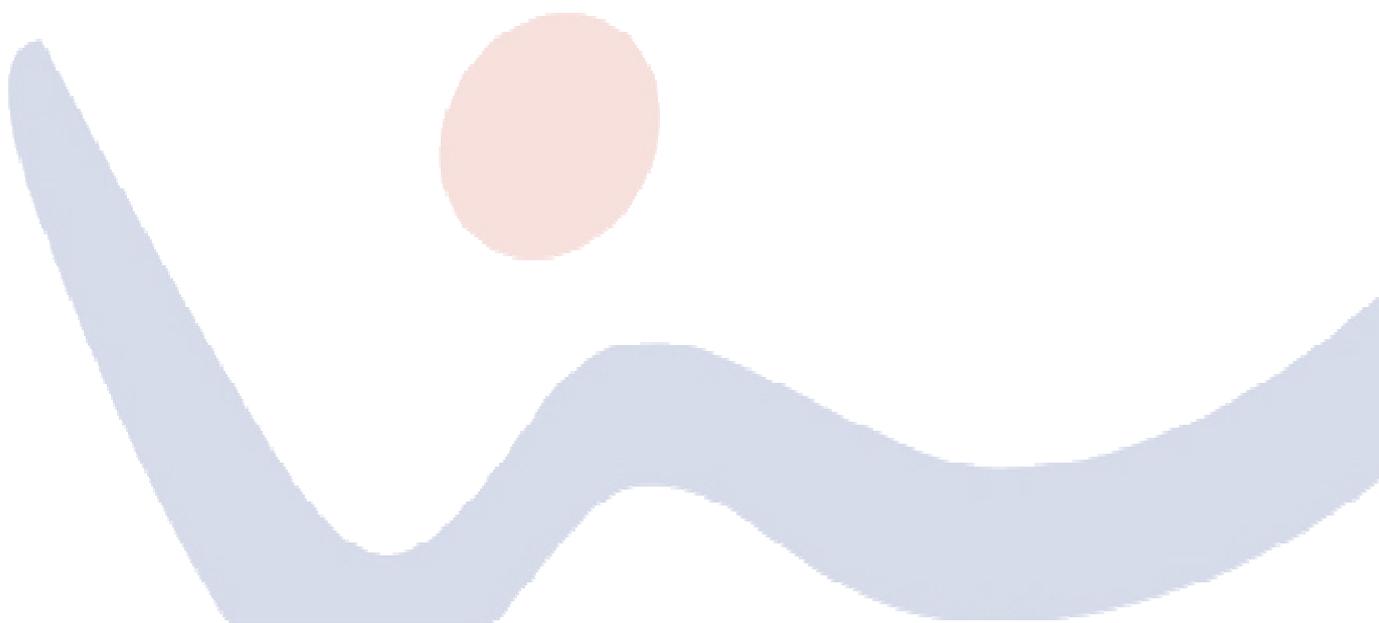


WIND TELECOMUNICAZIONI GROUP

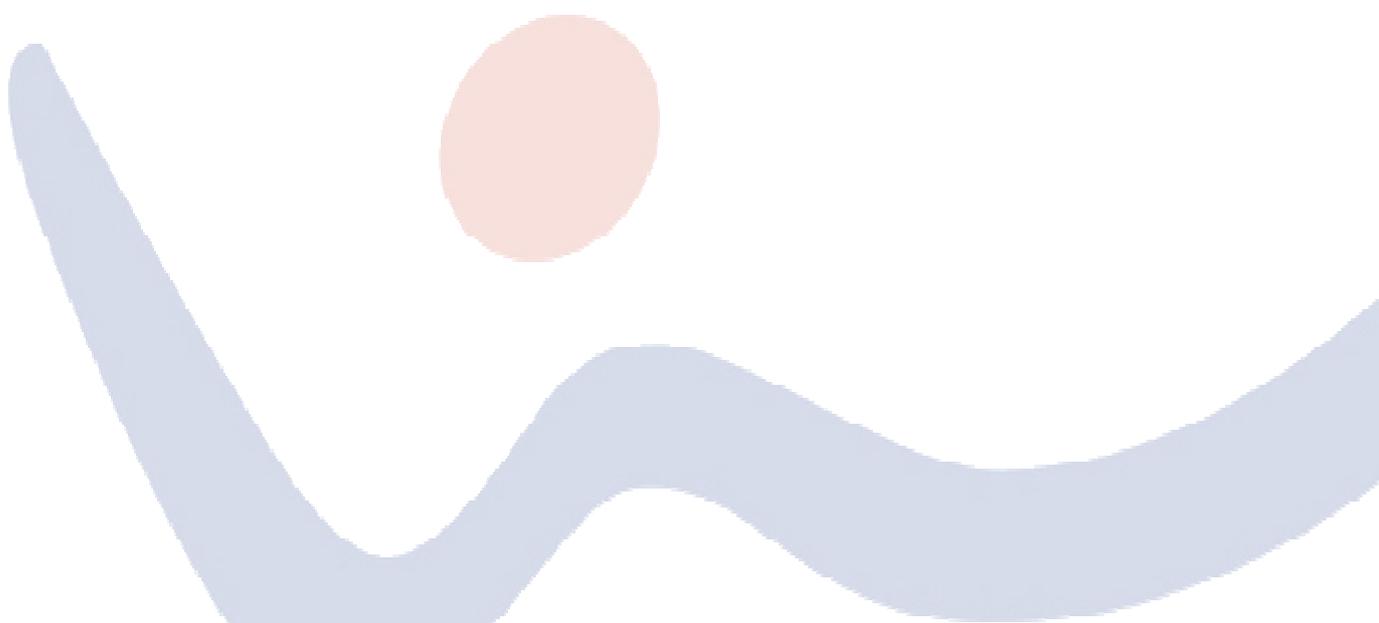
**Consolidated interim financial statements as of and
for the three-month period ended March 31, 2015**



Translation of the Italian Consolidated interim Financial Statements as of and for the three-month period ended March 31, 2015 of WIND Telecomunicazioni SpA.

WIND TELECOMUNICAZIONI GROUP

Report on operations at March 31, 2015



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THE WIND TELECOMUNICAZIONI GROUP

The WIND Telecomunicazioni Group (hereinafter also WIND Group or the Group) is a leading Italian telecommunications operator and offers mobile, Internet, fixed-line voice and data products and services to consumer and corporate subscribers.

The Group markets its mobile services through "WIND" brand and it provides voice, network access, international roaming and value added services, or "VAS," as well as mobile Internet services, to its mobile subscribers, through (i) the Global System for Mobile Communications ("GSM") and General Packet Radio Services allowing continuous connection to the Internet ("GPRS") (which are known as "second generation" or "2G" technologies), and (ii) universal mobile telecommunications systems, which are designed to provide a wide range of voice, high speed data and multimedia services ("UMTS") and high-speed downlink packet access ("HSDPA") technology (which are known as "third generation" or "3G" technologies). In line with the Italian telecommunications market, the majority of WIND mobile subscribers are pre-paid subscribers.

WIND is the main alternative fixed-line operator in Italy based on revenue. It markets its fixed-line voice, broadband and data services primarily through "Infostrada" brand.

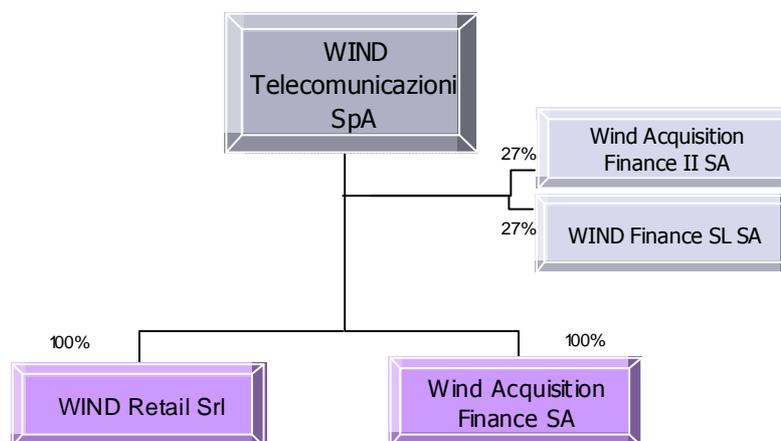
The following are the main offices of the Parent WIND Telecomunicazioni SpA:

Registered office	Via Cesare Giulio Viola, 48 - 00148 Rome - Italy
Secondary office	Via Lorenteggio, 257 - 20152 Milan - Italy

The Parent WIND Telecomunicazioni SpA (hereinafter also WIND or the Parent) is controlled by Wind Telecom SpA through WIND Acquisition Holdings Finance SpA, which wholly owns WIND Telecomunicazioni SpA.

At the present date VimpelCom Amsterdam BV holds 92.24% of Wind Telecom.

The following diagram outlines the structure of the WIND Group at March 31, 2015.



BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA

Board of Directors ⁽¹⁾

Chairman	Andrew Mark Davies
Directors	Maximo Ibarra, CEO
	Vincenzo Nesci
	Albert Hollema
	Felix Saratovsky

Board of Statutory Auditors ⁽²⁾

Chairman	Giancarlo Russo Corvace
Standing auditor	Roberto Colussi
Standing auditor	Maurizio Paternò di Montecupo
Substitute auditor	Lelio Fornabaio
Substitute auditor	Stefano Zambelli

⁽¹⁾ On February 27, 2014, Mr. Jo Olav Lunder resigned from his office as Board member of WIND and Chairman of the Board of Directors of the Company. On March 5, 2014 the Board of Directors of the Company co-opted Mr. Andrew Mark Davies as a member of the Board of Directors and Chairman of the Board until the shareholders' meeting of WIND approving the financial statement as of December 31, 2013. The shareholders' meeting of WIND dated April 18, 2014, that approved the financial statement of the Company as of December 31, 2013, appointed the new Board of Directors for a two- year term until the date of the shareholders' meeting convened for the approval of the Company's financial statements as at December 31, 2015. The Shareholders' meeting further confirmed Mr. Davies as Chairman of the Board of Directors of WIND. The Board of Directors of WIND convened on April 18, 2014 confirmed Mr. Maximo Ibarra as Chief Executive Officer of the Company.

⁽²⁾ The Shareholders' meeting held on April 12, 2013 appointed the Board of Statutory Auditors of the Company for a three-year term until the date of the shareholders' meeting convened for the approval of the Company's financial statements at December 31,2015.

WIND GROUP HIGHLIGHTS AT MARCH 31, 2015

The operating and financial data reported below are taken from the Group's consolidated financial statements as of and for the period ended March 31, 2015, prepared in accordance with the IFRS endorsed by the European Union.

Below are the main indicators of the WIND's Group on March 31, 2015, with a comparison with the corresponding figures for 2014.

Operational data

	At March 31, 2015	At March 31, 2014
Mobile customers (millions of SIM Cards)	21.4	22.0
Mobile ARPU (euro/month)	10.9	10.9
Fixed-line customers (millions of lines)	2.8	3.0
Fixed-line ARPU (euro/month)	27.9	29.8
Mobile network coverage ⁽¹⁾	99.86%	99.83%
Employees (headcount)	6,865	6,994

⁽¹⁾ As a percentage of the Italian population.

Income statement figures (millions of euro)

	2015 3 months	2014 3 months
Revenue	1,078	1,144
EBITDA ⁽¹⁾	406	431
Operating income	596	123
Net finance expense	(64)	(231)
Loss for the period attributable to the owners of the parent	456	(119)

⁽¹⁾ Operating income before depreciation and amortization, reversal of impairment losses/impairment losses on non-current assets and gains/losses on disposal of non-current assets

Statement of financial position figures (millions of euro)

	At March 31, 2015	At December 31, 2014
Total assets	15,389	14,758
Equity attributable to		
owners of the parent	602	111
non-controlling interests	0.0	0.0
Total liabilities	14,787	14,647
Net financial indebtedness	8,905	9,655

Total **revenue** in the three months ended March 31, 2015, reached €1,078 million decreasing by 5.8%. This effect is mainly due to a decrease in revenue from telephone services and revenue from *Interconnection traffic*.

Telephone services are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 5.8% in the first three months of 2015 compared with 2014, thanks to the substantial maintenance in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

Also *International roaming* revenue fell mainly as the effect of the reduction in Voice and Data tariffs, only partially offset by an increase in international roaming volume.

The increase in *Revenue from sales* is due to the increase in the sale of mobile telephone handsets of high-range terminals while the *Interconnection traffic* revenue increase by 2.2% mainly due to the increase in the incoming volume of mobile termination traffic, only partially offset by the general reduction of volume and unit tariffs of SMS and MMS.

EBITDA amounted to €406 million in the first three months of 2015, a decrease of €25 million compared to the corresponding period of 2014 while **Operating income** for the first three months of 2015 amounted to €596 million, an increase of €473 million compared with the first three months of 2014.

Net finance expense for the first three months of 2015 amounted to €64 million, a decrease of €167 million compared with the first three months of 2014 mainly due to the expenses arising from refinancings made by the Group.

Gain for the first three months of 2015 attributable to owners of the Parent closes at €456 million, compared to a loss of €119 million for the first three months of 2014.

Net financial indebtedness totaled €8,905 million at March 31, 2015, a decrease of €749 million over December 31, 2014. The following table sets out the components of net financial indebtedness at March 31, 2015 and the changes which have occurred since December 31, 2014.

<i>(millions of euro)</i>	At March 31, 2015	At December 31, 2014	Change Amount	%
FINANCIAL LIABILITIES				
Non-current financial liabilities				
Bonds	10,192	8,844	1,348	15.2%
Financing from banks	670	1,722	(1,052)	(61.1)%
Financing from other lenders	219	228	(9)	(3.9)%
Derivative financial instruments	70	74	(4)	(5.4)%
Current financial liabilities				
Bonds	197	142	55	38.7%
Financing from banks	-	166	(166)	(100.0)%
Financing from other lenders	106	105	1	1.0%
Derivative financial instruments	-	-	-	n.m.
TOTAL GROSS FINANCIAL INDEBTEDNESS (A)	11,454	11,281	173	1.5%
FINANCIAL ASSETS				
Non-current financial assets				
Derivative financial instruments	1,177	412	765	n.m.
Financial receivables	999	991	8	0.8%
Current financial assets				
Financial receivables	42	21	21	100.0%
Cash and cash equivalents	331	203	128	63.1%
TOTAL FINANCIAL ASSETS (B)	2,549	1,627	922	56.7%
NET FINANCIAL INDEBTEDNESS (A-B)	8,905	9,654	(749)	(7.8)%

THE ITALIAN TELECOMMUNICATIONS SERVICES MARKET

Industry overview

Italy is Europe's fourth largest telecommunications services market by revenue. The total value of the Italian mobile market for 2015 is estimated to be approximately €13 billion, less than 2014 due to a contraction in voice services only partially offset by an increase in internet and contents services.

The Italian fixed-line market (Voice and VAS) for 2015 is estimated to be worth approximately €6 billion, a decrease over 2014 mainly as the result of a drop in voice traffic revenues. The value of the internet access industry for 2015 is estimated to be approximately €4.6 billion, with the broadband segment accounting for the whole market.

In the first quarter of 2015 the mobile network telecommunications service market saw Operators focusing on value added services and contents, increasingly pushing bundle offers, including large volumes of traffic, at times without limit, roaming voice, SMS, internet, entertainment contents and storage services. Operators continued rationalizing tariffs, aiming above all at "module" profiles with additional options and large volumes of data traffic and at convergence plans with fixed and mobile network services. As in the final part of 2014, communication in the first quarter of 2015 concentrated to a large extent on ultra-broadband mobile network coverage.

Navigation in mobility was the central point in the principal offers made by Operators, who concentrated on the speed and quality of the network. Almost all of the bundles proposed include large volumes of data traffic together with offers of contents, video and audio streaming, news, gaming and apps, supplied in partnership with the main providers. On occasions LTE Advanced network navigation was proposed on free trial to 4G customers.

The latest items introduced in the **Business market** in the first quarter of 2015 consisted of devices and a number of rechargeable tariffs including large volumes of voice traffic between business numbers.

The offers for the **Consumer market** above all regarded new devices and entertainment services which use mobile broadband. Navigation profiles with large volumes of traffic were also offered as a benefit for the most loyal customers.

Value added **innovative services** are increasingly the subject to which leading Operators are giving emphasis. The contents offers for storing data and entertainment were revised and extended, in particular with respect to the cinema, TV, sport and music.

The connectivity offer in the residential market was enhanced by new access services with video, television and ICT contents, thanks to the increasing spreading of broadband and ultra-broadband networks.

The offer for Business customers saw the introduction of a number of changes as part of Cloud services, in particular in the areas of energy management, electronic billing and basic storage. In addition to these services, new ICT market-place and customer care web services were launched to retain and attract Business customers and in particular SMEs.

In January the coverage of ultra-broadband networks (above 30 Mbps) in Italy had reached 29% of the population and 150 urban centers, the majority of which in the north of Italy. In addition, under the plans drawn up by the private Operators this coverage is expected to reach 75% by 2017. Finally, in March 2015 the government published Italy's strategy for ultra-broadband, the aim of which is to cover 100% of the country's population with broadband services having at least 30 Mbps in download speed and 85% having at least 100 Mbps by 2020.

Mobile telecommunications

The Italian mobile telephone market is the fourth largest European market by revenue after France, the United Kingdom and Germany. There are four infrastructure operators in Italy who offer mobile telephone services to the approximately 86.8 million SIMs registered at December 31, 2014, equal to a penetration rate of approximately 143% of the Italian population. The penetration figure is distorted by the widespread use of more than one SIM card by many customers. It is estimated that approximately 80% of Italian mobile customers subscribe to prepaid mobile telephone services, which have low customer acquisition costs and higher margins than other European countries. Excluding MVNOs, at December 31, 2014 WIND had an estimated market share of 24.6%, while Telecom Italia and Vodafone had shares of 34.7% and 29% respectively, and H3G 11.7%.

Fixed telephone services market

Voice

The Italian fixed-line telephone services market is the fourth largest by value in Europe after Germany, France and the United Kingdom. Telecom Italia dominates this market even though it was liberalized in 1988. In addition to Telecom Italia and WIND, the main players are Fastweb, Vodafone/Teletu, Tiscali and BT Italia.

Internet

At March 31, 2015 access to broadband internet had reached a penetration of 70% of the total of fixed lines in Italy. Broadband services in Italy have grown swiftly since 2001 to reach approximately 13.9 connections or approximately 23% of the country's population. Despite the recent considerable rise in broadband, Italy is still behind the other European countries.

COMMERCIAL AND OPERATING PERFORMANCE

Mobile telephony

At March 31, 2015, WIND had 21.4 million mobile telephone customers, a decrease over March 31, 2014, thus anyway increasing its market share (calculated by excluding MVNO operators) by 0.3 percentage points to reach 24.6% compared to 24.3% in March 2014.

The following table sets out the main indicators of mobile telephony services.

Mobile telephony	2015 3 M	2014 3 M	Change
Customer base (millions of SIM cards)	21.4	22.0	(3%)
Revenues (millions of euros)	760	773	(2%)
Voice traffic (billions of minutes)	17.2	16.9	2%
ARPU (euros/month)	10.9	10.9	(0%)
Data ARPU as a % of total ARPU	41.8%	38.5%	

Consumer offer

WIND's offers embody the values of clarity, simplicity and transparency, the same as those of the Group, guaranteeing customers the freedom to communicate without a connection charge and having a "Real minute" tariff, meaning a tariff based on the actual number of seconds of the conversation with no advance increments and with the additional possibility of being able to keep the available number of minutes and messages under control by using a dedicated number or the MyWind App.

In March, WIND completely renewed its rechargeable offer, proposing two All Inclusive solutions: one with 500 minutes, 500 SMSs and 1 GB and one that is more complete with 1000 minutes, unlimited minutes to WIND, unlimited SMSs to everyone and 2 GB.

In addition, all the offers can be customized with optionals to ensure that existing WIND customers have the maximum flexibility.

WIND proposed significant innovations in the rechargeable market. All Inclusive Music is the first WIND offer that includes unlimited music streaming in addition to having minutes, 2 Gigas and SMSs towards everyone: a complete offer close to the interests of our customers that has been launched on the market thanks to a partnership with Napster which provides WIND's customers with access to over 30 million songs that can be listened to on smartphones, tablets and PCs.

WIND has launched the new offer with a promotion dedicated to new customers in MNP: a reduction is given on the fee for All Inclusive Music, and in addition a set of stereo headphones is provided free of charge. WIND has renewed the All Digital offer by which it revolutionized the classic offer schemes by proposing a solution with more internet and unlimited SMSs together with a bonus of €3 which can be used to buy books, games, apps, music and films from the **Google Play and Windows Phone stores**, fully manageable by customers through digital, self care, social network and MyWind App channels. The offer is designed to satisfy the needs of digital consumers by offering greater benefits and a new purchasing experience: anyone choosing All Digital orders the product on the website wind.it and collects it directly at a WIND store, without having to experience long delivery times and with the possibility of buying at an undoubtedly interesting price.

For the internet world, the *Open Internet* offers have been continued and renewed, in packages of 3, 6 and 12GB, in order to respond to all needs with an impressive innovation: customers can share the Gigas in their *Open Internet* offer with other mobile devices (smartphones, tablets, internet keys) and also with members of their family. The new internet offers reflect WIND's values of transparency, clarity and customer care, providing customers with the possibility, if they use up all the Gigas included in their offer, to begin their option again in advance by using the *Restart* option, or change their *Open Internet* offer free of charge. In March, WIND introduced an exclusive offer for its open internet customers providing them with the possibility of buying a tablet by installment, starting at €1 a month.

