

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.. However, such measures should not be considered as a substitute for those required by IFRS.

Specifically, the non-IFRS 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 level of the Business Units) and the Parent in addition to **EBIT**. These measures are calculated as follows:

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

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

(2) Caption 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, exchange differences and non-organic components constituted by non-recurring items and other non-organic income/expenses. Telecom Italia believes that the presentation of such additional information allows to understand in a more complete and effective manner the operating performance of the Group (as a whole and at the level of the Business Units) and the Parent.

The organic change in Revenues, EBITDA and EBIT is also used in presentations to analysts and investors.

This press release provides details of the separate income statement amounts used to arrive at the organic change as well as an analysis of the major non-organic components for the years 2009 and 2008.

- **Net Financial Debt:** Telecom Italia believes that the Net Financial Debt provides 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 the attachments to 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 real dynamic in net financial debt, starting with the Half-Yearly Financial Report at June 30, 2009, in addition to the usual measure (renamed "net financial debt carrying amount") a new measure has been introduced denominated "adjusted net financial debt", which excludes effects that are purely accounting in nature resulting from measurement at fair value of derivatives and related financial liabilities/assets. Indeed, the volatility of interest rates and foreign exchange rates, which has characterized the financial markets from the fourth quarter of 2008, significantly impacted the fair value measurement of the derivative positions and the 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
A)	Gross Financial Debt
	+ Non-current financial assets
	+ Current financial assets
	+ Financial assets classified under Discontinued operations / Non-current assets held for sale
B)	Financial Assets
C = (A - B)	Net Financial Debt carrying amount
D)	Reversal of fair value measurement of derivatives and related financial liabilities/assets
E = (C + D)	Adjusted Net Financial Debt

* * *

The Separate Income Statements, Statements of Comprehensive income, Statements of Financial Position and Statements of Cash Flows as well as the Net Financial Debt of the Telecom Italia Group and the Parent, herewith presented, are the same as those included in the Report on Operations of the 2009 Telecom Italia Annual Financial Report and have not yet been verified by our independent auditors. 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, 2009.

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, 2009 as well as the check of consistency of the 2009 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)	Year 2009 (a)	Year 2008 Restated (b)	Change (a - b) amount	%
Revenues	27,163	29,000	(1,837)	(6.3)
Other income	282	336	(54)	(16.1)
Total operating revenues and other income	27,445	29,336	(1,891)	(6.4)
Acquisition of goods and services	(11,480)	(13,120)	1,640	12.5
Employee benefits expenses	(3,734)	(4,114)	380	9.2
Other operating expenses	(1,616)	(1,631)	15	0.9
Changes in inventories	(15)	113	(128)	°
Internally generated assets	515	506	9	1.8
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION, CAPITAL GAINS (LOSSES) AND IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS (EBITDA)	11,115	11,090	25	0.2
Depreciation and amortization	(5,551)	(5,676)	125	2.2
Gains (losses) on disposals of non-current assets	(59)	35	(94)	°
Impairment reversals (losses) on non-current assets	(12)	(12)	-	0.0
OPERATING PROFIT (EBIT)	5,493	5,437	56	1.0
Share of profits (losses) of associates and joint ventures accounted for using the equity method	67	64	3	4.7
Other income (expenses) from investments	(51)	4	(55)	°
Finance income	2,561	3,748	(1,187)	(31.7)
Finance expenses	(4,731)	(6,359)	1,628	25.6
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	3,339	2,894	445	15.4
Income tax expense	(1,121)	(677)	(444)	(65.6)
PROFIT FROM CONTINUING OPERATIONS	2,218	2,217	1	0.0
Profit (loss) from Discontinued operations/Non-current assets held for sale	(622)	(39)	(583)	°
PROFIT FOR THE YEAR	1,596	2,178	(582)	(26.7)
Attributable to:				
* Owners of the Parent	1,581	2,177	(596)	(27.4)
* Non-controlling interests	15	1	14	°

TELECOM ITALIA GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

According to IAS 1 revised (*Presentation of Financial Statements*), which is effective from January 1, 2009, here below are presented the Consolidated Statements of Comprehensive Income, beginning with the Profit for the year, derived from the Separate Consolidated Income Statements, and displaying income and expenses recognized directly in equity and related to all non-owner changes.

(millions of euros)		Year 2009	Year 2008 Restated
PROFIT FOR THE YEAR	(A)	1,596	2,178
Other components of the Statements of Comprehensive Income:			
Available-for-sale assets:			
Profit (loss) from fair value adjustments		14	(2)
Loss (profit) transferred to the Separate Consolidated Income Statement		-	-
Income tax expense		4	(8)
	(B)	18	(10)
Hedging instruments:			
Profit (loss) from fair value adjustments		(1,504)	124
Loss (profit) transferred to the Separate Consolidated Income Statement		206	211
Income tax expense		363	(98)
	(C)	(935)	237
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		964	(793)
Loss (profit) on translating foreign operations transferred to the Separate Consolidated Income Statement		-	-
Income tax expense		-	-
	(D)	964	(793)
Share of other profits (losses) of associates and joint ventures accounted for using the equity method:			
Profit (loss)		(71)	13
Loss (profit) transferred to the Separate Consolidated Income Statement		-	-
Income tax expense		-	-
	(E)	(71)	13
Total	(F=B+C+D+E)	(24)	(553)
TOTAL PROFIT (LOSS) FOR THE YEAR	(A+F)	1,572	1,625
Attributable to:			
* Owners of the Parent		1,321	1,786
* Non controlling interests		251	(161)

