



C A P I T A L

Telecom Italia Capital

Société Anonyme

12, rue Eugène Ruppert

L-2453 Luxembourg

R.C.S. Luxembourg B 77.970

Unaudited Semi-Annual Accounts
as at June 30, 2015, which have been
authorized by the Board of Directors
held on July 30, 2015

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Directors' report

Telecom Italia Capital (herein defined as well as the "Company" or "TI Capital") ends the first six months of the year 2015 with a profit of EUR 2.913.696,14 (loss of EUR 18.199.512,42 for the same period 2014) after deducting tax charges for EUR 268.576,25 (EUR 299.333,00 for the first half 2014).

The result of the period 2015 is mainly impacted by the positive fees, EUR 2.3 million, generated by the novation of a derivative agreement. During the first six months 2014 the novation of derivative agreements involved costs amounting to EUR 18.9 million.

The contribution of the on-going borrowing and lending activity is positive for EUR 1.1 (EUR 1.2 million for the same period 2014).

The net financial position as of June 30, 2015 is positive for EUR 8.3 million (EUR 5.9 million as of December 31, 2014).

As per June 30, 2015, the aggregate principal amount of the outstanding notes equals to USD 7.400.000.000,00 (USD 7.400.000.000,00 as of December 31, 2014). The proceeds of the aforesaid notes have been utilized to provide funding to Telecom Italia Group companies. All the notes are unconditionally and irrevocably guaranteed by the mother company Telecom Italia S.p.A.

As of June 30, 2015 the fully paid in share capital amounts to EUR 2.336.000,00.

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

The Directors consider the following as the principal risks that the Company faces:

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

The financial risks are managed through:

- the application of guidelines defined at Group level;
- the identification of the most suitable financial instruments, including derivatives, to reach prefixed objectives;
- the monitoring of the results achieved;
- the exclusion of the use of financial instruments for speculative purposes.

Additional details on financial risk management policies of Telecom Italia Group are available in the Telecom Italia S.p.A. consolidated accounts and related documents.

Events subsequent to June 30, 2015 - Evolution of the second semester 2015

During the second half of the year 2015 it is foreseen to continue the activity of financial assistance to Telecom Italia Group companies and continue to manage the market risks related to the funding and investment activity.

On October 1, 2015 will mature and shall be repaid USD 1.400.000.000,00 5,25% notes, issued on September 28, 2005. The repayment will be financed by reducing the intragroup lending activity.

Financials as of June 30, 2015 herein reported have not been audited. They comprise the balance sheet, the profit and loss account, the cash flow statements and the explanatory notes.

For the Board of Directors
The Managing Director
Adriano Trapletti

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Balance Sheet

TELECOM ITALIA CAPITAL SOCIETE ANONYME						
BALANCE SHEET AS AT JUNE 30,2015						
ASSETS - [EUR]			LIABILITIES - [EUR]			
	30.JUNE.2015	31.DECEMBER.2014		30.JUNE.2015	31.DECEMBER.2014	
B. Formation expenses	[3]	21.656.763,13	21.484.328,29	A. Capital and reserves	7.545.070,80	4.631.374,66
C. Fixed assets		4.481.654.288,22	4.411.574.752,59	I. Subscribed capital	[7]	2.336.000,00
III. Financial fixed assets				II. Share premium and similar premiums	[8]	871.234,66
2. Amounts owed by affiliated undertakings	[4]	4.481.654.288,22	4.411.574.752,59	IV. Reserves	[9]	
				1. Legal reserve		234.000,00
				4. Other reserves		1.190.140,00
D. Current assets		2.232.653.789,12	1.779.409.910,66	V. Profit or loss brought forward		0,00
II. Debtors				VI. Profit or loss for the financial year		2.913.696,14
2. Amounts owed by affiliated undertakings	[5]			C. Provisions		923.274,95
a) becoming due and payable within one year		1.357.494.125,40	1.253.110.546,94	2. Provisions for taxation	[10]	923.274,95
b) becoming due and payable after more than one year		873.745.950,45	523.348.272,27	D. Non Subordinated debts		6.728.961.600,10
4. Other receivables				1. Debenture loans		
a) becoming due and payable within one year		3.744,72	0,00	b) Non convertible loans	[11]	
IV. Cash at bank,cash in postal cheque accounts, cheques and cash in hand	[6]	1.409.968,55	2.951.091,45	i) becoming due and payable within one year		1.329.035.543,83
				ii) becoming due and payable after more than one year		5.351.782.368,20
E. Prepayments		1.465.105,38	1.587.365,97	4. Trade creditors		
				a) becoming due and payable within one year		409.361,12
TOTAL ASSETS		6.737.429.945,85	6.214.056.357,51	6. Amounts owed to affiliated undertakings	[12]	
				a) becoming due and payable within one year		21.562.438,54
				b) becoming due and payable after more than one year		26.171.888,41
				8. Tax and social security debts		
				b) Social security debts		0,00
				TOTAL LIABILITIES		6.737.429.945,85
						6.214.056.357,51

