

PARK OHIO HOLDINGS CORP
Form SC 13G/A
February 08, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 2)*

PARK-OHIO HOLDINGS CORP

(Name of Issuer)

Common Stock

(Title of Class of Securities)

700666100

(CUSIP Number)

December 31, 2009

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 700666100

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

Dimensional Fund Advisors LP (Tax ID: 30-0447847)

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware Limited Partnership

5. Sole Voting Power

Number of

Shares

Beneficially 769029 **see Note 1**

6. Shared Voting Power

Owned by

Each

Reporting

0

Person

7. Sole Dispositive Power

With

777029 **see Note 1**

8. Shared Dispositive Power

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person

777029 **see Note 1**

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

N/A

11. Percent of Class Represented by Amount in Row (9)

6.61%

12. Type of Reporting Person (See Instructions)

IA

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Item 1.

- (a) Name of Issuer

PARK-OHIO HOLDINGS CORP

- (b) Address of Issuer's Principal Executive Offices

6065 Parkland Blvd, Cleveland, OH 44124

Item 2.

- (a) Name of Person Filing

Dimensional Fund Advisors LP

- (b) Address of Principal Business Office or, if none, Residence

Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas, 78746

- (c) Citizenship

Delaware Limited Partnership

- (d) Title of Class of Securities

Common Stock

- (e) CUSIP Number

700666100

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) Group, in accordance with §240.13d-1(b)(1)(ii)(J).

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Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

777029 **see Note 1**

(b) Percent of class:

6.61%

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(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote:

769029 **see Note 1**

(ii) Shared power to vote or to direct the vote:

0

(iii) Sole power to dispose or to direct the disposition of:

777029 **see Note 1**

(iv) Shared power to dispose or to direct the disposition of:

0

**** Note 1 **** Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the Funds). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, neither Dimensional Fund Advisors LP or its subsidiaries (collectively, Dimensional) possess voting and/or investment power over the securities of the Issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. However, all securities reported in this schedule are owned by the Funds. Dimensional disclaims beneficial ownership of such securities. In addition, the filing of this Schedule 13G shall not be construed as an admission that the reporting person or any of its affiliates is the beneficial owner of any securities covered by this Schedule 13G for any other purposes than Section 13(d) of the Securities Exchange Act of 1934.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [].

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

The Funds described in Note 1 above have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the securities held in their respective accounts. To the knowledge of Dimensional, the interest of any one such Fund does not exceed 5% of the class of securities. Dimensional Fund Advisors LP disclaims beneficial ownership of all such securities.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.

N/A

Item 8. Identification and Classification of Members of the Group

N/A

Item 9. Notice of Dissolution of Group

N/A

Item 10. Certification

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By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DIMENSIONAL FUND ADVISORS LP

February 10, 2010

Date

By: Dimensional Holdings Inc., General Partner

/s/ Christopher Crossan

Signature

Global Chief Compliance Officer

Title

FONT STYLE="font-size:7pt"> **8,679 224 369 224 244 19 72 (95) (109) 56,792 61,287**

Investments accounted for using the equity method

64 64 1 1 65 65

Discontinued operations /Non-current assets held for sale

3,528 4,094

Unallocated assets

9,835 12,150

Total assets

70,220 77,596

Total operating liabilities

8,397 9,238 2,423 2,693 36 166 169 217 23 35 (82) (108) 10,966 12,241

Liabilities directly associated with Discontinued operations/Non-current assets held for sale

1,561 1,668

Unallocated liabilities

37,507 40,675

Equity

20,186 23,012

Total Equity and liabilities

70,220 77,596

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		Revenues						Non-current operating assets	
		Breakdown by location of operations			Breakdown by location of customers			Breakdown by location of operations	
		2013	2012	2011	2013	2012	2011	2013	2012
(millions of euros)									
Italy	(A)	16,152	17,968	19,140	15,162	16,774	19,140	44,670	47,328
Outside Italy	(B)	7,255	7,791	7,632	8,245	8,985	7,632	6,368	7,048
Total	(A+B)	23,407	25,759	26,772	23,407	25,759	26,772	51,038	54,376

c) Information about major customers

None of the Telecom Italia Group's customers exceeds 10% of consolidated revenues.

NOTE 39 RELATED PARTY TRANSACTIONS

The following tables show the figures relating to related party transactions and the impact of those amounts on the separate consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows.

Related party transactions, when not dictated by specific laws, were usually conducted at arm's length. The transactions were subject to an internal procedure (available for consultation on the Company's website at the following address: www.telecomitalia.com, section Governance channel governance system) which establishes procedures and time scales for verification and monitoring.

On November 13, 2013, the Telecom Italia Group accepted the offer for the purchase of the entire controlling interest held in the Sofora Telecom Argentina group; as a result, the investment was classified as Discontinued Operations (Discontinued operations/Non-current assets held for sale).

The effects on the individual line items of the separate consolidated income statements for the years 2013, 2012 and 2011 are as follows:

Separate consolidated income statement line items 2013

Total (Associates and joint ventures)	Companies controlled by related parties	Other related parties	Pension funds	Related parties		Total Transactions of Discontinued parties	Total related parties	% on line item
				Key managers	related parties			

	ventures and joint ventures				(*)		Operations net of Disc.Op.(b)		(b/a)	
	(millions of euros)									
Revenues	23,407	9	2	904			915	(209)	706	3.0
Other income	324			24			24		24	7.4
Acquisition of goods and services	10,377	8	29	606			643	(133)	510	4.9
Employee benefits expenses	3,087			13	81	22	116	(9)	107	3.5
Other operating expenses	1,318			1			1		1	0.1
Finance income	2,003			63			63		63	3.1
Finance expenses	4,186	18		82			100		100	2.4
Profit (loss) from Discontinued operations/Non-current assets held for sale	341		(9)	76			67			

(*) Other related parties both through directors, statutory auditors and key managers and as participants in shareholders agreements pursuant to Article 122 of the Consolidated Law on Finance.

Table of Contents**Consolidated Financial Statements****Notes To Consolidated Financial Statements****Separated consolidated income statement line items 2012**

						Related parties		Total related parties	% on line item (b/a)	
	Total (a)	Associates and joint ventures	associates and joint ventures	Other related parties (*)	Pension funds	Key managers	Total related parties			Transactions of discontinued operations (b)
Revenues	25,759	36	2	987			1,025	(195)	830	3.2
Other income	285			3			3		3	1.1
Acquisition of goods and services	11,289	12	33	700			745	(149)	596	5.3
Employee benefits expenses	3,333			4	82	18	104		104	3.1
Finance income	1,983			45			45		45	2.3
Finance expenses	3,981	19		64			83		83	2.1
Profit (loss) from Discontinued operations/Non-current assets held for sale	102		(13)	59			46			

(*) Other related parties both through directors, statutory auditors and key managers and as participants in shareholders' agreements pursuant to Article 122 of the Consolidated Law on Finance.

Separate consolidated income statement line items 2011

						Related parties		Total related parties	% on line item (b/a)	
	Total (a)	Associates and joint ventures	associates and joint ventures	Other related parties (*)	Pension funds	Key managers	Total related parties			Transactions of discontinued operations (b)
Revenues	26,772	91	2	1,007			1,100	(180)	920	3.4
Other income	294		1	1			2		2	0.7

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Acquisition of goods and services	11,495	16	42	671		729	(136)	593	5.2
Employee benefits expenses	3,514			4	91	18	113	113	3.2
Finance income	2,400			127			127	127	5.3
Finance expenses	4,440	31		62		93		93	2.1
Profit (loss) from Discontinued operations/Non-current assets held for sale	310								

(*) Other related parties both through directors, statutory auditors and key managers and as participants in shareholders agreements pursuant to Article 122 of the Consolidated Law on Finance.

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The effects on the individual line items of the consolidated statements of financial position at December 31, 2013 and at December 31, 2012 are as follows:

Consolidated statement of financial position line items at December 31, 2013

	Companies controlled by			Related parties			Total related parties net of Disc.Op. (b)	% on line item (b/a)	
	Associates and joint ventures (a)	Associates and joint ventures	Other related parties (*)	Pension funds parties	Transactions related to Discontinued Operations	Total of parties net of Disc.Op. (b)			
Non-current financial assets	(1,256)	(6)	(116)	(122)		(122)	9.7		
Securities other than investments (current assets)	(1,348)		(39)	(39)		(39)	2.9		
Financial receivables and other current financial assets	(283)		(11)	(11)		(11)	3.9		
Cash and cash equivalents	(5,744)		(48)	(48)		(48)	0.8		
Current financial assets	(7,375)		(98)	(98)		(98)	1.3		
Discontinued operations/Non-current assets held for sale of a financial nature	(657)								
Non-current financial liabilities	31,084	56	150	206		206	0.7		
Current financial liabilities	6,119	70	316	386		386	6.3		
Liabilities directly associated with Discontinued operations/Non-current assets held for sale of financial nature	27								
Trade and miscellaneous receivables and other current assets	5,389	4	2	238		244	(27)	217	4.0
Discontinued operations/Non-current assets held for sale of a non-financial nature	2,871		27	27					
Miscellaneous payables and other non-current liabilities	779		2	2		2		2	0.3
Trade and miscellaneous payables and other current liabilities	8,649	8	53	214	24	299	(48)	251	2.9
Liabilities directly associated with discontinued operations/non-current assets held	1,534		20	28		48			

for sale of a non-financial nature

(* Other related parties both through directors, statutory auditors and key managers and as participants in shareholders agreements pursuant to Article 122 of the Consolidated Law on Finance.