TELECOM ITALIA GROUP – CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(millions of euros)	12/31/2009	12/31/2008	Change	12/31/2008
	(a)	Restated (1) (b)	(a-b)	Restated
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Goodwill	43,627	43,230	397	43,891
Intangible assets with a finite useful life	6,282	6,154	128	6,492
	49,909	49,384	525	50,383
Tangible assets				
Property, plant and equipment owned	13,606	13,743	(137)	14,252
Assets held under finance leases	1,296	1,373	(77)	1,410
	14,902	15,116	(214)	15,662
Other non-current assets				
Investments in associates and joint ventures accounted for using the equity method	435	495	(60)	496
Other investments	53	57	(4)	57
Securities, financial receivables and other non-current financial assets	1,107	2,845	(1,738)	2,663
Miscellaneous receivables and other non-current assets	893	687	206	694
Deferred tax assets	1,199	983	216	1,002
	3,687	5,067	(1,380)	4,912
TOTAL NON-CURRENT ASSETS (A)	68,498	69,567	(1,069)	70,957
CURRENT ASSETS				
Inventories	408	378	30	379
Trade and miscellaneous receivables and other current assets	7,462	8,005	(543)	8,101
Current income tax receivables	79	73	6	73
Investments	39	39	-	39
Securities other than investments	1,843	185	1,658	185
Financial receivables and other current financial assets	1,115	828	287	491
Cash and cash equivalents	5,504	5,396	108	5,416
Current assets sub-total	16,450	14,904	1,546	14,684
Discontinued operations/Non-current assets held for sale				
of a financial nature	81	20	61	-
of a non-financial nature	1,152	1,732	(580)	9
	1,233	1,752	(519)	9
TOTAL CURRENT ASSETS (B)	17,683	16,656	1,027	14,693
TOTAL ASSETS (A+B)	86,181	86,223	(42)	85,650

(1) For purposes of comparison with December 31, 2009, the figures at December 31, 2008 have been restated in order to consider HanseNet Telekommunikation GmbH in Discontinued operations.

(millions of euros)	12/31/2009	12/31/2008 Restated (1)	Change	12/31/2008 Restated
	(a)	(b)	(a-b)	(a-b)
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the Parent	25,952	25,598	354	25,598
Non-controlling interests	1,168	730	438	730
TOTAL EQUITY (C)	27,120	26,328	792	26,328
NON-CURRENT LIABILITIES				
Non-current financial liabilities	36,752	36,508	244	36,527
Employee benefits	1,075	1,212	(137)	1,212
Deferred tax liabilities	160	359	(199)	386
Provisions	735	692	43	692
Miscellaneous payables and other non-current liabilities	1,084	1,532	(448)	1,539
TOTAL NON-CURRENT LIABILITIES (D)	39,806	40,303	(497)	40,356
CURRENT LIABILITIES				
Current financial liabilities	6,986	6,259	727	6,267
Trade and miscellaneous payables and other current liabilities	11,019	11,179	(160)	11,439
Current income tax payables	283	1,259	(976)	1,260
Current liabilities sub-total	18,288	18,697	(409)	18,966
Liabilities directly associated with Discontinued operations/Non-current assets held for sale				
of a financial nature	659	546	113	-
of a non-financial nature	308	349	(41)	-
	967	895	72	-
TOTAL CURRENT LIABILITIES (E)	19,255	19,592	(337)	18,966
TOTAL LIABILITIES (F=D+E)	59,061	59,895	(834)	59,322
TOTAL EQUITY AND LIABILITIES (C+F)	86,181	86,223	(42)	85,650

(1) For purposes of comparison with December 31, 2009, the figures at December 31, 2008 have been restated in order to consider HanseNet Telekommunikation GmbH in Discontinued operations.

TELECOM ITALIA GROUP – CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of euros)	Year 2009	Year 2008 Restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit from continuing operations	2,218	2,217
<i>Adjustments for:</i>		
Depreciation and amortization	5,551	5,676
Impairment losses (reversals) on non-current assets (including investments)	27	212
Net change in deferred tax assets and liabilities	(48)	(1,031)
Losses (gains) realized on disposals of non-current assets (including investments)	55	(37)
Share of losses (profits) of associates and joint ventures accounted for using the equity method	(67)	(64)
Change in employee benefits	(173)	233
Change in inventories	(30)	(74)
Change in trade receivables and net amounts due from customers on construction contracts	336	737
Change in trade payables	(995)	(588)
Net change in current income tax receivables/payables	(1,170)	1,078
Net change in miscellaneous receivables/payables and other assets/liabilities	(229)	(98)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	5,475	8,261
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of intangible assets on an accrual basis	(2,017)	(2,360)
Purchase of tangible assets on an accrual basis	(2,526)	(2,680)
Total purchase of intangible and tangible assets on an accrual basis	(4,543)	(5,040)
Change in amounts due to fixed asset suppliers	619	(419)
Total purchase of intangible and tangible assets on a cash basis	(3,924)	(5,459)
Acquisitions of other investments	(6)	(6)
Change in financial receivables and other financial assets	(692)	(1,756)
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of	(13)	452
Proceeds from sale/repayment of intangible, tangible and other non-current assets	66	97
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(4,569)	(6,672)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in current financial liabilities and other	(1,123)	1,267
Proceeds from non-current financial liabilities (including current portion)	5,563	2,317
Repayments of non-current financial liabilities (including current portion)	(4,260)	(4,302)
Proceeds from equity instruments	-	1
Consideration paid for equity instruments	(11)	(27)
Dividends paid	(1,050)	(1,665)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	(881)	(2,409)
CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS/NON-CURRENT ASSETS HELD FOR SALE (D)	61	(41)
AGGREGATE CASH FLOWS (E=A+B+C+D)	86	(861)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR (F)	5,226	6,204
Net foreign exchange differences on net cash and cash equivalents (G)	172	(117)
NET CASH AND CASH EQUIVALENTS AT END OF THE YEAR (H=E+F+G)	5,484	5,226

ADDITIONAL CASH FLOW INFORMATION:

(millions of euros)	Year 2009	Year 2008 Restated
Income taxes (paid) received	(2,301)	(633)
Interest expense paid	(3,250)	(3,429)
Interest income received	1,025	1,256
Dividends received	4	49

ANALYSIS OF NET CASH AND CASH EQUIVALENTS:

(millions of euros)	Year 2009	Year 2008 Restated
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR:		
Cash and cash equivalents - from continuing operations	5,396	6,398
Bank overdrafts repayable on demand – from continuing operations	(190)	(276)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	20	82
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	-	-
	5,226	6,204
NET CASH AND CASH EQUIVALENTS AT END OF THE YEAR:		
Cash and cash equivalents - from continuing operations	5,504	5,396
Bank overdrafts repayable on demand – from continuing operations	(101)	(190)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	81	20
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	-	-
	5,484	5,226

TELECOM ITALIA GROUP – NET FINANCIAL DEBT

(millions of euros)

	12/31/2009	12/31/2008 Restated	Change	12/31/2008 Restated
	(a)	(b)	(a-b)	
Non-current financial liabilities:				
Bonds	26,369	25,680	689	25,680
Amounts due to banks, other financial payables and liabilities	8,818	9,134	(316)	9,134
Finance lease liabilities	1,565	1,694	(129)	1,713
	36,752	36,508	244	36,527
Current financial liabilities (*):				
Bonds	3,667	4,497	(830)	4,497
Amounts due to banks, other financial payables and liabilities	3,069	1,496	1,573	1,496
Finance lease liabilities	250	266	(16)	274
	6,986	6,259	727	6,267
Financial liabilities relating to Discontinued operations/Non-current assets held for sale	659	546	113	-
GROSS FINANCIAL DEBT	44,397	43,313	1,084	42,794
Non-current financial assets:				
Securities other than investments	(15)	(15)	-	(15)
Financial receivables and other non-current financial assets	(1,092)	(2,830)	1,738	(2,648)
	(1,107)	(2,845)	1,738	(2,663)
Current financial assets:				
Securities other than investments	(1,843)	(185)	(1,658)	(185)
Financial receivables and other current financial assets	(1,115)	(828)	(287)	(491)
Cash and cash equivalents	(5,504)	(5,396)	(108)	(5,416)
	(8,462)	(6,409)	(2,053)	(6,092)
Financial assets relating to Discontinued operations/Non-current assets held for sale	(81)	(20)	(61)	-
FINANCIAL ASSETS	(9,650)	(9,274)	(376)	(8,755)
NET FINANCIAL DEBT CARRYING AMOUNT	34,747	34,039	708	34,039
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	(798)	487	(1,285)	487
ADJUSTED NET FINANCIAL DEBT	33,949	34,526	(577)	34,526
<i>Detailed as follows:</i>				
ADJUSTED GROSS FINANCIAL DEBT	42,980	41,745	1,235	41,226
ADJUSTED FINANCIAL ASSETS	(9,031)	(7,219)	(1,812)	(6,700)
<i>(*) of which current portion of medium/long-term debt:</i>				
Bonds	3,667	4,497	(830)	4,497
Amounts due to banks, other financial payables and liabilities	2,557	684	1,873	684
Finance lease liabilities	250	266	(16)	274

(1) For purposes of comparison with December 31, 2009, the figures at December 31, 2008 have been restated in order to consider HanseNet Telekommunikation GmbH in Discontinued operations.

TELECOM ITALIA GROUP – INFORMATION BY OPERATING SEGMENTS

DOMESTIC

(millions of euros)	2009	2008	Changes		
			absolute	%	% organic
Revenues	21,662	23,227	(1,565)	(6.7)	(6.8)
EBITDA	9,895	9,959	(64)	(0.6)	(2.1)
EBITDA margin (%)	45.7	42.9		2.8 pp	2.3 pp
EBIT	5,394	5,405	(11)	(0.2)	(1.6)
EBIT margin (%)	24.9	23.3		1.6 pp	1.4pp
Capital expenditures	3,523	3,658	(135)	(3.7)	
Headcount at year-end (number)	58,736	61,816	(3,080)	(5.0)	

DOMESTIC – Core Domestic segment

(millions of euros)	2009	2008	Changes		
			absolute	%	% organic
Revenues ⁽¹⁾	20,579	22,104	(1,525)	(6.9)	(6.9)
. Consumer	10,999	12,195	(1,196)	(9.8)	(9.8)
. Business	3,730	4,124	(394)	(9.6)	(9.5)
. Top	3,688	3,819	(131)	(3.4)	(3.4)
. National Wholesale	1,996	1,738	258	14.8	14.9
. Other	166	228	(62)	n.s.	n.s.
EBITDA	9,561	9,592	(31)	(0.3)	(1.7)
EBITDA margin (%)	46.5	43.4		3.1 pp	2.5 pp
EBIT	5,190	5,163	27	0.5	(0.9)
EBIT margin (%)	25.2	23.4		1.8 pp	1.6 pp
Capital expenditures	3,434	3,501	(67)	(1.9)	
Headcount at year-end (number)	57,467	60,539	(3,072)	(5.1)	

(1) The amounts indicated are net of infrasegment transactions.