WIND has dedicated the new promotion *Bring Your Friends to WIND* to its existing customers: this gives 3 months of unlimited calls to everyone and 1 year of internet free of charge to customers who introduce friends who currently use other operators or transfer to WIND, with the possibility also of creating a viral effect: the more friends you bring in, the more months of promotion you receive.

WIND is the first telecommunications operator in Italy to launch the *Digital Home & Life* concept, opening a space in one of its stores in Rome, in Largo Apollinare, wholly dedicated to a new range of technological accessories: a sensory, welcoming and innovative environment in which the virtual experience becomes real. The *Digital Home & Life* range is divided into four separate categories: Smartwatch, Wellness, Music and Smart Home, in order that customers may have the latest hi-tech domestic accessories. Sixteen products are available, ranging from smartwatches to Bluetooth headphones and from smart scales to videocameras. The new style, the graphic lines and the decisive and technological character of the newly-born brand act as a guide to a mini-site wholly dedicated to the project.

WIND has long had solutions available for its customers that enable them to purchase a new smartphone and the very latest digital accessories of the *Digital Home & Life* range at exclusive prices on an installment basis by credit card or direct debit. With *Telefono Incluso* customers can replace their smartphone with a new generation device after 18 months without having to pay a penalty.

Telefono Incluso continues to be an important lever for the subscription world, together with the offers integrated with Infostrada, to ensure the constant acquisition of new customers.

All *Inclusive* customers can add internet traffic to a secondary SIM for only €5 a month with the *Digital Super SIM* offer.

In line with its "closer" to customers positioning, WIND continues to closely follow the needs of non-Italian customers living in Italy with a fully dedicated portfolio of products which provides for tailored solutions: advantageous tariffs for calling abroad and unlimited calls towards WIND, and with *Call Your Country Super* a complete solution with minutes towards everyone and internet included. In addition from March 2015 customers with the *Call Your Country Wind* and *Call Your Country Super* offers can subscribe to the included telephone offer in order to buy a smartphone with small monthly installments.

WIND has also proposed solutions for the large numbers of tourists arriving in Italy every year with ad hoc offers for calling Italian and international numbers and navigating in internet.

Business voice offer

WIND provides a wide range of voice services to its corporate customers, to small and medium businesses (SMEs) and to professionals (the SOHO market), with specific offers to suit each market segment.

WIND offers customized services tailored to the specific requirements of large-scale businesses which often request offers on a competitive basis. With its offer based on a business's budget, WIND has increased its package of proposed services based on "all inclusive" monthly charge solutions: customers establish their telephone spending at a company level by identifying traffic packages shared by all of their SIMs, thus keeping control of their budget at both a global and single SIM level. Larger companies are increasingly gearing themselves towards offers in prepaid mode so that they can further increase control over their telecommunication expenses.

Faced with an increasing interest in mobile applications (apps) designed to take certain business processes into mobility, WIND has additionally launched *Enterprise Mobility Services* through strategic partnerships and vertical system integrator agreements.

For the population of professionals, self-employed workers and small businesses, WIND Business is present in the pull channel (WIND Retail, Dealer, Franchising, large retail chains (GDOs)) with its *All Inclusive* subscription offer which includes minutes and SMSs to anyone, unlimited internet from smartphones and unlimited calls between colleagues. The top of the range offer is *All Inclusive Unlimited Premium* which includes unlimited minutes, SMSs and internet in Italy, 1000 minutes of calls to abroad and bundles of calls, SMSs and internet in roaming. The *Telefono Incluso* option can be combined with the bundles.

With a view to extending all the benefits of a WIND subscription to the employees of small businesses, law firms and self-employed professionals, the *Second SIM* offer was launched in November 2014 which enables customers to add up to 5 SIMs to their subscription at reduced prices. Customers are not required to pay the government concessionary tax on their additional SIMs either.

For the world of small and medium businesses on the push sales channel the WIND Business mobile offer proposes *Rechargeable Offers*, which provide a maximum control on spending and the maximum flexibility thanks to the innovative *Automatic Top-Up* service in the "by threshold" or "by time" mode, and *Subscription Offers*, ideal for customers travelling abroad on a regular basis without any spending restrictions.

The new *Data Offer* was launched in March 2015: to satisfy the needs of business customers who increasingly require high volumes of data traffic in mobility, WIND proposes tariff plans which can be adapted to any navigation necessity and which have significant benefits if combined with all the fixed telephony offers.

The new Digitali Cre@sito, Pec Smart, Mobile POS, WIND Smart Control, Windlex and 4Mobility services complete the mobile offer for businesses, guaranteeing an innovative commercial proposition that stays close to the needs of WIND's business clientele. The Cre@sito service provides customers with the possibility of creating a website on their own through a user-friendly interface and a level II domain and a mailbox. Pec Smart is a certified electronic mail service, mandatory by law for professionals and businesses, which has legal value equivalent to a registered letter with return receipt and guarantees the dispatch and delivery of emails to the recipient.

The All Inclusive portfolio also includes the new *Mobile POS* service, developed in collaboration with BNL and BNL Positivity, which provides professionals and SMEs with an innovative service for enabling card payments made on national and international circuits to be accepted anywhere. Exclusively for WIND customers, Mobile POS is included in the offer with no activation costs or monthly charges.

WIND Smart Control is an innovative Mobile Device Management solution of WIND Business created for all small and medium-sized businesses needing to make the smartphones and tablets used by their employees safe and to configure and monitor these devices in a simple, rapid and effective way. This service has a cost of only €2 a month. Thanks to the partnership with 4Mobility, new services have been available since March 2015 providing an optimal management of working activities in mobility: the "4 Work" service dedicated to in-mobility workforces as a means of organizing the day's work in the best manner possible and recording this by way of reports, photos and videos; the

"4 Sales" service for sales forces, which enables the user to manage contacts and plan visits and have digital catalogues, products and documents in mobility; and the "4 Expense" service for digitalizing and managing expense notes in the simplest way possible, creating them and transferring them in real time: this offer is available for all WIND customers with Rechargeable and Subscription Offers at only €10 per month per service.

The success of the mobile offer for professionals and self-employed workers continued, relating to the new *All Inclusive Ricaricabile Partita IVA* portfolio consisting of the entry level tariff plan *All Inclusive King*, the *All Inclusive Unlimited* solution and the top of the range *All Inclusive Unlimited Premium* plan. The new rechargeable offer enables customers to keep maximum control of their telephone spending, and the government concessionary tax is not payable.

Innovative Services

In the first quarter of 2015, WIND continued with its for digital contents such as apps, games, music, films, e-books and digital magazines which customers can download from Google Play Store and Windows Phone Store using their telephone account as a means of payment without the need for a credit card.

A key change has come from Mobile Ticketing, meaning the possibility for customers to buy local public transport tickets using their telephone credit by sending an SMS or using the MyWind app: this service is also active in Milan, which can now be added to the other more than 30 towns and cities involved, including Florence, Genoa and Padua.

International Roaming

WIND customers can use their mobile telephone services, including SMS, MMS and data services (GPRS, EDGE, 3G, HSDPA) where available, in other countries through roaming facilities guaranteed by agreements with 490 international operators in 219 different countries, of which 207 covered by terrestrial roaming and 12 by satellite.

All Inclusive offers have been launched for world travelers to promote the use of smartphones in roaming and to extend the concept of "roam like home" to offers for high spending customers. The roaming offer complies with European regulations.

Sales and distribution

As part of its strategy, which sees distribution as an increasingly crucial factor for its growth, WIND continues to improve the quality of its distribution channels and strengthen its sales network.

WIND markets its mobile products and services, including SIM cards, scratch cards and handsets, through a series of exclusive sales points, which at March 31, 2015 consisted of 159 owned stores and 491 franchised sales points working exclusively with the WIND brand. The non-exclusive sales network consists of 989 WIND dealers, 779 sales points in electronic store chains and 4,709 other sales points in the smaller Italian towns which are run by SPAL SpA, the largest WIND distributor in terms of sales points.

From the www.wind.it website, optimized for navigation from both desktops and mobiles, it is possible for customers to activate offers and services, buy telephones, smartphones and tablets and book the exclusive "All Digital" offers, which are only available online, designed precisely for customers having a strong preference for using digital channels. In addition, customers can make top-ups online from all devices, paying by credit card or PayPal or by charging their Infostrada or WIND telephone account with a simple click.

In addition, customers can make a direct request for the activation of a new telephone line by accessing the www.infostrada.it website.

Fixed Telephony and Internet

WIND provides its consumer and microbusiness customers with a vast range of direct and indirect fixed network services, broadband internet and data transmission services all marketed under the Infostrada name.

WIND provides broadband services to direct customers (unbundling) by renting the "last mile" of the access network from Telecom Italia, which is disconnected from Telecom Italia equipment and connected to WIND equipment installed at the telephone exchange, and to indirect customers whereby WIND retails a service to its customers that it buys wholesale from Telecom Italia.

In response to the current trend on the Italian fixed communications market, which is seeing an increasing number of customers migrating from narrowband to broadband, WIND has concentrated its efforts on achieving growth in the number of subscribers to direct voice services (unbundling) and broadband internet services.

In addition, WIND has continued to sell ultra-broadband services in FTTH mode in the city of Milan, where it markets offers in optic fiber which allow the end user to reach download speeds of up to 100 Mega and upload speeds of up to 10 Mega.

In the areas of direct access the push of the new "ADSL Vera" service continued; this enables the customer's line to be stabilized at the maximum supported speed up to a peak of 20 Mega when downloading, thus providing customers with the best possible performance and ensuring a line that is always stable.

In January 2015 a plan to expand the Direct Access Network was started and this will lead to the unbundled coverage of over 70% of the lines, further strengthening WIND's positioning as an alternative operator to Telecom Italia in the fixed sector.

Voice services

WIND's fixed network voice customer base amounted to 2.8 million subscribers at March 31, 2015, a decrease of 3.5% over March 31, 2014; the direct customers voice component fell by 1.6% over the previous period.

The following table sets out the main indicators of the fixed network.

Fixed line	2015 3 M	2014 3 M	Change
Customer base (thousands of lines)	2.8	3.0	(3.5%)
of which LLU (thousands) ⁽¹⁾	2,400	2,438	(1.6%)
Revenues (millions of euros)	279	308	(9%)
Voice traffic (billions of minutes)	3.1	3.6	(14%)
ARPU (euros/month)	27.9	29.8	(6%)

(1) Includes customers with virtual LLU.

Internet and data

WIND offers a vast range of internet and data transmission services to both its consumer and business customers. At March 31, 2015, WIND had 2.2 million broadband internet customers and 0.01 million narrowband subscribers.

The following table sets out the main internet access indicators.

Internet and data services	2015 3 M	2014 3 M	Change
Internet customer base ('000)	2,231	2,222	0.42%
of which narrowband ('000)	7	15	(50%)
of which broadband ('000)	2,224	2,207	0.76%
of which LLU ('000)	1,950	1,889	3.3%
of which shared access ('000)	9	11	(20%)

Package and convergence services

WIND is one of the leading suppliers in Italy of internet services, fixed-line voice services and mobile telephone services, having an integrated infrastructure and a network coverage which extends throughout the country, thus allowing it to offer integrated service packages which combine these products.

In order to make WIND's positioning in the sphere of integrated services more exclusive, the push has continued on the "Powered Infostrada" offer which is addressed to all WIND's prepaid mobile customers subscribing to a WIND *All Inclusive*, *NOI* or *Call Your Country* offer, who are offered a choice of one of the fixed-line telephone products *Absolute* or *All Inclusive Unlimited* at a special price. This promotion was further enhanced in January with a dedicated discount in order to increase the acquisition of new convergence customers. The *Internet Everywhere* convergence promotion continues, directed at customers who want to navigate from home with ADSL and in mobility with an internet key or a tablet thanks to the Super Tablet offer under which customers can obtain a tablet at a cost starting from €3 a month with 1 Giga of traffic included, all on a permanent basis.

The same convergence services are also available in the "Affari" version on the Stores sales channel for Microbusiness/SOHO customers. In addition, the "Affari" portfolio always includes calls to fixed and mobile business phones.

The drive towards acquiring an increasing number of fixed and mobile customers is supported by the *Super All Inclusive* and *Super Absolute* commercial propositions, which combine the fixed-line telephone and ADSL connectivity offer with the mobile telephone *All Inclusive* offer, proposing them together as a single product at a reduced price.

The possibility continues for all VAT registered customers, new or already acquired, to subscribe to a new second line offer which consists of a second, voice-only, line, also useable for sending and receiving faxes, and use a POS device. ISDN Telecom and Fastweb or Vodafone customers with additional numbering can finally pass to Infostrada without losing their numbers.

Voice and business data offer

WIND provides PSTN, ISDN and VoIP fixed-line network voice services, data services, VAS and connectivity services to large business users, capitalizing on the experience gained with ENEL and using a dedicated call center. In this segment WIND is also able to tailor its offer to the specific needs expressed by the customer and to the requirements set in tenders.

The offers for businesses also include flat solutions with tariffs based on the number of users, which enable customers to keep complete control over their spending.

Direct access to the network is assured for large-scale businesses by radio link, by direct optic fiber connections or by direct access via LLU; in areas where direct access is not available, dedicated lines leased from Telecom Italia are used.

In addition, WIND is also extending its offer for the large business market by means of Cloud services, broadening its commercial proposal with ICT and managed services solutions on both fixed and mobile networks. WIND has set up a partnership with the Enterprise division of Google which enables it to propose collaboration and communication solutions to businesses based on Google Apps Cloud. As the first result of this collaboration an innovative proposal has been launched which provides voice, SMSs, navigation, G-mail and collaboration services in a single package.

WIND has prepared an offer, *WIND Cloud per Aziende*, consisting of a rich catalog of IaaS services and, in particular for medium-sized businesses, pre-configured bundles of data center and connectivity services which are capable of satisfying the needs of these customers and are available in an extremely short period of time. This type of offer will be enriched even further in order to establish a portfolio of Cloud services including SaaS (Software as a Service), characterized by flexibility and rapidity.

WIND, Beeline and Telefonica have set up a Temporary Grouping of Companies which has been awarded a contract for the global supply of telecommunication services for the next four years to the ENEL group, the third largest energy operator in the world by turnover and international presence. The tender, called in 2013 with a starting price of €230 million, regards fixed and mobile telephone services for the whole of the ENEL group for the next four years in ten countries, including Italy, Spain and a large part of Latin America.

The PSTN fixed network offer portfolio for sole traders, which is geared in particular towards professional firms and small companies requiring between one and four lines (analogue or 2 ISDN), consists of the voice and ADSL bundle list (*All Inclusive Business L* and *All Inclusive Business Unlimited*), which offers unlimited calls to all national fixed and mobile telephones and unlimited ADSL, the *All ADSL Business* lists which offer unlimited ADSL connectivity and voice calls as used, and *Noi Unlimited Affari*, which in addition to unlimited calls to all national fixed and mobile numbers also offers unlimited calls to all fixed and mobile numbers on the pay-per-use WIND-Infostrada and ADSL telephone accounts. The whole of the offering portfolio is available with WIND network coverage on lines already activated with other operators and also on new lines.

The *Absolute ADSL Business* and *All Inclusive Business Unlimited* plans have become even more advantageous as a result of the *Super Absolute Business* and *Super All Inclusive Business* integrated solutions which offer customers the possibility of choosing the combination most suited to their communication needs, combining fixed-line, ADSL mobile and Data.

To complete the offer, "plug&play" packs are being proposed at extremely competitive prices on an installment sale basis to respond to customers' most common needs: the Internet Pack, consisting of a Wi-Fi router and a 3G internet key, offered in combination with a data SIM having two months of completely free traffic included, enables customers to navigate on the mobile network while waiting for activation of the ADSL service and to have a back-up line on the mobile network once activation is completed; the Internet-&-Video Pack on the other hand contains an IP video-camera in addition to the Wi-Fi router and an internet key to enable customers to video control their professional environment, record images and obtain access from laptops or mobile devices.

For SMEs, WIND offers a wide range of dual-play (voice + internet) products with tariff plans based on VoIP technology, with unlimited traffic to national fixed and mobile numbers and to the international fixed network (Western Europe, USA and Canada) and unlimited ADSL up to 20 MB with a minimum guaranteed band of 300 kps and static IP address. The offer is available in a 2-line version (which provides two calls at the same time) thanks to the new *All Inclusive Aziende Smart* tariff plan, available from September 2014, and in a 3 to 8 simultaneous call version with *All Inclusive Aziende*. The VoIP offer becomes even more beneficial thanks to *Super All Inclusive Aziende* if combined with the *Unlimited Subscription and Rechargeable* mobile plans using up to a maximum of 10 SIM cards.

Since March 23, with *Super Internet* it is possible to take advantage of discounts by combining the *All Inclusive Aziende* and *All Inclusive Aziende Smart* plans with the new data offers. The WIND Impresa offer providing from a minimum of 6 to a maximum of 60 voice lines at the same time is still available in the portfolio; in addition, together with the WIND Impresa offer customers may also subscribe to a service for the leasing, management and maintenance of telephone switchboards.

"Made to measure" solutions are also available at contained prices, studied and designed on the basis of the specific needs of medium- and large-scale businesses and using highly advanced technology (ADSL, SHDSL, optic fiber, radio bridges, private data networks with the transfer of protected data, etc.) and latest generation devices that enable the performance and quality levels required by customers to be guaranteed.

Sale and distribution of fixed network services

WIND's distribution strategy is increasingly customer orientated and the ADSL and telephony service purchase channels are only "pull" sales channels, meaning that it is the customer who decides spontaneously to make the purchase. The most important sales channel is the retail channel (monobrand and multibrand stores), which through the integrated offers continues to increase in importance, followed by the 159 call centers and the web; the activities of the outbound call centers are now residual and these are mostly used for acquiring customers in very specific segments.

Interconnection services

WIND offers its wholesale services to other operators, making its network capacity available through these services, and manages incoming and outgoing call termination traffic on its network for domestic and international operators. WIND is paid a fee by other operators for managing the calls which terminate on its mobile or fixed network, while in the same way it is required to pay a termination tariff to other operators for the calls which terminate on their mobile or fixed telephone networks. Interconnection tariffs from mobile to mobile, from mobile to fixed, from fixed to mobile and from fixed to fixed are regulated by AGCOM.

Customer care service

WIND's customer service activities are coordinated by its Customer Management unit, which is organized by customer type: rechargeable customers (mobile), subscription customers (fixed telephony, mobile telephony and internet) and business customers. In order to provide a tailored service for certain particularly important customer segments such as the ethnic communities, WIND also provides its customer assistance service in other languages.

Call centers dedicated to residential customers are located throughout the country.

The WIND customer service continues to develop its operational organization, focusing on the activation phase and the increasing need for mobile-fixed-internet multi-service assistance. In addition, WIND continues with the integration of its customer care services and sales structures in order to provide customers with an assistance service spread throughout the country, also through the use of local sales points, thus making it more direct and transparent.

In a saturated market – but one in constant effervescence due to its changes and where there is an incessant renewal of the portfolio offered – retaining a vision which putting the customer as the center of his business permits the construction of consistent and synergic management policies between the various sectors represents a discriminating success factor. This vision is an asset for WIND and a genuine philosophy that involves and integrates

all of the Group's business sectors, ranging from marketing to sales by way of customer care and technical functions such as information technology.

In particular, a set of activities has been set up for monitoring the various points of contact between the Customer and the Group and to assess satisfaction with WIND and the extent to which it may be recommended to others, using NPS measurement methods. This aims to identify customer needs, provide specific targeted replies and more generally identify the main areas of development, in line with the expectations provided by the customers themselves.

The objective of WIND's Customer Relationship Management department is to understand, anticipate and respond to the needs of current and potential customers with the aim of increasing the value of the relationship on all the segments covered – for consumer (mobile and fixed) and for the business market – with an organizational structure focused by market.

A success factor for the CRM initiatives – which have been gaining even further importance in 2015 - is the ability to know how to capture customers on a timely basis during their lifecycle and in particular in the presence of specific consumption behavior through the development of campaign management tools.

Consistent with the identification of customer needs, WIND CRM provides suitable solutions in terms of product and offer through traditional and digital relation channels.

Commercial action with customers is also carried out through the Group's distribution network, which is developing from being a channel for acquiring new contacts into one that is used for managing customers.

WIND places a great deal of emphasis on managing digital contact points and on online customer assistance tools, ensuring high standards of quality and encouraging customers to use these facilities.

The MyWind app, with more than 7 million downloads, is the preferred digital point of contact with WIND customers owning a smartphone or tablet. The 4.0 version has seen detailed graphical and functional revision and a considerable improvement of the user experience, encountering immediate success with customers who have confirmed MyWind as the app with the highest rating in the store market.

The social networks continue to be an important point of contact, listening and customer management for WIND, experiencing an increase in the fan base but above all in the number of contacts. WIND continues to maintain levels of excellence in the special social care rankings "Top Brands" of Facebook and Twitter published on a monthly basis by Blogmeter (Blogmeter.com) for the speed with which it handles contacts.

