

WIND TELECOMUNICAZIONI GROUP

**Consolidated financial statements as of and for the
year ended December 31, 2015**



WIND TELECOMUNICAZIONI GROUP

Report on operations at December 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 and 4G” 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:

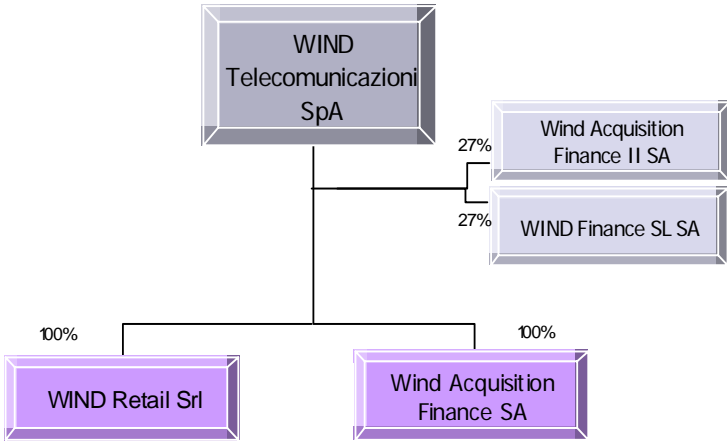
Registered office	Via Cesare Giulio Viola, 48 - 00148 Rome - Italy
Secondary office	Via Lorenteggio, 257 - 20152 Milan - Italy

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 Wind Telecom is held by VimpelCom Amsterdam BV for 92.24% which is controlled by VimpelCom, listed at Nasdaq.

In August VimpelCom and CK Hutchison Holdings Ltd, the parent company of 3 Italia, entered into an agreement to form a 50/50 joint venture that will own and operate their telecommunications businesses in Italy. The joint venture, which is subject to regulatory and antitrust approvals by the relevant European and Italian bodies, could give rise to a leading fully integrated convergent telecommunications operator in Italy.

The following diagram outlines the structure of the WIND Group at December 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
	Alexander Dean Lemke

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⁾ The shareholders' meeting of WIND dated April 18, 2014 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 Board of Directors of WIND convened on April 18, 2014 confirmed Mr. Maximo Ibarra as Chief Executive Officer of the Company. The Board of Directors held on July 30, 2015 appointed, by way of co-optation, Mr. Alexander Dean Lemke as a new board member in replacement of the resigned WIND Director Mr. Felix Saratovsky.

⁽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 DECEMBER 31, 2015

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

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

Operational data	At December 31, 2015	At December 31, 2014
Mobile customers (millions of SIM Cards)	21 .1	21 .6
Mobile ARPU (euro/month)	11 .3	11 .3
Fixed-line customers (millions of lines)	2 .8	2 .8
Fixed-line ARPU (euro/month)	27 .9	29 .4
Mobile network coverage ⁽¹⁾	99.86%	99.86%
Employees (headcount)	6,814	6,894

⁽¹⁾ As a percentage of the Italian population.

Income statement figures (millions of euro)	2015	2014
Revenue	4 ,428	4 ,633
EBITDA ⁽¹⁾	1,671	1 ,804
Operating income	945	573
Net finance expense	(510)	(1.346)
Loss for the year attributable to the owners of the parent	428	(709)

⁽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 December 31, 2015	At December 31, 2014
Total assets	14,887	14,758
Equity attributable to		
owners of the parent	547	111
non-controlling interests	0,0	0,0
Total liabilities	14,340	14,647
Net financial indebtedness	8,777	9,654

THE ITALIAN TELECOMMUNICATIONS SERVICES MARKET

Industry overview

Italy is Europe's fourth largest telecommunications services market by revenue. The estimated value of the Italian mobile market for 2015 amounts to approximately €13 billion, less than for 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 2015 Italian operators continued to focus on value added services and on contents, developing the offer of innovative services complementary to connectivity in the TV, ICT and Internet of Things sphere in new bundles focused on data offers, with the aim of attracting new customers and rewarding those who have been the most loyal. The bundle offers included increasing volumes of voice traffic, at times without limit or with roaming, for voice, SMS, internet and entertainment contents and services supporting the digital transformation that businesses are undergoing. Operators continued rationalizing tariffs through the proposition of "module" profiles with additional options, data traffic mobile/fixed convergence plans and video contents. In addition, operators promoted tariffs aimed at specific types of users, in particular the younger ones, and in the second half of the year returned to leveraging on handset offers.

Navigation in mobility on the 4G network has become the basic component of offers, together with innovative applications and multimedia contents in streaming, which in the second half of the year accompanied the large traffic volumes in bundles. The quality and speed of navigation, as well as the coverage of the LTE networks, were at the center of operators' communication. Then in the second half of the year the offer of LTE Advanced, Broadcast and Voice services over LTE was launched for calls in 4G.

The development continued of the product portfolio focused on smartphones in the medium-high price band and on new items, while discounts were offered on the less recent products. In the second half of the year operators also included options for assistance in their consumer lists and the possibility, after a year or slightly longer, to change a smartphone for a later model or to return it at no extra cost.

Leading operators rationalized their offer for the business market, with changes in devices and rechargeable tariffs which include large volumes of voice traffic between business numbers. The offers for the Consumer market were also rationalized, with more emphasis being placed on modular tariffs, new devices and contents in streaming, often addressed to customers selected by age band. In addition, navigation profiles were offered with increasing volumes of traffic, joint fixed-mobile offers and quadruple-play tariffs including voice, fixed-line internet and television.

Value added innovative services have become central to operators' strategies. The contents offers for storing data and entertainment have been revised and extended, in particular with respect to cinema, TV, sport and music. Partnerships with leading providers of contents, OTTs and broadcasters were the subject of numerous releases during the whole of the year. In addition, a number of initiatives were developed in the Internet of Things, Mobile POS and Smart City spheres, directed towards Italian businesses and organizations.

Finally, operators continued to invest during the year to extend their LTE and LTE Advanced coverage.

In 2015 the fixed network telecommunications services market continued to be characterized by voice and ADSL bundle offers, increasingly based on optic fiber. The offer for ultra-broadband navigation grew to include an increasingly wide range of access services to digital contents, in particular video/streaming, and innovative ICT services.

Operators continued to promote voice and data plans, reducing charges and activation and including calls to mobile phones or solutions for mobile navigation. In particular, the offer for the residential market evolved with triple-play packages which include access to internet TV contents and quadruple play and which add mobile network services to the previous ones. Partnerships between digital content providers and fixed network operators were the subject of press releases throughout the year and offers grew after the spring.

The offer for Business customers saw the introduction of a number of changes as part of Cloud services, in particular in the areas of unified communications and collaboration, electronic billing and basic storage. In addition to these services, in order to retain and attract business customers and in particular SMEs with technological services complementing connectivity, operators arranged new partnerships and launched new ICT market-place, customer care and customer engagement web services and business intelligence and smart city solutions, the latter geared towards large-scale organizations.

