)</i>	<i>(1,370)</i>	<i>173</i>
<b>Adjusted Net Financial Debt</b>	<b>27,278</b>	<b>26,651</b>	<b>627</b>
<i>Breakdown as follows:</i>			
<b>Total adjusted gross financial debt</b>	<b>34,602</b>	<b>34,421</b>	<b>181</b>
<b>Total adjusted financial assets</b>	<b>(7,324)</b>	<b>(7,770)</b>	<b>446</b>
<i>(*) of which current portion of medium/long-term debt:</i>			
Bonds	3,681	2,645	1,036
Amounts due to banks, other financial payables and liabilities	1,482	1,413	69
Finance lease liabilities	153	169	(16)

## TELECOM ITALIA GROUP – OPERATING FREE CASH FLOW

(millions of euros)	<b>2015</b>	<b>2014</b>	<b>Change</b>
EBITDA	7,004	8,786	(1,782)
Capital expenditures on an accrual basis	(5,197)	(4,984)	(213)
Change in net operating working capital:	(334)	(464)	130
<i>Change in inventories</i>	56	55	1
<i>Change in trade receivables and net amounts due from customers on construction contracts</i>	410	(125)	535
<i>Change in trade payables (*)</i>	(623)	72	(695)
<i>Other changes in operating receivables/payables</i>	(177)	(466)	289
Change in provisions for employee benefits	389	(59)	448
Change in operating provisions and Other changes	112	(105)	217
<b>Net operating free cash flow</b>	<b>1,974</b>	<b>3,174</b>	<b>(1,200)</b>
<i>% of Revenues</i>	<i>10.0</i>	<i>14.7</i>	<i>(4.7) pp</i>

(\*) Includes the change in trade payables for amounts due to fixed assets suppliers.

## TELECOM ITALIA GROUP - INFORMATION BY OPERATING SEGMENTS

### DOMESTIC

(millions of euros)	2015	2014	Change		
			amount	%	% organic
Revenues	15,001	15,303	(302)	(2.0)	(2.3)
EBITDA	5,567	6,998	(1,431)	(20.4)	(20.6)
EBITDA margin	37.1	45.7		(8.6)pp	(8.5)pp
EBIT	2,359	3,738	(1,379)	(36.9)	(37.0)
EBIT margin	15.7	24.4		(8.7)pp	(8.7)pp
Headcount at year end (number)	52,644	53,076	(432)	(0.8)	

### Core Domestic

(millions of euros)	2015	2014	Change	
			amount	%
Revenues	13,858	14,205	(347)	(2.4)
Consumer	7,267	7,349	(82)	(1.1)
Business	4,600	4,824	(224)	(4.6)
National Wholesale	1,785	1,793	(8)	(0.4)
Other	206	239	(33)	(13.8)
EBITDA	5,392	6,761	(1,369)	(20.2)
EBITDA margin	38.9	47.6		(8.7)pp
EBIT	2,287	3,593	(1,306)	(36.3)
EBIT margin	16.5	25.3		(8.8)pp
Headcount at year end (number)	51,741	51,849	(108)	(0.2)

### International Wholesale – Telecom Italia Sparkle group

(millions of euros)	2015	2014	Change		
			amount	%	% organic
Revenues	1,314	1,244	70	5.6	1.1
of which third parties	1,062	981	81	8.3	2.4
EBITDA	196	271	(75)	(27.7)	(32.4)
EBITDA margin	14.9	21.8		(6.9)pp	(7.4)pp
EBIT	85	172	(87)	(50.6)	(53.6)
EBIT margin	6.5	13.8		(7.3)pp	(7.6)pp
Headcount at year end (number) (*)	645	641	4	0.6	

(\*) Includes employees with temp work contracts: 2 employees at December 31, 2015 (4 at December 31, 2014).

## Olivetti

Following the approval of the restructuring plan for the Olivetti group, on May 11, 2015, in 2015 the business lines for which the plan provides for a process that will lead to their divestment, including through disposals or sales, have been included under Other operations.

(millions of euros)	2015	2014	Change	
			amount	%
Revenues	172	227	(55)	(24.2)
EBITDA	(9)	(29)	20	69.0
EBITDA margin	(5.2)	(12.8)		7.6 pp
EBIT	(13)	(34)	21	61.8
EBIT margin	(7.6)	(15.0)		7.4 pp
Headcount at year end (number) <sup>(*)</sup>	258	586	(328)	(56.0)

(\*) Includes employees with temp work contracts: zero employees at December 31, 2015 (4 at December 31, 2014).

