



C A P I T A L

Telecom Italia Capital S.A.

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R.C.S. Luxembourg B 77.970

Unaudited Semi-Annual Accounts
as at June 30, 2011

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Directors' report

Telecom Italia Capital (herein below defined as the "Company" or "TI Capital") ends the first six month of the year 2011 with a profit of EUR 7.029.357,66 (EUR 226.822,90 for the same period during year 2010).

The result is mainly due to the profit realized on the disposal of the credit towards Lehman Brothers International Europe, while the contribution of the on-going borrowing and lending activity is positive for EUR 1,8 million (EUR 0,9 million for the same period 2010).

The net financial position as of June 30, 2011 is positive for EUR 35,1 million (+ EUR 4,0 million as of 31/12/2010) due to the disposal of the credit towards Lehman Brothers International Europe.

During the first six months, TI Capital continued its activity of providing financial assistance to Telecom Italia Group companies.

On February 1, matured and were repaid together with accrued interest the USD 400.000.000,00 floating rate notes issued on September 28, 2005. The repayment has been settled mainly by utilizing deposits with Telecom Italia S.p.A. and partially utilising outstanding cash liquidity at bank.

On March 17, the credit towards Lehman Brother International Europe (together with the guarantee granted by the mother company Lehman Brothers Holding Inc) has been transferred, in the framework of an auction process among different international banks, to Barcklays Bank plc versus the payment of GBP 26.592.421,41, being equal to 70.1% of the original credit value. Compared with the book value of the said credit as of December 31, 2010 (56.33%), the transaction generated a profit of EUR 6.070.420,17.

As per June 30, 2011, the aggregate principal amount of the outstanding notes equals to USD 13.250.000.000,00 (USD 13.650.000.000,00 as of December 31, 2010). The revenues of the aforesaid notes have been utilized to provide funding to Telecom Italia Group companies.

As of 30 June 2011 the fully paid in share capital amounts to EUR 2.336.000,00.

The Directors consider the following as the principal risks that could materially affect the result and the financial position of the Company in the remaining six months of the year:

- the Company has raised, and may raise in the future, financing in currencies other than euro. According to its risk management policies, Telecom Italia Capital hedges the foreign currency risk exposure on its liabilities through currency swaps contracts or natural hedge positions;
- according to its risk management policies and to its management strategy choices and in order to hedge its interest rate exposure, Telecom Italia Capital enters into interest rate swaps.

During the second half of the year 2011 it is foreseen to continue the activity of financial assistance to Telecom Italia Group companies and continue to manage the market risks above mentioned.

Events subsequent to June 30, 2011

On July 18 matured and were repaid the following notes:

USD 750.000.000,00 6.20% Notes

USD 850.000.000,00 Floating Notes

the repayment has been mainly made by reducing the loan to mother company.

No event after the closing of the accounts has a material impact on the financials herein reported.

The Company does not perform research and development activities. The Company did not acquire and does not hold its own shares.

Financials as of June 30, 2011 herein reported comprise the balance sheet, the profit and loss account, the cash flow statement and the explanatory notes. Additionally, considering that the present accounts have been prepared according to the new local GAAP (law dated as of December 17, 2010) a set of pro-forma tables has been drawn in order to allow the comparison with the previous accounts.

The annexed interim financials as of June 30, 2011 have not been audited.

The Board of Directors

Balance Sheet

| TELECOM ITALIA CAPITAL S.A. BALANCE SHEET AS AT JUNE 30, 2011 | | | | | | | |
|--|-----|--------------------------|--------------------------|--|------|--------------------------|--------------------------|
| ASSET - [EUR] | | 30.JUNE.2011 | 31.DECEMBER.2010 | LIABILITIES - [EUR] | | 30.JUNE.2011 | 31.DECEMBER.2010 |
| B. Formation expenses and similiar expenses | [4] | 29.952.788,98 | 33.708.266,60 | A. Equity | | 35.125.383,08 | 28.096.025,52 |
| | | | | I. Subscribed capital | [9] | 2.336.000,00 | 2.336.000,00 |
| | | | | II. Share premium and similar premiums | [10] | 11.810.696,39 | 11.810.696,39 |
| C. Fixed assets | | 8.550.812.997,62 | 9.984.105.204,14 | IV. Reserves | [11] | | |
| III. Financial fixed assets | | | | 1. Legal reserve | | 234.000,00 | 234.000,00 |
| 2. Receivables from group companies | [5] | 8.550.812.997,62 | 9.984.105.204,14 | 4. Other reserves | | 835.575,00 | 1.240.249,06 |
| D. Current assets | | 1.526.358.915,31 | 770.879.686,20 | V. Profit or loss brought forward | | 12.879.754,13 | 679.058,11 |
| II. Debtors | | | | VI. Profit or loss for the financial year | | 7.029.357,56 | 11.796.021,96 |
| 2. Receivables from group companies | [6] | | | D. Not Subordinated creditors | | 10.075.215.302,42 | 10.764.110.635,09 |
| a) with a residual life within one year | | 1.397.517.265,46 | 442.637.119,41 | 1. Debenture loans | | | |
| b) with a residual life beyond one year | | 66.983.986,14 | 207.460.276,36 | b) Non convertible notes | [12] | | |
| 4. Other receivables | [7] | | | i) payable within 1 year | | 1.203.433.464,01 | 1.601.374.479,85 |
| a) with a residual life within one year | | 3.287.756,09 | 3.760.165,16 | ii) payable beyond 1 year | | 8.047.462.197,96 | 8.703.607.986,44 |
| b) with a residual life beyond one year | | 30.514.027,52 | 89.237.108,50 | 2. Amounts owed to credit institutions | [13] | | |
| IV. Cash and cash equivalents | [8] | 28.055.880,10 | 27.785.016,77 | a) payable within 1 year | | 4.666.860,82 | 6.498.922,57 |
| E. Deferred charges | | 3.215.983,59 | 3.513.503,67 | b) payable beyond 1 year | | 30.502.653,68 | 34.861.792,92 |
| | | | | 4. Trade creditors | | | |
| | | | | a) payable within 1 year | | 685.915,55 | 710.660,81 |
| | | | | 6. Amounts owed to affiliated undertakings | [14] | | |
| | | | | a) payable within 1 year | | 203.275.897,75 | 146.206.726,60 |
| | | | | b) payable beyond 1 year | | 581.849.772,03 | 267.556.739,56 |
| | | | | 8. Tax and social security debts | [15] | | |
| | | | | a) payable within 1 year | | 1.465.885,87 | 1.082.585,02 |
| | | | | b) payable beyond 1 year | | 3.850,14 | 6.369,26 |
| | | | | 9. Other creditors | [16] | | |
| | | | | a) payable within 1 year | | 1.868.804,61 | 2.204.372,06 |
| TOTAL ASSETS | | 10.110.340.685,50 | 10.792.206.660,61 | TOTAL LIABILITIES | | 10.110.340.685,50 | 10.792.206.660,61 |