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	Companies controlled by				Related parties		Total related parties net of Disc.Op (b)	% on line item (b/a)
	Associates and joint ventures (a)	associates and joint ventures	Other related parties (*)	Pension funds	Total related parties	Transactions of Discontinued Operations		
Non-current financial assets	(2,496)		(265)		(265)		(265)	10.6
Securities other than investments (current assets)	(754)							
Financial receivables and other current financial assets	(502)	(2)	(10)		(12)		(12)	2.4
Cash and cash equivalents	(7,436)		(279)		(279)		(279)	3.8
Current financial assets	(8,692)	(2)	(289)		(291)		(291)	3.3
Non-current financial liabilities	34,091	109	367		476		476	1.4
Current financial liabilities	6,150	103	75		178		178	2.9
Trade and miscellaneous receivables and other current assets	7,006	11	5	219	235		235	3.4
Miscellaneous payables and other non-current liabilities	1,053		2		2		2	0.2
Trade and miscellaneous payables and other current liabilities	10,542	10	39	253	25	327	327	3.1

(*) Other related parties both through directors, statutory auditors and key managers and as participants in shareholders' agreements pursuant to Article 122 of the Consolidated Law on Finance.

The **effects on the individual line items of the consolidated statements of cash flows** for the years 2013, 2012 and 2011 are as follows:

Consolidated statement of cash flows line items 2013

	Companies controlled by				Related parties		Total related parties net of Disc.Op. (b)	% on line item (b/a)
	Associates and joint ventures Total (a)	associates and joint ventures	Other related parties (*)	Pension funds	Total related parties	Transactions of Discontinued Operations		
Purchase of intangible and tangible assets on an accrual basis	4,400	2	145	17	164		164	3.7
Dividends paid	537			62	62		62	11.5

(millions of euros)

(*) Other related parties both through directors, statutory auditors and key managers and as participants in shareholders agreements pursuant to Article 122 of the Consolidated Law on Finance.

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	Total (a)	Companies controlled by			Related parties		Transactions of Discontinued Operations	Total related parties net of Disc.Op. (b)	% on line item (b/a)
		Associates and joint ventures	associates and joint ventures	Other related parties (*)	Pension funds	Total related parties			
Purchase of intangible and tangible assets on an accrual basis	4,639	2	124	1		127	127	2.7	
Dividends paid	964			139		139	139	14.4	

(*) Other related parties both through directors, statutory auditors and key managers and as participants in shareholders agreements pursuant to Article 122 of the Consolidated Law on Finance.

Consolidated statement of cash flows line items 2011

	Total (a)	Companies controlled by			Related parties		Transactions of Discontinued Operations	Total related parties net of Disc.Op. (b)	% on line item (b/a)
		Associates and joint ventures	associates and joint ventures	Other related parties (*)	Pension funds	Total related parties			
Purchase of intangible and tangible assets on an accrual basis	5,556	3	162	1		166	166	3.0	
Dividends paid	1,253			191	1	192	192	15.3	

(*) Other related parties both through directors, statutory auditors and key managers and as participants in shareholders agreements pursuant to Article 122 of the Consolidated Law on Finance.

Table of Contents**Consolidated Financial Statements****Notes To Consolidated Financial Statements****TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES**

The most significant amounts are summarized as follows:

Separate consolidated income statement line items

	2013	2012	2011	Type of contract
	(millions of euros)			
Revenues				
NordCom S.p.A.	2	3	2	Fixed and mobile Voice services, data network connections, outsourcing, I.C.T. products and services
Teleleasing S.p.A. (in liquidation)	5	31	87	Sale of equipment
TM News S.p.A.	1	1	1	Fixed and mobile telephony services, property leases and administrative outsourcing
Other minor companies	1	1	1	
Total revenues	9	36	91	
Acquisition of goods and services				
EtecSA			5	International telecommunications services and roaming
Movenda S.p.A.	2	3	1	Supply of SIM cards and related adapters, software development and advanced maintenance
NordCom S.p.A.	2	3	2	Supply and development of IT solutions, supply of rented equipment and IT services, and provision of customized services as part of Telecom Italia offerings to end customers
Teleleasing S.p.A. (in liquidation)	2	2	4	Purchase of goods assigned under leasing arrangements with Telecom Italia customers
TM News S.p.A.	2	4	4	Supply of information content for the TimSpot service, services and photos for intranet, supply of journalistic information (news, APICOM News data flow)
Total acquisition of goods and services	8	12	16	
Finance expenses				
Aree Urbane S.r.l. (in liquidation)	6			Write-down of financial receivable and provision for guarantees given
Teleleasing S.p.A. (in liquidation)	12	19	23	

Interest expenses for finance leases of
equipment and finance leases

Other minor companies			8
Total finance expenses	18	19	31

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Table of Contents**Consolidated Financial Statements****Notes To Consolidated Financial Statements****Consolidated statement of financial position line items**

	As of December 31, 2013 (millions of euros)	As of December 31, 2012	Type of contract
Financial receivables and other current financial assets		2	Shareholder loan to Aree Urbane S.r.l. (in liquidation)
Non-current financial liabilities	56	109	Finance leases of equipment and finance leases with Teleleasing S.p.A. (in liquidation)
Current financial liabilities	70	103	Finance leases of equipment and finance leases with Teleleasing S.p.A. (in liquidation)
Trade and miscellaneous receivables and other current assets			
NordCom S.p.A.		1	Fixed and mobile voice services, data network connections, outsourcing, I.C.T. products and services
Teleleasing S.p.A. (in liquidation)	2	8	Sale of equipment
TM News S.p.A.	1	1	Property leases and telecommunications services
Other minor companies	1	1	
Total trade and miscellaneous receivables and other current assets	4	11	
Trade and miscellaneous payables and other current liabilities			
Movenda S.p.A.	2	3	Supply of SIM cards and related adapter, software development and advanced maintenance
Nord.Com S.p.A.	1	2	Purchase and development of IT solutions, supply of rented equipment and IT services, and provision of customized services as part of Telecom Italia offerings to end customers
Teleleasing S.p.A. (in liquidation)	3	2	

			Purchase of goods assigned under leasing arrangements with Telecom Italia customers
TM News S.p.A.	1	2	Supply of information content for the TimSpot service, services and photos for intranet, supply of journalistic information (news, APICOM News data flow)
Other minor companies	1	1	
Total trade and miscellaneous payables and other current liabilities	8	10	

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Consolidated statement of cash flows line items	2013	2012	2011	Type of contract
	(millions of euros)			
Purchase of intangible and tangible assets on an accrual basis	2	2	3	IT services Movenda S.p.A..

TRANSACTIONS WITH COMPANIES CONTROLLED BY ASSOCIATES AND JOINT VENTURES

The most significant amounts are summarized as follows:

Separate consolidated income statement line items	2013	2012	2011	Type of contract
	(millions of euros)			
Revenues	2	2	2	Provision of equipment rental, fixed and mobile telephone and outsourced communication services to the Italtel group
Other income			1	Commercial transaction with the Italtel group
Acquisition of goods and services	29	33	42	Supply and maintenance of switching equipment, software development and platforms upgrading, and customized products and services, as part of Telecom Italia offerings to the Italtel group customers

Consolidated statement of financial position line items	As of December 31, 2013	As of December 31, 2012	Type of contract
	(millions of euros)		
Non-current financial assets	6		Interest bearing loan with the Italtel group
Trade and miscellaneous receivables and other current assets	2	5	Supply of products and services, sale of products and convertible loan to the Italtel

group. The convertible loan in place at December 31, 2012, and relating to Italtel S.p.A., was converted in the first half of 2013 into equity instruments of the company

Total trade and miscellaneous payables and other current liabilities

53	39	Supply relationships linked to Capex and Opex for the Italtel group
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Consolidated statement of cash flows line items	2013	2012	2011	Type of contract
	(millions of euros)			
Purchase of intangible and tangible assets on an accrual basis	145	124	162	Purchases of TLC equipment from Italtel group

TRANSACTIONS WITH OTHER RELATED PARTIES (both through directors, statutory auditors and key managers and as participants in shareholders' agreements pursuant to Article 122 of the Consolidated Law on Finance)

The Procedure for carrying out transactions with related parties pursuant to the Regulation containing the provisions on related party transactions adopted by Consob under Resolution 17221 of March 12, 2010, as amended provides that the procedure should be applied also to parties who, regardless of whether they qualify as related parties according to the accounting principles, participate in significant shareholders' agreements

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according to art. 122 of the Consolidated Law on Finance, which govern the candidacy to the position of director of Telecom Italia, where the slate presented is the majority slate pursuant to art. 9 of the bylaws of the Company.

On December 13, 2013 the Board Director Cèsar Alierta Izuel, through whom Telecom Italia was a related party of the companies of the China Unicom group, tendered his resignation. As a result the aforementioned companies are no longer considered related parties.