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## BRAZIL

	(millions of euros)		(millions of Brazilian reais)		Change	
	2015 (a)	2014 (b)	2015 (c)	2014 (d)	amount (c-d)	% (c-d)/d
Revenues	4,636	6,244	17,139	19,498	(2,359)	(12.1)
EBITDA	1,449	1,774	5,358	5,541	(183)	(3.3)
EBITDA margin	31.3	28.4	31.3	28.4		2.9pp
EBIT	636	795	2,351	2,483	(132)	(5.3)
EBIT margin	13.7	12.7	13.7	12.7		1.0pp
Headcount at year end (number)			13,042	12,841		1.6

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## MEDIA

(millions of euros)	2015	2014	Change		
			amount	%	% organic
Revenues	82	71	11	15.5	1.2
EBITDA	37	25	12	48.0	5.7
EBITDA margin	45.1	35.2		9.9pp	1.9pp
EBIT	14	6	8		-
EBIT margin	17.1	8.5		8.6pp	(0.2)pp
Headcount at year end (number) (*)	64	89	(25)	(28.1)	(8.6)

(\*) Includes employees with temp work contracts: zero employees at December 31, 2015 (1 at December 31, 2014).

## TELECOM ITALIA GROUP - RECONCILIATION BETWEEN REPORTED DATA AND ORGANIC DATA

### REVENUES – reconciliation of organic data

(millions of euros)	2015	2014	Change	
			amount	%
<b>REPORTED REVENUES</b>	<b>19,718</b>	<b>21,573</b>	<b>(1,855)</b>	<b>(8.6)</b>
Foreign currency financial statements translation effect		(914)	914	
Changes in the scope of consolidation		10	(10)	
<b>ORGANIC REVENUES</b>	<b>19,718</b>	<b>20,669</b>	<b>(951)</b>	<b>(4.6)</b>

### EBITDA – reconciliation of organic data

(millions of euros)	2015	2014	Change	
			amount	%
<b>REPORTED EBITDA</b>	<b>7,004</b>	<b>8,786</b>	<b>(1,782)</b>	<b>(20.3)</b>
Foreign currency financial statements translation effect		(256)	256	
Changes in the scope of consolidation		3	(3)	
<b>ORGANIC EBITDA</b>	<b>7,004</b>	<b>8,533</b>	<b>(1,529)</b>	<b>(17.9)</b>
of which Non-recurring Income/(Expenses)	(1,076)	72	(1,148)	
<b>ORGANIC EBITDA, excluding Non-recurring items</b>	<b>8,080</b>	<b>8,461</b>	<b>(381)</b>	<b>(4.5)</b>

### EBIT – reconciliation of organic data

(millions of euros)	2015	2014	Change	
			amount	%
<b>REPORTED EBIT</b>	<b>2,961</b>	<b>4,530</b>	<b>(1,569)</b>	<b>(34.6)</b>
Foreign currency financial statements translation effect		(112)	112	
Changes in the scope of consolidation		1	(1)	
<b>ORGANIC EBIT</b>	<b>2,961</b>	<b>4,419</b>	<b>(1,458)</b>	<b>(33.0)</b>
of which Non-recurring Income/(Expenses)	(990)	110	(1,100)	
<b>ORGANIC EBIT, excluding Non-recurring items</b>	<b>3,951</b>	<b>4,309</b>	<b>(358)</b>	<b>(8.3)</b>

## DOMESTIC - RECONCILIATION BETWEEN REPORTED DATA AND ORGANIC DATA

### EBITDA - reconciliation of organic data

(millions of euros)	2015	2014	Change	
			amount	%
<b>REPORTED EBITDA</b>	<b>5,567</b>	<b>6,998</b>	<b>(1,431)</b>	<b>(20.4)</b>
Foreign currency financial statements translation effect		19	(19)	
Changes in the scope of consolidation		(7)	7	
<b>ORGANIC EBITDA</b>	<b>5,567</b>	<b>7,010</b>	<b>(1,443)</b>	<b>(20.6)</b>
of which Non-recurring Income/(Expenses)	(1,028)	72	(1,100)	
<b>ORGANIC EBITDA, excluding Non-recurring items</b>	<b>6,595</b>	<b>6,938</b>	<b>(343)</b>	<b>(4.9)</b>

### EBIT - reconciliation of organic data

(millions of euros)	2015	2014	Change	
			amount	%
<b>REPORTED EBIT</b>	<b>2,359</b>	<b>3,738</b>	<b>(1,379)</b>	<b>(36.9)</b>
Foreign currency financial statements translation effect		11	(11)	
Changes in the scope of consolidation		(7)	7	
<b>ORGANIC EBIT</b>	<b>2,359</b>	<b>3,742</b>	<b>(1,383)</b>	<b>(37.0)</b>
of which Non-recurring Income/(Expenses)	(1,028)	110	(1,138)	
<b>ORGANIC EBIT, excluding Non-recurring items</b>	<b>3,387</b>	<b>3,632</b>	<b>(245)</b>	<b>(6.7)</b>

## TELECOM ITALIA GROUP – DEBT STRUCTURE, BOND ISSUES AND EXPIRING BONDS

### *Revolving Credit Facilities and term loans*

In the table below are shown the composition and the drawdown of the committed credit lines available as of December 31, 2015:

(billions of euros)	12/31/2015		12/31/2014	
	Committed	Utilized	Committed	Utilized
Revolving Credit Facility – due May 2017	4.0	-	4.0	-
Revolving Credit Facility – due March 2018	3.0	-	3.0	-
<b>Total</b>	<b>7.0</b>	<b>-</b>	<b>7.0</b>	<b>-</b>

Telecom Italia has two syndicated *Revolving Credit Facilities* for the amounts of 4 billion euros and 3 billion euros maturing respectively on May 24, 2017 and on March 25, 2018, both not utilized.