Profit and Loss

| TELECOM ITALIA CAPITAL S.A. PROFIT AND LOSS AS OF JUNE 30, 2011 | | | | | |
|--|-----------------------|-----------------------|---|-----------------------|-----------------------|
| A. CHARGES - [EUR] | 30.JUNE.2011 | 30.JUNE.2010 | B. INCOME - [EUR] | 30.JUNE.2011 | 30.JUNE.2010 |
| 2. Other external charges | 355.227,75 | 447.561,46 | 6. Income from financial fixed assets | 161.707.324,19 | 161.658.749,99 |
| | | | a) concerning group companies | 161.707.324,19 | 161.658.749,99 |
| 3. Staff costs | 94.127,63 | 90.973,27 | | | |
| a) wages and salaries | 81.170,58 | 78.376,78 | 8. Other interest and other financial income | 280.237.717,03 | 356.162.840,34 |
| b) social security contributions | 11.702,66 | 10.806,91 | a) concerning group companies | 259.571.653,13 | 326.387.625,00 |
| c) complementary pensions | 1.254,39 | 1.789,58 | b) other interest and financial incomes | 20.666.063,90 | 29.775.215,34 |
| 4. Value adjustments | 1.444,62 | 1.444,62 | | | |
| a) in respect of tangible and intangible assets | 1.444,62 | 1.444,62 | 9. Extraordinary income | 6.070.420,17 | 0,00 |
| 5. Other operating charges | 51.735,60 | 48.698,64 | | | |
| 8. Interest and other financial charges | 440.100.549,57 | 516.915.277,70 | | | |
| a) concerning group companies | 152.277.922,82 | 153.563.107,32 | TOTAL INCOME | 448.015.461,39 | 517.821.590,33 |
| b) other interest and charges | 287.822.626,75 | 363.352.170,38 | | | |
| 10. Income tax | 383.018,66 | 90.811,74 | | | |
| 12. Profit for the financial year | 7.029.357,56 | 226.822,90 | | | |
| TOTAL CHARGES | 448.015.461,39 | 517.821.590,33 | | | |

Cash Flow Statements

TELECOM ITALIA CAPITAL S.A.
CASH FLOW STATEMENT AS AT 30 JUNE 11

| | 30.JUNE.2011 | 30.JUNE.2010 |
|---|------------------------|--------------------------|
| Operating Activities | | |
| Profit before tax | 7.412.376,16 | 317.634,64 |
| Non cash items | | |
| Amortization of property, plant and equipment | 0,06 | 0,00 |
| Amortization and impairment of intangible assets | 1.444,62 | 1.444,62 |
| Financial Income | -441.945.041,22 | -517.821.590,33 |
| Financial Expenses | 439.021.530,27 | 515.553.117,43 |
| Changes in trade and other receivables | 24.870.586,21 | 352.206,78 |
| Changes in trade and other payables | -1.435.732,46 | -1.218.783,72 |
| Net cash flows from operating activities | 27.925.163,64 | -2.815.970,58 |
| Cash flows from Investing activities | | |
| Changes in Property, plant and equipment | 0,00 | 0,00 |
| Changes in Intangible assets | 0,00 | 0,00 |
| Changes in Participations, funds and other securities | 0,00 | 0,00 |
| Investments and re-payments in Financial Receivables | 301.626.313,69 | 1.011.825.870,93 |
| Interest, commissions and other financial income received | 445.758.477,74 | 519.700.756,97 |
| Dividends received | 0,00 | 0,00 |
| Income received from participations and funds | 0,00 | 0,00 |
| Net cash flows from investing activities | 747.384.791,43 | 1.531.526.627,90 |
| Cash flows from Financing activities | | |
| Net change arising from Net Equity | 0,00 | 0,00 |
| Net change in short-term financial payables | 0,00 | 0,00 |
| Proceeds from borrowings | 0,00 | -0,09 |
| Repayments of borrowings | -335.828.548,06 | -1.017.924.802,77 |
| Interest, commissions and other financial expenses paid | -439.411.447,45 | -510.832.717,56 |
| Dividends paid | 0,00 | 0,00 |
| Net cash flows from financing activities | -775.239.995,51 | -1.528.757.520,42 |
| Net Increase / Decrease in Cash and Cash Equivalents | 69.959,56 | -46.863,10 |
| Net foreign exchange differences in C&CE | 160.275,98 | -2.612.783,08 |
| Cash and cash equivalents at 01 January | 27.779.677,06 | 14.721.740,15 |
| Cash and cash equivalents at 30.JUNE.2011 | 28.009.912,60 | 12.062.093,97 |