The accompanying notes are an integral part of these semi-annual accounts.

Profit and Loss

TELECOM ITALIA CAPITAL SOCIETE ANONYME					
PROFIT AND LOSS FOR THE SIX MONTHS PERIOD					
A. CHARGES - [EUR]			B. INCOME - [EUR]		
	30.JUNE.2015	30.JUNE.2014		30.JUNE.2015	30.JUNE.2014
1. Use of merchandise, raw materials and consumable materials	0,00	58,19			
2. Other external charges	167.510,03	209.325,75			
3. Staff costs	74.288,53	91.562,74			
a) Salaries and wages	63.050,56	78.584,43			
b) Social security on salaries and wages	8.007,30	9.969,97			
c) Supplementary pension costs	2.335,85	2.088,80			
d) Other social costs	894,82	919,54			
4. Value adjustments	1.094.898,79	1.407.308,57			
a) on formation expenses and on tangible and intangible fixed assets	1.094.898,79	1.407.308,57			
5. Other operating charges	66.928,36	57.295,81			
8. Interest and other financial charges [13]	330.659.909,13	433.357.877,41			
a) concerning affiliated undertakings	103.942.331,38	209.241.571,45			
b) other interest and similar financial charges	226.717.577,75	224.116.305,96			
11. Income tax	268.576,25	299.333,00			
12. Other taxes not included in the previous caption	0,00	-15.410,00			
13. Profit for the financial year	2.913.696,14	0,00			
TOTAL CHARGES	335.245.807,23	435.407.351,47			
			6. Income from financial fixed assets [14]	95.333.417,18	122.573.230,03
			a) derived from affiliated undertakings	95.333.417,18	122.573.230,03
			8. Other interest and other financial income [15]	239.912.390,05	294.634.103,73
			a) derived from affiliated undertakings	237.598.877,99	294.376.277,10
			b) other interest and similar financial income	2.313.512,06	257.826,63
			10. Extraordinary income	0,00	505,29
			13. Loss for the financial year	0,00	18.199.512,42
			TOTAL INCOME	335.245.807,23	435.407.351,47

The accompanying notes are an integral part of these semi-annual accounts.

Cash Flow Statements

TELECOM ITALIA CAPITAL SOCIETE ANONYME			
CASH FLOW STATEMENT AS AT JUNE 30, 2015			
	Note	30.JUNE.2015	30.JUNE.2014
Operating Activities			
Profit/Loss before tax		3.182.272,39	-17.900.179,42
Adjustments for			
Amortization of formation expenses and on tangible and intangible fixed assets		1.094.898,79	1.407.308,57
Finance Income		-335.245.807,23	-417.207.333,76
Finance Expenses		329.764.656,09	432.499.554,86
Changes in trade and other receivables		122.260,59	206.730,58
Changes in trade and other payables		-965.975,62	-1.321.128,92
Income Taxes Paid		-1.605,00	-1.605,00
Net cash flows from operating activities		-2.049.299,99	-2.316.653,09
Cash flows from Investing activities			
Investments and re-payments in Financial Receivables		-4.524.535,25	720.000.000,00
Interest, commissions and other financial income received		328.268.325,65	419.383.687,48
Net cash flows from investing activities		323.743.790,40	1.139.383.687,48
Cash flows from Financing activities			
Net change in short-term financial payables		0,00	13.400.000,00
Repayments of borrowings		-1.222.120,85	-720.037.577,12
Interest, commissions and other financial expenses paid		-322.095.231,95	-433.600.483,14
Net cash flows from financing activities		-323.317.352,80	-1.140.238.060,26
Net Increase / Decrease in Cash and Cash Equivalents		-1.622.862,39	-3.171.025,87
Net foreign exchange differences in C&CE		81.886,49	1.553,30
Cash and cash equivalents at 01 January		2.950.944,45	3.308.615,72
Cash and cash equivalents at the end of the year	[6]	1.409.968,55	139.143,15