Mobile telecommunications

The Italian mobile telephone market is the fourth largest European market by revenue after the United Kingdom, France and Germany. There are four infrastructure operators in Italy which offer mobile telephone services to the approximately 86 million SIMs registered at December 31, 2015, equal to a penetration rate of approximately 141% 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 78% of Italian mobile customers subscribe to prepaid mobile telephone services, which have low customer acquisition costs.

Excluding MVNOs, at December 31, 2015 WIND had an estimated market share of 24.7% while Telecom Italia, Vodafone and H3G had shares of 35.0%, 28.5% and 11.8% respectively.

Fixed telephone services market

Voice

The Italian fixed-line telephone services market is the fourth largest by value in Europe after Germany, the United Kingdom and France. 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 December 31, 2015 access to broadband internet had reached a penetration of 73% of the total of fixed lines in Italy. Broadband services in Italy have grown swiftly over the past few years to reach approximately 14.2 million connections or approximately 23% of the country's population. Despite the recent considerable rise in broadband, Italy still lags behind other European countries.

COMMERCIAL AND OPERATING PERFORMANCE

Mobile Telephony

At December 31, 2015, WIND had 21.1 million mobile telephone customers, a slight decrease over December 31, 2014, thus maintaining stable its market share (calculated by excluding MVNO operators) to 24.7%.

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

Mobile	2015 12 M	2014 12 M	Change
Customer base (millions of SIM Cards)	21.1	21.6	(2.31%)
Revenue (millions of euro) ⁽¹⁾	3,203	3,196	0.22%
Voice traffic (billions of minutes)	69.0	69.4	(0.58%)
ARPU (Euro/month)	11.3	11.3	0.0%
% ARPU Data/Total ARPU	42.0%	39.1%	

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 charge 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, messages and gigabytes under control by using the MyWind App or a dedicated number.

In 2015 WIND renewed its rechargeable offer, proposing two All Inclusive solutions: one with 500 minutes and 500 SMSs, one with 1 gigabyte and one that is more complete with 2 gigabytes.

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 in order to satisfy all customers' needs by considering their interests. *All Inclusive Music* and *All Inclusive Games* are the first WIND offers that include unlimited music streaming and the unlimited download of games, in addition to having 2 gigabytes, minutes and SMSs towards everyone, thanks to prestigious partners such as Napster and Gameloft. To this should be added *All Inclusive Movies* from November 2015 with 4 films in streaming included with each renewal, in partnership with Wuaki, and the 2 gigabyte *All Inclusive* with Sky Online included for 6 months (with a choice of contents between cinema, entertainment and football). In June 2015 WIND added solutions for customers of all ages to its offering portfolio: *All Inclusive Young* for the under 30s, with 3 gigabytes, 3,000 minutes and 3,000 SMSs to everyone, and a credit of €3 that can be spent at the Google Play Store on apps, films, music or games; and *All Inclusive Senior* for the over 60s, with unlimited minutes to 2 favorite numbers, 200 minutes and 200 SMSs to everyone and 500 MB as an internet start, plus a free of charge privileged telephonic assistance service available every day from 10 am to 1 pm. In addition, WIND has thought about its over 60 customers carefully, giving them the possibility of learning to use internet for getting in touch with their friends, colleagues and relatives by organizing training sessions at its sales points which are dedicated to learning new ways of interacting on the web.

WIND does not forget the people who have selected it by proposing dedicated offers for more gigabytes: for Christmas the new *Porta i Tuoi Amici in WIND* promotion, for customers who introduced friends formerly with other operators and for friends who passed over to WIND, double free of charge internet from 1 gigabyte to 2 gigabytes, with the possibility of creating a viral effect: the more friends you bring, the more gigabytes you obtain. The promo also gave a discount of up to €100 on the purchase of the best smartphones. In addition, with the *Christmas Ricarica* offer existing customers who topped up received a present of 3 gigabytes.

In December, in order to be closer to everyday life and the enjoyment of its customers, WIND launched a new *WIND Due per Uno* offer; using a dedicated app with a small contribution existing customers, and as a promotion new customers, are able to benefit from a discount of 50% on hotels, restaurants, cinemas and attractions involved in the scheme.

In November 2015 WIND renewed its Open Internet portfolio in order to respond to all market needs with an impressive innovation: customers can share the gigabytes in their *Open Internet* offer with other mobile devices (smartphones, tablets, internet keys) and also with members of their family. The new internet offers provide customers with the possibility, if they use up all the gigabytes included in their offer, to begin their option again in advance by using the *Restart* option, or to change their *Open Internet* offer free of charge.

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 so 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 video-cameras. 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 payable by credit card or direct debit on an installment basis. 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.

In October, in line with its positioning as being "closer" to non-Italian customers who live in Italy, WIND renewed its Call Your Country portfolio offering more megas and gigas in internet. In addition to dedicating a call center service and a website in several languages to these customers, WIND now also proposes a Call Your Country Super offer that includes 500 megabytes a week, national and international SMSs at 10 cents, calls abroad starting from 1 cent a minute and, in Italy, unlimited calls towards WIND and 50 minutes a week towards everyone, for a total cost of €2.50 a week.

For customers wanting to call abroad and in Italy with Call Your Country, WIND offers 100 megabytes a week for navigation, national and international SMSs at 10 cents, calls abroad starting from 1 cent a minute and unlimited calls towards WIND for a total cost of €2 a week.

Continuing to meet the various needs of its customers, WIND has additionally thought of the non-Italians who "use internet a great deal" by proposing a dedicated offer in order to obtain more gigabytes: *GIGA International* that provides 4 gigabytes of internet a week for only €6.

With three different levels of customization the *NOI INTERNATIONAL* offers set out to satisfy customers' individual needs for calling their country of origin at extremely competitive prices. In addition, with the *Call Your Country WIND* and *Call Your Country Super* offers customers can subscribe to the included telephone offer to buy a smartphone at small monthly installments or purchase dedicated models at extremely advantageous prices.

In April, WIND launched *WIND Magnum*, the innovative No Tax offer on subscription with two SIMs, as always unlimited minutes and SMSs and the choice between 2, 4, 8 or 14 gigabytes to be shared across smartphones and tablets to meet the needs of customer navigation; the Alcatel 3G Pixi3 Tablet (8 inches) is included.

In addition, there are exclusive and beneficial offers for customers who choose *WIND Magnum*: for the home, *Powered Infostrada Magnum* offers Real ADSL at up to 20 megabytes and telephone calls at 0 cents per minute to all national fixed and mobile numbers and fixed numbers in Western Europe, the USA and Canada at a cost of €17.95 per month.

On the basis of current trends, during 2015 the *WIND Magnum* offer was coupled with innovative devices that can be bought at advantageous prices: the tablet that was included was replaced by the new 4G network 8-inch "WIND Tab 8". In November, in order to join with the Black Friday and Cyber Monday waves launched by the media, a close sponsorship was agreed with Amazon (Italy's leading e-commerce portal). During the initiative, which was given the name "WIND Orange Week", customers choosing *WIND Magnum* could buy the Samsung Gear S2 smartwatch for a down payment of €49,90 and €0 a month. To these activities was added the promotion with Sky Online included for 6 months (with a choice of contents between cinema, entertainment and football).