On December 14, 2015, in force from January 4, 2016, Telecom Italia signed some more suitable changes in the economic terms of the RCFs and the extension of the maturity for two years more: on May 24, 2019 for the RCF of 4 billion euros and on March 25, 2020 for the RCF of 3 billion euros.

Furthermore, Telecom Italia has:

- a bilateral Term Loan with Banca Regionale Europea for the amount of 200 million euros expiring on July 2019, drawn down for the full amount;
- two bilateral Term Loans with Cassa Depositi e Prestiti respectively for the amount of 100 million euros expiring on April 2019 and for the amount of 150 million euros expiring on October 2019, drawn down for the full amounts;
- two bilateral Term Loans with Mediobanca respectively for the amount of 200 million euros expiring on November 2019 and for the amount of 150 million euros expiring on July 2020, drawn down for the full amounts;
- a bilateral Term Loan with ICBC for the amount of 120 million euros expiring on July 2020, drawn down for the full amount;
- a bilateral Term Loan with Intesa Sanpaolo for the amount of 200 million euros expiring on August 2021, drawn down for the full amount.

### **Bonds**

The following tables show the evolution of the bonds during the year 2015:

#### **New issues**

(millions of original currency)	Currency	Amount	Issue date
Telecom Italia S.p.A. 1,000 million euros 3.250% due 1/16/2023	Euro	1,000	1/16/2015
Telecom Italia S.p.A. convertible bond (*) in ordinary shares 2,000 million euros 1.125% due 3/26/2022	Euro	2,000	3/26/2015

(\*) On May 20, 2015 Telecom Italia S.p.A. Shareholders' Meeting approved the capital injection reserved for the conversion of the unsecured equity-linked notes.

## Repayments

(millions of original currency)	Currency	Amount	Repayment date
Telecom Italia Finance S.A. 20,000 million JPY 3.550% <sup>(1)</sup>	JPY	20,000	5/14/2015
Telecom Italia S.p.A. 514 million euros 4.625% <sup>(2)</sup>	Euro	514	6/15/2015
Telecom Italia Capital S.A. 765 million USD 5.250% <sup>(3)</sup>	USD	765	10/01/2015
Telecom Italia S.p.A. 120 million euros Euribor 3M+0.66%	Euro	120	11/23/2015
Telecom Italia S.p.A. 500 million GBP 5.625%	GBP	500	12/29/2015

(1) Advanced repayment of the Private Placement AFLAC expiring on 5/14/2032.

(2) Net of 236 million euros repurchased by Telecom Italia S.p.A. during 2014 and the first half of 2015.

(3) Net of 635 million USD repurchased by Telecom Italia S.p.A. during 2013.

## Buybacks

On January 23, 2015, Telecom Italia S.p.A. successfully closed the tender offer for the buyback of four own notes maturing between June 2015 and September 2017, repurchasing a total nominal amount of 810.3 million euros.

The details of the repurchased notes are the following:

Bond Title	Principal amount outstanding prior to the Tender Offer (euros)	Principal amount repurchased (euros)	Buyback price
Telecom Italia S.p.A. - 750 million euros, due June 2015, coupon 4.625% <sup>(1)</sup>	577,701,000	63,830,000	101.650%
Telecom Italia S.p.A. - 1,000 million euros, due January 2016, coupon 5.125% <sup>(2)</sup>	771,550,000	108,200,000	104.661%
Telecom Italia S.p.A. - 1,000 million euros, due January 2017, coupon 7.000%	1,000,000,000	374,308,000	111.759%
Telecom Italia S.p.A. - 1,000 million euros, due September 2017, coupon 4.500%	1,000,000,000	263,974,000	108.420%

(1) Net of 172 million euros repurchased by the company in 2014.

(2) Net of 228 million euros repurchased by the company in 2014.

On April 24, 2015 Telecom Italia S.p.A. successfully closed the tender offer for the buyback of nine own notes maturing between January 2017 and February 2022, repurchasing a total nominal amount of 2,000 million euros (the Company didn't accept for purchase any of the September 2017 Notes or January 2017 Notes tendered pursuant to the Offers).

The details of the repurchased notes are the following:



Bond Title	Principal amount outstanding prior to the Tender Offer (euros)	Principal amount repurchased (euros)	Buyback price
Telecom Italia S.p.A. – 750 million euros, due May 2018, coupon 4.750%	750,000,000	35,879,000	111.165%
Telecom Italia S.p.A. – 750 million euros, due December 2018, coupon 6.125%	750,000,000	121,014,000	117.329%
Telecom Italia S.p.A. – 1,250 million euros, due January 2019, coupon 5.375%	1,250,000,000	307,600,000	114.949%
Telecom Italia S.p.A. – 1,000 million euros, due January 2020, coupon 4.000%	1,000,000,000	280,529,000	111.451%
Telecom Italia S.p.A. – 1,000 million euros, due September 2020, coupon 4.875%	1,000,000,000	452,517,000	116.484%
Telecom Italia S.p.A. – 1,000 million euros, due January 2021, coupon 4.500%	1,000,000,000	436,361,000	114.714%
Telecom Italia S.p.A. – 1,250 million euros, due February 2022, coupon 5.250%	1,250,000,000	366,100,000	121.210%

On July 20, 2015 Telecom Italia S.p.A. successfully closed the tender offer for the buyback of five own notes maturing between January 2017 and January 2019, repurchasing a total nominal amount of 467.3 million euros.