The accompanying notes are an integral part of these semi - annual accounts.

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TELECOM ITALIA CAPITAL SOCIETE ANONYME
CASH FLOW STATEMENT AS AT JUNE 30, 2015

	Note	30.JUNE.2015	31.DECEMBER.2014
Operating Activities			
Profit/Loss before tax		3.182.272,39	-15.895.703,94
Adjustments for			
Amortization of formation expenses and on tangible and intangible fixed assets		1.094.898,79	2.524.338,21
Finance Income		-335.245.807,23	-747.669.822,20
Finance Expenses		329.764.656,09	758.549.808,43
Changes in trade and other receivables		122.260,59	397.762,55
Changes in trade and other payables		-965.975,62	-428.796,84
Income Taxes Paid		-1.605,00	-2.616.714,40
Net cash flows from operating activities		-2.049.299,99	-5.139.128,19
Cash flows from Investing activities			
Investments and re-payments in Financial Receivables		-4.524.535,25	1.746.200.001,10
Interest, commissions and other financial income received		328.268.325,65	753.778.554,23
Net cash flows from investing activities		323.743.790,40	2.499.978.555,33
Cash flows from Financing activities			
Repayments of borrowings		-1.222.120,85	-1.732.133.723,94
Interest, commissions and other financial expenses paid		-322.095.231,95	-763.131.703,80
Net cash flows from financing activities		-323.317.352,80	-2.495.265.427,74
Net Increase / Decrease in Cash and Cash Equivalents		-1.622.862,39	-426.000,60
Net foreign exchange differences in C&CE		81.886,49	68.329,33
Cash and cash equivalents at 01 January		2.950.944,45	3.308.615,72
Cash and cash equivalents at the end of the year	[6]	1.409.968,55	2.950.944,45

Notes to the Semi-Annual accounts

as at June 30, 2015, which have been authorized by the Board of Directors held on July 30, 2015

Note 1 – General information

Telecom Italia Capital (the “Company”) was incorporated in Luxembourg on September 27, 2000 for an unlimited duration. The registered office is currently 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 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 interests 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 preparation

The semi-annual accounts have been prepared in accordance with accounting principles and regulations generally accepted in the Grand Duchy of Luxembourg (“Luxembourg GAAP”) under the historical cost convention.

As allowed by the amended law of December 19, 2002, the Board of Directors of the Company has decided to include the cash flow statement based on the indirect method.

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

Use of estimates

The preparation of financial statements in accordance with Luxembourg GAAP, requires Board of Directors 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 semi-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 EUR at the balance sheet date.

The exchange differences arising from the transactions expressed in currencies other than EUR are hedged either by balanced deposits and loans or through derivative instruments, such as Cross Currency Interest Rate Swaps ("CCIRS") or foreign exchange agreements, all hereby referred to as "currency swaps".

Currency swaps combine two positions that are represented by the amounts that will be exchanged with the counterparty at the maturity of the contract. They are recorded as assets or liabilities to the net between the payable and the receivable amount. Generally, one is in EUR and the other in currencies other than EUR. This latter is converted into EUR at the balance sheet date.

The unrealized exchange differences that arise from all these conversions are reflected in the profit and loss account in the items "Other interest and similar financial charges/Other interest and similar financial income".

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

The exchange rate used to convert as of June 30, 2015 the operations in USD into EUR is the following: 1 EUR = 1,1189 USD.

Formation expenses

Formation expenses may include incorporation expenses and bond issuance expenses. Incorporation expenses are valued at purchase price including the expenses incidental thereto less cumulated depreciation amounts written off over maximum 5 years. Bond issuance expenses are written off on a straight-line basis over the period of the note.