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 services tailored to the specific requirements of large-scale businesses which often request offers on a competitive basis. Larger companies are increasingly gearing themselves towards offers in prepaid mode so that they can further increase control over their telecommunication expenses. WIND has an offer based on a business's budget based on "all inclusive" monthly charges: 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. Faced with the 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/medium businesses, through the pull sales channel (WIND Retail, Dealer, Franchising, large retail chains (GDOs)), and for small and medium businesses through the push sales channel, WIND Business is present on the market with a new positioning based on three pillars:

- *Best Assistance*, the guarantee of always having a level of assistance suitable for the needs of business customers
- *Smart Offer*, a clear, simple and complete offer at the right price
- *Smart Innovation*, tools for digitalization and smart working.

As regards *Best Assistance*, since November 9 all WIND Business customers have the *WIND Smart Assistance* advanced technical assistance service at their disposal free of charge; this is an effective, immediate and free service for the remote configuration and handling of devices and applications.

For *Smart Offer*, the *GIGA Boost* promo on data services was launched on October 12 for the push channel and on November 9 for the pull channel; this reduces internet tariff plan prices by 50% if coupled with *WIND Business* voice services.

From November 9 *WIND Business* customers who are frequent travelers for work purposes and who select the *All Inclusive Unlimited Premium* and *All Inclusive Top Mondo* offers have 3 GB and 2 GB respectively of internet traffic included abroad in the countries included in their individual tariff plans.

From October 12, *WIND Business* customers who subscribe to an *All Inclusive* offer at a WIND store may select the *VAT Registrant Special Edition*, which includes certain "top of the range" smartphones with an initial down payment of only €99.90. Moreover, for all *All Inclusive Partita IVA* activations made between November 9, 2015 and January 10, 2016 customers receive a Sky Online Cinema or Entertainment ticket valid for 6 months or a Sky Online ticket for all the matches of their favorite football team (with a choice between Juventus, Roma, Lazio, Inter, Milan, Fiorentina, Napoli and Genoa) through to the end of the Serie A season.

As far as *Smart Innovation* is concerned, the *All Inclusive* portfolio also offers the *Mobile POS* innovative service, developed in collaboration with BNL and BNL Positivity, at advantageous and exclusive conditions; this provides professionals and SMEs with the possibility of having card payments made on national and international circuits accepted anywhere.

Since November 9, the digital service offer available at WIND stores has also been enhanced by the new *Spotonway* service which allows *WIND Business* customers to create their own digital loyalty program so that WIND may get to know their customers' needs and habits better and increase their business. 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 have 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.

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 that provide an optimal management of working activities in mobility: organizing the day's work in the best possible manner and recording this by way of reports, photos and videos; managing contacts and planning visits and having digital catalogues, products and documents in mobility; digitalizing and managing expense notes in the simplest way, creating them and transferring them in real time.

In order to extend its portfolio of offers and services dedicated to SMEs, WIND has signed a partnership agreement of significant importance with Microsoft in order to be able to offer its customers Office 365, the productivity suite in Microsoft's Cloud. With Office 365 businesses have at their disposal all the tools needed to work in mobility in the best way possible and everywhere on any device (smartphone, tablet, laptop, PC, Mac), so that they can handle, modify and share documents in real time while operating with the utmost safety.

WIND Business proposes the Microsoft Office 365 services in three packages: *Basic*, *Plus* and *Top* in order to respond to the various needs of businesses, starting from €4 a month per single account. In addition for companies choosing *WIND Smart Office*, the new *WIND Business* virtual switchboard solution, 3 free of charge licenses for Office 365 Basic are included in the promotion until January 10, 2016.

Innovative Services

WIND continued with its proposal offer of 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. The partnership with Google has been further strengthened by the inclusion of an amount of €3 a month in the *All Inclusive Young* offer that can be spent in the store and by a number of promotional initiatives that enabled customers to download contents at an advantageous price. There are now 40 cities where the Mobile Ticketing service is active, including Florence, Genoa, Padua and Milan, and in the latter case it was also possible to buy a ticket for the Expo Fair. WIND promoted the first "WIND Ticket Day", which enabled all WIND customers to obtain a free ticket for use on public transport in the cities where the service was active, for the whole of September 16, when children went back to school. The initiative received highly positive feedback on the social channels and was reported by the country's main local and national press, providing a significant contribution to spreading awareness of the service. The initiative was also repeated in the city of Florence on the visit of the Pope.

In addition, WIND took action to avoid customers activating value added services unknowingly during navigation on internet by phone by introducing an additional requirement for confirmation in the activation process together with a warning message that arrives before payment is made for the subscription that is active.

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 496 international operators in 219 different countries, of which 207 covered by terrestrial roaming, 12 by satellite and 22 by LTE.

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 fully 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 December 31, 2015 consisted of 153 owned stores and 481 franchised sales points working exclusively with the WIND brand. The non-exclusive sales network consists of 949 WIND dealers, 631 sales points in electronic store chains and 4,133 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, customers can activate offers and services, buy telephones, smartphones and tablets and opt for the exclusive "*All Digital*" offers, which are only available online and are designed precisely for people having a strong preference for using digital channels. In

addition, customers can make top-ups online from all mobile phones, paying by credit card or PayPal or by charging their Infostrada or WIND telephone account by making a simple click. The website has been enhanced with the possibility of viewing WIND coverage maps online, integrated by Google Maps. In this way local 2G, 3G and 4G local coverage can be checked.

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 market, 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 sells 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.

The new “ADSL Vera” service has also been extended to the recently opened unbundling sites; 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. The plan started up in January 2015 for expanding the Direct Access Network continues, 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 could count on 2.8 million subscribers at December 31, 2015, a decrease of 2.4% over December 31, 2014; the direct customers voice component increase by 0.9% over the previous year.

The following table sets out the key fixed-line indicators.

Fixed-line	2015 12 M	2014 12 M	Change
Customer base (thousands of lines)	2,754	2,823	(2.4%)
of which LLU (thousands) ⁽¹⁾	2,395	2,373	0.93%
Revenue (millions of euro)	1,101	1,197	(8%)
Voice traffic (billions of minutes)	11.1	12.9	(14%)
ARPU (Euro/month)	27.9	29.4	(5.1%)

⁽¹⁾ Including Virtual LLU.

Internet and data

WIND offers a vast range of internet and data transmission services to both its consumer and business customers. At December 31, 2015, the Group had 2.3 million broadband internet customers and 0.01 million narrowband subscribers.

The following table sets out the key internet access figures.

Internet and data services	2015 12 M	2014 12 M	Change
Internet Customer Base ('000)	2,266	2,199	3.0%
of which Narrowband ('000)	7	8	(12.5%)
of which Broadband ('000)	2,259	2,191	3.1%
of which LLU ('000)	2,045	1,911	7.0%
of which Shared Access ('000)	7	9	(22.2%)

Package and converging 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. In November the *Powered Infostrada* offer was enhanced by an exclusive promotion which in addition to guaranteeing an exceptionally competitive price for WIND customers subscribing to an ADSL offer, adds 20 gigabyte of internet traffic a year to the data bundle for use on their smartphones; the *Internet Everywhere* 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 gigabyte of traffic included. In addition, in order to further strengthen the ADSL offer, all new Infostrada customers (consumer and micro) can choose one of the three Sky Online packages free of charge: Your Favorite Team, Entertainment or Cinema. The free viewing period lasts for 6 months.