TELECOM ITALIA CAPITAL S.A.
CASH FLOW STATEMENT AS AT 30 JUNE 11

| | 30.JUNE.2011 | 31.DECEMBER.2010 |
|---|------------------------|--------------------------|
| Operating Activities | | |
| Profit before tax | 7.412.376,16 | 12.289.846,56 |
| Non cash items | | |
| Amortization of property, plant and equipment | 0,06 | 0,00 |
| Amortization and impairment of intangible assets | 1.444,62 | 2.889,24 |
| Financial Income | -441.945.041,22 | -978.580.686,04 |
| Financial Expenses | 439.021.530,27 | 977.480.747,51 |
| Changes in trade and other receivables | 24.870.586,21 | -14.197.714,04 |
| Changes in trade and other payables | -1.435.732,46 | -2.154.951,28 |
| Net cash flows from operating activities | 27.925.163,64 | -5.159.868,05 |
| Cash flows from Investing activities | | |
| Changes in Property, plant and equipment | 0,00 | 0,00 |
| Changes in Intangible assets | 0,00 | 0,00 |
| Changes in Participations, funds and other securities | 0,00 | 0,00 |
| Investments and re-payments in Financial Receivables | 301.626.313,69 | 1.619.678.907,06 |
| Interest, commissions and other financial income received | 445.758.477,74 | 1.000.246.209,70 |
| Dividends received | 0,00 | 0,00 |
| Income received from participations and funds | 0,00 | 0,00 |
| Net cash flows from investing activities | 747.384.791,43 | 2.619.925.116,76 |
| Cash flows from Financing activities | | |
| Net change arising from Net Equity | 0,00 | 0,00 |
| Net change in short-term financial payables | 0,00 | 0,00 |
| Proceeds from borrowings | 0,00 | 0,00 |
| Repayments of borrowings | -335.828.548,06 | -1.612.115.196,17 |
| Interest, commissions and other financial expenses paid | -439.411.447,45 | -987.423.527,95 |
| Dividends paid | 0,00 | 0,00 |
| Net cash flows from financing activities | -775.239.995,51 | -2.599.538.724,12 |
| Net Increase / Decrease in Cash and Cash Equivalents | 69.959,56 | 15.226.524,59 |
| Net foreign exchange differences in C&CE | 160.275,98 | -2.168.587,68 |
| Cash and cash equivalents at 01 January | 27.779.677,06 | 14.721.740,15 |
| Cash and cash equivalents at the end of the period | 28.009.912,60 | 27.779.677,06 |

Notes to the accounts

as at June 30, 2011

Note 1 – General

Telecom Italia Capital S.A. (“the Company”) was incorporated in Luxembourg on September 27, 2000 for an unlimited duration. The registered office is established at 12, Rue Eugène Ruppert L-2453 Luxembourg. The registered number is B 77.970.

The corporate object is to provide financial assistance to all the companies within Telecom Italia Group. In this respect, the Company can acquire assets by issuing securities, bonds or any other financial instrument and by taking loans in whatever form from banks and institutional investors or in any other form, the above-mentioned list being purely enumerative and not limitative.

The Company may also have participating interest in any Luxembourg or foreign Company and administrate, manage and develop its portfolio.

The Company may carry out any commercial, industrial or financial operation and perform real estate transactions pertaining directly or indirectly to its object.

Generally, the Company may carry out all transactions considered as useful to the achievement and development of its object.

The financial year begins on January 1st and ends on December 31st of each year.

Note 2 – Summary of significant accounting policies

Basis of presentation

The annual accounts have been prepared in accordance with accounting principles and regulations generally accepted in the Grand Duchy of Luxembourg.

The Board of Directors of the company has decided to include the cash flow statements based on the indirect method in order to improve clarity.

Euro (“EUR”) is the book accounting currency.

Use of estimates

The preparation of financial statements in accordance with Luxembourg GAAP, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the annual accounts, and reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

Foreign currency translation

The Company follows the multi-currency accounting policy that consists in recording the assets and the liabilities in their original currencies, the same being converted into Euro at the end of each month. The net exchange differences that arise from these conversions are reflected in the profit and loss account in the item "Interest and other financial charges / Other interest and other financial income".

The realized income and charges in currencies other than Euro are recorded in their respective currencies and converted at the exchange rate prevailing on the respective transaction dates.

The exchange differences arising from the transactions expressed in currencies other than EUR are hedged either by balanced deposits and loans, or through currency swaps contracts using the account « exchange revaluation » incorporated into "Interest and other financial charges" and "Other interest and other financial income" whose valuation at the year-end rate allows to hedge off the exchange variance risk.

Derivative instruments

The commitments related to currency and interest rates swaps are recorded as off-balance sheet items at the nominal value of the contracts.

Accrued income and charges

Accrued interest are shown with their principal contract.

Deferred charges and deferred income

"Deferred income" and "Deferred charges" accounts include prepaid charges and prepaid income.

Issue discounts are listed with the related notes, while other similar charges are classified in the "Formation expenses". All are amortized through the profit and loss account on a straight-line basis over the lifetime of the notes.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any impairment adjustments. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Receivables

Receivables are recorded at their nominal value. The contingent write-downs are recorded in case of non-recovery risk.

Incorporation expenses

Incorporation expenses are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated depreciation amounts written off and value adjustments.

Debtors

Debtors are recorded at their probable collection value corresponding to the nominal value subject to individual value adjustments regarding any amount due which appears to be irrecoverable.

Notes and other liabilities

Notes and other liabilities are recorded at their nominal value.

Cash and cash equivalents

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Note 3 – New layout of Accounts

The layout of the Balance Sheet and the Profit and Loss account as regards the form adopted for their presentation has been changed and reclassifications have been undertaken from the previous year to the current year in order to give a better true and fair view of the financial situation of the Company as well as to comply with the December 19, 2002 law, as amended by the December 10, 2010 law, concerning the accounting and annual accounts of Luxembourg companies.

Changes in Balance Sheet and in Profit and Loss are detailed in the annex “Adjustment on the comparison period” that is integral part of these semi-annual accounts.

Note 4 – Formation expenses and similar expenses

This item is composed as follows:

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|------------------------|----------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Incorporation expenses | 8,896,28 | 10.340,90 |
| Loan issuance expenses | 29.943.892,70 | 33.697.925,70 |
| | 29.952.788,98 | 33.708.266,60 |

Note 5 – Financial fixed assets – receivables from group companies

This item is composed by EUR 8.550.812.997,62 being the total amount of medium-long term loans granted to the Parent Company utilizing the proceeds received by issuing notes (EUR 9.984.105.204,14 as per December 31, 2010).