Financial fixed assets

Financial fixed 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 fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Cash at bank, cash in postal cheque accounts, cheques and cash in hand

Cash at bank, cash in postal cheque accounts, cheques and cash in hand is defined as cash in 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. Cash at bank and in hand and short-term deposits which are held to maturity are carried at cost.

Accrued interest

Accrued interest are shown with their principal amount.

Prepayments/Deferred income

“Prepayments” and “Deferred income” accounts include prepaid charges and deferred income. Issue discounts are listed with the related notes, while other similar charges are classified in “Formation expenses”. All are amortized through the profit and loss account on a straight-line basis over the lifetime of the notes.

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.

No valuations of unrealized gains or losses are recorded during the life of the contracts since there is a perfect matching of the realized gains or losses of derivatives and the realized losses or gains on the hedged items at maturity. For the exchange rate variance refer to the accounting policy “Foreign currency translation” above.

The Company enters into derivatives only for the purpose of hedging.

Non subordinated debts

Notes and other liabilities are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown in the same line of the debt and is written off over the period of the debt based on a linear method.

Provisions

Provisions are recognized when the Company 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 – Formation expenses

Formation expenses are composed by bond issuance expenses. Movements for the period on this item are as follows:

	<i>Total formation expenses</i> <i>EUR</i>
Balance as at 31.12.2014	<u>21.484.328,29</u>
Movements of the period	
Depreciation during the period	-1.094.898,79
Exchange rate impact	1.267.333,63
Balance as at 30.06.2015	<u>21.656.763,13</u>

Note 4 – Financial fixed assets - Amounts owed by affiliated undertakings

This item is composed by EUR 4.481.654.288,22 (EUR 4.411.574.752,59 as per December 31, 2014) being the total amount of medium-long term loans granted to Telecom Italia S.p.A. (the “Parent Company”) utilizing the proceeds received by issuing notes.

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<u>EUR</u>	<u>EUR</u>
Nominal value: EUR 250.000.000,00 Expiring March 15, 2018 Floater rate: Euribor 6m + 1,89110%	250.000.000,00	250.000.000,00
Nominal value: EUR 539.800.000,00 Expiring September 30, 2019 Floater rate: Euribor 6m + 0,87870%	539.800.000,00	539.800.000,00
Nominal value: EUR 642.000.000,00 Expiring December 04, 2019 Fixed rate: 7,10320%	642.000.000,00	642.000.000,00
Nominal value: EUR 700.000.000,00 Expiring December 18, 2019 Fixed rate: 6,78656%	700.000.000,00	700.000.000,00
Nominal value: EUR 20.000.000,00 Expiring December 18, 2019 Fixed rate: 6,78656%	20.000.000,00	20.000.000,00
Nominal value: USD 1.000.000.000,00 Expiring November 15, 2034 ^[*] Floater rate: USDLibor 3m + 1,10000%	893.734.918,22	823.655.382,59
Nominal value: EUR 791.119.370,00 Expiring January 18, 2037 Floater rate: Euribor 6m + 1,45969%	791.119.370,00	791.119.370,00
Nominal value: EUR 645.000.000,00 Expiring December 05, 2039 Fixed rate: 7,53220%	645.000.000,00	645.000.000,00
	<u>4.481.654.288,22</u>	<u>4.411.574.752,59</u>

[*] Differences between June 30, 2015 and December 31, 2014 are due to exchange rate impact.

Note 5 – Debtors - Amounts owed by affiliated undertakings

a) becoming due and payable within one year

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Nominal value: EUR: 1.058.000.000,00 Expiring October 01, 2015 Floater rate: USDLibor 6m + 0,73335%	1.058.000.000,00	1.058.000.000,00
Nominal value: EUR 83.000.000,00 Expiring November 02, 2015 Floater rate: Euribor 6m + 2,06660%	83.000.000,00	83.000.000,00
Accruals on long term loans with Parent Company	21.443.197,53	22.754.080,39
Short term loan with T.M.I. Telemedia International Limited	6.500.000,00	6.500.000,00
Short term loan with Telecom Italia Finance S.A	4.500.000,00	0,00
Accruals on short term loans with Group Companies	86.318,59	91.996,35
Accruals on derivatives with Parent Company	67.109.357,08	61.909.274,72
Accruals on derivatives with Group Companies	10.515.897,80	9.736.845,76
Currency swaps with Parent Company	106.336.749,51	11.111.683,74
Currency swaps with Group Companies	2.604,89	6.665,98
	1.357.494.125,40	1.253.110.546,94

b) becoming due and payable after more than one year

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Currency swaps with Parent Company	647.807.672,05	360.481.575,94
Currency swaps with Group Companies	225.938.278,40	162.866.696,33
	873.745.950,45	523.348.272,27