DOMESTIC - International Wholesale segment

(millions of euros)	2009	2008	Changes		
			absolute	%	% organic
Revenues	1,710	1,830	(120)	(6.6)	(7.1)
. of which third parties	1,208	1,267	(59)	(4.7)	(5.5)
EBITDA	350	375	(25)	(6.7)	(8.2)
EBITDA margin (%)	20.5	20.5			
EBIT	209	236	(27)	(11.4)	(13.8)
EBIT margin (%)	12.2	12.9			
Capital expenditures	122	163	(41)	(25.2)	(26.1)
Headcount at year-end (number)	1,269	1,277	(8)	(0.6)	

DOMESTIC - Revenues details fixed lines / mobile

(millions of euros)	2009			2008			Changes %		
	Total	Fixed (*)	Mobile(*)	Total	Fixed (*)	Mobile(*)	Total	Fixed (*)	Mobile(*)
Market segment									
Consumer	10,999	5,037	6,251	12,195	5,285	7,270	(9.8)	(4.7)	(14.0)
Business	3,730	2,472	1,315	4,124	2,765	1,440	(9.6)	(10.6)	(8.7)
Top	3,688	2,956	823	3,819	3,053	824	(3.4)	(3.2)	(0.1)
National Wholesale	1,996	2,758	194	1,738	2,320	107	14.8	18.9	81.3
Other (support structures)	166	174	14	228	162	46	n.s	n.s	n.s.
Total Core Domestic	20,579	13,397	8,597	22,104	13,585	9,687	(6.9)	(1.4)	(11.3)
International Wholesale	1,710	1,710		1,830	1,830		(6.6)	(6.6)	
Eliminations	(627)	(368)		(707)	(415)		n.s	n.s	
Total Domestic	21,662	14,739	8,597	23,227	15,000	9,687	(6.7)	(1.7)	(11.3)

(*)The breakdown by fixed and mobile technology is presented gross of intersegment eliminations.

BRAZIL

	(millions of euros)		(millions of reais)		Absolute (c-d)	Changes	
	2009 (a)	2008 (b)	2009 (c)	2008 (d)		% (c-d)/d	% organic
Revenues	5,022	5,208	13,907	13,951	(44)	(0.3)	(0.3)
EBITDA	1,255	1,217	3,476	3,259	217	6.7	9.6
EBITDA margin (%)	25,0	23,4	25,0	23,4			2.3 pp
EBIT	209	189	580	507	73	14.4	33.1
EBIT margin (%)	4,2	3,6	4,2	3,6			1.3 pp
Capital expenditures	964	1,348	2,671	3,612	(941)	(26.1)	
Headcount at year-end (number)			9,783	10,285	(502)	(4.9)	

OLIVETTI

(millions of euros)	2009	2008	absolute	Changes %
Revenues	350	352	(2)	(0.6)
EBITDA	(14)	(30)	16	53.3
EBITDA margin (%)	(4.0)	(8.5)		
EBIT	(19)	(37)	18	48.6
EBIT margin (%)	(5.4)	(10.5)		
Capital expenditures	4	3	1	°
Headcount at year-end (number)	1,098	1,194	(96)	(8.0)

TELECOM ITALIA GROUP – RECONCILIATION TO COMPARABLE EBITDA AND EBIT

	Domestic (millions of euros)		TELECOM ITALIA GROUP (millions of euros)		Brazil (millions of reais)		TELECOM ITALIA S.p.A. (millions of euros)	
	2009	2008	2009	2008	2009	2008	2009	2008
HISTORICAL EBITDA	9,895	9,959	11,115	11,090	3,476	3,259	9,508	9,538
Effect of change in scope of consolidation				(3)				
Effect of change in exchange rates		3		(37)				
Non-organic (income) expenses	179	323	212	329	95		179	319
Expenses for mobility agreements under Law 223/91		287		292				283
Disputes and settlement	154	33	154	34			154	33
Costs for services of the Brazil Business unit, associated with the settlement of a dispute			22		64			
Other expenses, net	25	3	36	3	31		25	3
COMPARABLE EBITDA	10,074	10,285	11,327	11,379	3,571	3,259	9,687	9,857

	Domestic (millions of euros)		TELECOM ITALIA GROUP (millions of euros)		Brazil (millions of reais)		TELECOM ITALIA S.p.A. (millions of euros)	
	2009	2008	2009	2008	2009	2008	2009	2008
HISTORICAL EBIT	5,394	5,405	5,493	5,437	580	507	5,161	5,128
Effect of change in scope of consolidation				6				
Effect of change in exchange rates		1		(5)				
Non-organic (income) expenses	217	298	268	294	95		218	294
Non-organic (income) expenses already described under EBITDA	179	323	212	329	95		179	319
Losses (Gains) on disposals of buildings, investments and intangible assets	38	(25)	50	(34)			39	(25)
Impairment loss BBNet			6					
Other expenses				(1)				
COMPARABLE EBIT	5,611	5,704	5,761	5,732	675	507	5,379	5,422

TELECOM ITALIA GROUP - DEBT STRUCTURE, BOND ISSUES AND EXPIRING BONDS

With reference to the evolution of the bonds during the 2009, we point out the following events:

	Currency	Amount (million)	
NEW ISSUES			Issue date
Telecom Italia S.p.A. Euro 500 million 7.875%, expiring on January 22, 2014	Euro	500	January 22, 2009
Telecom Italia S.p.A. Euro 650 million 6.75% expiring on March 21, 2013	Euro	650	March 19, 2009
Telecom Italia S.p.A. Euro 850 million 8.25% expiring on March 21, 2016	Euro	850	March 19, 2009
Telecom Italia S.p.A. GBP 750 million 7.375% expiring on December 15, 2017	GBP	750	May 26, 2009
Telecom Italia Capital S.A. USD 1,000 million 6.175% expiring on June 18, 2014	USD	1,000	June 18, 2009
Telecom Italia Capital S.A. USD 1,000 million 7.175% expiring on June 18, 2019	USD	1,000	June 18, 2009
REPAYMENTS			Repayment date
Telecom Italia Finance S.A. 5.15%, bond issued with Telecom Italia S.p.A. guarantee	Euro	1,450(*)	February 9, 2009
Telecom Italia S.p.A. Floating Rate Notes Euribor 3M+ 0.60%	Euro	110	March 30, 2009
Telecom Italia Finance S.A. 6.575% bond issued with Telecom Italia S.p.A. guarantee	Euro	1,849 (**)	July 30, 2009
BOND BUY-BACK			Buy-back period
Telecom Italia Finance S.A. Euro 1,849(**) million 6.575% due July 2009	Euro	253.77	From January to June
Telecom Italia Finance S.A. Euro 119 million FRN due June 2010	Euro	20.00	From March to May
Telecom Italia S.p.A. Euro 796 million FRN due June 2010	Euro	53.75	From April to May
Telecom Italia Finance S.A. Euro 1,997 million 7.50% due April 2011	Euro	2.68	October

NOTES

Telecom Italia S.p.A. 2002-2022 bonds, reserved for subscription by employees of the Group: as of December 31, 2009 amount to 348 million of euro (nominal value) as at December 31, 2008.