Note 6 – Current assets – Receivables from group companies

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|--|-------------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Current portion of Long Term Loans with Parent Company | 1.233.777.693,21 | 271.682.382,88 |
| Accruals on long term loans with parent company | 51.318.413,23 | 50.545.818,31 |
| Short term loan with TMI Uk | 6.500.000,00 | 6.500.000,00 |
| Short term loan with Ti Germany | 12.700.000,00 | 12.700.000,00 |
| Accruals on short term loans with group companies | 272.193,25 | 346.007,10 |
| Accruals on interest rate swaps with Parent Company | 92.948.965,77 | 100.862.911,12 |
| | 1.397.517.265,46 | 442.637.119,41 |
| Exchange rate evaluation of currency and interest rate swaps with Parent Company | 66.983.986,14 | 207.460.276,36 |
| | 66.983.986,14 | 207.460.276,36 |

Note 7 – Current assets – Other receivables

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|---|----------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Exchange rate evaluation of currency swaps with banks | 13.475,21 | 207.960,06 |
| Accruals on currency swaps with banks | 8.269,69 | 3.550,76 |
| Accruals on interest rate swaps with banks | 3.266.011,19 | 3.548.654,34 |
| | 3.287.756,09 | 3.760.165,16 |
| Exchange rate evaluation of currency and interest rate swaps with banks | 30.514.027,52 | 64.409.877,67 |
| Recovery value of credit recorded vs. Lehman Brothers [*] | 0,00 | 24.827.230,83 |
| | 30.514.027,52 | 89.237.108,50 |

[*]This item reflects the estimated recovery value of the credit registered vs. Lehman Brothers International Europe in Administration. Such credit, originally booked for EUR 47.953.608,68, has been converted into USD 68.151.668,66 based on the claims filing. During the year 2010, in

execution of a decision of the UK High Court, the position has been converted into GBP 37.934.980,37.

On March 22, 2011 the Company sold with no recourse the credit at 70,10% corresponding to GBP 26.592.421,41 (EUR 30.643.490,91).

Note 8 – Cash and cash equivalents

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|---|----------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Bank current accounts | 128.247,89 | 291.262,15 |
| Bank term deposit accounts | 27.881.664,71 | 27.488.414,91 |
| Cash and cash equivalent as shown in Cash Flow Statement | 28.009.912,60 | 27.779.677,06 |
| Accruals on bank term deposits | 45.967,50 | 5.339,71 |
| | 28.055.880,10 | 27.785.016,77 |

Note 9 – Subscribed capital

As of June 30, 2011 the authorized, issued and fully paid in share capital of EUR 2.336.000,00 is represented by 100.000 shares with a nominal value of EUR 23,36 per share.

As of June 30, 2011 and December 31, 2010, the Company is 100% held by Telecom Italia S.p.A.

Note 10 – Share premium and similar premiums

The extraordinary shareholders meeting held on May 15, 2009 decided to recapitalize the Company by injecting EUR 50.000.000,00 in cash, of which EUR 47.664.000,00 as issuance premium and EUR 2.336.000,00 as share capital. Such premium, paid on the same date, has been utilized in order to cover residual losses after capital reduction (EUR 35.853.303,61) emerging from the interim accounts as of February 28, 2009. Consequently, residual value of issuance premium is EUR 11.810.696,39.

Note 11 – Reserves

Reserves are split as follows:

- Legal reserve of EUR 234.000,00 equal to the 10% of the share capital, set up by the shareholders meeting as of March 2, 2005 by converting a quote of other unavailable reserves;
- Other reserves consist of Tax reserve for an amount of EUR 835.575,00. It has been created by the annuals shareholders meetings held between the years 2006 and 2010 and is equal to five times the amount of the Net Wealth Tax to be paid for year 2005, 2006, 2007, 2008 and 2010. It will be unavailable for distribution for a five year period since the year following its creation and is detailed as below:

| | | |
|------------------|------------|-------------------|
| Fiscal year 2005 | EUR | 83.225,00 |
| Fiscal year 2006 | EUR | 86.400,00 |
| Fiscal year 2007 | EUR | 110.325,00 |
| Fiscal year 2008 | EUR | 148.125,00 |
| Fiscal year 2010 | EUR | 407.500,00 |
| | EUR | 835.575,00 |

| | <i>Legal Reserve (EUR)</i> | <i>Other reserves (EUR)</i> | <i>Profit brought forward (EUR)</i> | <i>Profit for the financial year (EUR)</i> |
|-----------------------------------|--------------------------------|---------------------------------|---|--|
| Balance as at 31.12.2010 | 234.000,00 | 1.240.249,06 | 679.058,11 | 11.796.021,96 |
| Movements for the year | | | | |
| Allocation of prior year's profit | | 407.500,00 | 11.388.521,96 | - 11.796.021,96 |
| Reallocation of Reserve [*] | | - 812.174,06 | 812.174,06 | |
| Profit for the year | | | | 7.029.357,56 |
| Balance as at 30.06.2011 | 234.000,00 | 835.575,00 | 12.879.754,13 | 7.029.357,56 |

[*] Shareholders Meeting held in Luxembourg on April 11, 2011 decided to reallocate to retained earnings the reserve set up by the 2009 General Meeting in order to cover losses matured until February 2009.

Note 12 – Debenture loans

The Company has issued non-convertible notes for a total outstanding amount of USD 13.250.000.000,00 as at June 30, 2011 (December 2010 – USD 13.650.000.000,00).

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|--|-------------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Nominal value: Usd 400.000.000,00 Expired February 1, 2011 | | |
| Floating Rate Libor 3m + 0,48 % | 0,00 | 299.356.383,77 |
| Nominal value: Usd 750.000.000,00 Expiring July 18, 2011 | | |
| Fixed Interest Rate 6,20 % | 518.923.406,91 | 561.293.219,58 |
| Nominal value: Usd 850.000.000,00 Expiring July 18, 2011 | | |
| Floating Rate Libor 3m + 0,61 % | 588.113.194,49 | 636.132.315,52 |
| Prepaid charges on notes (issue discounts) - <i>Current portion</i> | -1.719.069,68 | - 1.957.095,74 |
| Accrued interest on notes | 98.115.932,29 | 106.549.656,72 |
| | 1.203.433.464,01 | 1.601.374.479,85 |
| Nominal value Usd: 2.000.000.000,00 Expiring November 15, 2013 | | |
| Fixed Interest Rate 5,25 % | 1.383.795.751,75 | 1.496.781.918,87 |
| Nominal value: Usd 1.000.000.000,00 Expiring June 18, 2014 | | |
| Fixed Interest Rate 6,18 % | 691.897.875,87 | 748.390.959,44 |
| Nominal value: Usd 1.250.000.000,00 Expiring September 30, 2014 | | |
| Fixed Interest Rate 4,95 % | 864.872.344,84 | 935.488.699,30 |
| Nominal value: Usd 1.400.000.000,00 Expiring October 1, 2015 | | |
| Fixed Interest Rate 5,25 % | 968.657.026,22 | 1.047.747.343,21 |
| Nominal value: Usd 1.000.000.000,00 Expiring June 4, 2018 | | |
| Fixed Interest Rate 6,99 % | 691.897.875,87 | 748.390.959,44 |
| Nominal value: Usd 1.000.000.000,00 Expiring June 18, 2019 | | |
| Fixed Interest Rate 7,18 % | 691.897.875,87 | 748.390.959,44 |
| Nominal value: Usd 1.000.000.000,00 Expiring November 15, 2033 | | |
| Fixed Interest Rate 6,37 % | 691.897.875,87 | 748.390.959,44 |
| Nominal value: Usd 1.000.000.000,00 Expiring September 30, 2034 | | |
| Fixed Interest Rate 6,00 % | 691.897.875,87 | 748.390.959,44 |
| Nominal value: Usd 1.000.000.000,00 Expiring July 18, 2036 | | |
| Fixed Interest Rate 7,20 % | 691.897.875,87 | 748.390.959,44 |
| Nominal value: Usd 1.000.000.000,00 Expiring June 4, 2038 | | |
| Fixed Interest Rate 7,72 % | 691.897.875,87 | 748.390.959,44 |
| Prepaid charges on notes (issue discounts) – <i>Long term portion</i> | - 13.148.055,94 | - 15.146.691,02 |
| | 8.047.462.197,96 | 8.703.607.986,44 |