Note 6 – Cash at bank, cash in postal cheque accounts, cheques and cash in hand

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Bank current accounts	1.409.968,55	250.944,45
Bank term deposit accounts	0,00	2.700.000,00
Cash and cash equivalent as shown in Cash Flow Statement	1.409.968,55	2.950.944,45
Accruals on bank term deposits	0,00	147,00
	1.409.968,55	2.951.091,45

Note 7 – Subscribed capital

As of June 30, 2015 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, 2015 and December 31, 2014, the Company is 100% held by Telecom Italia S.p.A.

Note 8 – 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. In order to cover the loss of the year 2014 the shareholder meeting held on April 1, 2015 decided to allocate EUR 10.939.461,73 to “Profit and loss brought forward reducing the “Share premium and similar premiums” to EUR 871.234,66.

Note 9 – Reserves

Reserves are split as follows:

- Legal Reserve: the Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed. The legal reserve as at June 30, 2015 amounts to EUR 234.000,00 and equals 10% of the share capital. The reserve has been set up by the shareholders meeting as of March 2, 2005 by converting a portion of other unavailable reserves;

- Other reserves consist of Tax reserve for an amount of EUR 1.190.140,00 It has been created by the annual shareholders meetings held between the years 2011 and 2014 and is equal to five times the amount of the Net wealth tax to be paid for fiscal year 2010, 2011 and 2013. It will be unavailable for distribution for a five year period since the year following its creation and is detailed as below:

Fiscal year 2010	EUR	407.500,00
Fiscal year 2011	EUR	705.900,00
Fiscal year 2013	EUR	76.740,00
	EUR	1.190.140,00

Movements for the period on the reserves, share premium and similar premiums and profit and loss items are as follows:

	<i>Share premium (EUR)</i>	<i>Legal Reserve (EUR)</i>	<i>Other reserves (EUR)</i>	<i>Profit or loss brought forward (EUR)</i>	<i>Profit or loss for the financial period (EUR)</i>
Balance as at 31.12.2014	11.810.696,39	234.000,00	1.338.265,00	5.466.929,03	-16.554.515,76
Movements for the period					
Allocation of prior year's Profit or loss ^[*]	-10.939.461,73	0,00	0,00	-5.615.054,03	16.554.515,76
Reallocation of Reserve ^[**]	0,00	0,00	-148.125,00	148.125,00	0,00
Profit or loss for the period	0,00	0,00	0,00	0,00	2.913.696,14
Balance as at 30.06.2015	871.234,66	234.000,00	1.190.140,00	0,00	2.913.696,14

^[*] Shareholders Meeting held on April 01, 2015 decided to reallocate EUR 148.125,00 (Net wealth tax reserve for fiscal year 2008) from "Other reserves" to "Profit or loss brought forward" considering that the five year unavailability period for tax purposes has expired and to allocate the loss of the year 2014 amounting to EUR 16.554.515,76 to the reserve "Profit and loss brought forward" which has been reduced to nihil; and per the difference to "Share premium and similar premiums" which has been reduced to EUR 871.234,66.