The most significant amounts are summarized as follows:

Separate consolidated income statement line items

	2013	2012	2011	Type of contract
	(millions of euros)			
Revenues				
ATM group			2	Supply of customized services and business data network
Generali group	84	70	74	Supply of telephone and data transmission services, peripheral data networks, connections, storage and telecommunications equipment and services for foreign holdings
Intesa Sanpaolo group	68	66	79	Telephone services, MPLS data and international network, ICT services and Microsoft licenses, Internet connectivity and high-speed connections
Mediobanca group	7	5	7	Telephone and MPLS data network services and marketing of data and VoIP devices and sale of equipment for fixed and mobile networks
Telefonica group	745	844	845	Interconnection services, roaming, broadband access fees, supply of IRU transmission capacity and software
Other minor companies		2		
Total revenues	904	987	1,007	
Other income				
Generali group	23	3	1	Damage compensation
Other	1			

				Other income from the Intesa SanPaolo group and Telefónica.
Total other income	24	3	1	
Acquisition of goods and services				
A1 International Investment group		1		TV content rights
China Unicom group		2		International telecommunication and roaming services
Generali group	37	36	30	Insurance premiums and property leases
Intesa Sanpaolo group	11	18	17	Factoring fees, fees for telephone card top-ups/activation and commissions for payment of telephone bills by direct debit and collections via credit cards
Mediobanca group	2	1	1	Credit recovery activities and professional services
Telefonica group	556	642	622	Interconnection and roaming services, site sharing, co-billing agreements, broadband linesharing and unbundling
Other minor companies			1	
Total acquisition of goods and services	606	700	671	
Employee benefits expenses	13	4	4	Non-obligatory employee insurance taken out with the Generali group
Other operating expenses	1			Expenses for penalties and contractual breaches towards the Intesa Sanpaolo group
Finance income				
Intesa Sanpaolo group	50	33	112	Bank accounts, deposits and hedging derivatives
Mediobanca group	13	12	15	Bank accounts, deposits and hedging derivatives
Total finance income	63	45	127	
Finance expenses				
Intesa Sanpaolo group	69	51	55	Term Loan Facility, Revolving Credit Facility, hedging derivatives, loans and bank accounts
Mediobanca group	13	13	7	Term Loan Facility, Revolving Credit Facility and hedging derivatives

Total finance expenses	82	64	62
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Consolidated Financial Statements	Notes To Consolidated Financial Statements		
Consolidated statement of financial position line items	As of December 31, 2013 (millions of euros)	As of December 31, 2012	Type of contract
Non-current financial assets			
IntesaSanpaolo group	101	241	Hedging derivatives
Mediobancagroup	15	24	Hedging derivatives
Total non-current financial assets	116	265	
Securities other than investments (current assets)			
Generaligroup	4		Bonds
IntesaSanpaolo group	12		Bonds
Mediobancagroup	14		Bonds
Telefonicagroup	9		Bonds
Total securities other than investments (current assets)	39		
Financial receivables and other current financial assets			
IntesaSanpaolo group	10	9	Hedging derivatives
Mediobancagroup	1	1	Hedging derivatives
Total financial receivables and other current financial assets	11	10	
Cash and cash equivalents	48	279	Bank accounts and deposits with Intesa Sanpaolo group
Non-current financial liabilities			
IntesaSanpaolo group	136	280	Revolving Credit Facility, hedging derivatives and loans
Mediobancagroup	14	87	Revolving Credit Facility and hedging derivatives
Total non-current financial liabilities	150	367	
Current financial liabilities			
IntesaSanpaolo group	253	73	Current accounts, hedging derivatives and payables to other lenders
Mediobancagroup	63	2	Hedging derivatives

Total current financial liabilities	316	75	
Trade and miscellaneous receivables and other current assets			
Generaligroup	24	16	Supply of telephone and data transmission services, peripheral data networks, connections, storage, applications services and supply of telecommunications equipment and services for foreign holdings
IntesaSanpaolo group	112	104	Factoring services, supply of telephone, MPLS and international data network services, ICT services, Microsoft licenses, Internet connectivity and high-speed connections
Mediobancagroup	2		Telephone and MPLS data network services and marketing of data and VoIP devices and sales of equipment for fixed and mobile networks
Telefonicagroup	100	96	Interconnection services, roaming, broadband access fees, supply of IRU transmission capacity and software
Otherminor companies		3	
Total trade and miscellaneous receivables and other current assets	238	219	

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Consolidated Financial Statements	Notes To Consolidated Financial Statements			
Consolidated statement of financial position line items	As of December 31, 2013	As of December 31, 2012	Type of contract	
	(millions of euros)			
Miscellaneous payables and other non-current liabilities	2	2	Deferred income relating to the supply of IRU transmission capacity to the Telefónica Group	
Trade and miscellaneous payables and other current liabilities				
A1 International Investment group		1	Purchase of TV content rights	
Generaligroup	5		Deferred income relating to outsourcing of data networks and centralized and peripheral telephony systems	
IntesaSanpaolo group	135	177	Factoring fees, fees for telephone card top-ups/activation and commissions for payment of telephone bills by direct debit and collections via credit cards	
Mediobancagroup	1	1	Credit recovery activities and professional services	
Telefonicagroup	73	73	Interconnection and roaming services, site sharing, co-billing agreements, broadband line sharing and unbundling	
Otherminor companies		1		
Total trade and miscellaneous payables and other current liabilities	214	253		
Consolidated statement of cash flows line items				
	2013	2012	2011	Type of contract
	(millions of euros)			
Purchase of intangible and tangible assets on an accrual basis				
A1 International Investment group		1	1	Capitalization of costs associated with unbundling in Germany
Telefonica group	17			Acquisition of transmission capacity

Total purchase of intangible and tangible assets on an accrual basis	17	1	1
Dividends paid			
Telco	60	129	174
Other minor companies	2	10	17
Total dividends paid	62	139	191

TRANSACTIONS WITH PENSION FUNDS

The most significant amounts are summarized as follows:

Separate consolidated income statements line items	2013	2012	2011	Type of contract
	(millions of euros)			
Employee benefits expenses				Contributions to pension funds
Fontedir	11	12	12	
Telemaco	67	65	73	
Other pension funds	3	5	6	
Total employee benefits expenses	81	82	91	

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Consolidated statement of financial position line items	As of December 31, 2013	As of December 31, 2012	Type of contract
	(millions of euros)		
Trade and miscellaneous payables and other current liabilities			Payables for contributions to pension funds
Fontedir	4	4	
Telemaco	20	21	
Other pension funds			
Total trade and miscellaneous payables and other current liabilities	24	25	

Consolidated statement of cash flows line items	2013	2012	2011	Type of contract
	(millions of euros)			
Dividends paid			1	

* * *

REMUNERATION TO KEY MANAGERS

In 2013, the total remuneration recorded on the accrual basis by Telecom Italia S.p.A. or by companies controlled by the Group in respect of key managers amounted to 22.4 million euros (18 million euros in 2012), broken down as follows:

	2013	2012
	(millions of euros)	
Short-term remuneration	11.6 (1)	14.0 (4)
Long-term remuneration	(0.1) (2)	1.9 (5)
Employment termination benefit incentives	10.8	1.0 (6)
Share-based payments (*)	0.1 (3)	1.1 (7)
	22.4	18.0

(*) These refer to the fair value of the rights, accrued to December 31, under the share-based incentive plans of Telecom Italia S.p.A. and its subsidiaries (LTI 2011/2012).

(1) of which 1.8 million euros recorded by the Latin American subsidiaries.

(2) of which 0.16 million euros recorded by the Latin American subsidiaries.

(3) of which 0.16 million euros recorded by the Latin American subsidiaries.

(4) of which 1.4 million euros recorded by the Latin American subsidiaries.

(5) of which 0.6 million euros recorded by the Latin American subsidiaries.

(6) of which -0.5 million euros recorded by the Latin American subsidiaries.

(7) of which 0.3 million euros recorded by the Latin American subsidiaries.

Short-term remuneration is paid during the period it pertains to, and, at the latest, within the six months following the end of that period. Long-term remuneration is paid when the related right becomes vested.

In 2013, the contributions paid in to defined contribution plans (Assida and Fontedir) by Telecom Italia S.p.A. or by subsidiaries of the Group, on behalf of key managers, amounted to 803,000 euros (580,000 euros in 2012).

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In 2013, Key managers, i.e. those who have the power and responsibility, directly or indirectly, for the planning, direction and control of the operations of the Telecom Italia Group, including directors, were the following:

Directors:

Franco Bernabè

Executive Chairman and Chief Executive Officer of Telecom Italia S.p.A. (1)

Marco Patuano

Domestic Managing Director Chief Operating Officer of Telecom Italia S.p.A. (2)

Managers:

Andrea Mangoni

South America General Manager (3)

Rodrigo Modesto de Abreu

Diretor Presidente TIM Partecipacoes (4)

Simone Battiferri

Head of Business

Franco Bertone

Dirección General Ejecutiva (CEO) Telecom Argentina (5)

Franco Brescia

Head of Public & Regulatory Affairs

Antonino Cusimano

Head of Corporate Legal Affairs

Stefano De Angelis

Direcion General Ejecutiva (CEO) Telecom Argentina (6)

Mario Di Loreto

Head of People Value (7)

Antonio Migliardi

Head of Human Resources and Organization (8)

Giuseppe Roberto Opilio

Head of Technology

Piergiorgio Peluso

Head of Administration Finance and Control

Luca Rossetto

Head of Consumer

Alessandro Talotta

Head of National Wholesale Services

Paolo Vantellini

Business Support Officer

(1) to October 3, 2013.

(2) from October 3, 2013.

(3) to April 30, 2013.

(4) from March 4, 2013.

(5) to February 26, 2013.

(6) from February 27, 2013.

(7) from September 1, 2013.

(8) to August 31, 2013.

NOTE 40 EQUITY COMPENSATION PLANS

The equity compensation plans in force at December 31, 2013 are used by Telecom Italia for retention purposes and as a long-term incentive for the managers and employees of the Group.

A summary is provided below of the plans in place at December 31, 2013; for further details on the plans already in place at December 31, 2012, please refer to the consolidated financial statements of the Telecom Italia Group at that date.

Description of stock option plans

- **Top 2008 Stock Option Plan of Telecom Italia S.p.A.**

This plan refers to options granted on April 15, 2008 to the then chairman and chief executive officer, originally for 11,400,000 options, exercisable at the end of the vesting period, expiring after three years from the grant date, at a price of 1.95 euros per option. The exercise period is from April 15, 2011 to April 15, 2014. Each option gives the right to one Telecom Italia S.p.A. ordinary share.