Note 13 – Amounts owed to credit institutions

Those items refer to the bank loans used to fund issuance costs for notes released from 2003 to 2006. Loans have a quarterly amortizing period. The residual nominal amount of loans is split as follows:

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|--|----------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Related to notes issued as of October 29, 2003 for an initial amount of USD 31.300.000,00: | | |
| Final payment data: | | |
| November 15, 2013 | 2.781.978,27 | 3.582.874,08 |
| November 15, 2033 | 7.923.720,15 | 8.671.665,50 |
| Nominal residual amount | 10.705.698,42 | 12.254.539,58 |
| Related to notes issued as of October 6, 2004 for an initial amount of USD 35.652.500,00: | | |
| Final payment data: | | |
| September 30, 2014 | 2.561.586,90 | 3.163.324,21 |
| September 29, 2034 | 10.915.428,62 | 11.945.724,76 |
| Nominal residual amount | 13.477.015,52 | 15.109.048,97 |
| Related to notes issued as of September 28, 2005 for an initial amount of USD 19.684.000,00: | | |
| Final payment data: | | |
| February 1, 2011 | 0,00 | 51.448,63 |
| October 1, 2015 | 5.264.241,10 | 6.261.328,74 |
| Nominal residual amount | 5.264.241,10 | 6.312.777,37 |
| Related to notes issued as of July 18, 2006 for an initial amount of USD 14.036.250,00: | | |
| Final payment data: | | |
| July 18, 2011 | 151.208,05 | 492.985,63 |
| July 18, 2011 | 111.745,26 | 368.658,23 |
| July 18, 2036 | 4.507.943,31 | 4.929.123,51 |
| Nominal residual amount | 4.770.896,62 | 5.790.767,37 |

Accordingly with the amortization plan of the loans, the item can be detailed as follows:

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|-------------------------------|----------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Portion payable within 1 year | 4.492.891,19 | 6.287.723,25 |
| Accrued interest on loans | 173.969,63 | 211.199,32 |
| | 4.666.860,82 | 6.498.922,57 |
| Portion payable beyond 1 year | 30.502.653,68 | 34.861.792,92 |
| | 30.502.653,68 | 34.861.792,92 |

Note 14 – Amounts owed to affiliated undertakings

This item refers to the following payables due to Parent Company:

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|---|-----------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Guarantee fee | 1.079.018,79 | 2.488.389,19 |
| Exchange rate evaluation of currency interest rate swaps expiring within 1 year | 156.661.136,60 | 99.570.193,13 |
| Accruals on interest rate swaps | 45.535.742,36 | 44.148.144,28 |
| | 203.275.897,75 | 146.206.726,60 |
| Exchange rate evaluation of currency interest rate swaps expiring beyond 1 year | 581.849.772,03 | 267.556.739,56 |
| | 581.849.772,03 | 267.556.739,56 |

Note 15 – Tax payables and social security debts

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|--------------------------|----------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Income tax | 1.346.503,64 | 964.009,98 |
| TVA | 19.807,19 | 19.000,00 |
| Net Wealth Tax | 81.500,00 | 81.500,00 |
| Fees Chamber of Commerce | 18.075,04 | 18.075,04 |
| | 1.465.885,87 | 1.082.585,02 |
| Social security debts | 3.850,14 | 6.369,26 |
| | 3.850,14 | 6.369,26 |

Note 16 – Other creditors

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|---|----------------------|--------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Exchange rate evaluation of currency swaps with banks | 0,00 | 258.405,79 |
| Accruals on currency swaps with banks | 0,00 | 2.409,47 |
| Accruals on interest rate swaps with banks | 1.868.804,61 | 1.943.556,80 |
| | 1.868.804,61 | 2.204.372,06 |

Note 17 – Interest and other financial charges

| | <i>June 30, 2011</i> | <i>June 30, 2010</i> |
|--|-----------------------|-----------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Interest due to group companies | 51.862,59 | 142.046,40 |
| Guarantee Fees due to Parent Company | 1.079.019,30 | 1.362.160,27 |
| Other fees due to group companies | 62.500,00 | 0,00 |
| Charges on interest rate swaps with Parent Company | 151.084.540,93 | 152.058.900,65 |
| | 152.277.922,82 | 153.563.107,32 |

| | | |
|---|-----------------------|-----------------------|
| Interest and charges vs. banks | 828.257,06 | 1.044.604,64 |
| Other financial commission | 1.541,67 | 1.337,35 |
| Interest and similar expenses on debentures | 268.560.937,95 | 337.084.639,43 |
| Charges on interest rate swaps with banks | 14.725.382,95 | 14.830.461,41 |
| Charges on currency swaps with banks | 15.579,86 | 1.748,94 |
| Losses on exchange rates | 3.690.927,26 | 10.389.378,61 |
| | 287.822.626,75 | 363.352.170,38 |

Note 18 – Income from financial fixed assets

| | <i>June 30, 2011</i> | <i>June 30, 2010</i> |
|---|-----------------------|-----------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Interest on long term loans to Parent Company | 161.707.324,19 | 161.658.749,99 |
| | 161.707.324,19 | 161.658.749,99 |