Marketing and Branding

WIND has consolidated its advertising strategy and began the year with a new television campaign which proposes the science fiction genre in a "movie" format, originally launched in November 2014. In the first quarter Giorgio Panariello and his faithful companion Giovanni Esposito played the leading roles in a fantasy adventure in space on board the orbiting WIND technological station.

The flight dedicated to the *All Inclusive Limited Edition* has been on the air since January 10, 2015; for €9 a month this provides 250 real minutes, 250 SMSs and 1 Giga.

Again in January the Infostrada brand returned in communication mode with a two-week TV flight dedicated to *Absolute*.

At the same time the WIND brand was also on the air with the testimonial Panariello to promote *All Inclusive Music*, which can be activated on smartphones. For €12 a month, *All Inclusive Music* provides 150 real minutes, 300 SMSs and 2 Giga, with stereo headphones being provided free of charge. The partnership with Napster proposes the possibility of downloading up to 25 million songs and 1 million artists in streaming.

Since the start of the year WIND has planned a series of special initiatives aimed at promoting the *All Inclusive Music* offer and the partnership with Napster. In January it was present in the first three shows of the program conducted by Raffaella Carrà, Forte Forte Forte, with clips dedicated to the *All Inclusive Music* product. In February the Group sponsored the Sanremo Festival during the five evenings of the program with an integrated communication package. Then for the first time on TV it promoted its new WIND Digital Home & Life brand with two tele-promotions dedicated to wearables and products for the smarthome, and more specifically the Samsung Gear S DLink videocamera.

The five Sanremo tele-promotions were again set inside the orbiting station to obtain creative continuity, working on advertising awareness, specific recall and likeability.

Since February 25 WIND has also been sponsoring The Voice with a package that includes product placement and tele-promotions dedicated to *All Inclusive Music*. Starring in the tele-promotions are the two V-Jays Federico Russo and Valentina Correani, who also conduct the program.

Regular television planning picked up again in March to support the WIND consumer offers with the first spot on *All Inclusive Young*, which for €10 provides 200 real minutes, unlimited SMSs to everyone and 2 Giga, only for the under 30s. The second flight is dedicated to *Porta i tuoi amici*, the promotion that gives a free gift of 1 Giga of internet a month for one year and unlimited calls to everyone for three months to WIND customers who bring their friends and to the friends that transfer to WIND.

Completing the media mix, two WIND national poster flights were planned in the first quarter; these see Giorgio Panariello as a protagonist in the roles of an astronaut and a castaway, consistent with the television campaign. The first flight is dedicated to the *All Inclusive Limited Edition* offer and the second to the WIND offer associated with the Digital Home & Life Samsung Gear S, which offers a smartwatch with built in GPS and SIM at a price of €5 a month.

The orbiting station in which Giorgio and Giovanni experience almost all of their adventures was created by the set designer Paolo Monzeglio, and is a faithful reproduction of an Italian patent. WIND also had the possibility of taking part in an earth/space link with Samantha Cristoforetti who has been on a space mission over the past few months. In addition, at the end of shooting the set was handed over as a gift to the Tradate Astronomical Observatory Foundation which will set up a specific space for it.

WIND also confirmed its interest in the ethnic target, picking up the planning again for the press campaign in foreign language publications dedicated to the *Call Your Country* offers.

In the first quarter WIND continued its activities dedicated to communicating locally with the planning of various poster and radio flights displaying offers dedicated to the three WIND brands, WIND, Infostrada and WIND Business, thus affirming its closeness to local needs. The WIND flights were dedicated to the *All Inclusive Young* and *All Inclusive Music* offers, consistent with the television planning, the Infostrada flight was dedicated to Absolute ADSL and the Business flight to the *All Inclusive Unlimited* offer coupled with the Samsung handsets.

WIND had a more than constant presence at local events and fairs, where specific offers were promoted. The new range of Digital Home & Life products was presented at the Savona half marathon, the Trieste Bavisela, the Udine Fitness Fair and the Bologna Cosmoprof Fair, where a Try & Buy offer for the devices was arranged. Consistent with the target, WIND's offers for small VAT registrants were proposed at the Monza Forensic Conference. In continuity with the past, WIND was also present at the Spring Festival again organized this year by the Romanian Association in Italy. To strengthen its ties with the population of the Upper Adige, a radio flight in German was planned, dedicated to the *All Inclusive Music* offer, and completed by a series of press articles in local newspapers.

As far as the brand and Business target are concerned, in February WIND planned a radio campaign to promote the *Super All Inclusive Unlimited* convergence offer. In addition a DEM campaign was developed in March, dedicated exclusively to lawyers as support for the new WINDLex services.

Starting in February WIND sponsored "L'ORA DEL ROSARIO" the tour organized by Fiorello, one of WIND's historical testimonials. Investments in digital media continued in the first few months of 2015 to ensure a constant presence of the Group's brands on the main desktop and mobile sites and on the social media through the use of all the available formats, standards, impacts and videos. Infostrada was back on television again at the beginning of the year with an important campaign that was accompanied by a significant presence on all the main sites with both a traditional and a video pre-roll display. With the aim of maximizing the acquisition of new customers directly by means of the web channel, WIND dedicated a continuous presence on the main websites with targeted planning and constant planning in Real-Time Bidding.

WIND's contribution to young businessmen continued through the WIND Business Factor project. In February, the headquarters of the startup accelerator Luiss Enlabs hosted the final of the WIND Startup Awards where the startup finalists presented their projects to a panel of experts and investors to compete for an award of two study grants in the Silicon Valley and a cash prize. In addition, in March the WIND virtual incubator opened up entries for the WIND Green Award, the new competition dedicated to all entrepreneurial, cultural and social business initiatives having sustainability as an objective; this is not only open to digital and technologically innovative projects but also to initiatives that use art and music to spread a sustainable development culture.

DEVICELAB@LUISSENLABS powered by WIND and dedicated to startups that develop mobile applications was inaugurated in February, again at the Luiss Enlabs spaces at Termini Station in Rome.

On the basis of WIND's positioning, the long-term institutional strategic path undertaken to affirm the value of closeness to people and between people was fostered by a new institutional video entitled "The Fine" created for internet. It is WIND's intention to use this campaign to create a virtual common thread with "Papà", the previous institutional campaign that reminded the viewer that at times technology is not everything if we want to be close to people.

With the third appointment in March dedicated to St. Valentine, WIND presented this issue from yet another angle: the video tells the story about what happened at a cinema on the feast day of the lovers, with a final call from WIND to remain close once again.

WIND was also "closer" to its customers on Father's Day on March 19, proposing, for one day only and in prime-time, two excerpts on television from the short film "Papà", shown for the first time. The clip was preceded by greetings and best wishes sent to all fathers by the Group's CEO Maximo Ibarra.

The campaign was also relaunched online on the main targeted social networks and blogs, receiving considerable appreciation from the web audience and achieving substantial results: approximately 2 million views for "Papà", more than 5 million for "The Fine" and over 1 million for St. Valentine.

NETWORK

WIND has developed an integrated network infrastructure providing high capacity transmission capabilities and extensive coverage throughout Italy both for fixed and mobile services. As of March 31, 2015, WIND fixed access network covered with 2P POTS/ADSL2+ direct services 61.6% of the Italian population and with mobile network covered 99,88%, WIND UMTS/HSPA network covered 97,71% while LTE covered 38,40% of the Italian population. As of March 31, 2015, WIND has expanded its HSPA+ network to provide download speeds rates up to 42 Mbps to 42,15% of the Italian population, 21/5.8 Mbps HSPA service covered approximately 95.72% of the Italian population, and for the remaining population WIND offers 7.2/1.4 Mbps service. WIND's mobile and fixed - line access networks are supported by 22,333 kilometers of fiber optic cables backbone in Italy and 5,013 kilometers of fiber optic cables MANs. WIND's network uses a common transport, core and system platform, which is referred to as the "intelligent network," for both WIND's mobile and fixed-line access networks. WIND's transport and routing network has been upgraded to provide a uniform and scalable IP network platform, which provides additional capacity. The geographic scope of its network and the integrated nature of its operations allow WIND to offer its subscribers mobile, fixed-line and Internet product bundles and VAS. As of March 31, 2015, WIND also had 490 roaming agreements with other Italian and international telecommunications operators around the world.

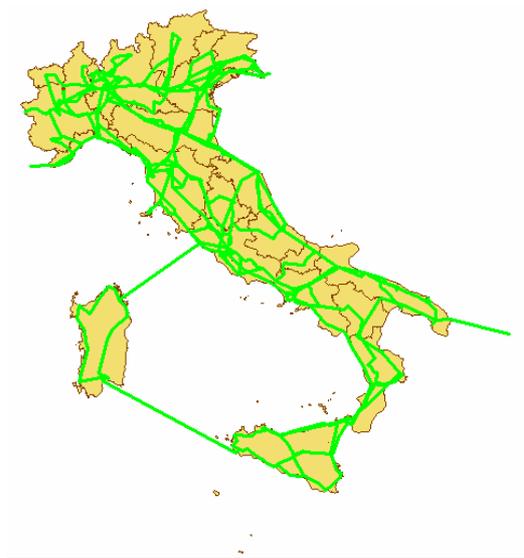
Fixed-Line Network

WIND's fixed-line network consists of an extensive fiber optic transport network with over 22,333 kilometers of transmission backbone, 5,013 kilometers of fiber optic cable MANs linking all capitals of Italian provinces and other major cities in Italy and a radio transmission network with approximately 16,245 radio links in operation.

The national voice switching network consists of a NGN/IMS network composed by 4 call control nodes, 4 Media Gateway Controller and 42 Trunking Gateway. The national network is supported by NGN (Next Generation Network) dedicated to interconnection with international operators composed by 2 Media Gateway Controller and 8 Trunking Gateway. WIND is able to handle all the traffic on proprietary backbone infrastructure, with little need to rent additional capacity from third parties.

As of March 31, 2015, WIND fixed access network has 1,458 LLU sites for direct subscriber connections with a capacity of approximately 3.31 million lines, and had interconnections with 613 SGUs, which allows it to provide carrier pre-selection and carrier selection access for indirect subscribers throughout Italy, as well as WLR services. In the second half of 2014 WIND started the migration of voice traffic interconnection with other national operators in IP technology.

WIND Internet network access is implemented by an all IP network, with over 50 POPs (Point of Presence), for direct (xDSL) and indirect Internet access services, as well as virtual private network (xDSL, Fiber Optics). The IP nodes access network consist of 53 BRAS for consumer services and 64-Edge Routers for Business application, located in PoP to ensure optimal coverage of the national territory.



Mobile Network

WIND offers mobile services through its three network layers 2G, 3G and 4G. First layer developed in 1998 with GSM technology provide voice and data service with EDGE enhancement. The second layer, 3G, provide voice service and data service with HSPA+ technology.

During 2014 WIND started a massive roll-out of the UMTS refarming at 900MHz, changing the use of part of its spectrum previously used for the GSM service (one block of 5MHz), in order to foster and enhance the indoor coverage of the 3G services, due to the better propagation of the low spectrum frequencies.

Since 2014 WIND started an aggressive plan to deploy the latest mobile generation network based on LTE (long term evolution) named also "4G" technology to provide wideband mobile connections.



The following table provides an analysis of WIND's SM/GPRS, UMTS/HSDPA and LTE networks as of March 31, 2015.

GSM/GPRS	
Radiating sites	14,786
BSC (Base Station Controllers)	231
MSC (Mobile Switching Centers)	33
HLR/HSS (Home Location Register)*	12
SGSN (Service GPRS Support Node)	8
GGSN (Gateway GPRS Support Node)*	11
UMTS	
Node B	13,601
RNC (Radio Network Controller)	109
MSC-Server	26
MGW (mediagateway)	28
SGSN (Service GPRS Support Node)*	12 (8 dual access; 4 triple access)
LTE	
Enodeb	1,503
MME	4
HSS	2
PDN-GW	4
S-GW	4

HUMAN RESOURCES

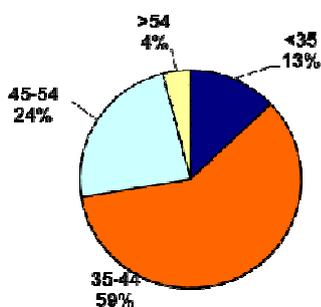
At March 31, 2015, the Group had a workforce of 6,865 employees structured as follows.

	No. of employees at		Average No. of employees in	
	03/31/2015	03/31/2014	2015 - 3M	2014 - 3M
Senior Managers	121	128	123	128
Middle Managers	613	624	622	623
Office Staff	6,131	6,242	6,154	6,221
Total WIND Group	6,865	6,994	6,899	6,972

During the first three months of 2015 the Group hired 50 employees while 13 employees left. In addition, 67 employees in Galata S.p.A. left the Group as of March 26, 2015.

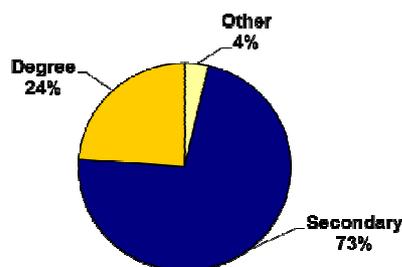
The following charts provide personnel details for WIND and its subsidiaries.

Wind Group - Age Groups



Average age: **41**

Wind S.p.A. - Education



Graduated w/o Call Center: **27%**

Female presence is at 47%.

In terms of the geographical allocation of personnel, 73% of personnel work at the sites in Milan, Rome, Naples and Ivrea.

Location	03/31/2015	03/31/2014
Milan*	12%	12%
Ivrea	9%	9%
Rome	34%	34%
Naples*	18%	18%
Other	27%	27%
Total	100%	100%

(*) The Rho site is included in Milan and the Pozzuoli site is included in Naples

The following table sets out personnel distribution by department:

Department	03/31/2015	03/31/2014
Network	33%	32%
Information Technology	6%	5%
Customer Care	23%	27%
Marketing & Sales	26%	24%
Staff	12%	12%
Total	100%	100%

Organization

The business unit for managing and maintaining part of the WIND telecommunication towers was contributed to the new company Galata S.p.A. as of February 18, 2015.

Development

The annual appraisal process began at the end of January 2015, confirming itself as a tool geared towards individual development and performance management. At March 31, 2015, 99.5% of the Group's population had been appraised and 75.6% had completed the feedback process.

Training

A total of 11,544 man-days of training were given during the first quarter of 2015, relating mainly to Technological Development and, consistent with the last quarter of the previous year, training activities on WIND's New Sourcing Model.

Following the agreement reached with the trade unions in July 2014, additional planning activities were carried out in the first quarter of this year for preparing the training courses needed for reskilling the staff who will be involved for the whole of 2015 in the insourcing project. Training activities consist of classroom courses and the coordination of the means of providing on-the-job training. In the first quarter of 2015 a further 56 employees from the Ivrea site began a training path relating to their new role as part of Surveillance Fixed, in the Operation & Maintenance area of Network Operations and in the Infrastructure Management of IT Operations. Since February, the sites of Pozzuoli and Palermo have also been involved: as far as Pozzuoli is concerned, training activities are in progress for 60 employees in the areas of Network Operations and Network Development (Managing the passive cycle, Planning and Network provisioning) and for 18 employees in the area of IT Development (Reporting and Bidding). At the Palermo site 213 employees have begun a training path in the IT Operations area in relation to Application and Infrastructure Management. A total of 9,708 man-days of training relating to the above areas have already been delivered by specialist external providers and through the collaboration of internal staff, people who are experts in subjects which are highly specific to the WIND world. The training for this project, together with the on-the-job training required for the operational implementation of the new roles, will take place throughout the first half of 2015.

Industrial relations

Meetings between the Company and the trade unions continued in the first quarter with the aim of monitoring the progress being made with the insourcing processes, as envisaged in the trade union agreement of July 29, 2014.

During the meetings the Company described the activities subject to insourcing and the training initiatives supporting the staff involved in the reskilling and occupational mobility processes.

In February the procedure pursuant to article 47 of Law no. 428/90 was completed for the contribution of the Towers Development business to Galata S.p.A., a company for whose development WIND has consequently identified a leading operator in the sector specializing in network infrastructure.

At the end of the procedure the Company and the trade unions signed an agreement which provides that the main remuneration and contractual terms currently existing in WIND for the personnel involved in the contribution will remain unchanged, without prejudice to article 2112 of the Italian civil code.

In addition, the Company and the trade unions signed an agreement in March with the aim of making an application to Fondimpresa, an interprofessional training fund, to finance training plans aimed at supporting the occupational reskilling initiatives envisaged in the agreement signed in July 2014.

REGULATORY FRAMEWORK AT MARCH 31, 2015

Fixed-line market

Antitrust activity

Proceeding I761

On the basis of a report made by WIND in 2012, allocated the number I761, on April 4, 2013 the AGCM initiated an inquiry into a possible agreement on wholesale accessory technical services provided to the fixed-line telephone network, whose purpose was to ascertain the existence of violations of article 101 of the TFUE (an agreement between the technical companies which provide wholesale accessory technical services to Telecom Italia's fixed-line telephone network). On July 10, 2013 the proceeding was also extended to Telecom Italia for the influence it exercises on the work of the technical companies.

On July 7, 2014, the AGCM published a provision in its bulletin by which it extended the term for concluding the proceeding to July 31, 2015 and at the same time broadened the subject of the proceeding to ascertaining whether article 102 of the TFUE (abuse of a dominant position) had been breached by Telecom Italia on the market of wholesale access to the fixed network. Against this charge, on November 21, 2014 Telecom Italia presented commitments which the Authority decided to put out to public consultation (market test) on December 29, 2014. WIND provided its observations to Telecom Italia's commitments within the established deadline of January 28, 2015. The AGCM rejected the commitments made by Telecom Italia as considered unsuitable and ineffective for removing the anti-competition profiles. The above-mentioned deadline for the conclusion of the whole of proceeding I761, set as July 31, 2015, for the moment still holds.

Telecom Italia filed an appeal with the Lazio regional administrative court (TAR) against the provision of July 10, 2013 by which the AGCM extended proceeding I761 to the company. At the hearing of June 11, 2014, Telecom Italia made a request for the cancellation or adjournment of the hearing. The TAR upheld Telecom Italia's request and accordingly ordered the cancellation of the case from the roll.

Telecom Italia's Reference Offers

In March 2014, Telecom Italia lodged appeals for the cancellation of Resolutions 746/13/CONS and 747/13/CONS, for the most part disputing the approach taken by the Authority for calculating the WACC, the parameter indicating the remuneration of the capital employed on which, among other things, the LLU price is based. WIND filed an appearance in both cases.

Fastweb has also lodged an appeal against the two resolutions for 2013 although for different reasons. WIND filed an appearance before the court in both proceedings in defense of AGCOM.

BT on the other hand has only appealed again Resolution 746/13/CONS regarding the calculation of the WBA price for 2013. BT's appeal has not been notified but WIND has decided to intervene in that proceeding.

The substantive hearing relating to the appeals filed by Telecom Italia for the annulment of Resolutions 747/13/CONS and 746/13/CONS and the appeals filed by Fastweb to have these resolutions annulled and by BT to have Resolution 746/13/CONS partially annulled was scheduled for November 19, 2014.

By way of a sentence on February 18, 2015, the Lazio TAR rejected the appeals made by Telecom Italia, Fastweb and BT to have Resolution 746/13/CONS annulled (approval of the Telecom Italia Offer for 2013 relating to Bitstream

services). By way of a sentence on March 9, 2015, the Lazio TAR rejected the appeals made by Telecom Italia and Fastweb to have Resolution 747/13/CONS annulled (approval of the Telecom Italia Offer for 2013 for LLU access services).

In addition, in November 2014 Telecom Italia appealed against Resolutions 67-68-69-70/14/CIR relating to the price for WLR for 2013, NGAN access for 2013, NGA Bitstream and VULA for 2013 and dedicated capacity transmission services for 2013. WIND filed an appearance in all the cases in support of AGCOM's position.

Fastweb too appealed against Resolution 67/14/CIR and WIND filed an appearance. The dates for the hearings have not yet been set.

Public consultation on Telecom Italia's reference offer relating to fixed interconnection for 2013 (Resolution 71/14/CIR) was published in September 2014. A final decision is awaited.

In June 2014, AGCOM published the public consultation relating to compliance with the sentences of the Council of State for the period March/April 2013 which established the annulment and the redetermination of certain price components of the unbundling, WLR and naked Bitstream offers for 2010-2012. On February 25, 2015, AGCOM announced in a press release on the subject that "*The Council of the Authority [...] has approved [...] the proposal [...] which implements the Sentences of the Council of State nos. 1837/13, 1645/13 and 1856/13 relating to the prices of wholesale services for access to the fixed network for 2010-2012.*" In particular, AGCOM noted that it had revised the tariffs for the LLU fees and the LLU contributions, while "*for the final approval of the monthly fees for the Bitsream and WLR naked services for 2009 it will however be necessary to wait for the implementation of the sentence of the Council of State regarding the fee for the Bitstream naked service for 2009 for which AGCOM has already initiated the appropriate proceeding*". In March 2015, by way of Resolution 68/15/CONS, AGCOM then initiated a public consultation on the implementation of sentence no. 5733/2014 of the Council of State relative to Resolution no. 71/09/CIR concerning the approval of Telecom Italia's reference offer for 2009 for Bitsream services. The consultation is in progress.