Bond buy-back: as happened in 2008, in 2009 the Telecom Italia Group repurchased bonds with the following targets:

- to provide the investors with a further possibility of monetizing their position;
- to anticipate partially the repayment of some debt maturities increasing, without additional risks, the total yield of liquidity of the Group.

(*) Net of 50 million of euro repurchased from the Company in 2008.

(**) Net of 107 million of euro and 254 million of euro repurchased from the Company in 2008 and in 2009.

The total repayment, net of the Group's bonds buy-back, related to the bonds expiring in the following 18 months as of December 31, 2009 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 5,868 million of euro with the following detail:

- 574 million of euro, expiring on January 1st, 2010;
- 868 million of euro, expiring on January 15, 2010;
- 796 million of euro, expiring on June 7, 2010;
- 119 million of euro, expiring on June 14, 2010;
- 486 million of euro, expiring on October 1st, 2010;
- 750 million of euro, expiring on January 28, 2011;
- 278 million of euro, expiring on February 1st, 2011;
- 1,997 million of euro, expiring April 20, 2011.

Bonds issued by companies of the Group to third parties do not contain either financial covenants (e.g. ratio as Debt/EBITDA, EBITDA/Interests, etc.) or clauses which can result in the early repayment of the bonds except in the event of the insolvency of the Telecom Italia Group. Furthermore, the repayment of the bonds and the payment of interests are not covered by specific guarantees, nor there are commitments provided relative to the assumption of 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.. None of the bonds carry any other interest rate structures or structural complexities.

Since these notes and bonds have been placed principally with institutional investors on major world capital markets (Euro market and USA), the terms which regulate the notes and bonds are in line with the market practice for similar transactions realized on the same markets; therefore, there are, for example, commitments not to bind corporate assets as guarantee of funding ("negative pledge").

With reference to the loans issued by Telecom Italia S.p.A. and directly granted by the European Investment Bank (EIB), we inform that two of them for 852 million of euro (on a total amount of 2,541 million of euro at December 31, 2009), are not covered by bank guarantees and there are such covenants that:

- in case the company is object of merger, division or transfer of a company branch beyond the Group, or rather alienates, sells or transfers assets or branches, the company must give immediate communication to the EIB which can require guarantees or changes in the contract of funding. With reference to the contract of funding signed between EIB and Telecom Italia S.p.A: on July 17, 2006 for the amount of 150,000,000.00 euro and on November 30, 2007 for the amount of 182,200,000.00 euro, EIB can rescind the contract ex art. 1456 c.c. in case Telecom Italia S.p.A. ceases to detain, directly or indirectly, more of the 50% (fifty percent) of the voting rights in the ordinary board of HanseNet Telekommunikation GmbH Germany or, however, such a number of shares to represent more of the 50% (fifty percent) of the share capital of that company; to this end, we remind that on November 5, 2009 the Group announced the sign of the agreement in principle for the sale to Telefonica group of the subsidiary HanseNet, which happened on February 16, 2010;
- for the loan of 350 million of euro of nominal amount, if the credit rating of the company underlies BBB+ for Standard & Poor's, Baa1 for Moody's and BBB+ for Fitch Ratings, and for the loans of 500 million of euro of nominal amount, if the credit rating of the company underlies BBB for Standard & Poor's, Baa2 for Moody's and BBB for Fitch Ratings, the company must give immediate communication to the EIB, which can require eligible guarantees within a fixed term; beyond that term and in absence of the above mentioned guarantees provided by Telecom Italia S.p.A., the EIB can demand the immediate repayment of the issued amount;
- the company must promptly communicate to the Bank the changes related to the allocation of the corporate stock between those shareholders that can provide a change of control. The missed communication implies the resolution of the contract. Furthermore, the resolution of the contract is planned even when a shareholder, who doesn't owned at least the 2% of the capital at the sign of the contract, owns beyond the 50% of the voting rights in the ordinary meeting or a such number of shares to represent beyond the 50% of the capital if, following a reasonable judgment of the bank, that fact can cause prejudice against the bank or compromise the execution of the investment Project. The above mentioned clause is also applied to the guaranteed EIB funding of 300 million of euro, issued on June 2009.

The syndicated bank credit lines of Telecom Italia S.p.A. do not contain financial covenants (e.g. ratio as Debt/EBITDA, EBITDA/Interests, etc.) which would oblige Telecom Italia to repay the outstanding loan if the covenants are not observed. Mechanisms are provided for adjusting the cost of funding in relation to Telecom Italia's credit rating, with a spread compared to the Euribor of between a minimum of 0.15% and a maximum of 0.425% for the line expiring in 2010, and a minimum of 0.0875% and a maximum of 0.2625% for the line expiring 2014.

The two syndicated bank credit lines contain the usual negative pledge clauses, consisting of the commitment not to modify the business purpose or sell corporate assets unless specific conditions exist (e.g. the sale at the fair market value). Similar covenants can be found in the export credit agreements.