The details of the repurchased notes are the following:

Bond Title	Principal amount outstanding prior to the Tender Offer (euros)	Principal amount repurchased (euros)	Buyback price
Telecom Italia S.p.A. – 1,000 million euros, due January 2017, coupon 7.000% <sup>(1)</sup>	625,692,000	81,141,000	109.420%
Telecom Italia S.p.A. – 1,000 million euros, due September 2017, coupon 4.500% <sup>(2)</sup>	736,026,000	107,811,000	107.428%
Telecom Italia S.p.A. – 750 million euros, due May 2018, coupon 4.750% <sup>(3)</sup>	714,121,000	121,223,000	109.477%
Telecom Italia S.p.A. – 750 million euros, due December 2018, coupon 6.125% <sup>(4)</sup>	628,986,000	47,108,000	115.395%
Telecom Italia S.p.A. – 1,250 million euros, due January 2019, coupon 5.375% <sup>(5)</sup>	942,400,000	110,000,000	112.960%

(1) Net of 374 million euros repurchased by the company in January 2015.

(2) Net of 264 million euros repurchased by the company in January 2015.

(3) Net of 36 million euros repurchased by the company in April 2015.

(4) Net of 121 million euros repurchased by the company in April 2015.

(5) Net of 308 million euros repurchased by the company in April 2015.

In the same date Telecom Italia S.p.A. also successfully closed the tender offer for the buyback of two notes of Telecom Italia Capital S.A. maturing between June 2018 and June 2019, repurchasing a total nominal amount of 563.7 million of USD.

The details of the repurchased notes are the following:

Bond Title	Principal amount outstanding prior to the Tender Offer (USD)	Principal amount repurchased (USD)	Buyback price
Telecom Italia Capital S.A. – 1,000 million USD, due June 2018, coupon 6.999%	1,000,000,000	323,356,000	111.721%
Telecom Italia Capital S.A. – 1,000 million USD, due June 2019, coupon 7.175%	1,000,000,000	240,320,000	114.188%

The Telecom Italia S.p.A. 2002-2022 bonds, reserved for subscription by employees of the Group, amounted 200 million euros (nominal value) as of December 31, 2015 increasing by 4 million euros respect to December 31, 2014 (196 million euros).

The nominal amount of repayment, net of the Group's bonds buyback, related to the bonds expiring in the following 18 months as of December 31, 2015 issued by Telecom Italia S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. (fully and unconditionally guaranteed by Telecom Italia S.p.A.) totals 2,316 million euros (with reference to the Mandatory Convertible Bond for 1,300 million euros expiring on November 15, 2016 the cash repayment has not been considered because its settlement will take place together with the mandatory conversion into Telecom Italia S.p.A. ordinary shares) with the following detail:

- 663 million euros, due January 25, 2016;
- 708 million euros, due March 21, 2016;
- 400 million euros, due June 7, 2016;
- 545 million euros, due January 20, 2017.

The bonds issued by the Telecom Italia Group do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interest, etc.) or clauses that would force the early redemption of the bonds in relation to events other than the insolvency of the Telecom Italia Group. Furthermore, the repayment of the bonds and the payment of interest are not covered by specific guarantees nor are there commitments provided relative to the assumption of future guarantees, except for the full and unconditional guarantees provided by Telecom Italia S.p.A. for the bonds issued by Telecom Italia Finance S.A. and Telecom Italia Capital S.A..

Since these bonds have been placed principally with institutional investors in major world capital markets (Euromarket and the U.S.A.), the terms which regulate the bonds are in line with market practice for similar transactions effected on these same markets; including, for example, commitments not to use the company's assets as collateral for loans ("negative pledges").

With reference to the loans received by Telecom Italia S.p.A. ("**Telecom Italia**") from the European Investment Bank ("**EIB**"), as at December 31, 2015, the total nominal amount of outstanding loans amounted to 2,550 million euros, of which 1,100 million euros at direct risk and 1,450 million euros secured.

**EIB loans not secured by bank guarantees** for a nominal amount equal to 1,100 million euros only need to apply the following covenant:

- in the event the company becomes the target of a merger, demerger or contribution of a business segment outside the Group, or sells, disposes or transfers assets or business segments (except in certain cases, expressly provided for), it shall immediately inform the EIB which shall have the right to ask for guarantees to be provided or changes to be made to the loan contract, or, only for certain loan contracts, the EIB shall have the option to demand the advance repayment of the loan (should the merger, demerger or contribution of a business segment outside the Group compromise the Project execution or cause a prejudice to EIB in its capacity as creditor);
- in the loan of 500 million euros signed on December 14, 2015 Telecom Italia enter into a contractual agreement according to which, for all the duration of the loan, the total financial indebtedness of the companies of the Group different from Telecom Italia S.p.A., and except in case that indebtedness is

entirely and irrevocably guaranteed by Telecom Italia S.p.A., will be less than the 35% of the Group total financial indebtedness.