At the end of December 2014 a public consultation was set up by way of Resolution 135/14/CIR relating to Telecom Italia's LLU 2014 reference offer for all matters of a technical and procedural nature as well as the economic conditions of the cost orientation services, such as one-off contributions and co-leasing services in accordance with the contents of the draft market analysis provision.

On January 7, 2015, a public consultation was set up by way of Resolution 136/14/CIR relating to Telecom Italia's WLR 2014 reference offer for all matters of a technical and procedural nature as well as the economic conditions of the included services. These economic conditions are assessed on the basis of the cost orientation for contributions and accessory services, in line with the preliminary positions of the new market analysis which prescribes an annual assessment in the proceeding for the approval of the reference offer. The assessment will be carried out as part of the market analysis for the access fees of both WLR and LLU.

In February 2015, by way of Resolution 17/15/CIR, AGCOM then initiated a public consultation on the approval of Telecom Italia's reference offer for 2014 for dedicated capacity transmission services (terminating circuits and interconnection flows). An assessment will also be made in this consultation of all the issues of a technical and procedural nature as well as of the economic conditions of cost orientation services, such as one-off contributions and interconnection flows, on the other hand leaving the setting of the fees for terminating services to the approval of the relative market analysis in progress.

Fixed-access network

NGAN

On November 14, 2013, by way of Resolution 538/13/CONS, AGCOM published its final decision on “symmetrical obligations” regarding access to physical network infrastructures, confirming the obligations proposed in the consultation: (i) Symmetric obligations for access by operators to the optic fiber termination section and to the base infrastructures in the conveyance section, (ii) Obligations of transparency and non-discrimination: to provide access to the termination segment and the conveyance section under transparent and non-discriminatory conditions, publishing an offer valid for 2014 on the website and (iii) Price obligations: application of fair and reasonable prices for providing access services to the termination segment and the conveyance section (except for Telecom Italia which instead remains subject to prices directed towards cost, which will be established by the BU-LRIC model as part of the market analysis proceeding as per Resolution 390/12/CONS) and accepting a number of amendments, in line with the positioning expressed by WIND. On the basis of the symmetric obligations as per Resolution 538/13/CONS, WIND is required to prepare an access offer for the conveyance and termination sections in fiber which are currently only available for serving certain business customers.

WIND has published its Offer for Access to the Physical Infrastructures of the final section of the Optic Fiber Network pursuant to Resolution 538/13/CONS.

By way of Resolutions 68/14/CIR and 69/14/CIR, AGCOM approved Telecom Italia’s reference offer for 2013 for NGA and VULA Bitstream services and for access services to the NGAN passive infrastructures (local installation infrastructure, adduction sections, primary and secondary optic fibers and termination sections in optic fiber, also known as verticals in fiber).

In particular, as part of these provisions, and with regard to the sale of the copper termination section, the Authority confirmed its intention to set up a specific technical workgroup to identify suitable means and processes together with the operators concerned. As stated, Telecom Italia has filed appeals with the Lazio TAR against both resolutions.

On December 23, 2014, by way of Resolution 128/14/CIR, AGCOM approved Telecom Italia’s offer conditions (End to End services) for 2014.

FTTCab and Subloop unbundling technical workgroup

AGCOM has recently set up a subloop unbundling technical workgroup having the aim of discussing technical and procedural issues relating to this service, which provides the basis for the provision of FTTCab NGA services by alternative operators.

At the first four meetings (on February 21 and March 7, 21 and 28, 2014) operators put forward their proposals for the technical specifications of the cabinets in which the OLOs’ equipment will be held (alongside the existing Telecom Italia cabinets) and the upper cabinets (above the cabinets of both the OLOs and Telecom Italia). In addition, proposals have been issued for the tender rules for installing one or more of the OLOs’ optic network units (ONUs) in these cabinets or upper cabinets.

On the basis of the matters which emerged from the workgroup the Authority published Resolution 155/14/CONS (against which appeals have been filed by Telecom Italia and Fastweb based on reasons additional to those used for the main appeals filed with the Lazio TAR for the cancellation of Resolutions 747/13/CONS and 746/13/CONS, which, as stated, were rejected by the Lazio TAR in sentences dated February 18, 2015 and March 9, 2015), in which a modularity principle is recognized for the OLOs which will only enter the infrastructurization process at a later date: the multioperator cabinet must be produced by providing for a base module for 1 OLO and additional 1 OLO upper cabinet modules. All the modules, base and upper cabinet, will have an autonomous access door. Each operator will

to be able to access its part autonomously. The OLOs which through Telecom Italia have produced an adjacent cabin will in future have to provide access to the other OLOs interested in installing their own upper cabinet without placing any obstacles in the way, albeit within the limits of technical feasibility and network integrity. A transitional procedure is planned for 2014 alone which is applicable to the cabins for which Telecom Italia has already start up preparation work. The full operational procedure will begin in 2015.

The matters being looked into by the workgroup are continuing with the establishment of a requisite for Multi Operator Vectoring (MOV).

Infrastructure register

The "Destination Italy" decree law set the timing for the Authority with regard to the infrastructure register set up by the Authority by way of Resolution 622/11/CONS; in particular, AGCOM must create a data bank within 12 months for all publicly and privately owned internet access networks. The decree was subsequently converted into Law no. 9 of February 21, 2014. Up until now this register been known as RING (Registro delle Infrastrutture di Nuova Generazione - New Generation Infrastructure Register).

In addition, the paper "Italy's strategy for ultra-broadband" discusses coordination in managing the subsoil by setting up a land register for above and below soil level which can then ensure monitoring of the measures taken and a better use of existing infrastructure.

Replicability testing of Telecom Italia's offers

By way of Resolution 537/13/CONS on "*Non-discrimination requirements: revision of the methodology used for replicability testing*" - published on October 15, 2013 - AGCOM initiated an enquiry having the aim of adjusting the methods and tools underlying the price testing carried out for checking the economic replicability of Telecom Italia's retail offers. The aim of this testing is to check whether the retail prices charged by the operator are sustainable by an efficient alternative operator using regulated wholesale services, in order to ensure that the principle of equality of inside-outside treatment can be guaranteed and to avoid margin compression which would harm competition.

As part of this proceeding, by way of Resolution 537/13/CONS AGCOM initiated a review in November 2013 aimed at assessing the procedures and timing of the price testing proceeding and the tools to be used for checking the economic replicability of the retail offers of the significant market power (SMP) operator, namely Telecom Italia. WIND sent AGCOM its positioning on January 20, 2014 and was subsequently heard by the Authority. At the present date, the publication of the official consultation by AGCOM is awaited.

Furthermore, on May 21, 2014, AGCOM asked fixed-line operators to provide the costs of certain network components as part of the process for updating the replicability models pursuant to Resolution 499/10/CONS.

On July 31, 2014, AGCOM proposed an updating of the production mix for the assessment of the replicability of the optic fiber ultra-broadband retail offers.

It should be noted that in October 2014, WIND sent a contribution to the BEREC regarding a public consultation on the operating aspects of the replicability test for retail offers.

Market analysis – Fixed Access

On April 4, 2013, public consultation 238/13/CONS was published regarding an analysis of markets 1-4-5. WIND has provided its positioning in this respect.

On August 1, 2013, by way of Resolution 453/13/CONS, AGCOM extended the term of the proceeding relating to the analysis of markets 1, 4 and 5 in order to take into consideration the access network separation project proposed by Telecom Italia.

On February 24, 2014, by way of Resolution 65/14/CONS, AGCOM extended the term for completing the preliminary proceeding as per Resolution 390/12/CONS by a further 90 days. Operators were given the possibility of sending additions to the documentation already presented regarding significantly innovative facts and elements which had occurred since the second half of 2013. In addition, on March 20, 2014, AGCOM requested operators to provide a series of further details about retail and wholesale access lines relating to 2012 and 2013. During March 2015, following up Consultation 238/13/CONS and the items that had emerged in the meantime, by way of Resolution 42/15/CONS AGCOM initiated another consultation regarding the market analysis of fixed access services for the period 2014-2017. This consultation is in progress.

With respect to access services for 2010-2012, by way of Resolution 563/13/CONS AGCOM initiated an enforcement proceeding on November 11, 2013 concerning the sentences of the Council of State on Resolutions 731/09/CONS and 578/10/CONS on prices for wholesale access services to Telecom Italia's fixed network. On June 20, 2014, by way of Resolution 258/14/CONS, AGCOM started up a public consultation containing orientations with respect to compliance with the sentences of the Council of State. On December 15, 2014, AGCOM stated that at the meeting held on that date: *"The decision taken by the Board establishes that: i) the unbundling charge for 2012 is reduced to €9.05/month due to the recalculation of the corrective maintenance costs; ii) the contributions for the unbundling service are to be found in a basket different from that of the charges and subject to a different price cap. The reduction in the unbundling service charge is also reflected in the amounts relating to 2010 and 2011, which fall to €8.65/month and €8.90/month respectively. It will on the other hand be necessary to wait for the implementation of another sentence of the Council of State, that dealing with the naked Bitstream service charge for 2009, to see the situation regarding the Bitstream and WLR service charges. A review of this charge has been put on the agenda of one of the next Board meetings."* Subsequently, as stated above, following discussions with the European Commission and the additional sentence of the Council of State on Bitstream Naked 2009, by way of a press release issued on February 25, 2015, AGCOM announced that *"The Council of the Authority [...] has approved [...] the proposal [...] which implements the Sentences of the Council of State nos. 1837/13, 1645/13 and 1856/13 relating to the prices of wholesale services for access to the fixed network for 2010-2012."* In particular, AGCOM noted that it had revised the tariffs for the LLU fees and LLU contributions.

Market analysis – Fixed Access: Leased lines: Terminating Segments Market 6

On November 4, 2013, by way of Resolution 603/13/CONS, AGCOM initiated a proceeding to identify and analyze the wholesale supply market for the terminating segments of leased lines, regardless of the technology used to provide the leased or reserved capacity (Market 6 of European Commission Recommendation 2007/879/EC). Public consultation 559/14/CONS was set up in November 2014 after collecting information and WIND has sent its observations in this respect. The proceeding is still in progress.

Fixed termination

Resolution 229/11/CONS establishes that from January 1, 2012 termination tariffs must be symmetric between Telecom Italia and other operators, in particular TDM termination tariffs must be symmetric at an SGU level while IP termination tariffs must be symmetric and defined as the result of two proceedings, one technical on IP interconnection and the other economic to define the BULRIC model. Subsequently, as the result of a ruling of the

Council of State issued on February 15, 2013, the symmetry between Telecom Italia and the other OLOs regarding fixed termination was annulled. Following this the termination values of the OLOs for 2012 were approved by AGCOM in March 2013 by way of Resolution 187/13/CONS. The value of fixed termination on the Telecom Italia network at the various interconnection levels was determined by way of Resolution 92/12/CIR.

Telecom Italia filed an appeal against Resolution 187/13/CONS with the Lazio regional administrative court (TAR) in the attempt to obtain an OLO termination price lower than that established by AGCOM. On the other hand Fastweb appealed against this resolution to try to obtain a higher price. At the substantive hearing on April 23, 2014 the TAR rejected the appeals of both Telecom Italia and Fastweb. Fastweb filed an appeal against the TAR's sentence, notifying WIND of this on October 14, 2014. Telecom Italia has also appealed against this sentence. WIND filed an appearance in support of AGCOM. The hearing was held before the Council of State on January 22, 2015 and sentence is currently awaited.

AGCOM has completed public consultation 349/12/CONS on the cost model (BULRIC) for the determination of the prices of the interconnection services in IP modality (preliminary inquiry initiated on December 15, 2011), and has submitted its proposal for a final decision to the European Commission. By way of a communication of February 7, 2013, the European Commission initiated a more detailed phase in conjunction with AGCOM and BEREC ("Phase II Investigation").

Following the comments received from the European Commission, by way of Resolution 668/13/CONS, AGCOM has set the final prices for the wholesale interconnection services for 2013-2015, applicable to the networks of the Telecom Italia operators and alternative operators regardless of the type of underlying network (TDM or IP).

Migration and pure number portability procedure

Following technical discussions between operators at AGCOM to update migration procedures, taking account of LLU subloop services, the possibility of managing virtual operators in the fixed line segment and the need to manage the migrations onto the Telecom Italia NGA offers in the fixed line segment, and following a public consultation (31/13/CIR) which took place on November 20, 2013, by way of Resolution 611/13/CONS, AGCOM issued additions to the activation, migration and termination procedures in access services for Telecom Italia's NGAN services (VULA FTTCab-FTTH, Bitstream FTTCab naked and shared, Bitstream FTTH, End to End, access to the termination segment in optic fiber) and subloop services (providing the new overwriting matrices) and for the resale of access services at a wholesale level (the OLO retail/OLO wholesale procedure).

Technical discussions will continue at a date yet to be established with an analysis of a joint WIND/Vodafone/Metroweb proposal which includes the scenario of the existence of Vertical in Fiber owned by any network supplier.

Concerning the activation/migration procedure, AGCOM issued Resolution 309/14/CONS on July 17, 2014 in which it ordered Telecom Italia to respect the rules governing the procedures for user transfer. AGCOM is currently monitoring the implementation by Telecom Italia of the requirements of Resolution 309/14/CONS.

During March 2015, AGCOM provided operators with preliminary information on the investigations carried out by the AGCOM workgroup (which involves the Authority's Networks and Electronic Communications Services Department and Consumer Protection Department) relating to monitoring the phenomenon of fixed customer network migration. AGCOM has asked market operators to provide their observations on this information and the findings.

Decisions and public consultations of the European Commission and of BEREC

During 2014 and at the beginning of 2015, WIND participated by sending its contribution and positioning to the public consultations set up by the European Commission and BEREC. The principal consultations were as follows:

- revision of copyright rules (European Commission – January 2014);
- geographical definition of relevant markets (BEREC – February 2014);
- BEREC Stockholm Workshop on the revision of relevant markets (European Commission – March 2014);
- monitoring the quality of internet access services in the context of Net Neutrality (BEREC – April 2014);
- guidance on the regulatory accounting approach to the economic replicability test (BEREC – October 2014);
- contributions to the 2015 work program and to the 2015 – 2017 strategy (BEREC – October 2014);
- reply to the questionnaire on Oligopoly analysis and regulation (BEREC – January 2015);
- reply to the survey on broadband coverage in the EU (European Commission – March 2015).

Furthermore, following the opinions of BEREC and COCOM, in October 2014 the European Commission approved the revision of the relevant markets constituting the base for the market analyses required to be carried out by the National Authorities. The number of relevant markets has been reduced in the new recommendation, which now governs the following: market 1 (Fixed termination), market 2 (Mobile termination), market 3 (Wholesale mass market access at a fixed location), divided into market 3a (Wholesale local access) and market 3b (Wholesale central access), and market 4 (Wholesale high-quality access at a fixed location).

Mobile market

Antitrust activity

Proceeding I757

In September 2012, on the basis of a report made by the mobile service provider BIP Mobile, the AGCM initiated proceeding I757 against Telecom Italia, Vodafone and WIND relating to an alleged horizontal agreement restricting competition designed to hinder access to the BIP Mobile market. On January 23, 2013 and June 27, 2013, the AGCM sent two information requests to which WIND provided its replies. The development of the proceedings showed the complete lack of grounds for the charge against WIND, a defense also put forward by the Company during the final hearing on October 8, 2014.

In January 2014, the AGCM then accused Telecom Italia and WIND alone of reaching a vertical agreement (concentrating its argument on certain clauses used in the contracts set up with the respective sales networks): this allowed the parties to present commitments relating to this latter issue. WIND therefore presented its commitments on April 4, 2014, and the subsequent public consultation (market test) – which saw the participation of two interveners – was able to confirm that the measures proposed by WIND are fully able to effectively dispel all concerns regarding competition issues.

Consequently, on December 22, 2014, on bringing proceeding I757 to an end (the deadline had been set as December 31, 2014), the AGCM published an order on its website to dismiss the case on the alleged horizontal agreement designed to hinder access to the BIP Mobile market and an order to accept the respective commitments submitted by WIND and Telecom Italia for the vertical agreement.

The proceeding has therefore come to an end for WIND, accordingly without being convicted or having to pay penalties and therefore showing the propriety and transparency of its actions.

On March 30, 2015, WIND sent the AGCM its report of compliance with the commitments approved by the Authority.

Market Analysis - Mobile Termination

Resolution 621/11/CONS of January 4, 2012 i) identified 4 distinct markets (one for each of the networks of the 4 mobile operators), ii) noted that there are no MVNOs with infrastructural ranges of their own numbering at the time of the monitoring, iii) confirmed the notification of Significant Market Powers (SMPs) for the 4 MVNOs, each on its own reference market, iv) confirmed the following requirements for the 4 SMPs: Access and use of specific network resources (public OR), Transparency (public OR), Non-discrimination (public OR), Regulatory accounting and Price control (defined on the basis of the BU LRIC cost model adopted with Resolution 60/11/CONS) and v) calculated the termination prices by using the BULRIC model adopted with Resolution 60/11/CONS, which includes a reasonable remuneration rate of 10.4% for the capital employed (WACC) (this was 12.4% in 667/08/CONS).

Various operators appealed against Resolution 621/11/CONS for a variety of different reasons. The main reason for the appeals filed separately by WIND, Vodafone and Telecom Italia was the asymmetry granted to AGCOM and H3G, going beyond the end of 2012 and into the first half of 2013. In this respect, partially upholding these appeals the Lazio TAR ordered AGCOM to provide suitable reasoning and partially annulled Resolution 621/11/CONS with reference to the provision on H3G's asymmetric tariff (sentences no. 8381 of October 10, 2012 and nos. 10263 and 10265 of December 7, 2012). In order to comply with the TAR's sentences, AGCOM issued Resolution 11/13/CONS confirming the contents of Resolution 621/11/CONS. WIND, Telecom Italia, Poste Mobile and Vodafone filed an appeal for the same reasons with the Lazio TAR to have Resolution 11/13/CONS annulled. WIND, Vodafone, Fastweb and H3G also filed an appeal with the Council of State for the reversal of the Lazio TAR's sentences on Resolution 621/11/CONS. By way of sentence no. 725/2014 the Council of State upheld H3G's appeal on the asymmetry of H3G's mobile termination amount in the second half of 2013. As a result of that sentence, AGCOM adopted Resolution 259/14/CONS. WIND, Vodafone and Telecom appealed to the Council of State for implementation of sentence no. 725/2014. In addition, WIND, Vodafone and Telecom filed an appeal with the Lazio TAR for the annulment at a supreme court level of Resolution 259/14/CONS. H3G, for reasons to the contrary, has also filed similar appeals for execution with the Council of State and legitimacy with the TAR. The hearing for the appeals of WIND, Telecom, Vodafone and H3G before the Council of State for the execution of sentence no. 725/14 took place on December 17, 2014. On January 23, 2015 the Council of State rejected all the appeals for compliance. The date of the hearing before the Lazio TAR has not yet been set.

In addition, on adjudication of sentences no. 21 of January 7, 2013 and no. 3636 of July 9, 2013 issued by the Council of State, the proceeding for the redetermination of mobile termination on the H3G network in the period between November 1, 2008 and June 30, 2009 was reinstated. The start of the proceeding was followed by a public consultation initiated by AGCOM in November 2013, in which AGCOM put out for consultation a range of possible values for termination on the H3G mobile network. WIND took part in the public consultation. By way of Resolution 365/14/CONS published in October 2014, AGCOM gave implementation to sentences no. 21 of January 7, 2013 and no. 3636 of July 9, 2013 of the Council of State. An appeal against this resolution has been filed by both WIND and the other operators with the Lazio regional administrative court for annulment in the supreme court and with the Council of State for implementation. The date for the hearing before the Council of State has been set as April 23, 2015. The date of the hearing before the Lazio TAR has not yet been set.

Following the reinstatement of the proceeding for a market analysis of mobile termination by way of Resolution 50/14/CONS, public consultation 16/15/CONS on the market analysis of mobile termination was published. WIND has provided its contributions to the consultation. The proceeding is still in progress.

As stated in the press release of February 5, 2015, AGCOM has also initiating monitoring activities directed at an analysis of the economic and technical conditions relating to the provision of wholesale access supply services by mobile network operators to virtual mobile operators, in order to assess the importance of the restrictions of a competition-based nature in the mobile network access market.

Market Analysis: Messenger services – SMS termination

In March 2013, following the positive opinion issued by the European Commission on AGCOM's proposed decision not to regulate that market, AGCOM published its final decision (Resolution 185/13/CONS) which confirms the non-regulation of the wholesale SMS termination services market. BIP Mobile has filed an appeal against Resolution 185/13/CONS with the Lazio TAR. The substantive hearing was held on March 26, 2014 and the court turned down the appeal. AGCOM's commitment to monitor the performance of the market remains.

Roaming Regulation

On May 30, 2012, the European Council approved the text of the III Roaming Regulation providing for the inclusion of structural solutions designed to increase the level of competition in the provision of international roaming services as well as the requirement to supply a wholesale access offer for roaming services. The gradual reduction of both the wholesale and retail caps from July 1, 2012 was additionally confirmed, with the inclusion of retail caps also for the provision of data services.

The new Roaming Regulation 531/12 was published on June 30, 2012; this introduces measures for the structural separation of roaming services from the supply of domestic services (decoupling, plus Local Breakout - LBO - for data). This separation became operational on July 1, 2014 with the Commission having established in an Implementing Regulation published on December 14, 2012 the principles underlying the way this was to be carried out.