The new fiber offer (FTTC) offer was launched in November in the main Italian municipalities; the offer provides downloading speeds of up to 30 Mega and uploading speeds of up to 3 Mega. The same services are also available in the "*Affari!*" version on the stores sales channel for Microbusiness/SOHO customers. In addition, the "*Affari!*" portfolio as always includes calls to fixed and mobile business phones. The drive towards acquiring both fixed and mobile customers is supported by the new commercial proposition *Powered Magnum*, which combines the fixed-line telephone and ADSL connectivity offer with the new mobile telephone *WIND Magnum* offer.

The sale continues in WIND stores of the *SMART HOME PACK* complete solution for the safety and protection of the home: Smart Plug, Motion Sensor, Videocamera and SIM Dati are included in the offer for only €3 a month.

Starting from November 9 the new Wi-Fi Hotspot Service is available for WIND Business customers in the digital services range. This enables VAT registered customers to provide their end customers with a free of charge Wi-Fi connection at their premises, ensuring not only customer loyalty but also more precise knowledge through the operating portal in which accesses to registered users are stored.

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 LLU direct access; 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 a partnership with the Enterprise division of Google which enables it to propose collaboration and communication solutions to businesses based on Google Apps Cloud. 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.

In addition, leveraging on its business assets and in particular in relation to enterprise mobility and cloud paradigms, WIND has launched *WIND Cloud Line*, an IP PBX cloud solution that combines the mobile and fixed worlds, and *Work & Life*, a solution created to provide an integrated response to the requests for smart working emerging in businesses.

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

For all sole trader customers, existing and new, the possibility continues of subscribing to the new second line offer, which provides only one additional voice line that can also be used to send and receive faxes, and of using POS devices. ISDN Telecom and Fastweb or Vodafone customers with additional numbers can now finally decide to pass over to Infostrada without losing their telephone numbers.

The *Absolute ADSL Business* and *All Inclusive Business Unlimited* plans have become even more advantageous as a result of the "Super" versions: integrated solutions combining fixed-line, ADSL, mobile telephony 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 having 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 a static IP address. The offer is available in a 2 line version (*All Inclusive Aziende Smart*) and in a 3 to 8 line version (*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, and with *Super Internet* if combined with the new data offers. *WIND Smart Office* is also available, the new offer which includes a virtual switchboard thought up for small and medium businesses and based on VoIP technology. *WIND Smart Office* is available in two profiles: Small, which enables customers to activate up to 10 fixed and mobile extensions with 3 simultaneous calls, and Large, for businesses that need to have up to 100 extensions, of which up to 25 fixed, with 6 simultaneous calls. And with Super Smart Office customers can use discounts on connectivity if they also activate mobile offers.

In addition, "*Netride Smart*" has also been available since September 7, a solution that provides considerable customization and flexibility possibilities, created to satisfy the needs of SME customers. In the portfolio offered the *WIND Impresa* offer can always be activated; this provides from a minimum of 6 up to a maximum of 60 simultaneous calls and provides customers the possibility of subscribing to a rental, management and maintenance service for telephone switchboards.

Sale and distribution of fixed network services

WIND's distribution strategy is based on the "omnichannel" concept (stores, web or telephone), following the needs of customers who automatically select the sales channel which suits them best.

In terms of performance, the most important sales channel is the retail channel (monobrand and multibrand stores), which through the integrated offers continues to increase in importance. Following this are the 159 call centers and the web, while the activities of the outbound call centers are by now residual and 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 charge to other operators for 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 Department, which is organized to support the various needs: 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 care 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 across the country, including through the use of local sales points, thus making it more direct and transparent.

In a saturated and highly dynamic market with a constant renewal and extension of the offer portfolio, retaining a vision which puts the customer as the center of his business is a necessity. It is crucial to adopt customer management policies which are consistent and synergic between the various sectors and can thereby represent a discriminating success factor.

This vision has always been an asset for WIND and a philosophy which involves and integrates all of the Group's business sectors, ranging from marketing to sales by way of customer care, the technical functions of the network and information technology.

A detailed set of activities has been set up for monitoring the various points of contact between the Customer and the Group and for assessing satisfaction with WIND and the extent to which it may be recommended to others, using NPS measurement methods. This enables customer needs to be identified and specific targeted replies to be provided, and more generally allows the main areas of development to be identified, in line with the expectations provided by the customers themselves.

WIND's Customer Relationship Management department therefore sets itself the objective of understanding, anticipating and responding to the needs of current and potential customers with the aim of increasing the value of the relationship in all the segments covered, consumer (mobile and fixed) and the business market, with an organizational structure focused by market.

A success factor for the initiatives carried out by CRM, which gained 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 certain specific consumption behavior. This has been possible by making analysis and campaign management tools more sophisticated and evolved.

Consistent with the identification of customer needs, WIND CRM provides ad hoc solutions in terms of product and offer through traditional and digital relation channels. Commercial action involving customers is also carried out through the distribution network which has developed from being a new contract acquisition channel to a channel that also looks after customer management.

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 their use.

The MyWind app, with around 10 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 considerable success with customers who have confirmed MyWind as the app with the highest rating in the store market.

In addition to that for Widget Android, that for iOS is also now available, which enables customers to obtain the main information on the status of their offer directly from the Notification Center of their iPhone and the "tile" function for viewing the data on the main screen of their Windows Phone. The year 2015 was also the year of WIND Talk, an integrated messenger service app representing a new way of interacting with customers and proposing exclusive services to them. In addition to providing what any other messenger service app on the market has, WIND Talk also offers the possibility of contacting WIND customer care or certain WIND stores via chat. Using WIND Talk customers can also buy public transport tickets and transfer telephone credit in a simply way to their contacts having a WIND prepaid line.