**EIB loans secured by bank** or approved parties **guarantees** for a total nominal amount of 1,450 million euros and the loans at direct risk, respectively, of 300 million euros signed on July 30, 2014 and 500 million euros signed on December 14, 2015, need to apply the following covenants:

- “Inclusion clause”, provided on loans for a total amount of 1,650 million euros, according to which in the event Telecom Italia commits to keep in other loan contracts financial covenants (and in the loans at direct risk signed in 2014 and 2015, also more stringent clauses, for example, cross default and restrictions of the sale of goods) which are not present or are stricter than those granted to the EIB, then the EIB will have the right to request, at its fair opinion, in case those variations shall have negative consequences on Telecom Italia financial capacity, the providing of guarantees or the modification of the loan contract in order to envisage an equivalent provision in favor of the EIB;
- “Network Event”, clause provided on loans for a total amount of 1,350 million euros, according to which, against the disposal of the entire fixed network or of a substantial part of it (in any case more than half in quantitative terms) in favor of third parties or in case of disposal of the controlling stake of the company in which the network or a substantial part of it has previously been transferred, Telecom Italia shall immediately inform EIB, which shall have the option of requiring the provision of guarantees or amendment of the loan contract or an alternative solution.

Telecom Italia S.p.A. loan contracts do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interests, etc.) which would oblige the Company to repay the outstanding loan if the covenants are not observed.

The loan contracts contain the usual other types of covenants, including the commitment not to use the Company’s assets as collateral for loans (negative pledges), the commitment not to change the business purpose or sell the assets of the Company unless specific conditions exist (e.g. the sale takes place at fair market value). Covenants with basically the same content are also found in the export credit loan agreement.

In the Loan contracts and in the Bonds, Telecom Italia must provide communication in case of change in control. Identification elements to prove that event of change in control and the applicable consequences – among which the possible constitution of guarantees or the repayment in advance of the issued amount and the cancellation of the commitment in absence of a different agreement – are precisely disciplined in each contract.

Furthermore, the outstanding loans contain a general commitment by Telecom Italia, whose breach is an event of default, not to implement mergers, demergers or transfer of business, involving entities outside the Group. Such event of default may entail, upon request of the Lender, the early redemption of the drawn amounts and/or the cancellation of the undrawn commitment amounts.

In the documentation of the loans granted to certain companies of the Tim Brasil group, the companies must generally respect certain financial ratios (e.g. capitalization ratios, ratios for servicing debt and debt ratios) as well as the usual other covenants, under pain of a request for the early repayment of the loan.

We finally underline that, as of December 31, 2015, no covenant, negative pledge clause or other clause relating to the above-described debt position, has in any way been breached or violated.

## TELECOM ITALIA GROUP - EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE CONSOLIDATED INCOME STATEMENTS

The effects of non-recurring events and transactions on the separate consolidated income statements line items are set out below in accordance with Consob communication DME/RM/9081707 dated September 16, 2009:

(millions of euros)	2015	2014
<b>Revenues and operating income:</b>		
Other income	-	88
<b>Acquisition of goods and services:</b>		
Expenses related to agreements and the development of non-recurring projects	(102)	-
<b>Employee benefits expenses - Charges and provisions for employee benefits:</b>		
Expenses related to restructuring and rationalization	(446)	(12)
<b>Other operating expenses - Charges and provisions for risks:</b>		
Expenses related to disputes and regulatory penalties and liabilities related to those expenses, and expenses related to disputes with former employees and liabilities with customers and/or suppliers	(518)	(4)
<b>Change in inventories</b>	(10)	-
<b>Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>	<b>(1,076)</b>	<b>72</b>
<b>Gains (losses) on disposals of non-current assets:</b>		
Gain on disposals of non-current assets	328	38
<b>Impairment reversals (losses) on non-current assets:</b>		
Brasile goodwill impairment charge	(240)	-
Write-down of tangible assets	(2)	-
<b>Impact on EBIT - Operating profit (loss)</b>	<b>(990)</b>	<b>110</b>
<b>Other income (expenses) from investments:</b>		
Net gains on disposals of Other investments	7	-
Fair value measurement of the investment in Trentino NGN S.r.l.	-	11
<b>Other finance income (expenses)</b>	<b>(28)</b>	<b>2</b>
<b>Impact on profit (loss) before tax from continuing operations</b>	<b>(1,011)</b>	<b>123</b>
Income taxes on non-recurring items	237	(15)
Other Income (expenses) relating to Discontinued operations	-	(1)
<b>Impact on profit (loss) for the year</b>	<b>(774)</b>	<b>107</b>