In July 2013, at the end of the related public consultation, BEREC published the guidelines for the implementation of Decoupling and LBO structural solutions.

The new caps for voice, SMS and data prescribed by Roaming Regulation 531/12 became effective on July 1, 2014.

In the meantime, in reply to the proposal on roaming contained in the draft regulation "Connected Continent" issued by the European Commission on September 11, 2013 and the first reading adopted by the European Parliament on April 4, 2014, BEREC has continued with its market analysis to identify fair use criteria for the possible future introduction of Roam Like at Home (RLAH) at both a retail and wholesale level. In this respect in November 2014 WIND provided its contribution to the "Preliminary Analysis of a 'Roam Like at Home' scenario based on the proposal of the European Parliament adopted on 3 April 2014".

On December 17, 2014, BEREC published its paper "Analysis of the impacts of 'Roam Like at Home' (RLAH)" in which it emphasizes the difficulty of introducing 'RLAH' in a fair manner in light of the significant changes in several market parameters in the various European countries and stresses that current regulations already require the rules to be reviewed in the middle of 2016.

On March 4, 2015, the Council of Europe issued a proposal for the gradual introduction of "Roam Like at Home" for discussion with the European Parliament and the Commission, which provides for a transitional period in which a surcharge is permitted, albeit limited, for roaming services regulated by the RIII in the EU.

Frequencies

Public consultation proceeding 553/12/CONS on the use of frequencies in the 3600-3800 MHz band by terrestrial systems capable of providing electronic communication services was completed in May 2013. The Authority's aim was to use this consultation to obtain comments, items of information and documentation concerning the use of these frequencies. The objective of this activity is to check the effective market demand for these applications and the conditions for use in the light of evolving technological developments and changing technical legislation. The proceeding was closed without the publication by the Authority of frequency allocation procedures. AGCOM may start up activities on these issues again in 2015, also taking into consideration the band requirements in the government's plan for the development of ultra-broadband.

With the publication in June 2013 of Resolution 355/13/CONS, certain of the previously existing allocation measures for issuing rights of use for the frequencies available for the 26 and 28 GHz broadband radio networks have been supplemented and amended. It has been established that for a period of three years, which is considered reasonable, the Ministry for Economic Development may arrange for the publication of further notices for the allocation of rights of use for frequencies in these bands.

On January 31, 2014, the Authority published Resolution 26/14/CONS: "Implementation of article 6, paragraph 8 of Decree Law no. 145 of December 23, 2013. Initiation of procedures" which initiates procedures for excluding the frequencies recognized at an international level and used in neighboring countries, planned and allocated to television network operators in Italy and the subject of ascertained interference situations, from the planning of the frequencies for the digital terrestrial television service. In a press release of September 23, 2014, AGCOM announced that it has identified the interference channels, deferring the redefinition of the frequency plan to a later date.

The Authority made further revisions on March 17, 2014 by way of Resolution 91/14/CONS "Revision, limited to the Region of Sicily, of Resolution 93/12/CONS on the frequency allocation plan for the terrestrial digital service of the regions Abruzzo, Molise, Basilicata, Puglia, Calabria and Sicily (Technical Areas Nos. 11, 14 and 15)", adopted also in consideration of the fact that Malta made a formal request to Italy on December 10, 2013 to obtain coordination of UHF channel 43.

Decree no. 165 of August 9, 2013 issued by the Ministry for Economic Development was published in Official Journal no. 44 on February 22, 2014; this establishes the technical procedures for intervention by telecommunication operators to minimize interference between broadband mobile services and domestic television reception equipment. In addition, article 4, paragraph 3 of Decree no. 165/2013 sets the contribution percentages to be paid by operators to the fund.

On May 8, 2014, the Authority published Resolution 149/14/CONS which makes further changes to Resolution 451/13/CONS "Revision of the frequency allocation plan for the digital terrestrial television service for the national networks, as per Resolution 300/10/CONS" (formerly amended by Resolution 539/13/CONS and Resolution 631/13/CONS).

By way of Resolution 233/14/CONS, on May 30, 2014 AGCOM initiated a public consultation on the request to extend the term of the GSM rights of use in the 900 and 1800 MHz bands for the operators Telecom Italia and Vodafone Omnitel NV. AGCOM published a summary of the public consultation on July 31, 2014.

On October 8, 2014, by way of Resolution 494/14/CONS, AGCOM approved a provision on the criteria for determining the annual fees payable for the use of terrestrial television frequencies, with the fee to be calculated by the Ministry of Economic Development (MISE).

On October 10, 2014, by way of Resolution 480/14/CONS, AGCOM made changes to the national DVB-T (Digital Video Broadcasting – Terrestrial) frequency allocation plan. The aim of this provision was in certain specific areas of

Italy to exclude frequencies for the digital terrestrial television service from the plan which had been allocated to television network operators in Italy and were the object of verified situations of interference with respect to the frequencies recognized at an international level and used in neighboring countries. The requirements of Resolutions 423/11/CONS, 542/11/CONS, 93/12/CONS and 265/12/CONS, which are in conflict with those of the provision, were repealed.

In addition, in accordance with the Finance Law published in December 2014, AGCOM is required to set up procedures for planning the frequencies allocated to Italy internationally and not assigned to national television networks for digital television for the purpose of giving local providers of audio-visual services the relative transmission capacity.

Furthermore, following the approval of the Finance Law, in February 2015, by way of Resolution 18/15/CONS, AGCOM initiated a public consultation on the procedures for assigning the rights of use of radio-electric frequencies for utilization in mobile electronic communication services for Supplemental Down Link (SDL) applications through the use of the 1452-1492 MHz band. The proceeding is in progress.

On March 23, 2015, the ITU began a Conference Preparatory Meeting (CPM) for the upcoming World Radiocommunications Conference 2015. The meeting consolidated a report that will be presented to the WRC-15.

Other Issues

National Numbering Plan and SMS/MMS Aliases

Following a public consultation on the regulations for testing alphanumeric aliases for identifying the calling line in SMS/MMS (Resolution 7/13/CIR), on July 17, 2013, AGCOM published Decision Resolution 42/13/CIR with which it initiated a testing period for the use of aliases on certain numbering codes also in Italy. The testing will allow the use of aliases from abroad, something not originally provided in the public consultation. Following the publication of the resolution, AGCOM arranged a series of meetings on the subject of the Alias Data Base which it will manage. Other meetings regarded the drafting of a code of conduct. AGCOM has additionally asked operators for their opinions on the issue of the traceability of SMSs/MMSs having an alias sender. On December 24, 2013, AGCOM sent out the guidelines for the use of the Alias Register. On February 24, 2014, the Authority began the testing of the Alias Register with operators and this was completed in March.

On February 26, 2014, WIND published its code of conduct on Aliases for business messenger services on the home page of its institutional website (www.windgroup.it).

On May 13, 2014, by way of Resolution 50/14/CIR, AGCOM updated the Rules for testing alphanumeric indicators for identifying the calling line in SMSs/MMSs used for business messenger services, also allowing the use of aliases for electronic ticketing services for public transport.

On June 10, 2014, the centralized system managed by the Authority for recording and checking aliases, created as part of the testing as per Resolution 42/13/CIR as amended, became operational.

In October 2014, Wind updated its code of conduct on Aliases.

On December 23, 2014, by way of Resolution 131/14/CIR, AGCOM extended the possibility of using Aliases on the basis of an experimental discipline by a further year, given the favorable reception given to the possibility of using Aliases by the various market players, supplementing and updating the discipline where necessary.

Following public consultation 62/14/CIR, on February 20, 2015 AGCOM published Resolution 8/15/CIR on the adoption of the new numbering plan in the telecommunications sector and implementing discipline, which amends

and supplements the preceding numbering plan contained in Resolution 52/12/CIR. Following the publication of the resolution, the proceedings of the "Workgroup on numbering plan issues" picked up again.

Universal Service

By way of Resolution 46/13/CIR AGCOM established the net cost for the Universal Service for 2006 as nil, with the share of the contribution of operators for 2006 relating solely to auditing costs. Telecom Italia has appealed against the resolution. WIND has filed an appearance in support of AGCOM. The date for a hearing has not yet been set.

Resolution 100/14/CIR set a net cost of nil for the Universal Service for 2007, with the share of the contribution of operators relating solely to auditing costs. Telecom Italia has appealed against the resolution. WIND has filed an appearance in support of AGCOM. The date for a hearing has not yet been set.

In September 2014, AGCOM initiated the preliminary proceeding for the identification of the criteria for the designation of one or more operators responsible for providing the Universal Service in electronic communications.

In May 2014, the Lazio TAR upheld Vodafone's appeals on the revised contribution of the Universal Service for 1999/2000/2002/2003 which had been confirmed by AGCOM, with the support of an opinion provided by the AGCM; the court annulled the relative resolutions in the parts relating to Vodafone's share of the contributions for the years in question. AGCOM and Telecom Italia have filed appeals with the Council of State against the sentence issued by the TAR. WIND filed an appearance in support of AGCOM. The substantive hearing took place on December 4, 2014 and sentence is currently awaited.

By way of Resolution 1/08/CIR of February 6, 2008, AGCOM established the new method for calculating the net cost of the Universal Service.

In April 2008, Telecom Italia filed an appeal with the Lazio TAR for the annulment of Resolution 1/08/CIR . WIND filed an appearance in support of AGCOM, requesting that Telecom's appeal should be rejected. By way of a sentence dated January 22, 2015, the Lazio TAR upheld Telecom's appeal.

In March 2015, WIND, AGCOM and Vodafone filed an appeal with the Council of State requesting the annulment of the sentence issued by the Lazio TAR. The hearing for the discussion has been set for June 25, 2015.

Copyright

Following a new public consultation on copyright protection, in December 2013 AGCOM published the Regulations which establish the copyright protection procedure and the roles of the individual parties involved. The Regulation became effective on March 31, 2014. WIND is mainly involved as an access operator and as an operator providing hosting services, and hosts contents uploaded by third parties onto its platforms.

Main new consumer protection regulations

In June 2013, AGCOM initiated technical discussions for the purpose of reforming the way in which the quality of the customer assistance service is regulated, with specific reference to the introduction of digital customer assistance modalities. In November 2014, AGCOM sent out a further request for information on the same subject to which WIND provided its reply. The technical workgroup in Asstel was started up again at the same time with the attendance of all the operators.

By way of Resolution 602/13/CONS, AGCOM established the way in which the National Broadband Information System (SINB) is created and managed. This system was adopted in order to guarantee a minimum standard of transparency towards end users for the geographical coverage of broadband and ultra-broadband internet access services regardless of the platform used (copper, optic fiber, radiomobile, WiMax, WiFi/Hyperlan). For this purpose an interactive tool which may be deployed by users has been created which, through organic access to the information relating to fixed and mobile coverage across the country, is able to contribute to the increase in the level of awareness of broadband service offers available in Italy.

Unlike fixed and mobile networks, clear information on the coverage of the broadband network is not available for users for other types of network (such as Wifi, WiMax, etc.). In order to make all the information on network coverage available to users in a single portal, AGCOM believes it necessary to integrate and carry out interoperability activities on the different databases of the various operators in order to create a geographical mapping of the availability of broadband and ultra-broadband service offers. To this end the resolution requires operators to provide the information necessary for feeding the information base of the SINB and allows interoperability of such through its own information services relating to broadband coverage throughout the country. In January 2015 technical discussions between the operators, AGCOM and FUB picked up again with the aim of identifying a satisfactory solution for everyone that takes into account the implementation costs of that system and the changes introduced by legislation in the meantime (RING "Registro delle Infrastrutture di Nuova Generazione" - New Generation Infrastructure Register).

By way of Resolution 202/13/CONS, AGCOM initiated a public consultation procedure on the changes to be made to the "Regulation on provisions protecting users on the question of providing electronic communication services through remote contracts". While waiting for AGCOM's public consultation to be completed, on June 13, 2014 the changes to the Consumers' Code became effective, introduced by Legislative Decree no. 21/2014, which relate to remote contracts and contracts entered outside commercial premises. Given the changes introduced by Legislative Decree no. 21/2014, the Authority abandoned the consultation initiated by way of Resolution 202/13/CONS and put a new Regulation out for consultation (Resolution 645/14/CONS – Regulation on provisions protecting users regarding contracts for the supply of electronic communications goods and services). WIND provided its reply to the consultation in February 2015. A position common to the main operators was also submitted via AsSTel.

By way of Resolution 276/13/CONS, the Authority approved the guidelines for the allocation of powers to the regional communications committees (Corecoms) on the question of the settlement of disputes between users and operators. In order to ensure overall consistency in applying the settlement regulation throughout the country, AGCOM indicated the subjective and objective spheres of its application.

By way of Resolution 712/13/CONS, AGCOM set up three research projects that will be carried out by the Ugo Bordoni Foundation, including "A price comparison between electronic communications services". The aim of the project is to create an AGCOM website comparing offers for electronic communications services which have been provided by operators and may be accepted by customers by entering contracts. In March 2014, AGCOM initiated technical discussions in which the operators and the Ugo Bordoni Foundation are participating.

By way of Resolution 414/14/CONS a public consultation was initiated on changes to Resolution 244/08/CSP on "Further provisions on quality and fixed workstation internet access service charters to supplement Resolution 131/06/CSP". Resolution 656/14/CONS on "Amendments and additions to Resolution 244/08/CSP on quality and fixed workstation internet access service charters".

By way of Resolution 410/14/CONS, AGCOM approved the new Regulation on administrative penalties and commitments governing pre-preliminary and preliminary activities designed to ascertain breaches and deal with the application of administrative penalties under the Authority's jurisdiction, as well as the establishment of commitments. In addition, by way of this resolution the Authority initiated a public consultation on the document on guidelines for the application of the criteria dictated by Law no. 689 of November 24, 1981 on administrative penalties for the correct quantification of the monetary penalties applied by AGCOM. WIND submitted its contribution also through Asstel by participating at the hearing.

By way of Resolution 23/15/CONS the Authority initiated a public consultation on the *amendment of Resolution 418/07/CONS on "provisions regarding the transparency of telephone bills, selective call barring and user protection" for the purpose of adopting further contractual transparency measures for the use of the new digital services*". The Authority believes it necessary to introduce updates and amendments on issues relating to the transparency of telephone bills, mobile selective barring and the activation of services with a surcharge. WIND provided its reply to the consultation in March 2015. A position common to the main operators was also submitted via Asstel.

Privacy

Legislative Decree no. 69/12, through which Italy transposed European Directive 136/2009 on Telecommunications (the e-Privacy Directive) into national law, introduced significant changes in the privacy field.

By way of article 32-bis of Legislative Decree no. 196/2003 (the Privacy Code) this decree introduced the definition of "Data Breach" and an obligation to notify the Authority and subscribers in the event of a violation of the user's personal data and in any case in the event of the impairment of such data. On April 4, 2013 the Privacy Guarantor issued the provision on the implementation of the Data Breach discipline and accordingly WIND adopted the relative procedures and carried out and completed training courses for its data supervisors.

The above decree additionally amended article 122 of the Privacy Code by introducing an opt-in regime for e-cookies, separating these into "technical cookies" (e.g. session monitoring, computer authentication, etc.) which are needed to supply the service and are not subject to the regime and "non-technical cookies" (e.g. monitoring websites visited, collection of the user's data, etc.) which are used for marketing purposes and which, being especially critical as far as privacy is concerned, require the prior and informed consent of the customer/user. In this scenario the Privacy Guarantor initiated a public consultation addressed to all site managers and the leading consumers' associations for the purpose of obtaining contributions and suggestions on the subject and, subsequently, set up an inter-operator workgroup in order to implement the cookies legislation without relinquishing the need for simplification.

In Provision 229/2014 the Privacy Guarantor identified simplified means for making privacy disclosures and acquiring consent for the use of cookies, following which internal and inter-operator workgroups were set up designed to fulfill the requirements of the Authority's prescriptions within the term for adaptation of one year.

The inter-operator workgroup created for setting up a data base of defaulters in the telecommunications sphere picked up activities again in 2013; this is being used as a means of complementing Creditworthiness Information Systems (SICs) by providing comparative information on default in the electronic communications sphere. Operators also believe it appropriate to set up a sector data bank (Telecommunications Information Systems - SITs) as this would contain the most important information for the purposes being pursued. In this respect a workshop has been set up with the Privacy Guarantor having the aim of collecting the detailed arguments put forward by operators concerning their requests to set up a data base of defaulters in the sector.

A public consultation on a draft provision of the Privacy Guarantor was initiated in April 2014 designed to acquire contributions and suggestions on the matter which were provided to Asstel in May 2014.

The workshop with the Guarantor started up again, attended also by the consumers' associations. A number of meetings were held during which further contributions were provided. The Guarantor's General provision is currently awaited.

By way of a provision published in the Official Gazette on January 3, 2014, a public consultation was initiated which is addressed to all operators working in the Mobile Remote Payment field with the aim of collecting comments and observations on the subject.

In this respect a document was sent to the Privacy Guarantor including the observations agreed at the inter-operator workgroup, following which the Authority published a Provision regarding the mobile remote payment service and value added services (VAS).

New internal and inter-operator workgroups were set up designed to analyze the effects and potential critical matters relating to the implementation of the Authority's requirements, following which it was agreed to send a request for interpretation and re-examination with particular reference to the security measures (cryptography/adult PIN) to be adopted and the means by which the customer's consent for promotional purposes should be acquired.

Following receipt of the Authority's reply, a request was made to extend the terms within which the provision's requirements must be satisfied. This was accepted and an extension of the deadline to March 31, 2015 was granted.

By way of Provision 53/2014 of the Privacy Guarantor an update on the question of profiling was added. An internal workgroup has been set up in this respect.

By way of a provision published in the Official Journal a public consultation was initiated on May 23, 2014, addressed to all the owners of biometric treatments, on a draft provision on biometric recognition and graphometric signatures in order to obtain contributions and observations on the subject.

In this respect a document was sent to the Privacy Guarantor including the observations agreed by the inter-operator workgroup, following which the Privacy Guarantor issued an appropriate provision.

Disputes with operators before AGCOM

By way of Resolution 64/14/CIR, AGCOM found in WIND's favor in the dispute initiated by WIND with Telecom Italia relating to the migration of the IP interconnection and relative services, and ordered administrative migration from December 2013 to July 2014 through a predetermined shifting and technical migration of TDM traffic to the IP interconnection by June 2015; as the result of the administrative migration, from August 2014 WIND no longer incurs costs for the fees relating to the flows and the interconnection ports to Telecom Italia's TDM network.

In July 2014, Telecom Italia initiated two disputes with AGCOM against WIND, still pending, concerning alleged unsuccessful supply and maintenance work and the economic conditions for the collection service for calls to Telecom Italia's non-geographic numbers originating on WIND's fixed line network.

OUTLOOK

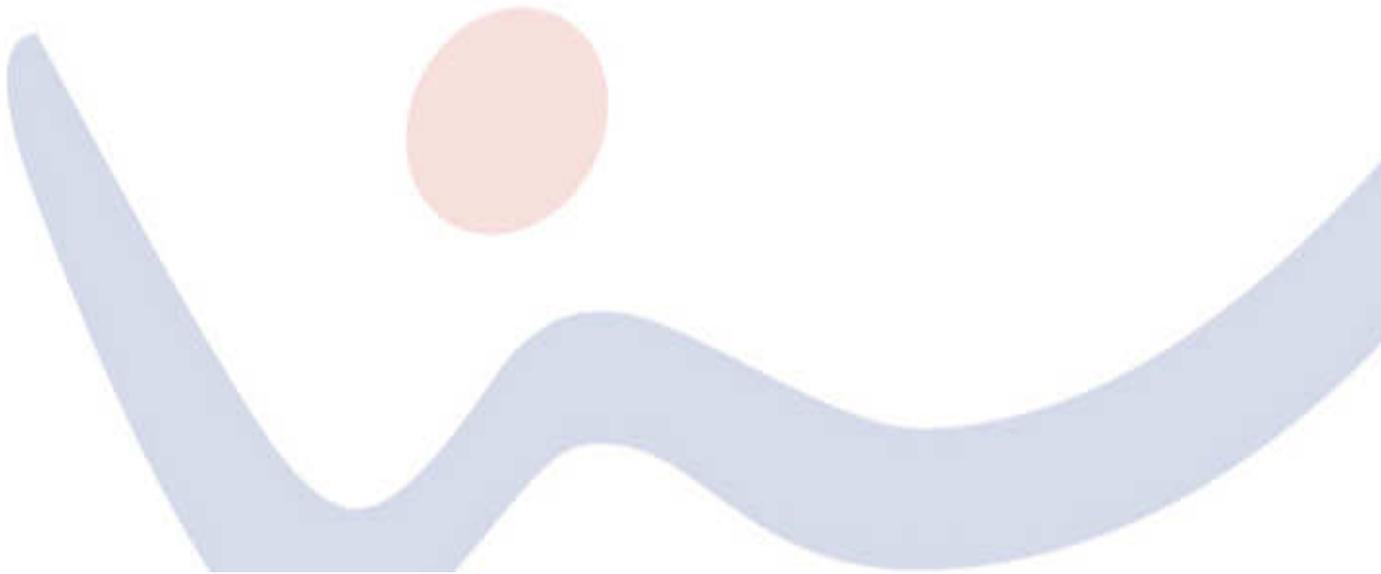
The solid commercial performance and ongoing cost structure optimization process has enabled the WIND Group to consolidate its competitive position during the first quarter of 2015, despite the weak market, with some signals of recovery, and the continuing challenging macroeconomic environment. The efficiency and cost optimization processes have been and will be further enhanced by the integration with the VimpelCom Group, mainly through the achievement of synergies. In addition, during the first three months of 2015, the Group completed the sale of 90% of the shares of its fully owned tower subsidiary Galata S.p.A. to Cellnex Telecom (formerly named Abertis). The proceeds of the transaction have been used to repay debt and reduce leverage.