Note 19 – Other interest and financial income

| | <i>June 30, 2011</i> | <i>June 30, 2010</i> |
|--|-----------------------|-----------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Interest and commissions on receivables from Parent Company | 0,00 | 1.272.826,14 |
| Interest and commissions on receivables from group companies | 335.288,15 | 682.820,78 |
| Income on interest rate swaps with Parent Company | 259.236.364,98 | 324.431.978,08 |
| | 259.571.653,13 | 326.387.625,00 |
| Interest on Bank deposits | 93.222,11 | 18.169,53 |
| Income on interest rate swaps with banks | 16.911.111,32 | 20.225.282,08 |
| Income on currency swaps with banks | 14.043,62 | 4.477,98 |
| Gain on exchange rates | 3.647.686,85 | 9.527.285,75 |
| | 20.666.063,90 | 29.775.215,34 |

Note 20 – Extraordinary Income

This item refers to the plus-value recorded on the disposal of the credit registered vs. Lehman Brothers (see note 7).

Note 21 – Hedging contracts

In order to hedge the exchange and interest rate risks linked to the notes issued, the Company entered into several currency and interest rate swap contracts for the same duration of the hedged notes:

| | <i>June 30, 2011</i> | <i>December 31, 2010</i> |
|---|---------------------------------|---------------------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Currency and interest rate swap contracts with the Parent Company | 8.142.522.597,34 | 8.475.176.971,34 |
| Currency and interest rate swap contracts with banks | 384.624.698,00 | 384.624.698,00 |
| Interest rate swap contracts with the Parent Company | 6.573.029.820,80 | 7.109.714.114,65 |
| Interest rate swap contracts with banks | 345.948.937,94 | 374.195.479,72 |
| Currency swaps with banks | 4.808.800,92 | 30.000.161,01 |
| | <u>15.450.934.855,00</u> | <u>16.373.711.424,72</u> |

Note 22 – Tax situation

The Company is subject to the fiscal law in force in Luxembourg applicable to all commercial companies.

Note 23 – Consolidations

The accounts of the Company are included in the consolidated accounts of Telecom Italia S.p.A. which are available at the registered office located in Milano, Piazza degli Affari 2.

Note 24 – Directors remuneration

No remuneration has been paid to Directors during the fiscal year 2011.

Note 25 – Litigation

The Company has not been and is not involved in any litigation.

Adjustment on the comparison period

Accordingly to the Grand Duchy Law of the December 17, 2010 concerning the introduction of the international standards account and modifying the G.D. Law of the December 19, 2002 and in the respect of the G.D. Law of the June 22, 2009 introducing the standard Chart of Accounts of Luxembourg, the Company has drawn the Balance Sheet as at December 31, 2010 and the Profit and Loss as at June 30, 2010 under the new layout.

In the following pages you can find the details concerning the reclassification made-up for the comparison period.

Balance Sheets as at December 31, 2010

| | | |
|---|--|--|
| TELECOM ITALIA CAPITAL S.A. | | |
| RECONCILIATION BETWEEN THE BALANCE SHEET ITEMS APPROVED AS AT DECEMBER 31, 2010 AND THOSE SHOWN ACCORDINGLY WITH THE LAW OF DECEMBER 17, 2010 | | |

| BALANCE SHEET APPROVED AS AT DECEMBER 31, 2010 | ASSETS - EUR Δ | BALANCE SHEET IN NEW LAYOUT |
|---|-------------------|---|
| B. Incorporation expenses 10.340,90 | 33.697.925,70 | B. Formation expenses and similar expenses [i] 33.708.266,60 |
| C. Non current assets 10.008.932.435,89 | -24.827.231,75 | C. Fixed assets 9.984.105.204,14 |
| III. Non current financial assets | | III. Financial fixed assets |
| 2. Receivables from group companies 9.984.105.204,14 | . | 2. Receivables from group companies 9.984.105.204,14 |
| 6. Other receivables 24.827.231,75 | -24.827.231,75 | |
| D. Current Assets 590.740.174,46 | 180.139.511,74 | D. Current assets 770.879.686,20 |
| II. Financial receivables | | II. Debtors |
| 2. Receivables from group companies | | 2. Receivables from group companies |
| a) receivable within 1 year 290.882.383,31 | 151.754.736,10 | a) with a residual life within one year [ii] 442.637.119,41 |
| b) receivable beyond 1 year 207.460.276,36 | . | b) with a residual life beyond one year 207.460.276,36 |
| 4) Other receivables | | 4. Other receivables |
| a) receivable within 1 year 207.960,06 | 3.552.205,10 | a) with a residual life within one year [iii] 3.760.165,16 |
| b) receivable beyond 1 year 64.409.877,67 | 24.827.230,83 | b) with a residual life beyond one year [iv] 89.237.108,50 |
| IV. Cash and cash equivalent 27.779.677,06 | 5.339,71 | IV. Cash and cash equivalents [v] 27.785.016,77 |
| E. Prepayments and accrued income 209.627.496,12 | -206.113.992,45 | E. Deferred charges 3.513.503,67 |
| TOTAL ASSETS 10.809.310.447,37 | -17.103.786,76 | TOTAL ASSETS 10.792.206.660,61 |