75% of the options granted (equal to 8,550,000 options) is not subject to performance targets and is still valid, while the remaining 25% (equal to 2,850,000 options) was forfeited in 2010 because the performance targets were not reached. During 2013, no options were exercised, and the situation remained unchanged compared to December 31, 2012 and December 31, 2011.

Unexercised options by April 15, 2014 will expire.

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**· Tim Participações S.A. Stock Option Plan
2011 Plan**

A long-term incentive plan for managers in key positions in the company and its subsidiaries was approved by the shareholders' meeting of Tim Participações S.A. on August 5, 2011. Exercise of the options is subject to achieving two performance objectives simultaneously: the increase in value of the company's ordinary shares and the performance of the prices of the company's shares against a reference index, defined by the directors of Tim Participações S.A. and composed principally of the share price of other companies in the telecommunications, information technology and media sectors.

The period of validity of the options is 6 years and the company does not have the legal obligation to repurchase or settle the options in cash or in any other form.

In relation to the options assigned in 2011, a third of these options could be exercised at the end of July 2012, another third after the first half of 2013 and the remaining third after the first half of 2014. Performance targets refer to the three years 2011-2013, measured in July of each year.

On the grant date of August 5, 2011, the exercise value of the options granted was calculated using the average weighted price of the shares of Tim Participações S.A.. This average considers the traded volume and the trading price of the shares of the company during the period of 30 days before July 20, 2011 (the date when the board of directors approved the plan).

On August 5, 2011, the grantees of the options were granted the right to purchase a total of 2,833,596 shares.

At December 31, 2013, a total of 1,024,589 options could be considered as vested. Up to that date none of the plan beneficiaries had exercised the options to purchase during the period established.

2012 Plan

On September 5, 2012, the shareholders' meeting of Tim Participações S.A. approved the second granting of stock options for managers in key positions in the company and its subsidiaries. In keeping with the structure of the plan initiated in 2011, the exercise of the options is subordinated to the simultaneous achievement of two performance targets:

absolute performance: increase in the value of Tim Participações shares;

relative performance: performance of Tim Participações shares against a benchmark index composed of TLC and Media Technology companies listed on the Bovespa and in the Bovespa index.

The period of validity of the options is 6 years and the company does not have the legal obligation to repurchase or settle the options in cash or in any other form.

In relation to the options assigned in 2012, a third of these options could be exercised at the end of September 2013, another third will be exercisable from September 2014 and the remaining third after September 2015. Performance targets refer to the three years 2012-2014, measured in August of each year.

On the grant date of September 5, 2012, the exercise value of the options granted was calculated using the average weighted price of the shares of Tim Participações S.A.. This average considers the traded volume and the trading price of the shares of the company during the period July 1 to August 31, 2012.

On September 5, 2012, the grantees of the options were granted the right to purchase a total of 2,661,752 shares.

At December 31, 2013 a total of 525,029 options could be considered as vested. Up to that date none of the plan beneficiaries had exercised the options to purchase during the period established.

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2013 Plan

On July 21, 2013, the shareholders' meeting of Tim Participações S.A. approved the third granting of stock options for managers in key positions in the company and its subsidiaries. In continuation of the structure of the plans launched in 2011 and 2012, the exercise of the options is subject to the simultaneous achievement of the objectives of increase in the value of Tim Participações shares and their performance against a benchmark index composed of TLC and Media Technology companies listed on the Bovespa and the Bovespa index.

The period of validity of the options is 6 years and the company does not have the legal obligation to repurchase or settle the options in cash or in any other form.

In relation to the options assigned in 2013, a third of these options will be exercisable at the end of July 2014, another third from July 2015 and the remaining third after July 2016. Performance targets refer to the three years 2013-2015, measured in July of each year.

On the grant date of July 30, 2013, the exercise value of the options granted was calculated using the average weighted price of the shares of Tim Participações S.A.. This average considers the traded volume and the trading price of the shares of the company during the period of 30 days prior to July 20, 2013.

On July 30, 2013, the grantees of the options were granted the right to purchase a total of 3,072,418 shares. As of December 31, 2013, there were no options that could have already been exercised.

Description of other Telecom Italia S.p.A. equity compensation plans

Equity compensation plans which call for payment in equity instruments are recorded at fair value which represents the cost of such instruments at the grant date and is recorded in the separate income statements under Employee benefits expenses over the period between the grant date and the vesting period with a contra-entry to the equity reserve Other equity instruments. For the portion of the plans that provide for the payment of compensation in cash, the amount is recognized in liabilities as a contra-entry to Employee benefits expenses; at the end of each year this liability is measured at fair value.

Equity compensation plans which call for payment in equity instruments did not have significant impacts either on the income statements or the statements of financial position or of cash flows at December 31, 2013.

Long Term Incentive Plan 2010-2015 (LTI 2010-2015 Plan)

The Plan awards a cash bonus based on three-year performance measured against pre-set targets to a selected number of Group management. The incentive period ended on December 31, 2012 and, consequently, on March 7, 2013 the board of directors verified the vesting of the right to the bonus for the 117 beneficiaries of the Plan. The total amount vested was 691,853 euros, with the option to invest 50% of the bonus awarded in the subscription for Telecom Italia ordinary shares at a market price set at 0.60 euro. At the end of the rights issue a total of 204,151 shares were issued with an equal maximum number of matching shares, to be granted as bonus shares in 2015, if the beneficiary retains ownership of said shares during the two year period and maintains the employment relationship with Group companies.

At December 31, 2013 the maximum number of matching shares issuable was 201,243 shares.

· **Long Term Incentive Plan 2011 (LTI Plan 2011)**

On March 6, 2014 the Board of Directors of Telecom Italia S.p.A. determined that the levels for the incentive targets had not been reached. As a result, the rights relating to the LTI Plan 2011 were forfeited in full.

A description of this Plan and its situation at December 31, 2013 is provided below.

The plan, approved by the shareholders meeting on April 12, 2011, covered Executive Management, Top Management and Selected Management.

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The plan called for granting:

to Selected Management, a cash bonus, with the option of investing 50% of the bonus in Telecom Italia ordinary shares at market price and the grant of bonus matching shares when specific conditions are met two years after subscription;

to Top Management, a 50% bonus in cash and 50% for rights to a bonus grant of Telecom Italia ordinary shares after two years;

to Executive Management, a bonus in cash and an equivalent number of Telecom Italia ordinary shares determined when the person is included in the Executive Management group of the Plan.

On July 7, 2011, the board of directors approved the start of the Plan, which, in addition to the Executive Chairman and the Chief Executive Officer, covered 17 Top Managers and 128 Managers. The estimated maximum incentive for the three categories of incentive beneficiaries at the start of the Plan was equal to:

for Selected Management a total bonus of 9,789,300 euros; the maximum value of the investment at market price, and the relative increase in capital in cash, including paid-in capital, was equal to an equivalent amount of 4,894,650 euros; for Top Management a total bonus of 6,512,400 euros, of which the equivalent maximum amount of the bonus grant, and the relative increase in capital was 3,256,200 euros;

for Executive Management a total bonus of 5,400,000 euros and a corresponding maximum number of 5,795,234 shares, represented by treasury shares;

at December 31, 2013, in addition to the Chief Executive Officer, the Plan covered 14 Top Managers and 121 Managers.

· **Long Term Incentive Plan 2012 (LTI Plan 2012)**

The shareholders' meeting held on May 15, 2012 approved the LTI Plan 2012-2014. The Plan covers Top Management and Selected Management and excludes Executive Management.

The objective of the plan is to reinforce the connection between management's compensation and, on one hand, company performance defined in the industrial plan 2012-2014, measured by the cumulative Free Cash Flow (so-called absolute performance: 35% weighted), and on the other hand, the growth of value relative to a group of peers (measured by the Total Shareholder Return (so-called relative performance: 65% weighted)).

The plan calls for granting:

to Selected Management, a cash bonus, with the option of investing 50% of the bonus in Telecom Italia ordinary shares at market price and the grant of bonus Matching Shares when specific conditions are met two years after subscription;

to Top Management, a 50% bonus in cash and 50% for rights to a bonus grant of Telecom Italia ordinary shares after two years.

On June 28, 2012, the board of directors approved the start of the Plan. At the start of the Plan, it covered 19 Top Managers and 127 Managers. The estimated maximum incentive for the two categories of incentive beneficiaries was equal to:

for Selected Management a total bonus of 9,581,850 euros; the maximum value of the investment at market price, and the relative increase in capital in cash, including paid-in capital, was equal to an equivalent amount of 4,790,925 euros. The maximum number of shares which may be assigned free of charge is the same as the number of shares subscribed;

for Top Management a total bonus of 7,161,000 euros, of which the equivalent maximum amount of the bonus grant, and the relative increase in capital was 3,580,500 euros.

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At December 31, 2013 the Plan covered 17 Top Managers and 124 Managers. At the same date, the estimated maximum incentive for the two categories of incentive beneficiaries was equal to:

for Selected Management a total maximum bonus of 9,240,000 euros; the maximum value of the investment at market price, and the relative increase in capital in cash, corresponded to an amount of 4,620,000 euros; this same amount is the maximum value of the bonus grant of shares and the relative bonus increase in capital;

for Top Management, a total maximum bonus of 5,990,700 euros, of which the maximum equivalent amount of the bonus grant, and the relative bonus increase in capital is 2,995,350 euros.

Calculation of fair value measurement of the granted options and rights

The fair value of the options relating to the Top 2008 Plan was calculated using the Monte Carlo method according to the calculation parameters reported in the following table.