During 2015, the Group will continue to explore and develop the most promising opportunities arising from the combination of new technologies and new needs expressed by the market, with a particular focus on digital channels in terms of new services, customer interaction and process efficiencies. The Group will continue to consolidate its position in the mobile, fixed-line voice and internet segments as well as developing its convergent business model, while focusing on the optimization of its cost structure.

WIND GROUP

**Consolidated interim financial statements as of and
for the three-month period ended March 31, 2015**

FINANCIAL STATEMENTS AND NOTES THERETO



BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA

Board of Directors ⁽¹⁾

Chairman	Andrew Mark Davies
Directors	Maximo Ibarra, CEO
	Vincenzo Nesci
	Albert Hollema
	Felix Saratovsky

Board of Statutory Auditors ⁽²⁾

Chairman	Giancarlo Russo Corvace
Standing auditor	Roberto Colussi
Standing auditor	Maurizio Paternò di Montecupo
Substitute auditor	Lelio Fornabaio
Substitute auditor	Stefano Zambelli

⁽¹⁾ On February 27, 2014 Mr. Jo Olav Lunder resigned from his office as Board member of WIND and Chairman of the Board of Directors of the Company. On March 5, 2014 the Board of Directors of the Company co-opted Mr. Andrew Mark Davies as a member of the Board of Directors and Chairman of the Board until the shareholders' meeting of WIND approving the financial statements as of December 31, 2013 . The shareholders' meeting of WIND dated April 18, 2014, that approved the financial statements of the Company as of December 31, 2013 , appointed the new Board of Directors for a two- year term until the date of the shareholders' meeting convened for the approval of the Company's financial statements as at December 31, 2015. The Shareholders' meeting further confirmed Mr. Davies as Chairman of the Board of Directors of WIND. The Board of Directors of WIND convened on April 18, 2014 confirmed Mr. Maximo Ibarra as Chief Executive Officer of the Company.

⁽²⁾ The Shareholders' meeting held on April 12, 2013 appointed the Board of Statutory Auditors of the Company for a three-year term until the date of the shareholders' meeting convened for the approval of the Company's financial statements at December 31, 2015.

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CONSOLIDATED INCOME STATEMENT

<i>(millions of euro)</i>	Note	2015 3 months	2014 3 months
Revenue	5	1,040	1,081
Other revenue	6	38	63
Total revenue		1,078	1,144
Purchases and services	7	(551)	(585)
Other operating costs	8	(41)	(44)
Personnel expenses	9	(80)	(84)
Operating income before depreciation and amortization, reversal of impairment losses/impairment losses on non-current assets and gains/losses on disposal of non-current assets		406	431
Depreciation and amortization	10	(298)	(306)
Reversal of impairment losses/(impairment losses) on non-current assets		-	(1)
Gains / (Losses) on disposal of non-current assets	11	488	(1)
Operating income		596	123
Finance income	12	169	2
Finance expense	12	(233)	(233)
Foreign exchange losses, net		(13)	-
Profit/(Loss) before tax		519	(108)
Income taxes	13	(63)	(11)
Profit / (Loss) for the period		456	(119)
Non-controlling interests		-	-
Profit / (Loss) for the period attributable to the owners of the parent		456	(119)
Earnings per share (in euro) – basic and diluted:			
Earning per share from Continuing operations	19	3.12	(0.82)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(millions of euro)</i>	Note	2015 3 months	2014 3 months
Profit / (Loss) for the period		456	(119)
Other comprehensive income that will be reclassified subsequently to profit or loss			
Gains/(losses) on cash flow hedging instruments		46	(13)
Income tax relating to components of Other comprehensive income that will be reclassified subsequently to profit or loss		(11)	4
Total Other comprehensive income that will be reclassified subsequently to profit or loss		35	(9)
Total Other comprehensive income for the period, net of tax	18	35	(9)
Total comprehensive income for the period		491	(128)
Total comprehensive income attributable to:			
<i>Owners of the parent</i>		491	(128)
<i>Non-controlling interests</i>		-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(millions of euro)</i>	Note	At March 31, 2015	At December 31, 2014
Assets			
Property, plant and equipment	14	2,976	3,273
Intangible assets	15	8,214	8,283
Financial assets	16	2,256	1,420
Deferred tax assets	17	281	308
Total non-current assets		13,727	13,284
Inventories		41	23
Trade receivables		960	949
Financial assets	16	45	23
Current tax assets		9	7
Other receivables		276	269
Cash and cash equivalents		331	203
Total current assets		1,662	1,474
TOTAL ASSETS		15,389	14,758
Equity and Liabilities			
Equity			
Issued capital		147	147
Share premium reserve		752	752
Other reserves		43	8
Retained earnings		(340)	(796)
Equity attributable to owners of the parent	18	602	111
Non-controlling interests		-	-
Total equity	18	602	111
Liabilities			
Financial liabilities	21	11,151	10,867
Employee benefits		59	60
Provisions	20	159	176
Other non-current liabilities		153	160
Deferred tax liabilities	17	627	634
Total non-current liabilities		12,149	11,897
Financial liabilities	21	303	413
Trade payables		1,650	1,661
Other payables		650	653
Tax payables		35	23
Total current liabilities		2,638	2,750
Total liabilities		14,787	14,647
TOTAL EQUITY AND LIABILITIES		15,389	14,758

CONSOLIDATED CASH FLOW STATEMENT

<i>(millions of euro)</i>	Notes	2015 3 months	2014 3 months
Cash flows from operating activities			
Profit / (Loss) for the period		456	(119)
Adjustments to reconcile the loss for the year with the cash flows from/ (used in) operating activities			
Depreciation, amortization and (reversal of impairment losses)/impairment losses on non-current assets		298	307
Net changes in provisions and employee benefits		(4)	(2)
Losses on disposal of non-current assets		6	-
Gain from sale of subsidiaries		(494)	-
Impairment on investments		13	-
Changes in current assets		(86)	50
Changes in current liabilities		(78)	(136)
Net cash flows from operating activities	24	111	100
Cash flows from investing activities			
Acquisition of property, plant and equipment		(123)	(91)
Proceeds from sale of property, plant and equipment		-	-
Acquisition of intangible assets		(50)	(46)
Proceeds from sale of subsidiaries		669	-
Inflows/(outflows) from loan granted		(7)	-
Net cash flows from / (used in) investing activities	24	489	(137)
Cash flows from financing activities			
Changes in loans		(472)	5
Net cash flows from / (used in) financing activities	24	(472)	5
Net cash flows for the period			
		128	(32)
Cash and cash equivalents at the beginning of the period		203	141
Cash and cash equivalents at the end of the period	24	331	109

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

<i>(millions of euro)</i>	2015 3 months	2014 3 months
Income taxes paid	(1)	(1)
Interest paid on loans/bonds	(151)	(230)
Interest (paid) / received on hedging derivative instruments	(1)	(23)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>(millions of euro)</i>	Equity attributable to the owners of the parent				Equity attributable to the owners of the parent	Non-controlling interests	Equity
	Issued capital	Share premium reserve	Other reserves	Retained earnings/(losses carried forward)			
Balances at January 1, 2014	147	752	(25)	(87)	787	-	787
Total comprehensive income for period	-	-	(9)	(119)	(128)	-	(128)
- Loss for the period	-	-	-	(119)	(119)	-	(119)
- Cash flow hedges	-	-	(9)	-	(9)	-	(9)
Transactions with equity holders	-	-	-	(1)	(1)	-	(1)
- Other changes	-	-	-	(1)	(1)	-	(1)
Balances at March 31, 2014	147	752	(34)	(207)	658	-	658
Balances at January 1, 2015	147	752	8	(796)	111	-	111
Total comprehensive income for the period	-	-	35	456	491	-	491
- Profit for the period	-	-	-	456	456	-	456
- Cash flow hedges	-	-	35	-	35	-	35
Transactions with equity holders	-	-	-	-	-	-	-
Balances at March 31, 2015	147	752	43	(340)	602	-	602

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE WIND TELECOMUNICAZIONI GROUP AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015

1 INTRODUCTION

WIND Telecomunicazioni SpA and its subsidiaries (the "Group" or the "WIND Group") operate primarily in Italy in the fixed and mobile telecommunications sector under the brands "Infostrada" and "Wind".

The following are the main offices of the Parent, WIND Telecomunicazioni SpA ("WIND" or the "Parent").

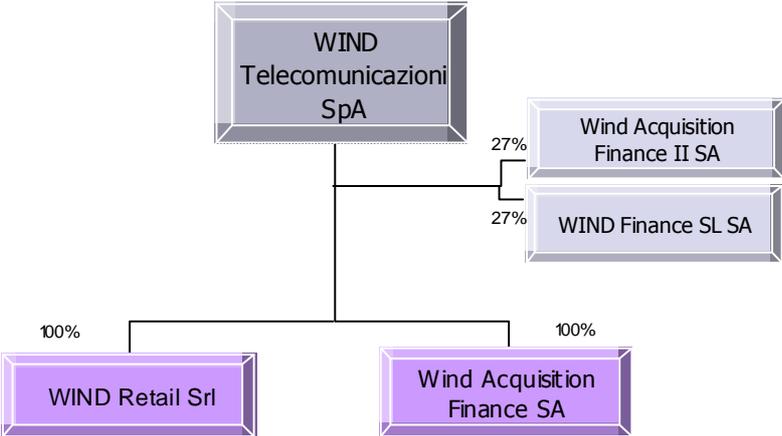
Registered office	Via Cesare Giulio Viola, 48 - 00148 Rome - Italy
Secondary office	Via Lorenteggio, 257 - 20152 Milan - Italy

The Parent WIND Telecomunicazioni SpA is controlled by Wind Telecom SpA through WIND Acquisition Holdings Finance SpA, which wholly owns WIND Telecomunicazioni SpA.

At the date of the present consolidated interim financial statements Vimpelcom Ltd holds 92.24% of Wind Telecom SpA.

The consolidated interim financial statements as of and for the three-month period ended March 31, 2015 include the financial statements of the Parent WIND Telecomunicazioni SpA and those of its subsidiaries.

The following diagram outlines the structure of the WIND Group at March 31, 2015.



During the three-month period ended March 31, 2015 the Group produced a profit before tax of €519 million (loss of €108 million for the three-month period ended March 31, 2014) and a profit for the period from continuing operations of €456 million (loss of €119 million for the corresponding period). This result reflects the increase in operating income mainly due to the gain on the sale of Galata SpA and to lower negative net finance expense mainly due to the refinancing operations completed in April and July 2014 which offset the negative effect of the competitive pressure on revenues.

On March 30, 2015, the subsidiary Wind Acquisition Finance SA issued the Senior Secured Notes for a total amount of 775 million of euro and maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020, currently in circulation, for € 375 million with a coupon of 4%. The Group used the cash obtained from new bond issues and the renegotiation of new senior facilities maturing in 2018 (700 million euro), and a part of the consideration from the sale of Galata SpA (500 million euro), to refinance the current Senior Facility Agreement.

In this regard, on March 26, 2015 the Parent completed the transaction following the agreement concluded on February 27, 2015 for the sale to Abertis Telecom Terrestre SAU (from April 1, 2015 Abertis Telecom Terrestre changed denomination in Cellnex Telecom SA) of 90% of the shares of Galata SpA (company formed on February 18, 2015 through the contribution of the business unit "Tower Development" consisting of 7,377 towers together with the relevant functions, employees and related contracts) for a total cash consideration of 693 million euro and, at the same time, WIND entered into a Tower Services Agreement for an initial term of 15 years with Galata SpA for the provision of a broad range of services on the contributed sites and sites subsequently built by Galata hosting WIND equipment. The transaction was completed on March 26, 2015.

The solid commercial performance and ongoing cost structure optimization process has enabled the WIND Group to consolidate its competitive position during the first quarter of 2015, despite the weak market, with some signals of recovery, and the continuing challenging macroeconomic environment. The efficiency and cost optimization processes have been and will be further enhanced by the integration with the VimpelCom Group, mainly through the achievement of synergies. In addition, during the first three months of 2015, the Group completed the aforesaid sale of 90% of the shares of its fully owned tower subsidiary Galata SpA, using the proceeds of the transaction to repay debt and reduce leverage.

During 2015, the Group will continue to explore and develop the most promising opportunities arising from the combination of new technologies and new needs expressed by the market, with a particular focus on digital channels in terms of new services, customer interaction and process efficiencies. The Group will continue to consolidate its position in the mobile, fixed-line voice and internet segments as well as developing its convergent business model, while focusing on the optimization of its cost structure.

2 GENERAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated interim financial statements of WIND Telecomunicazioni SpA as of and for the three-month period ended March 31, 2015 have been prepared on a going concern basis and in accordance with the IFRS endorsed by the European Union.

The term IFRS includes all International Financial Reporting Standards (IFRSs), all International Accounting Standards (IASs), all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and all interpretations of the Standing Interpretations Committee (SIC) endorsed by the European Union and contained in published EU Regulations.

The structure and content of these consolidated interim financial statements comply with the disclosure requirements of IAS 34 *Interim Financial Reporting*. The consolidated interim financial statements have been prepared in accordance with IAS 1, while the notes thereto have been drawn up in a condensed format, as permitted by IAS 34. Accordingly, these consolidated interim financial statements do not include all the disclosures required for annual financial statements and should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2014 .

The consolidated financial statements as of and for the year ended December 31, 2014 are available on request at the registered office of the Parent and on the website www.windgroup.it.

The income statement and statement of comprehensive income figures provided relate to the three months ended March 31, 2015.

The accounting standards adopted by the Group are the same as those used for the preparation of the consolidated financial statements as of and for the year ended December 31, 2014 .

The preparation of these notes required management to apply accounting policies and methodologies that are occasionally based on complex, subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances and on the available information. The application of these estimates and assumptions affects the reported amounts in the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement and the accompanying notes. The closing amounts of items in the consolidated annual financial statements that were initially determined for the purposes of the consolidated interim financial statements by using the above estimates and assumptions may differ from those based on such estimates and assumptions, given the uncertainty surrounding the assumptions and conditions upon which these estimates are based. Management's significant judgments on the application of Group accounting policies and the main causes of uncertainty of these estimates are the same as those applied in the preparation of the consolidated financial statements as of and for the year ended December 31, 2014.

For the purposes of comparison, balances in the statement of financial position have been reclassified where necessary. These reclassifications, for which details may be found in note 24, do not affect the Group's loss for the period or equity.

Income tax is recognized on the basis of the taxable income for the period and applicable laws and regulations, using tax rates in force at the end of the reporting period.

These consolidated financial statements are expressed in euros, the currency of the economy in which the Group operates. Unless otherwise stated, all amounts shown in the tables and in these notes are expressed in millions of euro.

These consolidated financial statements were approved by the Parent's Board of Directors on May 11, 2015.

2.2 Accounting standards and interpretations

The Group has adopted all the newly issued and amended standards of the IASB and interpretations of the IFRIC, endorsed by the European Union, applicable to its transactions and effective for financial statements for years beginning January 1, 2015 and thereafter.

Accounting standards, amendments and interpretations adopted from 1 January 2015

The standards and interpretations applicable and adopted by the Group in the preparation of the consolidated interim financial statements at March 31, 2015 are the same as those used in preparation of the consolidated financial statements as of and for the year ended December 31, 2014.

Accounting standards, amendments and interpretations adopted by the European Union and not early applied by the Group

The following standards and interpretations had been issued at the date of these notes but were not yet effective for the preparation of these consolidated financial statements at March 31, 2015.

STANDARD/INTERPRETATION	EFFECTIVE DATE
Annual Improvements to IFRSs 2010 – 2012 Cycle	February 1, 2015
Annual Improvements to IFRSs 2011 – 2013 Cycle	February 1, 2015
Amendments to IAS 19 – <i>Defined benefit Plans: Employee Contributions</i>	February 1, 2015

Accounting standards, amendments and interpretations not yet adopted by the European Union

At the date of these notes relevant EU bodies have not completed the process necessary for the endorsement of the following standards and interpretations.

STANDARD/INTERPRETATION	IASB EFFECTIVE DATE
Amendments to IFRS 10, IFRS 12 and IAS 28: <i>Investment Entities: Applying the Consolidation Exception</i>	January 1, 2016
Amendments to IAS 1: <i>Disclosure Initiative</i>	January 1, 2016
IFRS 14 – <i>Regulatory Deferral Accounts</i>	January 1, 2016
IFRS 9 – <i>Financial Instruments</i>	January 1, 2018
Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
IFRS 15 – <i>Revenue from Contracts with Customers</i>	January 1, 2017
Amendments to IAS 16 and IAS 41: Bearer Plants	January 1, 2016
Annual Improvements to IFRSs 2012 – 2014 Cycle	January 1, 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	January 1, 2016

The Group is currently assessing any impact the new standards and interpretations may have on the financial statements for the years in which they become effective.

3 BASIS OF CONSOLIDATION

The consolidated interim financial statements as of and for the three-month period ended March 31, 2015 include the financial statements of WIND Telecomunicazioni SpA and those entities over which the company exercises control, both directly or indirectly, from the date of acquisition to the date when such control ceases. Control may be exercised through direct or indirect ownership of shares with majority voting rights, or by exercising a dominant influence expressed as the direct or indirect power, based on contractual agreements or statutory provisions, to determine the financial and operational policies of the entity and obtain the related benefits, regardless of any equity relationships. The existence of potential voting rights that are exercisable or convertible at the reporting date is also considered when determining whether there is control or not.

There are no changes in the scope of consolidation compared to the consolidated interim financial statements as of and for the three-month period ended March 31, 2014.

The investments in WIND Finance SL SA and Wind Acquisition Finance II SA, in which the Group has an interest of 27%, are considered subsidiaries and then consolidated on a line-by-line basis because they are special purpose entities.

4 ACQUISITIONS AND DISPOSALS

On March 26, 2015 the Parent completed the transaction following the agreement concluded on February 27, 2015 for the sale to Abertis Telecom Terrestre SAU of 90% of the shares of Galata SpA for a total cash consideration of 693 million euro.

Galata SpA was a subsidiary company formed by the Parent on February 18, 2015 through the contribution of the business unit "Tower Development", with the purpose to develop network communications and market services in hospitality, sharing / maintenance and value-added services to other operators in the communication sector. The "Tower Development" business unit consisting of consisting of 7,377 towers together with the relevant functions, employees and related contracts.

WIND entered into a Tower Services Agreement for an initial term of 15 years with Galata SpA for the provision of a broad range of services on the contributed sites and sites subsequently built by Galata hosting WIND equipment.

The following table provides details, at the transaction date, of the net assets sold by statement of financial position item.

<i>(millions of euro)</i>	Carrying amount
Assets	
Property, plant and equipment	234
Deferred tax assets	1
Other receivables	50
Cash and cash equivalents	24
Liabilities	
Provisions	14
Trade payables	19
Other payables	5
Net assets sold	271

The sale of the investment in Galata SpA led to the recognition of a gain of €494 million, after selling costs and the effects arising from the recognition of the residual 10% of the investment.

The cash flows produced by the sale of Galata SpA were as follows.

<i>(millions of euro)</i>	
Consideration of the sale	693
(Cash and cash equivalents of the sold assets)	(24)
Cash flows produced in the sale	669

5 REVENUE

The following table provides an analysis of **Revenue** for the three months of 2015 compared with the corresponding period of 2014.

<i>(millions of euro)</i>	2015	2014	Change	
	3 months	3 months	Amount	%
Revenue from sales	57	44	13	29.5%
- Telephone services	857	910	(53)	(5.8)%
- Interconnection traffic	94	92	2	2.2%
- International roaming	5	7	(2)	(28.6)%
- Judicial authority services	2	2	-	0.0%
- Other revenue from services	25	26	(1)	(3.8)%
Revenue from services	983	1,037	(54)	(5.2)%
Total	1,040	1,081	(41)	(3.8)%

The item shows a decrease for the three months of 2015 compared with 2014 of 3.8%. This effect is mainly due to a decrease in revenue from telephone services, only partially offset by an increase in revenue from sales and revenue from *interconnection traffic*.

The *Telephone services* are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 5.8% in the first three months of 2015 compared with 2014, thanks to the substantial maintenance in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

The increase in *revenue from sales* is mainly due to the increase in the sale of high-range mobile telephone handsets compared to the previously period.

Revenue for interconnection traffic rose by 2.2% mainly due to increased incoming traffic volumes on mobile that were only partially offset by a decrease in both volumes and tariffs for incoming SMSs and MMSs.

The *International roaming* revenue fell mainly as the effect of the reduction in Voice and Data tariffs, only partially offset by an increase in international roaming volume.

6 OTHER REVENUE

Other revenue amounts in total to €38 million in the three months of 2015, an increase of €25 million over the corresponding period of 2014 and refers principally to the revisions of estimates of accruals made in previous years.