Note 10 – Provisions for taxation

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Income tax	886.963,25	619.992,00
Value added tax	1.670,30	2.760,52
Chamber of Commerce fees	33.591,00	33.591,00
Other taxes	1.050,40	1.050,40
	923.274,95	657.393,92

Note 11 – Non convertible loans

The Company has issued non-convertible notes for a total outstanding amount of USD 7.400.000.000,00 as at June 30, 2015 (December 31, 2014 – USD 7.400.000.000,00).

i) becoming due and payable within one year

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Nominal value: USD 1.400.000.000,00		
Expiring October 01, 2015		
Fixed Interest Rate 5,2500%	1.251.228.885,51	1.153.117.535,62
Issue discounts on notes		
<i>Current portion</i>	-769.150,27	-1.071.769,20
Accrued interest on notes	78.575.808,59	72.414.522,89
	1.329.035.543,83	1.224.460.289,31

ii) *becoming due and payable after more than one year*

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Nominal value: USD 1.000.000.000,00		
Expiring June 04, 2018		
Fixed Interest Rate 6,9990%	893.734.918,22	823.655.382,59
Nominal value: USD 1.000.000.000,00		
Expiring June 18, 2019		
Fixed Interest Rate 7,1750%	893.734.918,22	823.655.382,59
Nominal value: USD 1.000.000.000,00		
Expiring November 15, 2033		
Fixed Interest Rate 6,3750%	893.734.918,22	823.655.382,59
Nominal value: USD 1.000.000.000,00		
Expiring September 30, 2034		
Fixed Interest Rate 6,0000%	893.734.918,22	823.655.382,59
Nominal value: USD 1.000.000.000,00		
Expiring July 18, 2036		
Fixed Interest Rate 7,2000%	893.734.918,22	823.655.382,59
Nominal value: USD 1.000.000.000,00		
Expiring June 04, 2038		
Fixed Interest Rate 7,7210%	893.734.918,22	823.655.382,59
Issue discounts on notes		
<i>Long term portion</i>	-10.627.141,12	-10.057.533,25
	5.351.782.368,20	4.931.874.762,29

Note 12 – Amounts owed to affiliated undertakings

This item refers to the following payables due to Parent Company and Group Companies:

a) becoming due and payable within one year

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Guarantee fee due to Parent Company	895.252,52	1.846.523,66
Payable to Group Companies	0,00	24.535,25
Current portion of long term loans with Parent Company ^[*]	1.559.339,64	2.166.474,10
Current portion of long term loans with Group Companies ^[*]	103.671,01	93.837,06
Currency swaps with Parent Company	0,00	2.886.284,12
Currency swaps with Group Companies	26.864,86	2.642,40
Accruals on long term loans with Parent Company	95.592,77	97.685,07
Accruals on long term loans with Group Companies	23.988,99	21.706,33
Accruals on derivatives with Parent Company	15.260.194,77	16.565.287,37
Accruals on derivatives with Group Companies	3.597.533,98	3.779.260,47
	21.562.438,54	27.484.235,83

b) becoming due and payable after more than one year

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Long term loans with Parent Company ^[*]	23.055.372,23	21.608.633,72
Long term loans with Group Companies ^[*]	3.116.516,18	2.920.439,12
	26.171.888,41	24.529.072,84

[*] 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. Due to shifting of bank counterparties to Parent and Group Companies the loans have been classified in “Amounts owed to affiliated undertakings” . The residual nominal amount of loans is split as follows:

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<u>EUR</u>	<u>EUR</u>
Related to notes issued as of October 29, 2003 for an initial amount of USD 31.300.000,00:		
Final payment date:		
November 15, 2033	9.154.465,12	8.574.202,29
Nominal residual amount	9.154.465,12	8.574.202,29
Related to notes issued as of October 6, 2004 for an initial amount of USD 35.652.500,00:		
Final payment date:		
September 29, 2034	12.628.586,88	11.823.604,46
Nominal residual amount	12.628.586,88	11.823.604,46
Related to notes issued as of September 28, 2005 for an initial amount of USD 19.684.000,00:		
Final payment date:		
October 01, 2015	787.374,59	1.470.629,24
Nominal residual amount	787.374,59	1.470.629,24
Related to notes issued as of July 18, 2006 for an initial amount of USD 14.036.250,00:		
Final payment date:		
July 18, 2036	5.264.472,46	4.920.948,02
Nominal residual amount	5.264.472,46	4.920.948,02

Note 13 – Interest and other financial charges*a) concerning affiliated undertakings*