The syndicated bank lines (as well as a contract of export credit agreement for the nominal outstanding amount of 88 million of euro at December 31, 2009) consider the case where a party, other than the current relative majority shareholder or permitted acquiring shareholders (including Telco shareholders), acquires the control of Telecom Italia, individually or jointly; in that case, a 30-day period is established during which the parties shall negotiate the terms with which to continue the relationship.

In the documentation of loans granted to certain companies of Tim Brasil group, the companies must generally respect certain financial ratios (e.g. capitalization ratios, ratios for servicing debt, profitability and debt ratios), as well as the usual non financial covenants, worth the request for the repayment in advance of the loan.

Beyond the absence of financial covenants in the Group's loans, finally, we point out that on December 31, 2009 none of the covenants, negative pledge clauses or other clauses regarding the above described debt positions have been violated in any way.

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

The effect of non-recurring events and transactions on the separate consolidated income statements is set out below in accordance with Consob Communication DME/RM/9081707 dated September 16,2009.

(millions of euro)	2009	2008
Acquisition of goods and services / Other operating expenses:		
Professional services rendered relating to the purchase of a company	(4)	-
Other sundry expenses	(8)	(3)
Employee benefit expenses:		
Expenses for mobility under Law 223/91	-	(292)
IMPACT ON OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION, CAPITAL GAINS (LOSSES) AND IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS (EBITDA)	(12)	(295)
Gains (losses) on disposals of non-current assets:		
Gains on properties	-	25
Gain on sale of non-current assets – Pay-per-View business segment	-	9
Loss on disposal of Telecom Media News	(11)	-
Losses on intangible assets	(39)	-
Impairment reversal (losses) on non current assets:		
Impairment loss on BBNed goodwill	(6)	-
IMPACT ON OPERATING PROFIT (EBIT)	(68)	(261)
Other income (expenses) from investments:		
Gains on disposals of Other investments	4	2
Financial income (expenses):		
Writedown on receivables from Lehman Brothers	-	(58)
Accrual to provision for risk and charges in connection with Telecom Italia Sparkle case	(10)	(10)
IMPACT ON PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	(74)	(327)
Effect of income taxes on non-recurring items	14	93
Discontinued operations	(599)	138
IMPACT ON PROFIT FOR THE YEAR	(659)	(96)

TELECOM ITALIA GROUP - EFFECTS ARISING FROM THE RESTATEMENT FOR ERRORS AND CHANGES IN ACCOUNTING PRINCIPLES ON THE CONSOLIDATED FINANCIAL STATEMENTS

- **EARLY ADOPTION OF THE IFRS 3 REVISED (*BUSINESS COMBINATIONS*) AND IAS 27 REVISED (*CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS*)**

The early adoption of these accounting principles and in particular of IAS 27 revised has determined, within the acquisition transaction of Intelig Telecomunicações Ltda, a capital gain on the partial sale of Tim Participações S.A. (47 million of euros) recorded in equity attributable to owners of the parent instead of separate consolidated income statement.

- **EFFECTS ARISING FROM THE RESTATEMENT FOR ERRORS (SPARKLE)**

Following the adjustments and provisions described on the press release, the data for the 2008 financial year used in comparisons (including the opening statement of financial position as at January 1, 2008) have been restated.

- **EFFECTS ARISING FROM THE APPLICATION OF IFRIC 13 (CUSTOMER LOYALTY PROGRAMMES)**

IFRIC 13 was accounted for retrospectively and led to the restatement of the separate consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year ended December 31, 2008 as well as the consolidated statement of financial position at December 31, 2008 and at January 1, 2008. Such restatement is related to the Domestic operating segment and Telecom Italia S.p.A. only.

The application of IFRIC 13 led to: a decrease in revenues mainly with reference to the deferral of the component relating to customer award credits granted and an increase in acquisition of goods and services correlated to the redemption of awards and a consequent reduction in the tax charge. In the consolidated statement of financial position, this Interpretation led to the recognition of higher current liabilities, mainly related to the deferral of revenues, the recognition of deferred tax assets and a consequent reduction in equity.

* * *

The following tables reflect the impacts on the prior year's financial statement line items of the accounting adjustments for errors – as defined by IAS 8 – in connection to Sparkle and the retrospective application of IFRIC 13.

(millions of euros)	Year ended December 31, 2008			
	Historical	Errors	Impact IFRIC 13	Restated
Revenues	29,042	-	(42)	29,000
Other income	336	-	-	336
Acquisition of goods and services	(13,116)	-	(4)	(13,120)
Other operating expenses	(1,638)	-	7	(1,631)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION, CAPITAL GAINS (LOSSES) AND IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS (EBITDA)	11,129	-	(39)	11,090
OPERATING PROFIT (EBIT)	5,476	-	(39)	5,437
Finance expenses	(6,349)	(10)	-	(6,359)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	2,943	(10)	(39)	2,894
Income tax expense	(689)	-	12	(677)
PROFIT FROM CONTINUING OPERATIONS	2,254	(10)	(27)	2,217
PROFIT (LOSS) FOR THE YEAR	2,215	(10)	(27)	2,178
Attributable to:				
* Owners of the Parent	2,214	(10)	(27)	2,177
* Non-controlling interests	1	-	-	1