The social networks also continue to be an important point of contact, listening and customer management for WIND, with an increase of almost a million fans on Facebook but above all a rise 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

Advertising Offline

WIND consolidated its advertising strategy and began the year with a new television campaign proposing the science fiction genre in a “movie” format. During the first quarter of 2015 Giorgio Panariello and his companion Giovanni Esposito played the leading roles in a fantasy adventure in space, on board the WIND orbiting technological station, which from March took them onto a desert island as the result of a lucky splashdown. During the whole of the second quarter the advertising dedicated to *All Inclusive Music* continued, with the on-the-air spot realized with excerpts from video-clips of the DJ Calvin Harris. From June 6 with a “nineteen eighties action treatment” the summer campaign launched the couple ‘Rosario Fiorello-Carlo Conti’, together on the air for the first time until the end of July. In September Fiorello and Conti ended the saga with two commercial spots: *ADSL Infostrada* and *All Inclusive Young*. In the autumn WIND was back on television again with Giorgio Panariello playing Agent 320 in the “movie” format: after the launch with a teaser, the campaign continued with the products *All Inclusive 2 Giga*, *Passa a WIND*, *Porta i Tuoi Amici* and *Christmas Ricarica*. To this a national poster campaign was added supporting the *WIND Magnum* subscription offer with Vanessa Incontrada as a testimonial. Again in the “Out Of Home” (OOH) sphere, WIND was present at Milan Central Station with two subjects: the first dedicated to the Orange Week, followed by a *Porta i Tuoi Amici* subject, on the air until December 31. During 2015, to support the launch of *All Inclusive Music*, WIND could be found in a series of broadcasts with a musical theme: Forte Forte Forte, Sanremo, The Voice, the WIND Music Awards and, from September, XFactor 9. In 2015 the business segment and in particular the *All Inclusive Unlimited* offers were promoted through a series of radio campaigns having Vanessa Incontrada as a testimonial. A radio and poster campaign got under way in north-eastern Italy in May, targeted at small and medium businesses, having the aim of increasing the awareness of the WIND Business brand in an area with a high concentration of businesses. Among the more significant initiatives at a local level WIND was present at the 2015 Expo Fair in Milan from May to October with the WIND Ti Dona initiative, which had the objective of spreading the awareness of the Digital Home & Life brand.

Advertising Online

The investments made in the digital media aimed at ensuring a continuous awareness of all the Group's brands and all the types of offers in its portfolio were both significant and constant throughout the year. Planning covered all the main desktop and mobile websites, with the use of standard, impact and video formats, the social media, search advertising and unconventional activities. As far as the WIND brand is concerned, in addition to the display campaigns supporting the main mobile offers, online engagement activities also regarded the music programs The Voice and XFactor9, which ensured cross media visibility for the brand, and the *All Inclusive Music* offer. In November, on the occasion of Black Friday, WIND additionally proposed a special promotion addressed to a tech target through impact-making positions on the Amazon.it website.

As far as the Infostrada and WIND Business brands are specifically concerned, non-stop activities aimed at online conversion are worthy of a mention in the case of the fixed telephony and ADSL brand, and the lead generation in the case of the sole trader and SME brand.

Online investments supporting the ethnic target offers also continued, undergoing a strong push in October, as well as tactical campaigns in support of promotions reserved for customers topping up online. Although adapted to the

various reference targets, the tone of voice and communication format of the online advertising activities ensured continuity with offline advertising in order to maximize business investments in communication.

Corporate Advertising and Special Projects

The long-term institutional strategic path initiated in 2014 as a means of reaffirming the value of closeness to people underlying WIND's positioning was reiterated on March 19, 2015, Father's Day, when WIND came "closer" to its customers by proposing for just one day in prime time two excerpts from the short film "Papà", never shown before on television. The campaign was also relaunched online on the targeted main social networks and blogs and was highly appreciated by the web people, achieving important results: around 2 million views, the NC award for the "Best Institutional Campaign of the Year", first prize in the "Best Viral/Mobile Marketing Campaign" category and second prize in the "Best Brand Content/Entertainment" category. The short also received 3 prestigious bronze medals at the Eurobest and Epica Awards ceremonies and at the New York Festival, and 4 recognitions at the NC Digital Awards.

In August the Group returned to its exploration of closeness and the relationship between man and technology with the launch of the new short "A great day". In this new web film WIND tells a story about communication and closeness between people. The leading character is a young boy who has to decide whether to pass an afternoon playing with his videogames, sitting in front of a tablet screen, or whether to go out and play football with his best friends. The launch was supported by a campaign on the social channels and by a press campaign in the main national daily papers. Just one month after the launch, the video had already had a total of over 8 and a half million views on Facebook and more than 1 million 200 thousand views on YouTube, confirming the web's appreciation for a narrative formula with a greater appeal than communication standards.

In November the WIND short won the bronze at the Eurobest Awards in the "Viral Film" category.

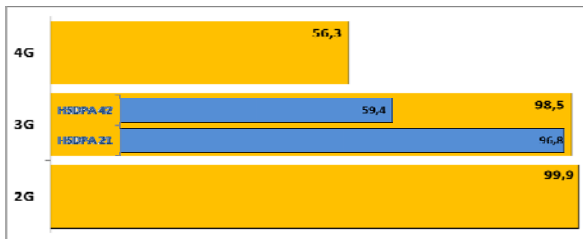
At its ninth edition, the WIND Music Awards returned on June 4 in the magnificent scenario of the Verona Arena, and the ceremony was broadcast live in prime time on RAI 1, achieving a share of 26.3%. As a means of reaffirming WIND's closeness to music and of promoting the *All Inclusive Music* offer by Napster in synergy with the WMA event, this year the Group conceived and promoted a contest which all web users could enter which gave participants the possibility of winning backstage passes for the evening and the *All Inclusive Music* offer free of charge for 12 months.

In the institutional sphere WIND's contribution to young businessmen continued through the WIND Business Factor project. After honoring the winners of the 2014 Startup Awards in February, in March WIND kicked off the qualifying rounds for the WIND Green Award, a competition open to all business, cultural and social development initiatives that are geared to sustainability. In June, WIND's virtual incubator launched the 2015 edition of the WIND Startup Awards, a competition directed at innovative startups in the leading sectors of the digital economy.

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 December 31, 2015, WIND fixed access network covered with ADSL broadband+ direct services the 64.5% of the Italian population while the mobile network population coverage reached the 99,9%; in particular WIND UMTS/HSPA and LTE are available respectively to the 98.5% and the 56.3% of the Italian population.

The chart shows Wind Mobile coverage at December 31 2015:



WIND's mobile and fixed - line access networks are supported by 22,300 kilometers of fiber optic cables backbone in Italy and 5,091 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 December 31, 2015, WIND also had 496 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 22,300 kilometers of transmission backbone, 5,091 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 16,193 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 December 31, 2015, WIND fixed access network has 1,636 LLU sites for direct subscriber connections with a capacity of approximately 3.37 million lines, and had interconnections with 613 SGUs, which allows it to provide



carrier selection access for indirect subscribers throughout Italy, as well as WLR services. In Milan FTTH service is active and it will be extended to other cities leveraging on a Metroweb agreement.

In 2015 WIND have done investments on fiber activating the ultra-broadband services for almost the 10% of the population, using mainly Fiber to the Cabinet and Fiber to the Home technologies. Furthermore in 2015 the migration of voice traffic interconnection with other national operators in IP technology has been essentially completed, 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 75 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.

In 2015 WIND has completed 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.

WIND has put in place an intensive 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 December 31, 2015.