For the LTI Plans (2010-2015, 2011 and 2012), the following was measured:

- the debt component, determined as follows:

the 65% linked to reaching Total Shareholder Return (TSR) targets was calculated as the average of the levels of expected bonus weighted by the probability of the relative TSR scenarios occurring; such probability is measured using the Monte Carlo method;

the 35% linked to reaching Free Cash Flow (FCF) targets was calculated as the bonus level according to the best estimate of expected FCF by making reference to the data of the Telecom Italia three-year plan;

- the equity component, determined as the theoretical value of the right to the bonus share calculated as the fair value of a 24-month call option on the Telecom Italia ordinary share, starting in three years.

Parameters used to determine fair value Telecom Italia S.p.A.

Plans/Parameters	Exercise price (euro)	Current price/ Spot (euro) (1)	Volatility (2)	Period	Expected dividends (euro) (3)	Risk-free interest rate (4)
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TOP 2008 Plan	1.95	Market value Telecom Italia and other TLC companies at 4/15/2008	Telecom Italia (33.02%) and other TLC companies	3 years	0.08	3.7485% at 6 years
LTI Plan 2010-2015 equity component		0.9219	33.4281%	5 years	0.055 first year 0.060 second year	1.89% at 5 years
LTI Plan 2011 equity component Executive Management		0.8044	n.a.	3 years	0.05	2.095% at 3 years
LTI Plan 2011 equity component (Top Management and Selected Management)		0.7298	n.a.	5 years	0.07	2.591% at 5 years
LTI Plan 2012 equity component (Top Management and Selected Management)		0.7745	n.a.	5 years	0.043	1.25% at 5 years

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- (1) In relation to the performance targets set in the Plan, consideration was given to the market prices of Telecom Italia shares and, if necessary, of other shares of the leading companies in the telecommunications sector at the grant date.
- (2) In relation to the performance targets set in the Plan, consideration was given to the volatility values of the Telecom Italia share and, if necessary, of the shares of the leading companies in the telecommunications sector.
- (3) For the TOP 2008 Plans, dividends were assumed to be constant over the life of the options on the basis of the latest dividends paid. For the LTI 2010 2015, LTI 2011 and LTI 2012 Plans the dividends were estimated on the basis of Bloomberg data.
- (4) The risk-free interest rate is considered the rate of government securities of the Federal Republic of Germany (the market benchmark for transactions in euro) with expirations commensurate with the life of the option. Solely for the LTI 2012 plan, the rate is a zero coupon at 5 years (the curve is assumed to be the best indicator of the risk-free rate).

Parameters used to determine fair value Tim Participações

Plan/parameter	Exercise price (reais)	Current price/spot (reais)	Volatility	Period	Expected dividends (reais)	Risk-free interest rate
2011 Plan	8.84	8.31	51.73%	6 years		11.94% year
2012 Plan	8.96	8.96	50.46%	6 years		8.89% year
2013 Plan	8.13	8.13	48.45%	6 years		10.39% year

Effects on the income statement and statement of financial position

Equity compensation plans which call for payment in equity instruments are recorded at fair value which represents the cost of such instruments at the grant date and is recorded in the separate income statements under Employee benefits expenses over the period between the grant date and the vesting period with a contra-entry to the equity reserve Other equity instruments . The part of the plans which calls for the payment of compensation in cash is recorded in liabilities as the contra-entry of Employee benefits expenses ; at the end of each year this liability is measured at fair value.

Equity compensation plans which call for payment in equity instruments do not have significant impacts either on the income statements or the statements of financial position or of cash flows at December 31, 2013.

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(Local Currency against 1 euro)	Year-end exchange rates (statements of financial position)			Average exchange rates for the year (income statements and statements of cash flows)		
	12/31/2013	12/31/2012	12/31/2011	Year 2013	Year 2012	Year 2011
Europe						
BGN Bulgarian Lev	1.95580	1.95580	1.95580	1.95580	1.95580	1.95580
CZK Czech Koruna	27.42700	25.15100	25.78700	25.98584	25.14441	24.59461
HUF Hungarian Forint	297.04000	292.30000	314.58000	296.94046	289.29839	279.47926
CHF Swiss Franc	1.22760	1.20720	1.21560	1.23083	1.20525	1.23256
TRY Turkish Lira	2.96050	2.35510	2.44320	2.53316	2.31432	2.33825
GBP Pound Sterling	0.83370	0.81610	0.83530	0.84907	0.81103	0.86775
RON Romanian Leu	4.47100	4.44450	4.32330	4.41917	4.45814	4.23931
North America						
USD U.S. Dollar	1.37910	1.31940	1.29390	1.32792	1.28538	1.39162
Latin America						
VEF Venezuelan Bolivar	8.67744	5.66636	3.35994	7.99942	5.21554	3.61338
BOB Bolivian	9.52958	9.18302	8.96385	9.21071	8.96600	9.74040
PEN Peruvian Nuevo Sol	3.85865	3.36777	3.48747	3.59026	3.39104	3.83245
ARS Argentinean Peso	8.98914	6.48641	5.56769	7.27875	5.84408	5.74419
CLP Chilean Peso	724.76900	631.72900	671.99700	658.22602	625.01857	672.51441
COP Colombian Peso	2,664.42000	2,331.23000	2,510.57000	2,482.57593	2,310.07238	2,569.51702
MXN Mexican Peso	18.07310	17.18450	18.05120	16.95900	16.90575	17.29084
BRL Brazilian Real	3.23068	2.69619	2.42710	2.86830	2.50953	2.32669
PYG Paraguayan Guarani	6,323.17000	5,573.15000	5,794.08000	5,712.77427	5,676.67356	5,817.48337
UYU Uruguayan Peso	29.54580	25.59770	25.92850	27.21395	26.02323	26.93149
Other countries						
ILS Israeli Shekel	4.78800	4.92580	4.94530	4.79372	4.95266	4.97723

(*) Source: data processed by the European Central Bank, Reuters and major Central Banks

b) Research and development

Expenditures for research and development activities are represented by external costs, labor costs of dedicated staff and depreciation and amortization. Details are as follows:

	2013	2012	2011
	(millions of euros)		
Research and development costs expensed during the year	41	40	68
Development costs capitalized	936	562	543
Total research and development costs (expensed and capitalized)	977	602	611

The sharp increase for 2013 was primarily linked to the diffusion and development work conducted on the next generation networks, such as LTE and NGAN.

Moreover, in the separate consolidated income statement for the year 2013, amortization charges are recorded for development costs, capitalized during the period and in prior years, for an amount of 764 million euros.

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The Group has entered into agreements for line lease and hosting which cannot be canceled. At December 31, 2013 the amount of lease installments receivable is as follows:

	At December 31, 2013	At December 31, 2012
	(millions of euros)	
Within 1 year	71	104
From 2 to 5 years	152	159
Beyond 5 years	11	14
Total	234	277

Expense related

The Group has entered into agreements for lease of properties, vehicle rental and hosting which cannot be canceled. At December 31, 2013 the amount of lease installments receivable is as follows:

	At December 31, 2013	At December 31, 2012
	(millions of euros)	
Within 1 year	239	247
From 2 to 5 years	432	481
Beyond 5 years	98	137
Total	769	865

NOTE 42 EVENTS SUBSEQUENT TO DECEMBER 31, 2013**Bond Issue**

On January 23, 2014 Telecom Italia issued a bond for the amount of 1,000 million euros, with an annual coupon rate of 4.5% and maturity on January 25, 2021. The bond issued at a price of 99.447% has a yield of 4.594%.

Early repayment of Hybrid Bond for 750 million euros

On January 29, 2014 Telecom Italia announced its decision to repay in advance all the subordinated hybrid bonds in circulation called 750,000,000 Capital Securities due 2073 (the **Capital Securities**), issued on March 13, 2013, as per

the statement released. Telecom Italia has in fact decided to exercise the option of early repayment linked to a change in method by a rating agency which leads to a reduction of the equity content initially assigned to the instrument, pursuant to Condition 6.5 (Early Redemption following a Rating Methodology Event) of the regulations on Capital Securities.

The bonds were repaid on March 3, 2014 (the Early Repayment Date) and the relative early repayment price was 101% of the nominal value plus the interest due up until the early repayment date (excluded).

Exit of the Autonomous Province of Trento from the Trentino NGN project

In February 2014, the Autonomous Province of Trento officially announced its exit from the capital of Trentino NGN, the public-private company formed in 2011 to create a fiber optic network in the territory of Trentino, in which Telecom Italia held a shareholding of 41.07%.

The decision was made considering the extended period of waiting and inactivity following the investigation of the European Commission started in July 2012.

The Autonomous Province of Trento's exit from the capital was announced to the European Commission and, therefore, the reasons that determined the start of proceedings no longer exist.

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On the basis of the agreements between the parties, on February 28, 2014 Telecom Italia acquired the shareholding held by the Autonomous Province of Trento (52.2%) and a part (4.2%) of the shareholding held by one of the minority shareholders (La Finanziaria Trentina S.p.A.), for a total outlay of around 17 million euros. As a result, Telecom Italia now has control of the company.

Telecom Italia S.p.A. Buyback of Own Bonds

On March 7, 2014 Telecom Italia S.p.A. made a buyback offer on four of its bond issues, maturing between May 2014 and March 2016, for a total nominal amount of 500 million euros, which could be amended at Telecom Italia's discretion.

On March 14, 2014 Telecom Italia S.p.A. announced the successful results of the offer and decided to increase the buyback amount to 599 million euros; the repurchased bonds have been cancelled on the settlement date (March 18, 2014).

Details of the repurchased notes as follows:

Repurchased Notes	Nominal amount outstanding before the buyback offer (euro)	Nominal Amount repurchased (euro)	Purchase Price	Nominal Amount outstanding after the buyback settlement date
Telecom Italia S.p.A.				
750 million euros, due May 2014, coupon 4.75%	556,800,000	56,150,000	100.700%	500,650,000
Telecom Italia S.p.A. 750 million euros, due June 2015, coupon 4.625%	750,000,000	172,299,000	104.370%	577,701,000
Telecom Italia S.p.A.				
1 billion euros, due January 2016, coupon 5.125%	1,000,000,000	228,450,000	106.587%	771,550,000
Telecom Italia S.p.A.				
850 million euros, due March 2016, coupon 8.25%	850,000,000	142,020,000	112.913%	707,980,000

The buyback offer has been made as part of the Company's statement of financial position management and is aimed at pro-actively managing its forthcoming debt maturities.