(millions of euros)	As of January 1, 2008				As of December 31, 2008			
	Historical	Errors	Impact IFRIC 13	Restated	Historical	Errors	Impact IFRIC 13	Restated
Deferred tax assets	247	-	3	250	987	-	15	1,002
TOTAL NON-CURRENT ASSETS	70,688	-	3	70,691	70,942	-	15	70,957
TOTAL ASSETS	87,425	-	3	87,428	85,635	-	15	85,650
EQUITY								
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	13,628	(487)	(4)	13,137	13,846	(497)	(31)	13,318
Equity attributable to owners of the Parent	25,922	(487)	(4)	25,431	26,126	(497)	(31)	25,598
Non-controlling interests	1,063	-	-	1,063	730	-	-	730
TOTAL EQUITY	26,985	(487)	(4)	26,494	26,856	(497)	(31)	26,328
Trade and miscellaneous payables and other current liabilities	12,380	487	7	12,874	10,896	497	46	11,439
TOTAL CURRENT LIABILITIES	19,162	487	7	19,656	18,423	497	46	18,966
TOTAL LIABILITIES	60,440	487	7	60,934	58,779	497	46	59,322
TOTAL EQUITY AND LIABILITIES	87,425	-	3	87,428	85,635	-	15	85,650

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

(millions of euros)	Year 2009	Year 2008 Restated	Change amount	%
Revenues	20,474	21,984	(1,510)	(6.9)
Other income	240	262	(22)	(8.4)
Total operating revenues and other income	20,714	22,246	(1,532)	(6.9)
Acquisition of goods and services	(7,746)	(9,009)	1,263	(14.0)
Employee benefits expenses	(3,120)	(3,448)	328	(9.5)
Other operating expenses	(807)	(681)	(126)	18.5
Changes in inventories	52	17	35	°
Internally generated assets	415	413	2	0.5
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION, CAPITAL GAINS (LOSSES) AND IMPAIRMENT REVERSALS (LOSSES) ON NON-CURRENT ASSETS (EBITDA)	9,508	9,538	(30)	(0.3)
Depreciation and amortization	(4,303)	(4,426)	123	(2.8)
Gains (losses) on disposals of non-current assets	(39)	27	(66)	°
Impairment reversals (losses) on non-current assets	(5)	(11)	6	(54.5)
OPERATING PROFIT (EBIT)	5,161	5,128	33	0.6
Income (expenses) from investments	(367)	(591)	224	(37.9)
Finance income	2,683	1,174	1,509	°
Finance expenses	(5,021)	(3,576)	(1,445)	40.4
PROFIT BEFORE TAX	2,456	2,135	321	15.0
Income tax expense	(1,057)	(662)	(395)	59.7
PROFIT FOR THE YEAR	1,399	1,473	(74)	(5.0)

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

According to IAS 1 revised (*Presentation of Financial Statements*), which is effective from January 1, 2009, here below are presented the Statements of Comprehensive Income, beginning with the Profit for the year, derived from the Separate Income Statements, and displaying income and expenses recognized directly in equity and related to all non-owner changes.

(millions of euros)		Year 2009	Year 2008 Restated
PROFIT FOR THE YEAR	(A)	1,399	1,473
Other components of the Statements of Comprehensive Income:			
Available-for-sale financial assets:			
Profit (loss) from fair value adjustments		(11)	26
Loss (profit) transferred to the Separate Income Statement		-	-
Income tax expense		4	(8)
	(B)	(7)	18
Hedging instruments:			
Profit (loss) from fair value adjustments		(406)	(1,268)
Loss (profit) transferred to the Separate Income Statement		199	455
Income tax expense		57	224
	(C)	(150)	(589)
Total	(D=B+C)	(157)	(571)
TOTAL PROFIT (LOSS) FOR THE YEAR	(A+D)	1,242	902

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

	12/31/2009	12/31/2008 Restated	Change
(millions of euros)	(a)	(b)	(a-b)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	40,013	40,013	-
Intangible assets with a finite useful life	4,350	4,509	(159)
	44,363	44,522	(159)
Tangible assets			
Property, plant and equipment owned	10,884	11,643	(759)
Assets held under finance leases	1,295	1,369	(74)
	12,179	13,012	(833)
Other non-current assets			
Investments	10,165	10,695	(530)
Securities, financial receivables and other non-current financial assets	568	640	(72)
Miscellaneous receivables and other non-current assets	525	509	16
Deferred tax assets	951	824	127
	12,209	12,668	(459)
TOTAL NON-CURRENT ASSETS (A)	68,751	70,202	(1,451)
CURRENT ASSETS			
Inventories	167	115	52
Trade and miscellaneous receivables and other current assets	5,931	6,769	(838)
Current income tax receivables	-	-	-
Securities other than investments	1,321	-	1,321
Financial receivables and other current financial assets	2,225	241	1,984
Cash and cash equivalents	4,237	3,563	674
Current assets sub-total	13,881	10,688	3,193
Discontinued operations/Non-current assets held for sale			
of a financial nature	-	-	-
of a non-financial nature	-	9	(9)
	-	9	(9)
TOTAL CURRENT ASSETS (B)	13,881	10,697	3,184
TOTAL ASSETS (A+B)	82,632	80,899	1,733

(millions of euros)	12/31/2009 (a)	12/31/2008 Restated (b)	Change (a-b)
EQUITY AND LIABILITIES			
EQUITY			
Share capital issued	10,674	10,674	-
. less: treasury shares	(21)	(15)	(6)
Share capital	10,653	10,659	(6)
Reserves	1,689	1,689	-
Other reserves and retained earnings, including profit for the year	10,726	10,520	206
TOTAL EQUITY (C)	23,068	22,868	200
NON-CURRENT LIABILITIES			
Non-current financial liabilities	38,740	36,807	1,933
Employee benefits	975	1,107	(132)
Deferred tax liabilities	43	-	43
Provisions	512	534	(22)
Miscellaneous payables and other non-current liabilities	817	1,284	(467)
TOTAL NON-CURRENT LIABILITIES (D)	41,087	39,732	1,355
CURRENT LIABILITIES			
Current financial liabilities	9,305	7,553	1,752
Trade and miscellaneous payables and other current liabilities	8,937	9,533	(596)
Current income tax payables	235	1,213	(978)
TOTAL CURRENT LIABILITIES (E)	18,477	18,299	178
TOTAL LIABILITIES (F=D+E)	59,564	58,031	1,533
TOTAL EQUITY AND LIABILITIES (C+F)	82,632	80,899	1,733