GSM/GPRS	
Radiating sites	14,793
BSC (Base Station Controllers)	233
MSC (Mobile Switching Centers)	22
HLR/HSS (Home Location Register)*	12
SGSN (Service GPRS Support Node)	6
GGSN (Gateway GPRS Support Node)*	12
UMTS	
Node B	14,105
RNC (Radio Network Controller)	127
MSC-Server	26
MGW (mediagateway)	29
SGSN (Service GPRS Support Node)*	12 (6 dual access; 6 triple access)
LTE	
Enodeb	2,789
MME	6
HSS	2
PDN-GW	6
S-GW	6

*Shared with UMTS/LTE

RESEARCH AND DEVELOPMENT ACTIVITIES

In order to select the best technologies and best architectural solutions for its mobile and fixed networks, WIND has maintained an observatory to study and experiment new solutions to increase performance and the customer experience for mobile and broadband customers with a particular attention to the "green" aspects; for example, the setup of Energy Reporting to qualify for tax cuts from the Italian Ministry of Economic Development (starting in 2016). On the mobile network, WIND has continued in 2015 to invest in 3G technology to improve network performance, increasing coverage with the creation of new sites to offer better "customer experience". WIND has already introduced small cell solutions in 2015 in heavy traffic areas, and has measured the benefits in energy consumption as well as in customer satisfaction. During the year 2016 these solutions will be checked and analyzed to further improve the quality provided by the mobile network. WIND has continued in 2015 to develop an important roll-out of 4G LTE technology exploiting the 800 MHz and 2600 MHz frequencies purchased in the 2011 auction, with a close analysis of the spectral features for enhancing and reusing the 900 and 1800 GSM frequencies.

The development of mobile broadband HSPA and LTE involves the use of new generation technologies such as the Single RAN (i.e. a single infrastructure for the various 2G, 3G, LTE radio technologies) which is now the reference for the WIND network, as well as the constant expansion of fiber optic backhauling BTS and IP high-capacity radio links. Studies have been conducted in 2015 to improve the applicability of a scenario of virtualization and VAS-centering (SMS, MMS, VMS, IVR...). Considering the importance of new services and the need for standardization in M2M solutions, WIND is participating in quality assessments on national roaming scenarios between operators and is checking out the advantages of centralized platform solutions,

On the fixed access network, WIND has continued to maintain its leadership in the ADSL market with a plan for further strengthening national coverage with its own infrastructure whose roll-out will continue during 2016.

Commercial development of FTTH (Fiber To The Home) latest generation services continued particularly in the area of Milan and will be extended to other cities during the year 2016.

WIND has continued to scout and promote solutions aimed at improving the business potential of the Company and the capabilities to optimize the internal processes.

Various solutions have been studied and in some cases proven in field during the preceding year, while during 2015 solutions were implemented relating to the following technological areas:

1. Mobility: enhanced solutions for new services for mobile personal cloud, mobile commerce (e.g. "Crea il tuo sito" (create your website)), people and things localization, domotics and videosurveillance (eg. Digital Home & Life), machine-to-machine, mobile device management (eg "App MyWind"), contract dematerialization;
2. Big Data: close attention to compliance with regulations in new solutions for sentiment analysis, semantic analytics, social network analysis, network and service experience analytics;
3. Customer Experience Management: solutions for customer insight with enrichment of social data, interactive tables to improve sales experience, new text-to-speech solutions, mobile service experience and perceived E2E (end to end) network quality.

In 2015, WIND extended research of innovative solutions to the world of Italian start-ups, with special regard to Wind Business Factor and LuissEnLabs programs that Wind supports and promotes; Wind also participates in the VimpelCom group "Make Your Mark" program to help young people in new initiatives.

Throughout the year 2015, WIND actively participated in various research projects, thus exploiting the funding opportunities available from the European Community, as well as from local Public Administrations.

The issues of greatest attention are the following:

1. Solutions for sustainable mobility using data from mobile network and from sensors deployed on the network for applications of geo-location, security, traffic planning, applications for sustainable tourism and development of solutions for BIG DATA analysis in cooperation with research and regulatory institutes and universities;
2. Solutions for security and privacy management for data access using mobile terminals according to the "BYOD" (Bring Your Own Device) model;
3. Green ICT solutions especially for Green Data Centers realized according to the new rules geared towards energy saving both by the use of new equipment as well as the new optimized processes for the production and the management of the data center that involve the energy providers as well.

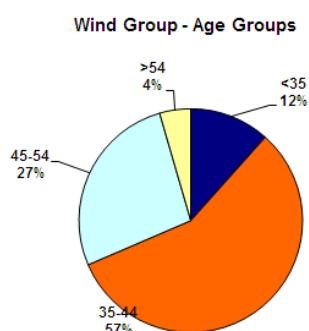
HUMAN RESOURCES

At December 31, 2015, the Group had a workforce of 6,814 employees structured as follows.

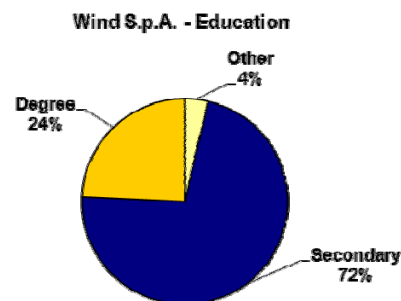
	No. of employees at		Average No. of employees in	
	12/31/2015	12/31/2014	2015	2014
Senior Managers	120	124	122	127
Middle Managers	630	621	626	623
Office Staff	6,064	6,149	6,117	6,204
Total WIND Group	6,814	6,894	6,865	6,954

During 2015, the Parent hired 119 employees while 135 left. In addition, 67 employees in Galata SpA left the Group on March 26, 2015.

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



Average age: **42**



Graduates excluding call centers: **26%**

Women account for 47% of employees.

In terms of the geographical allocation of personnel, over 74% of personnel work in the offices in Milan, Rome, Naples and Ivrea.

Sites	31/12/2015	31/12/2014
Milano	13%	12%
Ivrea	9%	9%
Roma	34%	34%
Napoli	18%	18%
Altro	26%	27%
Total	100%	100%

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

The following table shows the personnel distribution by department

Departments	31/12/2015	31/12/2014
Network	35%	34%
Information Technology	11%	6%
Customer Care	17%	23%
Marketing & Vendite	25%	25%
Staff	12%	12%
Totale	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. on February 18, 2015.

In May, in line with its objective of digital innovation, WIND set up the new Digital Business Unit having the aim of drawing up commercial offers for the growing "fully digital" customer segment.

The marketing, consumer product development and SME functions were reorganized during the third quarter with a view to increasing product focus; in addition, as a means of enhancing the offer addressed to the large market, sales support functions were rationalized to improve operating effectiveness and efficiency.

The Information Technology and Network technical departments reporting directly to the CEO were set up during the fourth quarter with the aim of maximizing the focus and strategic cover of the platforms and the information and network systems and maintaining consistency with the evolution of the business.

Development

The annual appraisal process kicked off at the end of January 2015, confirming itself as a tool geared towards individual development and performance management. At September 30, 2015, 99.94% of the Group's population had been appraised and 92.10% had completed the feedback process.

Training

A total of 40,155 man-days of training were given during 2015, mainly relating to training on WIND's new sourcing model.