Renegotiation of certain clauses with the European Investment Bank

Following the downgrade of Telecom Italia by Moody's and Standard & Poor's to sub-investment grade and discussions with the European Investment Bank (**EIB**) in this regard, we entered into an agreement with the EIB on March 25, 2014, providing for: (i) with respect to the loans maturing in 2018 and 2019 in a total amount of 600 million euros, a reduction of the cost of financing owed to the EIB, against the background of our commitment to furnish to the EIB additional collateral in the form of guarantees issued by banks and other institutions approved by the EIB and the costs associated with our providing such guarantees; (ii) with respect to outstanding loans of 200 million euros guaranteed by SACE, unchanged terms and conditions; and (iii) with respect to all other outstanding loans in a total amount of 1,700 million euros, an increase in respective costs of financing. In addition, the agreement relating to the unsecured 300 million euros loan maturing in 2017 was amended to include a clause pursuant to which, if (i) two or more rating agencies should downgrade the rating of Telecom Italia below BB+/Ba1 and (ii) the remaining term of the loan exceeds one year, the Company is required to provide additional guarantees in favor of the EIB.

We estimate the financial impacts resulting from the above-mentioned agreement with the EIB to result in a total average annual increase of financial expenses of approximately 7.5 million euros.

Following the signing of the agreement and our providing of the additional guarantees as agreed, the outstanding loans with the EIB amounting to a total of 2,500 million euros will be split in 500 million euros of unsecured loans and 2,000 million euros of guaranteed loans.

Table of Contents**Consolidated Financial Statements****Notes To Consolidated Financial Statements****Sale of a building in Milan**

On March 31, 2014 Telecom Italia sold the building owned in via Negri 1, Milan, to Fondo Inarcassa RE for 75 million euros. Together with the deed of sale, Telecom Italia signed a long term rental contract. The building will remain the Milan headquarters of the Company.

Agreements signed by Telecom Italia Media and Gruppo Editoriale L'Espresso to combine the respective network operator businesses for the digital terrestrial television

On April 9, 2014, Telecom Italia Media and Gruppo Editoriale L'Espresso (**Gruppo Espresso**) entered into an agreement providing for a combination of their respective digital terrestrial television (**DTTV**) network operator businesses managed by Telecom Italia Media Broadcasting S.r.l. (**TIMB**) and Rete A S.p.A. (**Rete A**). Such transaction between TIMB and Rete A, who currently hold broadcasting licenses comprising three and two digital multiplexes, respectively, will give rise to a leading network operator in Italy featuring a nationwide high-coverage infrastructure of five digital multiplexes, featuring latest-generation technology. The combined entity will be a leading supplier of non-integrated national and foreign television broadcasters operating on the Italian market. The agreement is also expected to lead to significant synergies.

The business combination will be carried out through Gruppo Espresso's contribution of 100% of the Rete A shares to TIMB. Upon completion of the transaction, Telecom Italia Media and Gruppo Espresso will hold 70% and 30% of shares in TIMB, respectively, which in turn will wholly own Rete A. Pursuant to a shareholders agreement by and among Telecom Italia Media and Gruppo Espresso, Telecom Italia Media will be entitled to appoint the majority of directors of TIMB and the Chief Executive Officer, and Gruppo Espresso will be entitled to appoint TIMB's Chairman. The transaction is expected to be finalized by June 2014, subject to the requisite AGCom authorization having been obtained.

NOTE 43 LIST OF COMPANIES OF THE TELECOM ITALIA GROUP

The list is divided by type of investment, consolidation method and operating segment.

The following is indicated for each company: name, head office, country and share capital in the original currency, in addition to the percentage holding of share capital, the percentage of voting rights in the ordinary shareholders meeting if different than the percentage holding of share capital, and which companies hold the investment.

Telecom Italia Group

Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
PARENT COMPANY						
	MILAN	EUR	10,693,740,302			

TELECOM ITALIA
S.p.A.

(ITALY)

Subsidiaries consolidated line-by-line

**DOMESTIC
BUSINESS UNIT**

4G RETAIL S.r.l.	TURIN	EUR	2,402,241	100.0000	TLC COMMERCIAL SERVICES S.r.l.
(marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	(ITALY)				
ADVANCED CARING CENTER S.r.l.	ROME	EUR	2,540,100	100.0000	TELECONTACT CENTER S.p.A.
(telemarketing s activities and development, market research and surveys)	(ITALY)				

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Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
FLAGSHIP STORE BOLOGNA 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	BOLOGNA (ITALY)	EUR	20,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
FLAGSHIP STORE BOLZANO 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	BOLZANO (ITALY)	EUR	20,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
FLAGSHIP STORE CATANIA 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	CATANIA (ITALY)	EUR	20,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
FLAGSHIP STORE FIRENZE 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	FLORENCE (ITALY)	EUR	20,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
FLAGSHIP STORE MILANO 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all	MILAN (ITALY)	EUR	50,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.

types of analog and digital devices)

<p>FLAGSHIP STORE MILANO 2 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)</p>	<p>MILAN (ITALY)</p>	<p>EUR</p>	<p>50,000</p>	<p>100.0000</p>	<p>TLC COMMERCIAL SERVICES S.r.l.</p>
<p>FLAGSHIP STORE MODENA 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)</p>	<p>MODENA (ITALY)</p>	<p>EUR</p>	<p>20,000</p>	<p>100.0000</p>	<p>TLC COMMERCIAL SERVICES S.r.l.</p>

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Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
FLAGSHIP STORE ROMA 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	ROME (ITALY)	EUR	50,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
FLAGSHIP STORE ROMA 2 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	ROME (ITALY)	EUR	50,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
FLAGSHIP STORE SANREMO 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	SANREMO (IMPERIA-ITALY)	EUR	20,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
FLAGSHIP STORE TARANTO 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	TARANTO (ITALY)	EUR	20,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
FLAGSHIP STORE TORINO 1 S.r.l.	TURIN	EUR	20,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.

(marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	(ITALY)					
FLAGSHIP STORE VERONA 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	VERONA (ITALY)	EUR	20,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
FLAGSHIP STORE VICENZA 1 S.r.l. (marketing of products and services in the field of fixed and mobile telecommunications and all types of analog and digital devices)	VICENZA (ITALY)	EUR	20,000	100.0000		TLC COMMERCIAL SERVICES S.r.l.
H.R. SERVICES S.r.l. (personnel training and services)	L AQUILA (ITALY)	EUR	500,000	100.0000		TELECOM ITALIA S.p.A.
I.T. TELECOM S.r.l. (other service activities connected with NCA information technology)	POMEZIA (ROME ITALY)	EUR	7,000,000	100.0000		TELECOM ITALIA S.p.A.

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Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
LAN MED NAUTILUS Ltd (telecommunications services, installation and maintenance of submarine cable systems, managed bandwidth services)	DUBLIN (IRELAND)	USD	1,000,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
LATIN AMERICAN NAUTILUS ARGENTINA S.A. (managed bandwidth services)	BUENOS AIRES (ARGENTINA)	ARS	9,998,000	95.0000	5.0000	LAN MED NAUTILUS Ltd TELECOM ITALIA SPARKLE S.p.A.
LATIN AMERICAN NAUTILUS BOLIVIA SRL (managed bandwidth services)	LA PAZ (BOLIVIA)	BOB	1,747,600	99.9999	0.0001	TELECOM ITALIA SPARKLE S.p.A. LATIN AMERICAN NAUTILUS USA Inc.
LATIN AMERICAN NAUTILUS BRASIL Ltda (managed bandwidth services)	RIO DE JANEIRO (BRAZIL)	BRL	6,850,598	99.9999	0.0001	LATIN AMERICAN NAUTILUS BRASIL PARTICIPACOES Ltda LATIN AMERICAN NAUTILUS USA Inc.
LATIN AMERICAN NAUTILUS BRASIL PARTICIPACOES Ltda (investment holding company)	RIO DE JANEIRO (BRAZIL)	BRL	8,844,866	99.9999	0.0001	LAN MED NAUTILUS Ltd TELECOM ITALIA SPARKLE S.p.A.
LATIN AMERICAN NAUTILUS CHILE S.A. (managed bandwidth services)	SANTIAGO (CHILE)	CLP	5,852,430,960	100.0000		LAN MED NAUTILUS Ltd

LATIN AMERICAN NAUTILUS COLOMBIA Ltda (managed bandwidth services)	BOGOTA (COLOMBIA)	COP	240,225,000	99.9999 0.0001	LAN MED NAUTILUS Ltd LATIN AMERICAN NAUTILUS USA Inc
LATIN AMERICAN NAUTILUS PANAMA S.A. (managed bandwidth services)	PANAMA	USD	10,000	100.0000	LAN MED NAUTILUS Ltd
LATIN AMERICAN NAUTILUS PERU S.A. (managed bandwidth services)	LIMA (PERU)	PEN	16,109,788	100.0000	LAN MED NAUTILUS Ltd
LATIN AMERICAN NAUTILUS PUERTO RICO LLC (managed bandwidth services)	SAN JUAN (PUERTO RICO)	USD	50,000	100.0000	LAN MED NAUTILUS Ltd
LATIN AMERICAN NAUTILUS St. Croix LLC (managed bandwidth services)	VIRGIN ISLANDS (USA)	USD	10,000	100.0000	LAN MED NAUTILUS Ltd
LATIN AMERICAN NAUTILUS USA Inc. (managed bandwidth services)	FLORIDA (USA)	USD	10,000	100.0000	LAN MED NAUTILUS Ltd
LATIN AMERICAN NAUTILUS VENEZUELA C.A. (managed bandwidth services)	CARACAS (VENEZUELA)	VEF	981,457	100.0000	LAN MED NAUTILUS Ltd
MED-1 (NETHERLANDS) B.V. (investment holding company)	AMSTERDAM (NETHERLANDS)	EUR	18,200	100.0000	MED-1 SUBMARINE CABLES Ltd
MED-1 ITALY S.r.l.	ROME	EUR	548,477	100.0000	MED-1 (NETHERLANDS) B.V.