	<i>June 30, 2015</i>	<i>June 30, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Charges on loans with Parent Company	607.552,05	539.106,15
Charges on loans with Group Companies	79.885,46	68.580,85
Interest due to Group Companies	0,00	134.308,17
Guarantee fee due to Parent Company	895.253,04	858.322,55
Other fees due to Group Companies	62.500,00	119.330,22
Charges on derivatives with Parent Company	79.414.130,77	161.218.489,35
Charges on derivatives with Group Companies	22.882.805,60	27.375.574,52
Novation fees on derivatives with Parent Company	0,00	17.791.666,67
Novation fees on derivatives with Group Companies	0,00	1.135.947,23
Charges on currency swaps with Group Companies	204,46	245,74
	103.942.331,38	209.241.571,45

b) other interest and similar financial charges

	<i>June 30, 2015</i>	<i>June 30, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Other financial commissions	552,16	1.106,37
Interest and similar expenses on debentures	224.407.283,15	223.856.917,57
Losses on exchange rates	2.309.742,44	258.282,02
	226.717.577,75	224.116.305,96

Note 14 – Income from financial fixed assets derived from affiliated undertakings

	<i>June 30, 2015</i>	<i>June 30, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Interest on long term loans to Parent Company	95.333.417,18	122.573.230,03
	95.333.417,18	122.573.230,03

Note 15 – Other interest and other financial income*a) derived from affiliated undertakings*

	<i>June 30, 2015</i>	<i>June 30, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Interest and commissions on receivables from Group Companies	103.642,58	110.937,91
Income on derivatives with Parent Company	202.042.359,74	255.220.420,83
Income on derivatives with Group Companies	33.191.065,20	39.044.914,57
Income on currency swaps with Group Companies	1.810,47	3,79
Novation fees on derivatives with Parent Company	2.260.000,00	0,00
	237.598.877,99	294.376.277,10

b) other interest and similar financial income

	<i>June 30, 2015</i>	<i>June 30, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Interest on Bank deposits	304,50	320,33
Gain on exchange rates	2.313.207,56	257.506,30
	2.313.512,06	257.826,63

Note 16 – Hedging contracts and other derivative agreements

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. The table here below reports the sum of the notional amount for derivative type and counterparties.

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Cross Currency Interest Swap (CCIRS) contracts with Parent Company	4.088.255.670,19	4.088.255.670,19
Cross Currency Interest Swap (CCIRS) contracts with Group Companies	651.565.106,44	651.565.106,44
Interest Rate Swap (IRS) contracts with Parent Company	4.044.150.504,96	3.727.040.606,21
Interest Rate Swap (IRS) contracts with Group Companies	424.524.086,16	391.236.306,73
Foreign exchange agreements with Group Companies	1.370.758,34	707.055,71
	<u>9.209.866.126,09</u>	<u>8.858.804.745,28</u>

The table here below reports the net sum of the mark to market value of the above reported derivative agreements.

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
	<i>EUR</i>	<i>EUR</i>
Cross Currency Interest Swap (CCIRS) contracts with Parent Company	618.035.941,99	179.064.603,77
Cross Currency Interest Swap (CCIRS) contracts with Group Companies	176.475.090,02	79.515.331,01
Interest Rate Swap (IRS) contracts with Parent Company	876.253.491,94	940.008.144,01
Interest Rate Swap (IRS) contracts with Group Companies	174.716.947,81	178.519.726,27
Foreign exchange agreements with Group Companies	-24.230,92	4.113,04
	<u>1.845.457.240,84</u>	<u>1.377.111.918,10</u>

Note 17 – Tax situation

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

Note 18 – Consolidation

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, via Negri 1 and on the website <http://www.telecomitalia.com>

Telecom Italia S.p.A. accounts are not consolidated in the accounts of any other company.

Note 19 – Directors remuneration

The Directors have not been remunerated in their capacity as Director during the first six months of 2015.

Note 20 – Staff

As of June 30, 2015 the Company has 2 employees on its payroll (December 31, 2014 – 3). The average of employees during the fiscal period has been of 2,67 resources (2014 – 3).

Note 21 – Litigation

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

Note 22 – Auditor's fees

During the first six months a total of EUR 6.011,58 (VAT excluded) has been paid to PricewaterhouseCoopers Société Cooperative for the audit activity (EUR 14.024,52 as of June 30, 2014). No other amount has been paid to the Auditor.

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