In terms of the reskilling activities resulting from the agreement reached with the trade unions in July 2014, a total of 28,816 man-days of training were given in 2015 for the new sourcing model projects involving a total of 647 employees; these were delivered by specialist external providers (70%) and through the collaboration of internal staff belonging to the above areas, people who are experts in the highly specific subjects to be found in the WIND environment. Certain training activities are still in progress and will be carried out over the next few months. Twenty three per cent of the activities arranged with the providers have been financed using the available funds following the preparation of 7 plans already submitted to and approved by Fondimpresa in terms of final budgets.

The online Model 231 training project involved a total of 545 employees during the year; 98% of the business population had received training on the general module by the end of 2015, and 97% of the target population had

undergone the training phase which concentrates on the risk areas of the model specific to the business, again online, and is directed at middle and senior managers.

Online training for the Code of Conduct began in October 2015 and this has already involved 487 employees. All the above online activities will continue in 2016 through to completion.

Industrial relations

Various meetings were held during the year between the Company and the trade unions – at both a national and local level – at which the progress made in the processes geared to the new sourcing model was reviewed, as envisaged in the trade union agreement of July 29, 2014.

At these meetings the Company provided a detailed description of the activities subject to internationalization and the training initiatives supporting the staff involved in the reskilling and occupational mobility processes.

In addition, the Company and the trade unions signed a series of agreements for making an application to Fondimpresa, the interprofessional training fund, to finance training plans supporting the occupational reskilling initiatives envisaged in the agreement of July 29, 2014.

In February the procedure pursuant to article 47 of Law no. 428/90 for the contribution of the Towers Development business to Galata SpA was completed. In this respect WIND identified a leading operator in the sector specializing in network infrastructure for the development of this company.

At the end of the procedure the Company and the trade unions signed an agreement stating 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.

An agreement aimed at facilitating the use of vacation leave by establishing a program of collective closures was signed as part of the initiatives designed to contain labor costs.

No strikes took place during the year and trade union initiatives had no effect on business operations.

On February 9, 2016 an agreement was signed with the trade unions for rendering the Group's business model more efficient by completing the plan for internationalizing activities, which is already under way, and carrying out the resulting reskilling measures. It was agreed to support this process by continuing solidarity contracts for a further 18 months with the aim of completely absorbing excess staff, also through the use of innovative tools such as telework and other flexible forms of working.

In addition, it was agreed to apply the procedure prescribed by the Fornero Law to achieve a mutual termination of the employment relationship for up to 50 workers who by the end of 2016 will have four years or less to go to meet their pension requirements.

Finally, a decision was taken to set up a flexible benefit system by which employees may access a portfolio of specific goods and services, within certain spending limits, thereby benefiting from the advantages recognized by new fiscal legislation (articles 51 and 100 of the consolidated income tax law).

CORPORATE SOCIAL RESPONSIBILITY

From its very beginnings WIND has given specific emphasis to corporate responsibility, with the aim of taking a responsible approach towards the Group's internal and external stakeholders and achieving an increasing improvement in the way in which its business activities are integrated with social and environmental aspects. This approach continued in 2015 with a series of activities, by now consolidated, which were also accompanied by new projects.

In June 2015 WIND published its twelfth Sustainability Report as a means of reporting its economic, social and environmental performance in 2014 to its stakeholders. Using an innovative approach, the preparation of the report directly involved representatives of the various categories of stakeholders as a way of agreeing with them their expectations from the Group within the framework of major challenges in the telecommunications sector in the future. Combining the objective of transparency with that of usefulness, the report, which has been prepared in accordance with the G4 Guidelines of the Global Reporting Initiative, is available in an online version on a mini-site forming part of the WIND Group's institutional website.

During 2015 WIND further developed its commitment to initiatives supporting the younger generations and all the forms of "social innovation" that are emerging thanks to the new digital technologies.

The WIND Business Factor initiative – the web platform created in 2011 to help aspiring entrepreneurs to convert their business ideas into tangible activities - progressed successfully, and with the "Wind Green Award" rewarded business and social development projects having sustainability as their aim. The partnership with the LUISS Enlabs start-up factory in Rome, first set up in 2013, also continued, as well as that arranged with Confindustria Information Systems in 2014, "Your Idea of Business", an initiative designed to spread a business culture in upper schools. The launch of the VimpelCom "Make Your Mark" brand in January, which Wind Business Factor and Your Idea of Business now form part of, testifies to the interest in these subjects at a Group level.

The first edition of the "Wind Transparency Awards" was held in March, dedicated to innovative initiatives for openness in Italy which are selected by an ad hoc Scientific Committee. The event also hosted awards given as part of the competition reserved to users of the Wind Transparency Forum, the web platform launched by the Group in October 2014 which collects innovative transparency initiatives arising on the web thanks to an open sharing of data and information and new forms of online collaboration and describes these in a digital magazine.

Again on the subject of innovation with a social impact connected with digital technologies, in December the Group launched the Wind For Fund platform. This is a crowdfunding platform created in a partnership with Derev, which enables people creating a project and wishing to promote it not only to obtain funding in a public and transparent manner but also to directly test the validity of their idea before the community. The platform is dedicated to initiatives of social worth selected in three macro areas: no profit, start-up and technology, and civic projects.

From an environmental protection standpoint, during the year WIND followed up the climate and energy partnership with the WWF that it set up at the end of 2014. Thanks to investments in energy efficiency, in 2015 the Group posted a reduction of 36% in its CO2 emissions per traffic unit compared to the "baseline" set up two years earlier. In addition, in 2015 WIND significantly increased its use of renewable energies, taking these to 70% of the electricity purchased.

From the standpoint of charity and social solidarity initiatives, in 2015 WIND continued with its strategy of actively involving its customers and employees, consistent with its "closer" institutional claim.

The *All Inclusive Solidale* initiative, launched in December 2013, saw a new partnership with the “Let’s Light Up the Future” campaign promoted by Save the Children to support children at risk of educational exclusion in Italy. Through their tariff plan WIND customers can make a direct contribution to the “Points of Light”, which are Save the Children centers enabling children to catch up their schooling, with WIND then doubling the amounts donated.

Through “WIND adopts a school”, an initiative first set up in 2013 in conjunction with the Sodalitas foundation, in 2015 the Group gave its employees the possibility to be “mentors” to the students of three technical institutes located in the suburbs of Milan, Rome and Naples, the cities where WIND has its main offices, following them through that extremely important stage of their individual lives which starting from school takes them closer to the world of work or university. In terms of voluntary activities, the blood donation sessions held at the Group’s main locations confirmed the considerable success achieved in the past, as did WIND’s participation in “Race for the cure”, the fight against breast cancer.

Finally, the direct involvement of WIND employees continued in the “Together We Can” campaign, initiated in 2014: through the intranet employees propose and vote for solidarity initiatives, which the Group will then continue to finance. This is a means of involving employees in selecting charities which gives preference to initiatives close to the Group’s offices, so that they can also take part as volunteers.

REGULATORY FRAMEWORK AT DECEMBER 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 initial 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 by the Italian Antitrust Authority to Telecom Italia (TI) for the influence the latter exercised on the work of the technical companies. The proceeding was subsequently extended by the Antitrust Authority to December 31, 2015 to enable a series of further examinations to be carried out. The final hearing was held before the Authority on October 6, 2015.