(construction and management of submarine cable in Italian territorial waters)

(ITALY)

MED-1 SUBMARINE CABLES Ltd
(construction and management of the submarine cable Lev1)

RAMAT GAN
(ISRAEL)

ILS

55,886,866

99.9123

TELECOM ITALIA
SPARKLE S.p.A.

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Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
MEDITERRANEAN NAUTILUS BULGARIA EOOD (telecommunications services)	SOFIA (BULGARIA)	BGN	100,000	100.0000		LAN MED NAUTILUS Ltd
MEDITERRANEAN NAUTILUS GREECE S.A. (telecommunications services)	ATHENS (GREECE)	EUR	111,600	100.0000		LAN MED NAUTILUS Ltd
MEDITERRANEAN NAUTILUS ISRAEL Ltd (international wholesale telecommunications services)	RAMAT GAN (ISRAEL)	ILS	1,000	100.0000		LAN MED NAUTILUS Ltd
MEDITERRANEAN NAUTILUS ITALY S.p.A. (installation and management of submarine cable systems)	ROME (ITALY)	EUR	3,100,000	100.0000		LAN MED NAUTILUS Ltd.
MEDITERRANEAN NAUTILUS TELEKOMÜNİKASYON HİZMETLERİ TİCARET ANONİM ŞİRKETİ (telecommunications services)	TAKSİM (ISTANBUL-TURKEY)	TRY	5,639,065	100.0000		LAN MED NAUTILUS Ltd
OLIVETTI MULTISERVICES S.p.A. (real estate management)	MILAN (ITALY)	EUR	20,337,161	100.0000		TELECOM ITALIA S.p.A.
TELECOM ITALIA DIGITAL SOLUTIONS S.p.A. (former PATH.NET S.p.A.) (networking systems and telecommunications)	ROME (ITALY)	EUR	7,224,000	100.0000		TELECOM ITALIA S.p.A.

TELECOM ITALIA INFORMATION TECHNOLOGY S.r.l. (planning, design, installation running of computer services)	ROME (ITALY)	EUR	3,400,000	100.0000	TELECOM ITALIA S.p.A.
TELECOM ITALIA NETHERLANDS B.V. (telecommunications services)	AMSTERDAM (NETHERLANDS)	EUR	18,200	100.0000	TELECOM ITALIA SPARKLE S.p.A.
TELECOM ITALIA SAN MARINO S.p.A. (telecommunications services in San Marino)	ROVERETA- FALCIANO (REPUBLIC OF SAN MARINO)	EUR	1,808,000	99.9999 0.0001	TELECOM ITALIA SPARKLE S.p.A. TELECOM ITALIA S.p.A.
TELECOM ITALIA SPAIN SL UNIPERSONAL (telecommunications services)	MADRID (SPAIN)	EUR	2,003,096	100.0000	TELECOM ITALIA SPARKLE S.p.A.
TELECOM ITALIA SPARKLE CZECH S.R.O. (telecommunications services)	PRAGUE (CZECH REPUBLIC)	CZK	6,720,000	100.0000	TELECOM ITALIA SPARKLE S.p.A.
TELECOM ITALIA SPARKLE EST S.R.L. (telecommunications services)	BUCHAREST (RUMANIA)	RON	3,021,560	100.0000	TELECOM ITALIA SPARKLE S.p.A.
TELECOM ITALIA SPARKLE HUNGARY K.F.T. (telecommunications services)	BUDAPEST (HUNGARY)	HUF	2,870,000	100.0000	TELECOM ITALIA SPARKLE S.p.A.
	NEW YORK	USD	15,550,000	100.0000	

TELECOM ITALIA
SPARKLE OF NORTH
AMERICA. INC.

(telecommunications and (USA)
promotional services)

TELECOM
ITALIA
SPARKLE
S.p.A.

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Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
TELECOM ITALIA SPARKLE S.p.A. (public and private telecommunication services management)	ROME (ITALY)	EUR	200,000,000	100.0000		TELECOM ITALIA S.p.A.
TELECOM ITALIA SPARKLE SINGAPORE PTE. LTD (telecommunications services)	SINGAPORE	USD	5,121,120	99.9999	0.0001	TELECOM ITALIA SPARKLE S.p.A. TELECOM ITALIA SPARKLE OF NORTH AMERICA. INC.
TELECOM ITALIA SPARKLE SLOVAKIA S.R.O. (telecommunications services)	BRATISLAVA (SLOVAKIA)	EUR	300,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TELECONTACT CENTER S.p.A. (telemarketing services)	NAPLES (ITALY)	EUR	3,000,000	100.0000		TELECOM ITALIA S.p.A.
TELEFONIA MOBILE SAMMARINESE S.p.A. (mobile telephone services)	B.GO MAGGIORE (REPUBLIC OF SAN MARINO)	EUR	78,000	51.0000		TELECOM ITALIA SAN MARINO S.p.A.
TELENERGIA S.r.l. (import, export, purchase, sale and exchange of electrical energy)	ROME (ITALY)	EUR	50,000	100.0000		TELECOM ITALIA S.p.A.

TELSY ELETTRONICA E TELECOMUNICAZIONI S.p.A.	TURIN	EUR	390,000	100.0000	TELECOM ITALIA S.p.A.
(manufacturing and sale of electronic equipment and systems for encrypted telecommunications)	(ITALY)				
TI BELGIUM S.P.R.L. B.V.B.A	BRUSSELS	EUR	3,000,000	100.0000	TELECOM ITALIA SPARKLE S.p.A.
(telecommunications services)	(BELGIUM)				
TI GERMANY GmbH	FRANKFURT	EUR	25,000	100.0000	TELECOM ITALIA SPARKLE S.p.A.
(telecommunications services)	(GERMANY)				
TI SWITZERLAND GmbH	ZURICH	CHF	2,000,000	100.0000	TELECOM ITALIA SPARKLE S.p.A.
(telecommunications services)	(SWITZERLAND)				
TI TELECOM ITALIA (AUSTRIA) TELEKOMMUNIKATIONDIESTE GMBH	VIENNA	EUR	2,735,000	100.0000	TELECOM ITALIA SPARKLE S.p.A.
(telecommunications services)	(AUSTRIA)				
TIS France S.A.S.	PARIS	EUR	18,295,000	100.0000	TELECOM ITALIA SPARKLE S.p.A.
(installation and management of telecommunication services for fixed network and related activities)	(FRANCE)				
TLC COMMERCIAL SERVICES S.r.l.	ROME	EUR	500,000	100.0000	TELECOM ITALIA S.p.A.
(acquisition and management of investments holdings involved on the marketing of products and services in the field of telecommunications and ICT)	(ITALY)				

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Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
TMI TELEMEDIA INTERNATIONAL Ltd (value-added and networking services)	LONDON (UK)	EUR	3,983,254	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TMI TELEMEDIA INTERNATIONAL DO BRASIL LTDA (telecommunications services and promotional services)	SAO PAULO (BRAZIL)	BRL	8,909,639	100.0000		TMI TELEMEDIA INTERNATIONAL Ltd
BRAZIL BUSINESS UNIT						
INTELIG TELECOMUNICAÇÕES LTDA (telecommunications services)	RIO DE JANEIRO (BRAZIL)	BRL	4,041,956,045	99.9999	0.0001	TIM PARTICIPAÇÕES S.A. TIM CELULAR S.A.
TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A. (investment holding company)	RIO DE JANEIRO (BRAZIL)	BRL	7,169,029,859	100.0000		TELECOM ITALIA INTERNATIONAL N.V.
TIM CELULAR S.A. (telecommunications services)	SAO PAULO (BRAZIL)	BRL	9,434,215,720	100.0000		TIM PARTICIPAÇÕES S.A.
TIM PARTICIPAÇÕES S.A. (investment holding company)	RIO DE JANEIRO (BRAZIL)	BRL	9,886,886,593	66.6756	66.6975 0.0329	TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A. TIM PARTICIPAÇÕES S.A.

MEDIA BUSINESS UNIT

BEIGUA S.r.l. (purchase, sale, management and maintenance of installation for the repair and distribution of radio and TV broadcasting)	ROME (ITALY)	EUR	51,480	51.0004		TELECOM ITALIA MEDIA BROADCASTING S.r.l.
TELECOM ITALIA MEDIA BROADCASTING S.r.l. (purchase, sale, management and maintenance of installations for the repair and distribution of radio and TV broadcasting)	ROME (ITALY)	EUR	15,000,000	100.0000		TELECOM ITALIA MEDIA S.p.A.
TELECOM ITALIA MEDIA S.p.A. (development and sale of products in the publishing industry, gathering and sale of advertising, management of all activities concerning the treatment and handling of information)	ROME (ITALY)	EUR	212,188,324	75.1731	75.4553 2.2471	TELECOM ITALIA S.p.A. TELECOM ITALIA FINANCE S.A.