| BALANCE SHEET APPROVED AS AT DECEMBER 31, 2010 | LIABILITIES - EUR Δ | BALANCE SHEET IN NEW LAYOUT |
|---|------------------------|---|
| A. Capital and reserves 28.096.025,52 | 0,00 | A. Equity 28.096.025,52 |
| I. Subscribed share capital 2.336.000,00 | . | I. Subscribed capital 2.336.000,00 |
| II. Issuance premium 11.810.696,39 | . | II. Share premium and similar premiums 11.810.696,39 |
| IV. Reserves | | IV. Reserves |
| 3. Legal reserve 234.000,00 | . | 1. Legal reserve 234.000,00 |
| 4. Other reserves 1.240.249,06 | . | 4. Other reserves 1.240.249,06 |
| V. Profit brought forward 679.058,11 | . | V. Profit or loss brought forward 679.058,11 |
| VI. Result of the period 11.796.021,96 | . | VI. Profit or loss for the financial year 11.796.021,96 |
| C. Creditors 10.628.359.455,26 | 135.751.179,83 | D. Not Subordinated creditors 10.764.110.635,09 |
| 1. Notes | | 1. Debenture loans |
| b) Non convertible notes | | b) Non convertible notes |
| a) payable within 1 year 1.496.781.918,87 | 104.592.560,98 | i) payable within 1 year [vi] 1.601.374.479,85 |
| b) payable beyond 1 year 8.718.754.677,46 | -15.146.691,02 | ii) payable beyond 1 year [vii] 8.703.607.986,44 |
| 2. Payables to banks and financial institutions | | 2. Amounts owed to credit institutions |
| b) payable beyond 1 year 41.149.516,17 | 6.498.922,57 | a) payable within 1 year [viii] 6.498.922,57 |
| 4. Trade and services payables | | b) payable beyond 1 year 34.861.792,92 |
| a) payable within 1 year 710.660,81 | . | 4. Trade creditors |
| 6. Payables to group companies | | a) payable within 1 year 710.660,81 |
| a) payable within 1 year 102.058.582,32 | 44.148.144,28 | 6. Amounts owed to affiliated undertakings |
| b) payable beyond 1 year 267.556.739,56 | . | a) payable within 1 year [ix] 146.206.726,60 |
| 8. Tax payables and social security contributions | | b) payable beyond 1 year 267.556.739,56 |
| a) payable within 1 year 1.088.954,28 | -6.369,26 | 8. Tax and social security debts |
| | 6.369,26 | a) payable within 1 year 1.082.585,02 |
| 9. Other payables | | b) payable beyond 1 year [x] 6.369,26 |
| a) payable within 1 year 258.405,79 | 1.945.966,27 | 9. Other creditors |
| | | a) payable within 1 year [xi] 2.204.372,06 |
| D. Accruals and deferred income 152.854.966,59 | -152.854.966,59 | E. Deferred income 0,00 |
| TOTAL LIABILITIES 10.809.310.447,37 | -17.103.786,76 | TOTAL LIABILITIES 10.792.206.660,61 |

Profit and Loss as of June 30, 2010

| TELECOM ITALIA CAPITAL S.A. | | | |
|---|-----------------------|-------------|--|
| RECONCILIATION BETWEEN THE BALANCE SHEET ITEMS APPROVED AS AT DECEMBER 31, 2010 AND THOSE SHOWN ACCORDINGLY WITH THE LAW OF DECEMBER 17, 2010 | | | |
| PROFIT AND LOSS APPROVED AS AT JUNE 30, 2010 | A. EXPENSES - EUR | | PROFIT AND LOSS IN NEW LAYOUT |
| | Δ | | |
| 2.a) Acquisition of goods and services | 0,00 | 447.561,46 | 2. Other external charges [xii] 447.561,46 |
| 3. Staff costs | 89.183,69 | 1.789,58 | 3. Staff costs 90.973,27 |
| a) Wages and salaries | 78.376,78 | . | a) wages and salaries 78.376,78 |
| b) Social security contributions | 10.806,91 | . | b) social security contributions 10.806,91 |
| | | 1.789,58 | c) complementary pensions 1.789,58 |
| 4.a) Value adjustment in respect of tangible and intangible assets | 1.444,62 | 0,00 | 4. Value adjustments 1.444,62 |
| | | | a) in respect of tangible and intangible assets 1.444,62 |
| 5. Other operating expenses | 498.049,68 | -449.351,04 | 5. Other operating charges 48.698,64 |
| 7. Interest and similar expenses | 516.915.277,70 | 0,00 | 8. Interest and other financial charges 516.915.277,70 |
| a) concerning group companies | 153.563.107,32 | . | a) concerning group companies 153.563.107,32 |
| b) other interest and charges | 363.352.170,38 | . | b) other interest and charges 363.352.170,38 |
| 11. Income tax | 90.811,74 | 0,00 | 10. Income tax 90.811,74 |
| 13. Net income for the period | 226.822,90 | 0,00 | 12. Profit for the financial year 226.822,90 |
| TOTAL EXPENSES | 517.821.590,33 | 0,00 | TOTAL CHARGES 517.821.590,33 |

| B. INCOME - EUR | | | |
|--|-----------------------|-----------------|---|
| PROFIT AND LOSS APPROVED AS AT JUNE 30, 2010 | Δ | | PROFIT AND LOSS IN NEW LAYOUT |
| | | | |
| | 161.658.749,99 | | 6. Income from financial fixed assets 161.658.749,99 |
| | 161.658.749,99 | | a) concerning group companies [xiii] 161.658.749,99 |
| 7. Other interest and similar income | 517.821.590,33 | -517.821.590,33 | |
| a) from group companies | 488.046.374,99 | -488.046.374,99 | |
| b) other interest and similar income | 29.775.215,34 | -29.775.215,34 | |
| | 356.162.840,34 | | 8. Other interest and other financial income 356.162.840,34 |
| | 326.387.625,00 | | a) concerning group companies [xiv] 326.387.625,00 |
| | 29.775.215,34 | | b) other interest and financial incomes [xv] 29.775.215,34 |
| TOTAL INCOME | 517.821.590,33 | 0,00 | TOTAL INCOME 517.821.590,33 |

Details of reclassifications

In the following pages we explain the reclassifications carried out in the audited accounts in order to meet the new requirements, showing for each item the line used in the Audited Balance Sheet as at December 31, 2010 and, where applicable, the related note and the description used in it. For the Profit and Loss Statement, the comparison period is June 30, 2010 (Unaudited Semi-Annual Accounts).