TELECOM ITALIA S.p.A. - SEPARATE INCOME STATEMENTS

(millions of euros)	2015	2014	Change	
			amount	%
<b>Revenues</b>	<b>13,797</b>	<b>14,153</b>	<b>(356)</b>	<b>(2.5)</b>
Other income	252	274	(22)	(8.0)
<b>Total operating revenues and other income</b>	<b>14,049</b>	<b>14,427</b>	<b>(378)</b>	<b>(2.6)</b>
Acquisition of goods and services	(5,386)	(5,093)	(293)	(5.8)
Employee benefits expenses	(2,769)	(2,277)	(492)	(21.6)
Other operating expenses	(960)	(532)	(428)	(80.5)
Change in inventories	14	(43)	57	
Internally generated assets	318	257	61	23.7
<b>Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>	<b>5,266</b>	<b>6,739</b>	<b>(1,473)</b>	<b>(21.9)</b>
Depreciation and amortization	(3,083)	(3,190)	107	3.4
Gains (losses) on disposals of non-current assets	5	31	(26)	(83.9)
Impairment reversals (losses) on non-current assets	-	-	-	
<b>Operating profit (loss) (EBIT)</b>	<b>2,188</b>	<b>3,580</b>	<b>(1,392)</b>	<b>(38.9)</b>
Income (expenses) from investments	(132)	(121)	(11)	(9.1)
Finance income	2,121	2,435	(314)	(12.9)
Finance expenses	(4,546)	(4,595)	49	1.1
<b>Profit (loss) before tax from continuing operations</b>	<b>(369)</b>	<b>1,299</b>	<b>(1,668)</b>	
Income tax expense	(96)	(670)	574	85.7
<b>Profit (loss) from continuing operations</b>	<b>(465)</b>	<b>629</b>	<b>(1,094)</b>	
Profit (loss) from Discontinued operations/Non-current assets held for sale	9	7	2	28.6
<b>Profit (loss) for the year</b>	<b>(456)</b>	<b>636</b>	<b>(1,092)</b>	

TELECOM ITALIA S.p.A. - STATEMENTS OF COMPREHENSIVE INCOME

In accordance with IAS 1 (Presentation of Financial Statements) here below are presented the Statements of Comprehensive Income, including the Profit (loss) for the year, as shown in the Separate Income Statements, and all non-owner changes in equity.

(millions of euros)		2015	2014
<b>Profit (loss) for the year</b>	<b>(a)</b>	<b>(456)</b>	<b>636</b>
<b>Other components of the Statement of Comprehensive Income:</b>			
<b>Other components that will not be reclassified subsequently to Separate Income Statement</b>			
<b>Remeasurements of employee defined benefit plans (IAS19):</b>			
Actuarial gains (losses)		15	(186)
Income tax effect		(7)	51
		<b>8</b>	<b>(135)</b>
<b>Total other components that will not be reclassified subsequently to Separate Income Statement</b>	<b>(b)</b>	<b>8</b>	<b>(135)</b>
<b>Other components that will be reclassified subsequently to Separate Income Statement</b>			
<b>Available-for-sale financial assets:</b>			
Profit (loss) from fair value adjustments		(71)	67
Loss (profit) transferred to the Separate Income Statement		-	-
Income tax effect		22	(18)
	<b>(c)</b>	<b>(49)</b>	<b>49</b>
<b>Hedging instruments:</b>			
Profit (loss) from fair value adjustments		550	(489)
Loss (profit) transferred to the Separate Income Statement		(297)	(234)
Income tax effect		(109)	199
	<b>(d)</b>	<b>144</b>	<b>(524)</b>
<b>Total other components that will be reclassified subsequently to Separate Income Statement</b>	<b>(e= c+d)</b>	<b>95</b>	<b>(475)</b>
<b>Total other components of the Statement of Comprehensive Income</b>	<b>(f= b+e)</b>	<b>103</b>	<b>(610)</b>
<b>Total comprehensive income (loss) for the year</b>	<b>(a+f)</b>	<b>(353)</b>	<b>26</b>

## TELECOM ITALIA S.p.A. – STATEMENTS OF FINANCIAL POSITION

(millions of euros)	<b>12/31/2015</b>	<b>12/31/2014</b>	<b>Change</b>
	(a)	(b)	(a-b)
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	27,027	28,424	(1,397)
Intangible assets with a finite useful life	4,076	4,015	61
	<b>31,103</b>	<b>32,439</b>	<b>(1,336)</b>
<b>Tangible assets</b>			
Property, plant and equipment owned	9,556	9,268	288
Assets held under finance leases	1,975	842	1,133
	<b>11,531</b>	<b>10,110</b>	<b>1,421</b>
<b>Other non-current assets</b>			
Investments	7,805	9,243	(1,438)
Non-current financial assets	2,377	1,924	453
Miscellaneous receivables and other non-current assets	1,257	1,012	245
Deferred tax assets	779	728	51
	<b>12,218</b>	<b>12,907</b>	<b>(689)</b>
<b>Total Non-current assets</b>	<b>(a) 54,852</b>	<b>55,456</b>	<b>(604)</b>
<b>Current assets</b>			
Inventories	125	111	14
Trade and miscellaneous receivables and other current assets	3,689	3,492	197
Current income tax receivables	127	80	47
Current financial assets			
<i>Securities other than investments, financial receivables and other current financial assets</i>	1,032	1,105	(73)
<i>Cash and cash equivalents</i>	916	1,305	(389)
	1,948	2,410	(462)
<b>Current assets sub-total</b>	<b>5,889</b>	<b>6,093</b>	<b>(204)</b>
<b>Discontinued operations/Non-current assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Current assets</b>	<b>(b) 5,889</b>	<b>6,093</b>	<b>(204)</b>
<b>Total Assets</b>	<b>(a+b) 60,741</b>	<b>61,549</b>	<b>(808)</b>