OLIVETTI BUSINESS UNIT

ADVALSO S.p.A. (design, manufacturing and servicing of telecommunication services and products)	IVREA (TURIN ITALY)	EUR	500,000	100.0000		OLIVETTI S.p.A.
OLIVETTI DEUTSCHLAND GmbH (sale of office equipment)	NURNBERG (GERMANY)	EUR	25,600,000	100.0000		OLIVETTI S.p.A.
OLIVETTI ENGINEERING S.A. (in liquidation)	YVERDON LES BAINS	CHF	100,000	100.0000		OLIVETTI I-JET S.p.A. (in liquidation)

(product research and
development based on
ink-jet technology)

(SWITZERLAND)

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Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
OLIVETTI ESPANA S.A. (sale and maintenance of office equipment, consulting and telematic network management)	BARCELONA (SPAIN)	EUR	1,229,309	99.9912		OLIVETTI S.p.A.
OLIVETTI FRANCE S.A.S. (sale of office equipment)	PUTEAUX (FRANCE)	EUR	2,200,000	100.0000		OLIVETTI S.p.A.
OLIVETTI I-JET S.p.A. (in liquidation) (manufacture and sale of products and accessories for office equipment)	ARNAD (AOSTA ITALY)	EUR	16,500,000	100.0000		OLIVETTI S.p.A.
OLIVETTI S.p.A. (manufacture and sale of products and accessories for office equipment)	IVREA (TURIN ITALY)	EUR	13,200,000	100.0000		TELECOM ITALIA S.p.A.
OLIVETTI UK Ltd. (sale of office equipment)	MILTON KEYNES (UK)	GBP	6,295,712	100.0000		OLIVETTI S.p.A.
TIESSE S.c.p.A. (installation and assistance for electronic, computer, telematic and telecommunications equipment)	IVREA (TURIN-ITALY)	EUR	103,292	61.0000		OLIVETTI S.p.A.
OTHER OPERATIONS						
EMSA Servizi S.p.A. (in liquidation)	ROME	EUR	5,000,000	100.0000		TELECOM ITALIA S.p.A.

(real estate services management)	(ITALY)				
OFI CONSULTING S.r.l. (administrative consulting)	IVREA (TURIN ITALY)	EUR	95,000	100.0000	TELECOM ITALIA S.p.A.
OLIVETTI GESTIONI IVREA S.r.l. (real estate services)	IVREA (TURIN ITALY)	EUR	100,000	100.0000	TELECOM ITALIA S.p.A.
PURPLE TULIP B.V. (investment holding company)	AMSTERDAM (NETHERLANDS)	EUR	18,000	100.0000	TELECOM ITALIA INTERNATIONAL N.V.
TELECOM ITALIA CAPITAL S.A. (finance company)	LUXEMBOURG (LUXEMBOURG)	EUR	2,336,000	100.0000	TELECOM ITALIA S.p.A.
TELECOM ITALIA DEUTSCHLAND HOLDING GmbH (investment holding company)	FRANKFURT (GERMANY)	EUR	25,000	100.0000	TELECOM ITALIA S.p.A.
TELECOM ITALIA FINANCE IRELAND LTD (finance company)	DUBLIN (IRELAND)	EUR	1,360,000,000	100.0000	TELECOM ITALIA FINANCE S.A.
TELECOM ITALIA FINANCE S.A. (finance company)	LUXEMBOURG (LUXEMBOURG)	EUR	542,090,241	100.0000	TELECOM ITALIA S.p.A.
TELECOM ITALIA INTERNATIONAL N.V. (investment holding company)	AMSTERDAM (NETHERLANDS)	EUR	2,399,483,000	100.0000	TELECOM ITALIA S.p.A.
TELECOM ITALIA LATAM PARTICIPACOES E GESTAO ADMINISTRATIVA LTDA (telecommunications and promotional)	SAO PAULO (BRAZIL)	BRL	118,925,804	100.0000	TELECOM ITALIA S.p.A.

services)

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Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
AUDIT COMPLIANCE ATAM S.A. (in liquidation) (internal auditing)	RIO DE JANEIRO (BRAZIL)	BRL	1,500,000	69.9996		TELECOM ITALIA S.p.A.
				30.0004		TIM BRASIL SERVICOS PARTICIPACOES S.A.
TERRA ARGENTEA S.A. (investments holding company)	BUENOS AIRES (ARGENTINA)	ARS	666,701,096	86.8875		TELECOM ITALIA INTERNATIONAL N.V. TELECOM ITALIA S.p.A.
				13.1125		
Subsidiaries consolidated held for sale						
NUCLEO S.A. (telecommunications services)	BUENOS AIRES (ARGENTINA)	ARS	760,000	99.9900		TELECOM ARGENTINA S.A. NORTEL INVERSORA S.A.
				0.0100		
NORTEL INVERSORA S.A. (investment holding company)	BUENOS AIRES (ARGENTINA)	ARS	68,008,550	78.3784	100.0000	SOFORA TELECOMUNICACIONES S.A.
NUCLEO S.A. (mobile telephone services)	ASUNCION (PARAGUAY)	PYG	146,400,000,000	67.5000		TELECOM PERSONAL S.A.
SOFORA TELECOMUNICACIONES S.A. (investment holding company)	BUENOS AIRES (ARGENTINA)	ARS	439,702,000	35,5000		TELECOM ITALIA INTERNATIONAL N.V. TELECOM ITALIA S.p.A.
				32,5000		
PRINGVILLE S.A. (mobile telephony services)	MONTEVIDEO (URUGUAY)	UYU	2,100,000	100.0000		TELECOM PERSONAL S.A.
TELECOM ARGENTINA S.A.	BUENOS AIRES (ARGENTINA)	ARS	984,380,978	54,7417	55.6014	NORTEL INVERSORA S.A.
				1.5463		

telecommunications services)							TELECOM ARGENTINA S.A.
TELECOM ARGENTINA SA INC. telecommunications services)	DELAWARE (USA)	USD	219,973	100.0000			TELECOM ARGENTINA S.A.
TELECOM PERSONAL S.A. mobile telephony services)	BUENOS AIRES (ARGENTINA)	ARS	310,514,481	99.9923		0.0077	TELECOM ARGENTINA S.A. NORTEL INVERSORA S.A.
associated and joint ventures accounted for using the equity method							
FREE URBANE S.r.l. (in liquidation) real estate management)	MILAN (ITALY)	EUR	100,000	31.6500		0.9700	TELECOM ITALIA S.p.A. TELECOM ITALIA MEDI S.p.A.
SSCOM INSURANCE BROKERS S.r.l. insurance brokers)	MILAN (ITALY)	EUR	100,000	20.0000			TELECOM ITALIA S.p.A.
ALTEA S.r.l. (bankrupt) manufacture and sale of office equipment and information and telecommunications services)	IVREA (TURIN ITALY)	EUR	100,000	49.0000			OLIVETTI S.p.A.
ONSORZIO E O (in liquidation) professional training)	ROME (ITALY)	EUR	13,113	50.0000			TELECOM ITALIA S.p.A.
ONSORZIO INITALIA research, study, design, product development and IT solutions devoted to initiatives characterized by a great economic or by an innovative or complex structure)	ROME (ITALY)	EUR	200,000	25.0000			OLIVETTI S.p.A.
LI.SER S.r.l. real estate management)	MILAN (ITALY)	EUR	21,165	40.0000			TELECOM ITALIA S.p.A.
ALTEL GROUP S.p.A.	SETTIMO MILANESE (MILAN)	EUR	825,695	34.6845	19.3733		TELECOM ITALIA FINANCE S.A.

Investment holding
company)

(ITALY)

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Name	Head Office	Currency	Share Capital	% ownership	% of voting rights	Held by
MOVENDA S.p.A. (technological platforms for the development of mobile Internet services)	ROME (ITALY)	EUR	133,333	24.9998		TELECOM ITALIA FINANCE SA
NORDCOM S.p.A. (application service provider)	MILAN (ITALY)	EUR	5,000,000	42.0000		TELECOM ITALIA S.p.A.
TELELEASING LEASING DI TELECOMUNICAZIONI E GENERALE S.p.A. (in liquidation) (financial leasing of real estate and other assets)	MILAN (ITALY)	EUR	9,500,000	20.0000		TELECOM ITALIA S.p.A.
TIGLIO I S.r.l. (real estate management)	MILAN (ITALY)	EUR	5,255,704	45.6991	2.1027	TELECOM ITALIA S.p.A. TELECOM ITALIA MEDIA S.p.A.
TIGLIO II S.r.l. (real estate management)	MILAN (ITALY)	EUR	10,000	49.4700		TELECOM ITALIA S.p.A.
TM NEWS S.p.A. (multimedia journalistic information)	ROME (ITALY)	EUR	1,120,000	40.0000		TELECOM ITALIA MEDIA S.p.A.
TRENTINO NGN S.r.l. (design, construction, building and supply of fiber optic access network to operators and investments, real estate, commercial and financial operations)	TRENTO (ITALY)	EUR	96,043,000	41.0733		TELECOM ITALIA S.p.A.

Other significant investments

CEFRIEL S.r.l. (training)	MILAN (ITALY)	EUR	100,350	11.6000	TELECOM ITALIA S.p.A.
DAHLIA TV S.p.A. (in liquidation) (pay-per-view services)	ROME (ITALY)	EUR	11,318,833	10.0800	TELECOM ITALIA MEDIA S.p.A.
FIN.PRIV. S.r.l. (finance company)	MILAN (ITALY)	EUR	20,000	14.2900	TELECOM ITALIA S.p.A.
ITALBIZ.COM Inc. (Internet services)	DELAWARE (USA)	USD	4,720	19.5000	TELECOM ITALIA MEDIA S.p.A.
MIX S.r.l. (internet service provider)	MILAN (ITALY)	EUR	99,000	10.8500	TELECOM ITALIA S.p.A.

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