7 PURCHASES AND SERVICES

The following table provides an analysis of **Purchases and services** for the three months of 2015 compared with the corresponding period of 2014.

<i>(millions of euro)</i>	2015	2014	Change	
	3 months	3 months	Amount	%
Interconnection traffic	139	156	(17)	(10.9)%
Customer acquisition costs	45	50	(5)	(10.0)%
Lease of civil/technical sites and use of third party assets	64	62	2	3.2%
Purchases of raw materials, consumables, supplies and goods	71	53	18	34.0%
Rental of local network and circuits	100	111	(11)	(9.9)%
Advertising and promotional services	24	27	(3)	(11.1)%
Outsourcing costs for other services	30	32	(2)	(6.3)%
Maintenance and repair	18	26	(8)	(30.8)%
Utilities	30	31	(1)	(3.2)%
National and international roaming	6	7	(1)	(14.3)%
Consultancies and professional services	7	7	-	0.0%
Change in inventories	(18)	(8)	(10)	125.0%
Other services	35	31	4	12.9%
Total purchases and services	551	585	(34)	(5.8)%

The change in this item is essentially due to the combined effect of the following increases and decreases compared to the three-month period ended March 31, 2014:

- a decrease of €17 million in *Interconnection traffic* costs mainly due to a general decline in termination tariffs and to a decrease in the volume of international termination traffic and in SMS and MMS traffic;
- a decrease of €11 million in *Rental of local network and circuits* mainly due to a decrease in WLR, ULL and Bitstream volumes;
- a decrease of €8 million in *Maintenance and Repair* costs as the result of optimizing network maintenance and spare parts management contracts;
- a decrease of €5 million in the *Customer Acquisition Cost* mainly due to a decrease of commissions on mobile traffic and commissions for the sale of scratch cards;
- net increase of €8 million in *Purchases of raw materials, consumables, supplies and goods* and *Change in inventories* mainly due to an increase in the sale of high-range mobile telephone handsets.

8 OTHER OPERATING COSTS

The following table provides an analysis of **Other operating costs** for the three months of 2015 compared with the corresponding periods of 2014.

<i>(millions of euro)</i>	2015	2014	Change	
	3 months	3 months	Amount	%
Impairment losses on trade receivables and current assets	26	28	(2)	(7.1)%
Accruals to provision for risks and charges	1	3	(2)	(66.7)%
Annual license and frequency fees	9	9	-	0.0%
Other operating costs	5	4	1	25.0%
Total other operating costs	41	44	(3)	(6.8)%

9 PERSONNEL EXPENSES

The following table provides an analysis of *Personnel expenses* for the three months of 2015 compared with the corresponding period of 2014.

<i>(millions of euro)</i>	2015	2014	Change	
	3 months	3 months	Amount	%
Wages and salaries	69	71	(2)	(2.8)%
Social security charges	19	20	(1)	(5.0)%
Other personnel expenses	4	3	1	33.3%
Post-employment benefits	4	5	(1)	(20.0)%
(Costs capitalized for internal works)	(16)	(15)	(1)	6.7%
Total personnel expenses	80	84	(4)	(4.8)%

The change in the period compared with 2014 is due to the combined effects of the agreement with the unions of July 29, 2014 providing for the use of solidarity contracts for a period of 18 months (starting in September 2014) and of the lower estimated charge relating to the compensation plan for the long-term retention and incentive of management only partially offset by the increase in the contractual minimum from April 2014 as required by the National Labor Contract (CCNL), effective until December 31, 2014.

The average number of employees fell by 73 in the first three months of 2015, mainly due to the sale finalized on March 26, 2015 of 90% of Galata SpA, a company formed on February 18, 2015 to which the "Tower Development" business unit consisting of 7,337 towers was contributed together with the relative functions, employees and contracts. Further details of this may be found in note 4.

10 DEPRECIATION AND AMORTIZATION

The following table provides an analysis of *Depreciation and amortization* for the three months of 2015 compared with the corresponding period of 2014.

<i>(millions of euro)</i>	2015	2014	Change	
	3 months	3 months	Amount	%
Depreciation of property, plant and equipment				
- Plant and machinery	173	172	1	0.6%
- Industrial and commercial equipment	3	3	-	0.0%
- Other assets	5	5	-	0.0%
Amortization of intangible assets with finite lives				
- Industrial patents and similar rights	28	29	(1)	(3.4)%
- Concessions, licenses, trademarks and similar rights	48	48	-	0.0%
- Other intangible assets	41	49	(8)	(16.3)%
Total depreciation and amortization	298	306	(8)	(2.6)%

Depreciation and amortization decrease by €8 million over the first three months of 2014 mainly due to lower amortization of intangible assets, mainly due to the decreasing trend of the capitalization of fixed customer acquisition cost.

11 GAINS (LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS

Gains (Losses) on disposal of non-current assets amounts in total to €488 million in the three months of 2015, an increase of €489 million over the corresponding period of 2014 and refers principally to the gain of €494 million arising from the sale of Galata SpA for which details may be found in note 4.

12 FINANCE INCOME AND EXPENSE

Financial management generated a negative net finance expense of €64 million in the first three months of 2015 (€231 million in the first three months of 2014).

The following table provides an analysis of **Finance income** for the three months of 2015 compared with the corresponding period of 2014.

<i>(millions of euro)</i>	2015	2014	Change	
	3 months	3 months	Amount	%
Fair value measurement of derivatives	90	-	90	n.m.
Hedge accounting effect	57	-	57	n.m.
Other	22	2	20	n.m.
Total finance income	169	2	167	n.m.

The increase in this item is mainly due to the effects arising from the fair value measurement of the embedded derivatives on the bonds that led to the recognition of income of €90 million at March 31, 2015, compared to the loss of €9 million at March 31, 2014 and the positive effect of hedge accounting for derivatives under which a portion of the cash flow hedge reserve was reclassified to the income statement by €57 million (negative effect of €15 million at March 31, 2014).

Other financial income at March 31, 2015 consists mainly of the interest of €22 million arising on the receivable from the parent Wind Acquisitions Holdings Finance SA under the intercompany agreements entered in April 23, 2014 and in August 4, 2014, for which details may be found in note 15, while the item at March 31 2015 consists mainly of the interest of €2 million arising on the receivable from the parent Wind Telecom SpA under the intercompany agreement entered in November 2010, and repaid on April 23, 2014.

The following table provides an analysis of **Finance expense** for the three months of 2015 compared with the corresponding period of 2014.

<i>(millions of euro)</i>	2015	2014	Change	
	3 months	3 months	Amount	%
Interest expense on:				
Bond issues	(135)	(154)	19	(12.3)%
Bank loans	(67)	(40)	(27)	67.5%
Discounted provisions	-	(1)	1	n.m.
Hedge accounting effect	-	(15)	15	n.m.
Impairment losses on financial assets	(18)	-	(18)	n.m.
Fair value measurement of derivatives	-	(9)	9	n.m.
Other	(13)	(14)	1	(7.1)%
Total finance expense	(233)	(233)	-	0.0%

Finance expense consists mostly of accrued interest on financial liabilities outstanding at March 31, 2015, for which further details may be found in note 21.

Interest expense on Bond issues decrease during the period over the three months of 2014, due to: i) the placement completed on April 23, 2014, of a Senior Notes due 2021 of €1,750 million having a coupon of 7% and of a Senior Notes due 2021 of USD 2,800 million having a coupon of 7.375%, ii) the early repayment, on July 15, 2014, of the Senior Notes 2017, for which details may be found in note 20; iii) the placement completed on July 10, 2014, of a Senior Secured Notes due 2020 in a combination of €575 million euro-denominated Euribor 3 months plus 4.00% Floating Rate Notes and of €2,100 million 4.00% notes and of USD 1,900 million 4.75% notes and, iv) the early repayment, on July 2014, of the Senior Notes 2018.

The increase in *bank loan interest* is due to the refinancing operation of the Senior Facility Agreement completed in March 30, 2015 which led to the release of suspended fees relating the tranches reimbursed. More details may be found in note 21.

In addition finance expense for the quarter ended March 31, 2015 also includes the negative effect arising from the write-down of the investment in SPAL TLC SpA, for which further details may be found in note 16.

13 INCOME TAX

The following table provides an analysis of *Income tax* for the three months of 2015 compared with the corresponding period of 2014.

<i>(millions of euro)</i>	2015	2014	Change	
	3 months	3 months	Amount	%
Current tax	(51)	(14)	(37)	264.29%
Previous years income taxes	(3)	-	(3)	n.m.
Deferred tax	(9)	3	(12)	n.m.
Total income taxes	(63)	(11)	(52)	472.7%

The net charge for the period is made up of the following:

- current income taxes expense of €51 million (of which €44 million for IRES tax and €7 million for IRAP tax) charged on the consolidated taxable income for the period;
- previous years income taxes of €3 million;
- net deferred tax income of €9 million, arising from the release of €15 million in deferred tax assets and from the release of deferred tax liabilities of €6 million.

14 PROPERTY, PLANT AND EQUIPMENT

The following table sets out the changes in **Property, Plant and Equipment** during the first three months of 2014.

<i>(millions of euro)</i>	Carrying amount at December 31, 2014	Additions	Depreciation	Disposals	Change in the scope of consolidation	Others	Carrying amount at March 31, 2015
Land and buildings	1	-	-	-	-	-	1
Plant and machinery	3,023	71	(173)	(6)	(234)	55	2,736
Equipment	22	1	(3)	-	-	-	20
Other	49	-	(5)	(1)	-	2	45
Assets under construction	178	51	-	-	-	(55)	174
Total	3,273	123	(181)	(7)	(234)	2	2,976

The cost, accumulated impairment losses and accumulated depreciation at March 31, 2015 can be summarized as follows.

<i>(millions of euro)</i>	At March 31, 2015			Carrying amount
	Cost	Accumulated impairment losses	Accumulated depreciation	
Land and buildings	1	-	-	1
Plant and machinery	10,554	100	7,718	2,736
Equipment	159	-	139	20
Other	519	-	474	45
Assets under construction	174	-	-	174
Total	11,407	100	8,331	2,976

The decrease in plant and machinery of €287 million is essentially due to the sale finalized on March 26, 2015 of 90% of Galata SpA, a company formed on February 18, 2015 to which the "Tower Development" business unit consisting of 7,337 towers was contributed together with the relative functions, employees and contracts. Further details of this may be found in note 4.

The investments made in the period relate mainly to radio links and high frequency equipment for the expansion of the mobile access network and plant and machinery under construction (3G and LTE technologies).

15 INTANGIBLE ASSETS

The following table sets out the changes in *Intangible assets* during the first three months of 2015.

<i>(millions of euro)</i>	Carrying amount at December 31, 2014	Additions	Amortization	Others	Carrying amount at March 31, 2015
Industrial patents and intellectual property rights	260	15	(28)	12	259
Concessions, licenses, trademarks and similar rights	3,970	-	(48)	-	3,922
Other intangible assets	412	13	(41)	15	399
Goodwill	3,605	-	-	-	3,605
Assets under development	36	22	-	(29)	29
Total	8,283	50	(117)	(2)	8,214

The cost, accumulated impairment losses and accumulated amortization at March 31, 2015 can be summarized as follows.

<i>(millions of euro)</i>	At March 31, 2015			
	Cost	Accumulated impairment losses	Accumulated amortization	Carrying amount
Industrial patents and intellectual property rights	1,751	13	1,479	259
Concessions, licenses, trademarks and similar rights	5,779	1	1,856	3,922
Other intangible assets	1,831	-	1,432	399
Goodwill	3,609	4	-	3,605
Assets under development	29	-	-	29
Total	12,999	18	4,767	8,214

The investments made in the period relate mainly to capitalization of customer acquisition costs, software and other intangible assets under development.

No impairment tests were carried out on these assets at March 31, 2015 given the absence of impairment indicators.

16 FINANCIAL ASSETS

The following table sets out *Financial assets* at March 31, 2015 and at December 31, 2014 .

<i>(millions of euro)</i>	At March 31, 2015			At December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets measured at cost	79	-	79	15	-	15
Derivative financial instruments	1,177	-	1,177	412	-	412
Financial receivables	1,000	45	1,045	993	23	1,016
Total	2,256	45	2,301	1,420	23	1,443

Financial assets measured at cost, amounting to €79 million, consist of investments where the Group does not exert control. In this respect the increase over December 31, 2014 is the result of the combined effect of the following factors: i) the write-off of the investment in SPAL TLC SpA, which had a carrying amount of €13 million at December 31, 2014; and ii) the formation of Galata SpA on February 18, 2015 with a sole shareholder, WIND Telecomunicazioni SpA, through the contribution of the "Tower Development" business unit, and the subsequent sale of 90% of the investment which was completed on March 26, 2015. The carrying amount of the 10% interest held by the parent amounted to €77 million at March 31, 2015.

The item *Derivative financial instruments* includes the positive fair value of derivative financial instruments of €1,177 million for which details may be found in note 22.

The *Financial receivables*, amounting €1,045 million at March 31, 2015 mainly include:

- for €987 million the loans granted by WIND to the parent WIND Acquisition Holdings Finance SpA resulting from the two intercompany agreements signed on April 23, 2014 and August 4, 2014 respectively. In particular, the first one with a nominal value of €925 million (an annual fixed interest rate of 9% and repayment date in April 2024) has been fully drawdown and at March 31, 2015 its book value is €967 million, including accrued and capitalized interests. The second loan with a nominal value up to €75 million (with reimbursement in August 2024 and annual fixed interest rate of 8.5%) at March 31, 2015 was used only for €20 million, including accrued and capitalized interests;
- the residual value of the transaction costs for the unused portion of bank loans renegotiated as a result of refinancing operation for which details may be found in note 21 equal to €8 million (€7 million of the transaction costs for the unused portion of bank loans at December 31, 2014), which are charged to income statement on a straight-line basis over the term of the agreement.

17 DEFERRED TAX ASSETS AND LIABILITIES

The following tables provide the variation of *Deferred tax assets* and *Deferred tax liabilities* by origin at March 31, 2015 and at December 31, 2014 .

<i>(millions of euro)</i>	At December 31, 2014	Decrease	Increase	At December 31, 2015
Allowance for doubtful accounts (taxed)	69	-	6	75
Provisions for risks and charges (taxed)	26	5	1	22
Measurement of financial assets/liabilities	163	27	-	136
Amortization and depreciation of non-current assets	50	2	-	48
Deferred tax assets	308	34	7	281
Employee benefits	2	-	-	2
Accelerated depreciation and amortization	12	-	-	12
Fair value of Property, plant, and equipment	57	2	-	55
Depreciation of Purchase Price Allocation	563	5	-	558
Deferred tax liabilities	634	7	-	627

Deferred tax assets at March 31, 2015 and December 31, 2014 which relate to items recognized directly in other components of profit or loss relate mainly to the transactions on derivatives hedging cash flows, as described in further detail in note 22.

18 EQUITY

The following table sets out the composition of Shareholders' **Equity** at March 31, 2015 and December 31, 2014.

<i>(millions of euro)</i>	At March 31, 2015	At December 31, 2014
Issued Capital	147	147
Share premium reserve	752	752
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	(297)	(788)
- Reserve for remeasurements of employee defined benefit plans (IAS19)	(1)	(1)
- Cash flow reserve	(19)	(54)
- Legal reserve	29	29
- Sundry reserves and retained earnings (accumulated losses), including profit (loss) for the year	(306)	(762)
Equity attributable to the owners of the parent	602	111
Total Equity	602	111

On March 6, 2015, the parent's shareholders resolved the approval of the annual financial statements as of and for the year ended December 31, 2014 allocating the loss for the year of €349 million to losses carried forward.

Changes in the Group's equity during the period mainly arose from the increase in the cash flow hedge reserve, as well as the loss for the period, as the effect of the income and the expense recognized among other components of the Consolidated Statement of Comprehensive Income for the period that relate entirely to the transactions on hedging derivatives on cash flows, as described in further detail in note 22. The following table shows the changes in the cash flow hedge reserve.

<i>(millions of euro)</i>	Interest rate risk			Foreign currency risk			Cash Flow Hedge Reserve
	Gross reserve	Tax effect	Total	Gross reserve	Tax effect	Total	
At December 31, 2014	(67)	-	(67)	20	(6)	14	(54)
Changes in fair value	4	-	4	101	(30)	71	75
Reverse to income statement	5	-	5	(64)	19	(45)	(40)
At March 31, 2015	(58)	-	(58)	57	(17)	40	(19)

The share capital of the parent WIND Telecomunicazioni SpA at March 31, 2015 consist of 146,100,000 ordinary shares with no nominal value, fully subscribed and paid up by the sole shareholder WIND Acquisition Holdings Finance SpA.

Despite the encumbrances on the pledged shares underlying the share capital of the Parent held by WIND Acquisition Holdings Finance SpA, the voting rights at shareholders' meetings of the Parent are retained by WIND

Acquisition Holdings Finance SpA by express contractual agreement as an exception to the provisions of paragraph 1, article 2352 of the Italian Civil Code.

19 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to the owners of the Parent; profit refers to continuing operations and discontinued operations. Both basic and diluted earnings per share have been calculated by using as a denominator the weighted average for the period of the number of outstanding shares, since there were no diluting effects at March 31, 2015 or March 31, 2014.

20 PROVISIONS

The following table sets out changes in *Provisions* during the first three months of 2015.

<i>(millions of euro)</i>	At December 31, 2014	Increases	(Utilization)	(Release)	Change in the scope of consolidation	At March 31, 2015
Litigation	83	4	(2)		-	85
Universal service contribution (Presidential Decree no. 318/1997)	17	-		(12)	-	5
Product assistance	1	-	-		-	1
Dismantling and removal	38	-	-		(14)	24
Other provisions	37	7	-		-	44
Total	176	11	(2)	(12)	(14)	159

This item decreased by €17 million at March 31, 2015, as the net of accruals made principally for certain and probable liabilities arising from the obligations undertaken by the Group and the amounts utilized/released during the period. In this respect, as the result of the sale finalized on March 26, 2015 of 90% of Galata SpA, a company formed on February 18, 2015 to which the "Tower Development" business unit consisting of 7,337 towers was contributed together with the relative functions, the dismantling and removal provision decreased of €14 million. Further details of this may be found in note 4.

21 FINANCIAL LIABILITIES

The following table sets out an analysis of *Financial liabilities* at March 31, 2015 and changes with respect to December 31, 2014 .

<i>(millions of euro)</i>	At March 31, 2015			At December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Bonds issues	10,192	197	10,389	8,844	142	8,986
Bank loans	670	-	670	1,721	166	1,887
Loans from others	219	106	325	228	105	333
Derivative financial instruments	70	-	70	74	-	74
Total financial liabilities	11,151	303	11,454	10,867	413	11,280

The following tables provide the most important information regarding bank loans and bond issues outstanding at March 31, 2015.

<i>(millions of euro)</i>	Carrying amount at March 31, 2015	Carrying amount at December 31, 2014	Nominal amount at March 31, 2015	Residual Commitment	Currency	Due date	Interest rate
Senior Facility Agreement							
- Term Loan B1	670	-	700	700	EUR	11/26/2019	Euribor+4.25
- RCF R1	-	-	-	400	EUR	11/26/2019	Euribor+4.25
- Tranche A1	-	3	-	-	EUR	11/26/2018	Euribor+4.25
- Tranche A2	-	169	-	-	EUR	11/26/2018	Euribor+4.25
- Tranche B1	-	1,089	-	-	EUR	11/26/2019	Euribor+4.50
- Tranche B2	-	483	-	-	EUR	11/26/2019	Euribor+4.75
- Revolving	-	100	-	-	EUR	01/19/2015	Euribor+4.25
- Overdrafts	-	42	-	-			
- Other accrued interest	-	-	-	-			
Total	670	1,887	700	1,100			

<i>(millions of euro)</i>	Carrying amount at March 31, 2015	Carrying amount at December 31, 2014	Nominal amount at March 31, 2015	Issue price	Currency	Due date	Interest rate	Price
Senior Secured Floating Rate Notes 2020 €	394	-	400	100%	EUR	07/15/2020	Euribor 3M+4.125%	100.4%
Senior Secured Notes tap 2020 €	379	-	375	100%	USD	07/15/2020	4.00%	100.8%
Senior Secured Floating Rate Notes 2019 €	149	149	150	100%	EUR	04/30/2019	Euribor 3M+5.25%	100.3%
Senior Secured Fixed Rate Notes 2020 \$	519	452	512	100%	USD	04/30/2020	6.50%	105.9%
Senior Notes 2021 €	1,783	1,752	1,750	100%	EUR	04/23/2021	7.00%	106.5%
Senior Notes 2021 \$	2,695	2,334	2,609	100%	USD	04/23/2021	7.38%	104.1%
Senior Secured Notes 2020 €	2,101	2,122	2,100	100%	EUR	07/15/2020	4.00%	100.8%
Senior Secured Notes 2020 \$	1,796	1,605	1,770	100%	USD	07/15/2020	4.75%	100.5%
Senior Secured Floating Rate Notes 2020 €	573	572	575	100%	EUR	07/15/2020	Euribor 3M+4%	95.8%
Totale	10,389	8,986	10,241					

The following table provides the breakdown of effective interest rates and lending currency, net of derivative financial instruments, of loans at March 31, 2015.