(millions of euros)

	<b>12/31/2015</b>	<b>12/31/2014</b>	<b>Change</b>
	(a)	(b)	(a-b)
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital issued	10,741	10,724	17
Less: treasury shares	(21)	(21)	-
<b>Share capital</b>	<b>10,720</b>	<b>10,703</b>	<b>17</b>
<b>Paid-in capital</b>	<b>1,731</b>	<b>1,725</b>	<b>6</b>
<b>Other reserves and retained earnings (accumulated losses), including profit (loss) for the year</b>	<b>3,660</b>	<b>4,078</b>	<b>(418)</b>
<b>Total Equity</b> (c)	<b>16,111</b>	<b>16,506</b>	<b>(395)</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	30,743	30,010	733
Employee benefits	1,278	910	368
Deferred tax liabilities	2	2	-
Provisions	324	484	(160)
Miscellaneous payables and other non-current liabilities	601	359	242
<b>Total Non-current liabilities</b> (d)	<b>32,948</b>	<b>31,765</b>	<b>1,183</b>
<b>Current liabilities</b>			
Current financial liabilities	5,637	7,747	(2,110)
Trade and miscellaneous payables and other current liabilities	5,975	5,531	444
Current income tax payables	70	-	70
<b>Current liabilities sub-total</b>	<b>11,682</b>	<b>13,278</b>	<b>(1,596)</b>
<b>Liabilities directly associated with Discontinued operations/Non-current assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Current Liabilities</b> (e)	<b>11,682</b>	<b>13,278</b>	<b>(1,596)</b>
<b>Total Liabilities</b> (f=d+e)	<b>44,630</b>	<b>45,043</b>	<b>(413)</b>
<b>Total Equity and liabilities</b> (c+f)	<b>60,741</b>	<b>61,549</b>	<b>(808)</b>



TELECOM ITALIA S.p.A. – STATEMENTS OF CASH FLOWS

(millions of euros)	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Profit (loss) from continuing operations	(465)	629
Adjustments for:		
Depreciation and amortization	3,083	3,190
Impairment losses (reversals) on non-current assets (including investments)	2,481	132
Net change in deferred tax assets and liabilities	(144)	65
Losses (gains) realized on disposals of non-current assets (including investments)	(333)	(31)
Change in provisions for employee benefits	379	(48)
Change in inventories	(15)	43
Change in trade receivables and net amounts due from customers on construction contracts	19	(103)
Change in trade payables	237	(112)
Net change in current income tax receivables/payables	23	332
Net change in miscellaneous receivables/payables and other assets/liabilities	(127)	(396)
<b>Cash flows from (used in) operating activities</b>	<b>(a) 5,138</b>	<b>3,701</b>
<b>Cash flows from investing activities:</b>		
Purchase of intangible assets	(1,400)	(971)
Purchase of tangible assets	(3,431)	(1,722)
Total purchase of intangible and tangible assets on an accrual basis	(4,831)	(2,693)
Change in amounts due for investing activities	1,183	(360)
Total purchase of intangible and tangible assets on a cash basis	(3,648)	(3,053)
Acquisition/disposal of control of companies or other businesses, net of cash acquired/disposed of	21	(1)
Acquisition/disposal of other investments	(111)	(43)
Change in financial receivables and other financial assets	(349)	337
Proceeds from sale of investments in subsidiaries	854	-
Proceeds from sale/repayments of intangible, tangible and other non-current assets	41	86
<b>Cash flows from (used in) investing activities</b>	<b>(b) (3,192)</b>	<b>(2,674)</b>
<b>Cash flows from financing activities:</b>		
Change in current financial liabilities and other	(2,154)	2,295
Proceeds from non-current financial liabilities (including current portion)	7,609	4,411
Repayments of non-current financial liabilities (including current portion)	(8,257)	(7,518)
Share capital proceeds/reimbursements	186	9
Dividends paid	(166)	(166)
<b>Cash flows from (used in) financing activities</b>	<b>(c) (2,782)</b>	<b>(969)</b>
<b>Cash flows from (used in) discontinued operations/non-current assets held for sale</b>	<b>(d) -</b>	<b>7</b>
<b>Aggregate cash flows</b>	<b>(e=a+b+c+d) (836)</b>	<b>65</b>
<b>Net cash and cash equivalents at beginning of the year</b>	<b>(f) 1,036</b>	<b>971</b>
<b>Net cash and cash equivalents at end of the year</b>	<b>(g=e+f) 200</b>	<b>1,036</b>