[i] – Formation expenses

The item includes incorporation expenses and other similar charges the company paid for bond issuances.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|--|---|----------------------|
| Assets | | |
| B. Incorporation expenses | | 10.340,90 |
| E. Prepayments and accrued income | [7] Prepaid charges and expenses on notes (issue discounts and other similar charges) | 33.697.925,70 |
| | | 33.708.266,60 |

[ii] – Receivables from group companies with a residual life within a year

The item refers to loans receivable within one year granted to group companies and the related accruals.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|--|--|-----------------------|
| Assets | | |
| D. Current assets | | |
| II. Financial receivables | | |
| 2. Receivables from group companies | | |
| a) receivable within 1 year | [5] | 290.882.383,31 |
| E. Prepayments and accrued income | [7] Accrued interest on hedging instruments | 100.862.911,12 |
| | [7] Accrued interest on amount owed by Parent Company | 50.545.818,31 |
| | [7] Accrued interest on amount owed by related companies | 346.006,67 |
| | | 442.637.119,41 |

[iii] – Other receivables with a residual life within one year

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|--|-------------|---|
| Assets | | |
| D. Current assets | | |
| II. Financial receivables | | |
| 4. Other receivables | | |
| a) receivable within 1 year | | 207.960,06 |
| E. Prepayments and accrued income | [7] | Accrued interest on hedging instruments |
| | | 3.552.205,10 |
| | | 3.760.165,16 |

[iv] – Other receivables with a residual life beyond one year

This item is composed by the estimated recovery value of the credit registered vs. Lehman Brothers International Europe in Administration and the positive value of hedging instruments towards banks.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|-----------------------------------|-------------|---|
| Assets | | |
| C. Non current assets | | |
| III. Non current financial assets | | |
| 6. Other receivables | [4] | 24.827.230,83 |
| D. Current assets | | |
| II. Financial receivables | | |
| 4. Other receivables | | |
| a) receivable beyond 1 year | [6] | Other receivables (CCIRS towards third parties) |
| | | 64.409.877,67 |
| | | 89.237.108,50 |

[v] – Cash and cash equivalents

The item includes the cash and the accruals on bank deposits.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|--|-------------|-----------------------------------|
| Assets | | |
| D. Current assets | | |
| IV. Cash and cash equivalents | | 27.779.677,06 |
| E. Prepayments and accrued income | [7] | Accrued interest on bank deposits |
| | | 5.339,71 |
| | | 27.785.016,77 |

[vi] – Non convertible notes payable within one year

The item includes notes issued by the Company that have a residual life within one year, together with all the accruals on notes and the current portion of issue discounts and issue premiums.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|--|-------------|---|
| <u>Assets</u> | | |
| E. Prepayments and accrued income | [7] | -1.957.095,74 |
| | | Prepaid charges and expenses on notes (issue discounts and other similar charges) |
| <u>Liabilities</u> | | |
| C. Creditors | | |
| 1. Notes | | |
| b) non convertible notes | | |
| a) payable within 1 year | [11] | 1.496.781.918,87 |
| D. Accruals and deferred income | [16] | 106.549.656,72 |
| | | Accrued interest on debentures |
| | | 1.601.374.479,85 |

[vii] – Non convertible notes payable beyond one year

The item includes the notes issued by the Company that have a residual life beyond one year and the medium and long term portion of issue discounts.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|--|-------------|---|
| <u>Assets</u> | | |
| E. Prepayments and accrued income | [7] | - 15.146.691,02 |
| | | Prepaid charges and expenses on notes (issue discounts and other similar charges) |
| <u>Liabilities</u> | | |
| C. Creditors | | |
| 1. Notes | | |
| b) non convertible notes | | |
| b) payable beyond 1 year | [11] | 8.718.754.677,46 |
| | | 8.703.607.986,44 |

[viii] – Amounts owed to credit institutions payable within one year

The item includes the payables to banks within one year and the accruals on the liabilities to banks payable within one year.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|---|-------------|---------------------|
| Liabilities | | |
| C. Creditors | | |
| 2. Payables to banks and financial institutions | | |
| b) payable within 1 year | [12] | 6.287.723,25 |
| D. Accruals and deferred income | [16] | 211.199,32 |
| | | 6.498.922,57 |

[ix] – Amounts owed to affiliated undertakings payable within one year

The item includes amounts owed to affiliated group companies and the related accruals.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|--|-------------|-----------------------|
| Liabilities | | |
| C. Creditors | | |
| 6. Payables to group companies | | |
| a) payable within 1 year | [13] | 102.058.582,32 |
| D. Accruals and deferred income | [16] | 44.148.144,28 |
| | | 146.206.726,60 |

[x] – Tax and social security contributions payable beyond one year

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|---|-------------|-----------------|
| Liabilities | | |
| C. Creditors | | |
| 8. Tax payables and social security contributions | | |
| a) payable within 1 year | [14] | 6.369,26 |
| | | 6.369,26 |

[xi] – Other creditors payable within one year

The item includes exchange evaluation of currency swaps and the related accruals.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|--|-------------|---------------------|
| Liabilities | | |
| C. Creditors | | |
| 9. Other payables | | |
| a) payable within 1 year | [15] | 258.405,79 |
| D. Accruals and deferred income | [16] | 1.945.966,27 |
| | | 2.204.372,06 |

[xii] – Other external charges

The item is composed as follows:

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|------------------------------------|-------------|-------------------|
| Expenses | | |
| 5. Other operating expenses | | 447.561,46 |
| | | 447.561,46 |

[xiii] – Income from financial fixed assets concerning group companies

The item includes positive interest on fixed financial assets related to group companies.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> |
|---|-------------|-----------------------|
| Income | | |
| 7. Other interest and similar income | | |
| a) from group companies | [18] | 161.658.749,99 |
| | | 161.658.749,99 |

[xiv] – Other interest and financial income concerning group companies

The item includes positive interest on short term financial assets with group companies.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> | |
|---|-------------|---|-----------------------|
| Income | | | |
| 7. Other interest and similar income | | | |
| a) from group companies | [18] | Interest on group companies | 1.953.447,27 |
| | [18] | Commission from group companies | 2.199,65 |
| | [18] | Interest on derivatives vs Parent Company | 324.431.978,08 |
| | | | 326.387.625,00 |

[xv] – Other interest and financial incomes

The item includes positive interest on short term financial assets with third parties.

| <i>Line in previous schemes</i> | <i>Note</i> | <i>Amount</i> | |
|---|-------------|---------------------------------|----------------------|
| Income | | | |
| 7. Other interest and similar income | | | |
| b) Other interest and similar income | [18] | Interest on bank deposit | 18.169,53 |
| | [18] | Interest on derivatives vs Bank | 20.229.760,06 |
| | [18] | Gain on exchange rates | 9.527.285,75 |
| | | | 29.775.215,34 |

Declaration of the manager responsible for financial reporting

Pursuant to paragraph 4 of Luxembourg's Transparency Law, the undersigned Adriano Trapletti, Managing Director of the Company, to the best of his knowledge, hereby declares that the above interim financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and that the management report includes an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Adriano Trapletti
Managing Director