<i>(millions of euro)</i>		At March 31, 2015				
	<5%	5%<x<7.5%	7.5%<x<10%	10%<x<12.5%	12.5%<x<15%	Total
Euro	3,615	2,647	27	131	-	6,420
US dollars	1,777	519	2,668	-	-	4,964
Total	5,392	3,166	2,695	131	-	11,384

On March 30, 2015, the subsidiary Wind Acquisition Finance SA issued the Senior Secured Notes for a total amount of €775 million and maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020, currently in circulation, for € 375 million with a coupon of 4%. The Group used the cash obtained from new bond issues and the renegotiation of new senior facilities maturing in 2018 (700 million euro), and a part of the consideration from the sale of Galata SpA (500 million euro), to refinance the current Senior Facility Agreement, with the repayment of balance of the tranche at March 30, 2015 by an amount of €1,782 million.

The renegotiated Senior Facility Agreement contains new financial covenants which the Group must test if the amount drawn down from the Revolving Credit Facility ("RCF") exceeds 35% of the total. No amounts had been drawn down from the RCF at March 31, 2015.

The change in the balances in other financial liabilities results essentially from the repayment during the period of €8 million relating to the principal of loan from other banks against the deferred repayment plan of the fair value of the derivative instruments that were repaid with the refinancing of the Group's debt of November 26, 2010.

An analysis of the *derivative financial instruments* balance and of the respective changes is found in note 22.

22 DERIVATIVE FINANCIAL INSTRUMENTS

The following table provides details of the outstanding *Derivative financial instruments* at March 31, 2015 and changes over December 31, 2014, analyzed by the type of risk hedged.

(millions of euro)

	At March 31 2015		At December 31, 2014	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
- Exchange rate risk	757	-	265	-
- Interest rate risk	-	70	-	74
Total cash flow hedges	757	70	265	74
- Exchange rate risk	322	-	141	-
Total fair value hedges	322	-	141	-
- Embedded derivatives on Bonds	98	-	6	-
Total Derivatives Non Hedge Accounting	98	-	6	-
Total	1,177	70	412	74

Changes in the fair value of derivatives arise mainly from variations in the interest rate curve and movements in the euro/USD exchange rate over the period.

The following table shows the detail of current and non-current derivative instruments.

(millions of euro)

	At March 31, 2015		At December 31, 2014	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
Current	-	-	-	-
Non current	1,177	70	412	74
Total derivatives	1,177	70	412	74

The detail of variation in the cash flow hedge reserve for the period may be found in note 18.

The financial instruments recognised in the statement of financial position at fair value are classified on the basis of a hierarchy required by IFRS 7 in the second level. During the period there were no transfers either from Level 1 to Level 2 or vice versa or from Level 3 to other levels or vice versa.

23 NET FINANCIAL DEBT

The following statement shows the Group's net financial debt broken down into its principal components, as already described in notes 16, 21 and 22 to the financial components of the statement of financial position.

<i>(millions of euro)</i>	At March 31, 2015	At December 31, 2014
Bonds issues	10,192	8,844
Bank loans	670	1,722
Loans from other	219	228
Derivative financial instruments	70	74
Non-current financial liabilities	11,151	10,868
Bonds issues	197	142
Bank loans	0	166
Loans from others	106	105
Derivative financial instruments	0	0
Current financial liabilities	303	413
TOTAL GROSS FINANCIAL DEBT	11,454	11,281
Cash and cash equivalents	(331)	(203)
Derivative financial instruments	-	-
Financial receivables	(42)	(21)
Current financial assets	(42)	(21)
Derivative financial instruments	(1,177)	(412)
Financial receivables	(999)	(991)
Non-current financial assets	(2,176)	(1,403)
NET FINANCIAL DEBT	8,905	9,654

The net financial debt does not include the guarantee deposits for an amount of €4 million (classified both in current and non-current financial receivables) and €4 million at March 31, 2015 and at December 31, 2014, respectively.

24 CASH FLOW STATEMENT

Cash flows from operating activities, amounting to €111 million in the first three months of 2015, increased €11 million over the previous period of 2014, mostly as an effect of the changes in working capital relating to the settlement of current assets and liabilities.

Cash flow from investing activities totalling €489 million during the first three months of 2015, representing an increase of €626 million over the previous period of 2014 due mainly to the sale of Galata SpA, for which details may be found in note 4, only partially offset by an increase over the first three months of 2014 in investments in fixed assets (3G and LTE mobile technology) of €35 million.

Financing activities used cash of €472 million during the first three months of 2015, mainly as the effect of:

- the repayment of balance of the tranche at March 30, 2015 by an amount of €1,782 million;
- the issue on March 30 2015 of a new bond Senior Secured Notes for a total amount of €775 million and maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020, currently in circulation, for €375 million with a coupon of 4%;
- the renegotiation on March 12, 2015 of new senior facilities maturing in 2018 (€700 million);
- the repayment of €100 million of the revolving tranche of the Senior Facility Agreement;

- the payment of €14 million of fees, mainly related to refinancing operation finalized on March 30 2015;
- the repayment of €8 million, of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt of November 26, 2010;
- the repayment of €1 million related to the loan against the capitalization of expenditure for the backbone rights of way.

In addition, financing activities at March 31, 2015 included the repayment of overdraft for an amount of €42 million.

During the first three months of 2014 cash flow from investing activities totalling €4 million mainly due to the use of cash of €50 million of the revolving tranche of the Senior Facility Agreement, the payment of €8 million of fee relating the Senior Facility Agreement of November 26, 2010, the repayment of €33 million of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt and the repayment of €4 million of the overdraft.

Moreover, in order to ensure better comparison of the items in the two periods under comparison, reclassifications have been made to the balances of Additional Information of the Cash Flow Statement for March 31, 2014 with the following effects: lower *Income taxes paid* of €9 millions and higher *Interest paid on loans/bonds* of €5 millions.

25 RELATED PARTY TRANSACTIONS

Transactions with related parties

Related party transactions are part of normal operations which are conducted on an arm's length basis from an economic standpoint and formalized in agreements, and mainly relate to transactions with telephone operators.

In reference to transactions with the indirect parent Wind Telecom SpA, WIND Telecomunicazioni SpA receives services relating to IT, marketing, personnel, purchasing, etc; while in reference to transactions with the related company Vimpecom International Services, WIND receives trading and signature services of agreements relating to the economic conditions of international roaming.

In reference to transactions with the parent Wind Acquisition Holdings Finance SpA, on April 23, 2014 and on August 4, 2014 two intercompany loans of up to €925 million (fully disbursed at March 31, 2015) and up to €75 million (which €20 million disbursed at December 31, 2014) were signed, for which details may be found in note 16.

In addition, on April 23, 2014 the receivable of €171 million for the intercompany loan based on the agreement of November 29, 2010 between the Parent Company and the indirect parent Wind Telecom SpA was used to partially offset the liability arising from the transfer by the Parent Company of IRES corporate income tax liabilities as the result of adhesion to the national tax consolidation procedure with Wind Telecom SpA, while the remaining balance of €142 million due by WIND to the indirect parent Wind Telecom SpA was transferred by the latter on the same date to the direct parent Wind Acquisition Holdings Finance SpA.

During the period ended March 31, 2015, Group companies did not hold treasury shares of the Parent WIND Telecomunicazioni SpA, either directly or through trustees, or hold shares of the parent WIND Acquisition Holdings Finance SpA, or hold investments in the indirect parent Wind Telecom SpA.

The table below provides a summary of the main effects on the income statement and statement of financial position of related party transactions during the year.

(thousands of euro)

Period ended March 31, 2015

	Revenue	Finance income/ (expense)	Foreign exchange gains/(losses) net	Expenses	Trade receiv.	Other receiv.	Financial receiv.	Trade payables	Other payables
Armenija Telefon Kompani	1	-	-	-	1	-	-	17	-
DiGi (Malaysia)	2	-	-	-	9	-	-	5	-
DTAC/UCOM (Thailand)	1	-	-	5	6	-	-	-	-
GrameenPhone (Bangladesh)	21	-	-	8	24	-	-	27	-
KaR-Tel	17	-	-	1	1	-	-	33	-
Kievstar	243	-	-	6,215	-	29	-	5,500	-
Maritim Communication Partner AS (Norway)	-	-	-	60	-	-	-	104	-
Mobitel LLC Georgia	-	-	-	2	-	-	-	13	-
Summit Technology Solutions (STS)	-	-	(2)	-	-	-	-	5	-
Orascom Telecom Algeria SpA	8	-	-	34	11	-	-	19	-
Orascom Telecom Bangladesh Ltd. (Banglalink)	1	-	-	9	169	-	-	-	-
Orascom Telecom Holding SAE	-	-	-	-	336	-	-	1,977	-
Pakistan Mobile Communications Ltd.	13	-	-	8	122	-	-	-	-
Powercom (Pty) Ltd T/A leo	-	-	-	2	-	-	-	1	-
SKY MOBILE LLC	-	-	-	-	-	-	-	1	-
Telenor Magyarorszag KFT (Hungary)	19	-	-	19	90	-	-	97	-
Telenor Mobile Communications AS (Norway)	5	-	-	4	-	-	-	42	-
Telenor Pakistan (Pakistan)	-	-	-	1	-	-	-	3	-
Telenor Serbia (Serbia)	22	-	-	9	185	-	-	483	-
Unitel	-	-	-	-	2	-	-	1	-
Vimpelcom Ltd	326	-	-	-	-	3,285	-	56	-
VimpelCom Lao Co, Ltd	-	-	-	1	2	-	-	-	-
Vympel-Kommunikacii	115	-	-	1,917	-	-	-	1,442	-
Weather Capital Sarl	-	-	-	-	344	-	-	-	-
WIND Acquisition Holdings Finance SpA	11	22,102	-	-	-	2,068	1,025,952	273	141,712
Wind Telecom SpA	70	-	(707)	1,256	-	21,696	-	6,671	61,038
Galata SpA	-	-	-	-	-	12,931	-	-	-
Wind Acquisition Holdings Finance II SA	4	-	-	-	106	-	-	-	-
Wind Acquisition Holdings Finance SA	19	-	-	-	265	-	-	-	81
SPAL TLC S.p.A. *	51,310	-	-	5,026	9,809	-	-	6,192	-
Vimpelcom International services	-	-	(2,215)	1,458	-	732	-	21,135	-
Tacom LLC (Tajikistan)	-	-	-	-	-	-	-	1	-
Telenor Sverige AB	10	-	-	-	8	-	-	-	-
Weather Capital Special Purposes I SA	16	-	-	-	340	-	-	-	-
Klarolux Investments Sarl	4	-	-	-	59	-	-	-	-
Orascom Luxembourg SARL	4	-	-	-	59	-	-	-	-
Orascom Telecom SARL	4	-	-	-	59	-	-	-	-
Orascom Telecom Finance SCA	4	-	-	-	60	-	-	-	-
Orascom Luxembourg Finance SCA	4	-	-	-	59	-	-	-	-
Orascom Telecom Acquisition	4	-	-	-	49	-	-	-	-
Orascom Telecom One Sarl	4	-	-	-	49	-	-	-	-
Orascom Telecom Oscar	6	-	-	-	86	-	-	-	-
VimpelCom Amsterdam B.V.	-	-	-	-	-	4,443	-	-	444
Cosmo Bulgaria Mobile EAD	10	-	-	23	12	-	-	39	-
Total	52,278	22,102	(2,924)	16,058	12,322	45,184	1,025,952	44,137	203,275

* i debiti verso Wind Telecom SpA si riferiscono per 10.651 migliaia di euro e per 955 migliaia di euro al trasferimento, da parte della Capogruppo e della controllata WIND Retail Srl dei debiti per imposte (IRES) a seguito dell'adesione al consolidato fiscale nazionale con Wind Telecom SpA.

* revenue to SPAL TLC SpA include the revenue of WIND Telecomunicazioni SpA from the sale of phone cards (€46,973 thousand).

26 OTHER INFORMATION

Main pending legal proceedings

WIND is subject to various legal proceedings arising in the ordinary course of business. Below is a description of all material pending legal proceedings at March 31, 2015, excluding those situations in which the cost arising from a negative outcome of the proceedings cannot be estimated or for which a negative outcome is not considered probable.

Proceedings with agents

Certain proceedings are pending from time to time related to the termination of agency agreements. The agents in these proceedings typically are seeking payment from WIND of damages and indemnities, including a termination indemnity pursuant to article 1751 of the Italian Civil Code.

Proceedings concerning Misleading Advertising and Unfair Commercial Practices

Under Legislative decree no.146/2007, the Italian Antitrust Authority has the power to initiate proceedings concerning unfair commercial practices and misleading advertising and issue fines of up to €5 million for each proceeding (amount redefined by Law no. 135/12 August 2012). During 2015, three proceedings opened by AGCM against WIND for unfair commercial practices have been closed with the payment of the relative fines (the related appeals before TAR Lazio, the Administrative Court of Lazio, are on-going).

Audit by the Italian Tax Authority

Agenzia delle Entrate ("ADE") (Italian Tax Authority) conducted a tax audit on senior lenders under the senior facility agreement dated 24 November 2010 ("SFA") and challenged the non-application of substitute tax on the SFA. Each senior lender is liable for the substitute tax challenged on its own portion of the SFA, but may claim indemnification from WIND Telecomunicazioni SpA. The indemnification right has already been exercised. It should be noted that the assessments have been appealed by the senior lenders in coordination with WIND Telecomunicazioni SpA.

In the fourth quarter of 2013 the Guardia di Finanza ("GDF") (Italian Tax Police) initiated an audit for Corporate Income Tax and withholding tax purposes on WIND Telecomunicazioni SpA. The audit ended on 18 April 2014 with a tax audit report where GDF challenged, for corporate tax purposes, the deduction of certain financial expenses incurred by Wind Acquisition Finance SpA (merged into WIND Telecomunicazioni SpA) relating to FY 2005. On November 17, 2014 ADE notified a Tax Assessment challenging the tax deduction of the above mentioned items. Higher corporate taxes challenged are in the range of approximately €10.5 million plus penalties and interest. On April 15, 2015 the Company, for the sole purpose to eliminate the uncertainty in tax disputes, signed the settlement with Italian Tax Authority paying in 12 quarterly instalments corporate income tax equal to approximately €10.5 million plus penalties (equal to approximately €3.5 million) and interest (equal to approximately €117 thousands)

Contingent assets and liabilities

The WIND Group had the following contingent liabilities at March 31, 2015.

Proceedings Concerning Electromagnetic Radiation

Certain proceedings against WIND are pending from time to time regarding the installation of base radio stations. The proceedings typically concern the emission of electromagnetic radiation.

Audit on dealers' fees

In 2001 WIND received a dispute notice from the tax authorities regarding the tax treatment adopted in 1999, 2000 and 2001 for certain fees paid to dealers. The court of the second instance found in favour of WIND for 1999 and 2001 while it found against WIND for 2000. These cases currently remain pending before the supreme court, except for the year 2001 in relation to which the timing for appealing by tax authority is expired. The dispute can be quantified in approximately €5 million plus penalties and interest.

WIND/Crest One SpA

Crest One SpA ("Crest One") initiated proceedings against WIND for: (i) the refund of an amount of approximately €16 million, previously paid to WIND by Crest One as value added tax under a distribution agreement entered into between Crest One and WIND, and (ii) the compensation of damages alleged to have been suffered by Crest One pursuant to the payment of such value added tax by Crest One to WIND. The Court of Rome has rejected Crest One's claims, which has challenged before the Court of Appeal. The next hearing is set for January 30, 2018.

WIND-Antitrust Authority (A/357)

On August 3, 2007, the Antitrust Authority closed proceeding no. A/357 by ruling against WIND and Telecom Italia for abuse of their dominant positions in the wholesale termination market due to the discriminatory application of economic and technical conditions for fixed-to-mobile on net (fixed-mobile calls originating and terminating on the WIND network) and intercom calls (the calls on the internal telephone lines of a business customer) in favour of their respective internal divisions and to the detriment of fixed-line competitors. WIND was fined and paid a sum of €2 million and ordered to cease the discriminatory behaviour. WIND exhausted all avenues of appeal seeking to annul the decision.

Fastweb/WIND

On January 2, 2014, Fastweb served a claim on WIND based on the antitrust proceedings no. A/357 – which in August 2007 condemned WIND and Telecom Italia for abuse of their dominant positions in the wholesale termination market in favour of their respective internal commercial divisions and to the detriment of the competitors in the fixed market (i.e. internal-external discriminatory application of economic and technical conditions for fixed-to-mobile on net and intercom calls to the business clients). Following a delay due to a substitution of the assigned judge, the first

hearing, scheduled on October 8, 2014, has been postponed on March 4, 2015 and further postponed on May 14, 2015.

WIND-Antitrust Authority (I/757)

On September 13, 2012, the AGCM opened an antitrust investigation in respect of three Italian MNOs (Telecom Italia, Vodafone and WIND). The investigation started following a complaint by an Italian MVNO, Bip Mobile. Bip Mobile claimed an alleged agreement between Telecom Italia, Vodafone and WIND aiming at preventing the entry of Bip Mobile into the Italian mobile market through collusive pressure on the multi-brand point of sales starting in June, 2012. AGCM extended the scope of the investigation against Telecom Italia and WIND, contesting possible vertical agreements with their respective multibrand dealers aiming at excluding the competitors. WIND filed undertakings to AGCM on April 4, 2014, which AGCM published on April 22, 2014. On June 10, 2014, WIND attended a formal hearing with AGCM's Communication Unit. The proceeding initially scheduled to be completed on October 30, 2014 has been postponed on December 31, 2014.

With two decisions, published on December 29, 2014 the Italian Antitrust Authority decided to (i) close the investigation opened against Telecom Italia, WIND and Vodafone (for alleged horizontal agreement) and (ii) make mandatory the commitments proposed by WIND and Telecom Italia and close the investigation opened for alleged vertical agreements without ascertaining any violation by Telecom Italia and WIND.

Guarantees

No Group company has granted any security or guarantee, either directly or indirectly, in favor of parent companies or companies controlled by the latter.

The collateral pledged by Group companies at March 31, 2015 as a security for liabilities may be summarized as follows:

- a special lien pursuant to article 46 of the Consolidated Banking Law on certain assets, present and future, belonging to the Parent as specified in the relevant deed, in favor of the lenders under the Senior Facility Agreement and other creditors specified in the relevant deed;
- a pledge on the Parent's trademarks and intellectual property rights, as specified in the relevant deed, pledged in favor of the lenders under the Senior Facility Agreement and other creditors specified in the relevant deed;
- pledge of 12,006.200 shares representing 100% of the corporate capital of the subsidiary Wind Acquisition Finance SA owned by WIND Telecomunicazioni SpA and in favor of a pool of banks pursuant to the related share pledge agreement;
- pledge under English law over a bank account of WIND Telecomunicazioni SpA in favor of the lenders under the Senior Facility Agreement and the other creditors specified in the related deed of pledge;
- assignment under English law of receivables arising from hedging contracts of WIND Telecomunicazioni SpA in favor of the lenders under the Senior Facility Agreement and the other creditors specified in the related deed of assignment.

Finally, in order to provide a security for its obligations, the Parent has as assigned by way of security its trade

receivables, receivables arising from intercompany loans and receivables relating to insurance policies, present and future, as described in the specific instrument, to the lenders under the Senior Facility Agreement, as amended and supplemented from time to time, the hedge counterparties of the hedging agreements entered into by WIND Telecomunicazioni SpA e Wind Acquisition Finance SA and the other secured creditors specified in the confirmation deed related to the assignment of receivables, including in favor of the holders of the Senior Secured Fixed Rate Notes due in 2020 and of Senior Secured Floating Rate Notes due in 2019, issued by Wind Acquisition Finance SA on April 29, 2013 as well as the holders of Senior Secured Fixed Rate Notes due in 2020 and Senior Secured Floating Rate Notes due in 2020 issued by Wind Acquisition Finance SA on July 10, 2014 and finally the holders of the Senior Secured Fixed Rate Notes due in 2020 and the Senior Secured Floating Rate Notes due in 2020, issued by Wind Acquisition Finance SA on March 30, 2015. Moreover, the Parent has as assigned by way of security its receivables arising from the Put and Call option dated May 26, 2005 and from the purchase agreement of the stake in the corporate capital of WIND Telecomunicazioni SpA dated May 26, 2005, as described in the relevant deed, to the lenders under the Senior Facility Agreement, as amended and supplemented from time to time, the hedge counterparties of the hedging agreements entered into by WIND Telecomunicazioni SpA e Wind Acquisition Finance SA and the holders of the aforementioned Notes expiring in 2019, 2020.

A description is provided below of personal guarantees (sureties) issued mainly by banks and insurance companies on behalf of the Group and in favor of third parties in respect of commitments of various kinds. The total of these, amounting to €344,513 thousand at March 31, 2015 includes:

- sureties totaling €7,219 thousand issued by insurance companies, mainly relating to participation in tenders;
- sureties totaling €337,294 thousand issued by banks, relating to participation in tenders, of which €276,630 thousand in favor of the Minister for Economic Development for the participation in the tender procedure it had been awarded the frequency use rights in the 800, 1800, 2000 and 2600 MHz bands, to sponsorships, property leases, operations regarding prize competitions, events and excavation licenses.

The Parent has been under the management and coordination of VimpelCom Ltd since November 2013.

27 SUBSEQUENT EVENTS

On April 29, 2015, the Parent made the full repayment, by an amount of €162 million, of the payable due to the Ministry of Economic Development granted in 2011 as the result of the allocation of the mobile frequency use rights.