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

(millions of euros)	Year 2009	Year 2008 Restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	1,399	1,473
Adjustments for:		0
Depreciation and amortization	4,303	4,426
Impairment losses (reversals) on non-current assets (including investments)	571	264
Net change in deferred tax assets and liabilities	(25)	(962)
Losses (gains) realized on disposals of non-current assets (including investments)	35	436
Change in employee benefits	(161)	227
Change in inventories	(52)	(17)
Change in trade receivables and net amount due from customers on construction contracts	402	315
Change in trade payables	(1,020)	(370)
Net change in income tax receivables/payables	(1,139)	1,097
Net change in miscellaneous receivables/payables and other assets/liabilities	149	(323)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	4,462	6,566
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of intangible assets on an accrual basis	(1,881)	(1,413)
Purchase of tangible assets on an accrual basis	(1,525)	(2,058)
Total purchase of intangible and tangible assets on an accrual basis	(3,406)	(3,471)
Change in amounts due to fixed asset suppliers	456	(336)
Total purchase of intangible and tangible assets on a cash basis	(2,950)	(3,807)
Acquisitions of subsidiaries and businesses, net of cash acquired	(50)	(630)
Acquisitions of other investments	(6)	(1)
Change in financial receivables and other financial assets	(3,287)	(65)
Proceeds from sale/repayment of intangible, tangible and other non-current assets	51	516
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(6,242)	(3,987)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in current financial liabilities and other	2,585	485
Proceeds from non-current financial liabilities (including current portion)	4,857	2,433
Repayments of non-current financial liabilities (including current portion)	(4,352)	(4,114)
Consideration paid for equity instruments	(11)	(27)
Dividends paid	(1,034)	(1,617)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	2,045	(2,840)
AGGREGATE CASH FLOWS (D=A+B+C)	265	(261)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR (E)	3,204	3,465
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (F=D+E)	3,469	3,204

ADDITIONAL CASH FLOW INFORMATION:

(millions of euros)	Year 2009	Year 2008 Restated
Income taxes (paid)/received	(2,272)	(580)
Interest expense paid	(3,256)	(2,824)
Interest income received	999	570
Dividends received	166	129

ANALYSIS OF NET CASH AND CASH EQUIVALENTS:

(millions of euros)	Year 2009	Year 2008 Restated
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR:		
Cash and cash equivalents	3,563	4,383
Bank overdrafts repayable on demand	(359)	(918)
	3,204	3,465
NET CASH AND CASH EQUIVALENTS AT END OF THE YEAR:		
Cash and cash equivalents	4,236	3,563
Bank overdrafts repayable on demand	(767)	(359)
	3,469	3,204

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

(millions of euro)	12/31/2009	12/31/2008 Restated	Change
	(a)	(b)	(a-b)
NON-CURRENT FINANCIAL LIABILITIES			
Bonds	17,286	15,683	1,603
Amount due to banks, other lenders and other financial liabilities	19,909	19,462	447
Finance lease liabilities	1,545	1,662	(117)
	38,740	36,807	1,933
CURRENT FINANCIAL LIABILITIES ⁽¹⁾			
Bonds	1,985	608	1,377
Amount due to banks, other lenders and other financial liabilities	7,084	6,693	391
Finance lease liabilities	236	252	(16)
	9,305	7,553	1,752
GROSS FINANCIAL DEBT	48,045	44,360	3,685
NON - CURRENT FINANCIAL ASSETS			
Financial receivables and other financial assets	568	640	(72)
	568	640	(72)
CURRENT FINANCIAL ASSETS			
Securities other than investments	1,321	-	1,321
Financial receivables and other financial assets	2,225	241	1,984
Cash and cash equivalents	4,236	3,563	673
	7,782	3,804	3,978
FINANCIAL ASSETS	8,350	4,444	3,906
TOTAL NET FINANCIAL DEBT CARRYING AMOUNT	39,695	39,916	(221)
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	(910)	(687)	(223)
ADJUSTED NET FINANCIAL DEBT	38,785	39,229	(444)
<i>Detailed as follows:</i>			
TOTAL ADJUSTED GROSS FINANCIAL DEBT	46,287	43,556	2,731
TOTAL ADJUSTED FINANCIAL ASSETS	(7,502)	(4,327)	(3,175)
⁽¹⁾ of which current portion of medium/long-term debt:			
<i>Bonds</i>	1,985	608	1,377
<i>Amount due to banks, other lenders and other financial liabilities</i>	2,947	6,693	(3,746)
<i>Finance lease liabilities</i>	236	252	(16)

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

The effect of non-recurring events and transactions on the separate income statement of Telecom Italia S.p.A. is set out below in accordance with Consob Communication DME/RM/9081707 dated September 16,2009.

(millions of euro)	Year 2009	Year 2008
Other operating expenses:		
Other expenses	(8)	(3)
Employee benefits expenses:		
Expenses for mobility under Law 223/91	-	(283)
IMPACT ON EBITDA	(8)	(286)
Capital gains/(losses) realized on non-current assets:		
Gains on properties	-	25
Losses on intangible assets	(39)	-
IMPACT ON EBIT	(47)	(261)
Income (expenses) from investments		
Gains on sale of Other investments	-	2
Loss on sale of Liberty Surf Group S.A.	-	(480)
Gain on sale of Luna Rossa Challenge 2007	4	-
Loss on sale of Luna Rossa Trademark	-	-
Writedown of investment in Telecom Italia Deutschland Holding	(497)	-
IMPACT ON PROFIT BEFORE TAX	(540)	(739)
Effect of income taxes	12	70
IMPACT ON PROFIT FOR THE YEAR	(528)	(669)