### Additional Cash Flow information

(millions of euros)	<b>2015</b>	<b>2014</b>
Income taxes (paid) received	(253)	(352)
Interest expense paid	(5,002)	(4,928)
Interest income received	3,472	3,230
Dividends received	2,013	12

### Analysis of Net Cash and Cash Equivalents

(millions of euros)	<b>2015</b>	<b>2014</b>
<b>Net cash and cash equivalents at beginning of the year:</b>		
Cash and cash equivalents	1,305	1,284
Bank overdrafts repayable on demand	(269)	(313)
	<b>1,036</b>	<b>971</b>
<b>Net cash and cash equivalents at end of the year:</b>		
Cash and cash equivalents	916	1,305
Bank overdrafts repayable on demand	(716)	(269)
	<b>200</b>	<b>1,036</b>

## TELECOM ITALIA S.p.A. – NET FINANCIAL DEBT

(millions of euros)	12/31/2015	12/31/2014	Change
<b>Non-current financial liabilities</b>			
Bonds	13,772	15,806	(2,034)
Amounts due to banks, other financial payables and liabilities	15,059	13,327	1,732
Finance lease liabilities	1,912	877	1,035
	<b>30,743</b>	<b>30,010</b>	<b>733</b>
<b>Current financial liabilities (1)</b>			
Bonds	2,189	1,846	343
Amounts due to banks, other financial payables and liabilities	3,306	5,736	(2,430)
Finance lease liabilities	142	165	(23)
	<b>5,637</b>	<b>7,747</b>	<b>(2,110)</b>
<b>Total gross financial debt</b>	<b>36,380</b>	<b>37,757</b>	<b>(1,377)</b>
<b>Non-current financial assets</b>			
Financial receivables and other non-current financial assets	(2,377)	(1,924)	(453)
	<b>(2,377)</b>	<b>(1,924)</b>	<b>(453)</b>
<b>Current financial assets</b>			
Securities other than investments	(830)	(802)	(28)
Financial receivables and other current financial assets	(202)	(303)	101
Cash and cash equivalents	(916)	(1,305)	389
	<b>(1,948)</b>	<b>(2,410)</b>	<b>462</b>
<b>Total financial assets</b>	<b>(4,325)</b>	<b>(4,334)</b>	<b>9</b>
<b>Net financial debt carrying amount</b>	<b>32,055</b>	<b>33,423</b>	<b>(1,368)</b>
Reversal of fair value measurement of derivatives and related financial assets/liabilities	(2,072)	(1,942)	(130)
<b>Adjusted Net Financial Debt</b>	<b>29,983</b>	<b>31,481</b>	<b>(1,498)</b>
<i>Breakdown as follows:</i>			
<b>Total adjusted gross financial debt</b>	<b>33,240</b>	<b>34,636</b>	<b>(1,396)</b>
<b>Total adjusted financial assets</b>	<b>(3,257)</b>	<b>(3,155)</b>	<b>(102)</b>
<i>(1) of which current portion of medium/long -term debt:</i>			
Bonds	2,189	1,846	343
Amounts due to banks, other financial payables and liabilities	1,954	2,273	(319)
Finance lease liabilities	142	165	(23)

## TELECOM ITALIA S.p.A. - EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE INCOME STATEMENTS

The effects of non-recurring events and transactions on the separate income statements line items are set out below in accordance with Consob communication DME/RM/9081707 dated September 16, 2009:

(millions of euros)	<b>2015</b>	<b>2014</b>
<b>Acquisition of goods and services</b>	<b>(87)</b>	-
Professional and consulting services	(87)	-
<b>Employee benefits expenses</b>	<b>(422)</b>	<b>(5)</b>
Charges and provisions for restructuring and other	(422)	(5)
<b>Other operating expenses</b>	<b>(512)</b>	<b>(4)</b>
Charges and provisions for fines	(2)	(1)
Provision for corporate transactions	(3)	-
Provision for litigation	(224)	-
Sundry expenses	(283)	(3)
<b>Impact on operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>	<b>(1,021)</b>	<b>(9)</b>
<b>Gains (losses) on disposals of non-current assets</b>		
Gains (losses) on non-current assets	-	38
<b>Impairment reversals (losses) on non-current assets</b>		
Goodwill impairment changes	-	-
<b>Impact on EBIT - Operating profit (loss)</b>	<b>(1,021)</b>	<b>29</b>
<b>Other income (expenses) from investments</b>	<b>(115)</b>	-
Net gain on disposal of non-controlling interest in Inwit	299	-
Net gain on disposal of investment in SIA	11	-
Net gain on disposal of investment in Teleleasing	18	-
Dividends from TI International	2,000	-
Impairment loss on TI International	(2,369)	-
Impairment loss on Persidera S.p.A.	(55)	-
<b>Finance expenses</b>	<b>(19)</b>	-
<b>Impact on profit (loss) before tax from continuing operations</b>	<b>(1,136)</b>	<b>29</b>
Income taxes on non-recurring items	309	(11)
<b>Impact on profit (loss) for the year</b>	<b>(827)</b>	<b>18</b>