On December 23, 2015 the Authority closed the proceeding, publishing the final order in its bulletin and sanctioning Telecom Italia and 6 System (Alpitel, Ceit Impianti, Sielte, Sirte, Site, Valtellina), after ascertaining the violation of article 101 of the TFUE. The total penalty amounted to approximately €28 million.

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 that company. At the hearing of June 11, 2014, Telecom Italia made a request for cancellation and the adjournment of the hearing. The TAR upheld Telecom Italia's request and accordingly ordered the cancellation of the case from the roll.

Proceeding A428C

On July 15, 2015, the AGCM initiated a proceeding against Telecom Italia alleging violation as per article 15, paragraph 2 of Law no. 287/90 for non-fulfilment of points a) and c) of the Authority's provision no. 24339 of May 9, 2013 (a provision issued at the end of proceeding A428). The Authority considered that the new elements acquired from reports made by certain operators imply the continuation of anti-competitive conduct towards alternative operators in the act of supplying wholesale access services and that such behavior breaches the order to refrain from carrying out conduct similar to that subject to the infringement identified for the abuse of a dominant position in the above-mentioned provision no. 24339/2013. On January 4, 2016 the AGCM published its decision to extend the deadline for completing the proceeding to July 31, 2016.

Telecom Italia's Reference Offers

In September 2014 the public consultation on the Telecom Italia reference offer for fixed interconnection for 2013 (Resolution 71/14/CIR) was published. AGCOM submitted its draft decision for the review of the European Commission. Subsequently, on June 26, 2015, AGCOM published its final decision (Resolution 52/15/CIR).

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

On January 7, 2015 a public consultation was initiated by way of Resolution 136/14/CIR on Telecom Italia's WLR reference offer for 2014 for all the matters of a technical and procedural nature as well as the economic conditions for the services included therein. These economic conditions are valued on the basis of the cost orientation for contributions and accessory services, in line with the preliminary orientations of the new market analysis which prescribes an annual valuation for these in the proceeding approving the reference offer. The final decision on the WLR reference offer for 2014 was published by AGCOM by way of Decision 168/15/CIR, while the decision on the LLU reference offer for 2014 was published by AGCOM by way of Decision 169/15/CIR. For access fees for both the WLR and LLU for 2014 the valuation was performed as part of the market analysis of fixed access.

In February 2015, by way of Resolution 17/15/CIR, AGCOM 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 was also 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. The final decision of the 2014 terminating OR was adopted by AGCOM by way of Decision 167/15/CIR.

Subsequent to this a public consultation was initiated on the draft provision for approval of the two Telecom Italia reference offers for 2014 relating to the NGAN infrastructure access services and the End-to-End access service. The final decision on said OR was adopted by AGCOM by way of Decision 171/15/CIR.

In July 2015 a public consultation was initiated on the draft provision for providing approval of the two Telecom Italia reference offers for 2014 relating to the copper network Bitstream services and the NGA (and VULA) Bitstream services. The consultation is still in progress.

In March 2014, Telecom Italia notified 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 defense of AGCOM in both cases. Fastweb too, for other reasons, also appealed against said resolutions for 2013. BT on the other hand only appealed against Resolution 746/13/CONS, concerning the determination of the price for the 2013 WBA.

The BT appeal has not been notified but WIND has decided that it will intervene in this 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 issued on February 18, 2015, the Lazio TAR dismissed 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 issued on March 9, 2015, the Lazio TAR dismissed 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).

On May 18, 2015, Telecom Italia and Fastweb notified WIND that they had filed an appeal with the Council of State for the overturning or annulment of the TAR's sentence dismissing the appeal filed to have Resolution 746/13/CONS (2013 WBA) annulled. WIND filed an appearance on June 5, 2015 and following the hearing held on September 24, 2015 the judge reserved his decision. We are therefore waiting for the ruling of the Council of State.

On June 9, 2015 and June 11, 2015 respectively Telecom Italia and Fastweb also notified WIND that they had filed an appeal with the Council of State for the overturning or annulment of the TAR's sentence dismissing the appeal

filed to have Resolution 747/13/CONS (LLU 2013) annulled. WIND filed an appearance on June 24, 2015 and following the hearing held on September 24, 2015 the judge reserved his decision. We are therefore waiting for the ruling of the Council of State.

BT filed an appeal with the Council of State for the overturning or annulment of the TAR's sentence dismissing the appeal filed to have Resolution 746/13/CONS (WBA 2013) annulled. On June 6, 2015 WIND notified BT that it had filed an appearance. The hearing was held on September 24, 2015 and the judge reserved his final decision. We are therefore waiting for the ruling of the Council of State. 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 also appealed against Resolution 67/14/CIR and WIND filed an appearance. The dates for the hearings have not yet been set.

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 of the group (February 21, 2014 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 dismissed by the Lazio TAR in sentences dated February 18, 2015 and March 9, 2015), in which a modularity principle is recognized de facto 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 upper cabinet modules for 1 OLO. 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 cabinet 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 was planned for 2014 alone which was applicable to the cabins for which Telecom Italia had already start up preparation work. The full operational procedure began in 2015. The matters being looked into by the workgroup are continuing with the establishment of a requisite for Multi-Operator Vectoring (MOV). A first paper containing MOV specifications has been sent to the Authority for manufacturing companies.

In July 2015, in a press release on the draft resolution on an analysis of the markets for wholesale access to Telecom Italia's fixed network, the Authority announced that it had established rules for the use of vectoring in MOV mode (Multi-Operator Vectoring) in the case of access to the cabinet. The European Commission has welcomed the Authority's intention to establish a process aiming to spread MOV in Italy, based on technical requirements approved by the Authority, and has noted that any symmetrical obligations that result from this must conform to article 5 of the access decree. The Commission has asked the Authority to comply with that provision in drawing up the future

agreements for the realization of MOV in Italy, whose scope of application, according to the Commission, must be notified in accordance with article 7 of the framework directive. In Resolution 623/15/CONS, the Authority established that effective the date of publication of its technical specifications for MOV, Telecom Italia and the operators that intend to adopt vectoring transmission systems must comply with the technical and procedural requirements contained in these.

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 initiated by way of Resolution 537/13/CONS, in November 2013 AGCOM initiated a review 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. 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 BEREC regarding a public consultation on the operating aspects of the replicability test for retail offers.

In April 2015 AGCOM published Resolution 119/15/CONS which suspends the terms of the review pursuant to Resolution 537/13/CONS until a date to be established (after the analysis of the markets for access services to the fixed market initiated with Resolution 390/12/CONS), which will be announced by way of a specific resolution published on the Authority's website. On December 24, 2015, AGCOM published Resolution 660/15/CONS for restarting the review whose subject is the updating of the methodology for the replicability testing as per Resolution 537/13/CONS and initiating the relative public consultation.

Market analysis – Fixed Access

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

On August 1, 2013, by way of Resolution 453/13/CONS, AGCOM extended 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 granted the possibility of sending additions to the documentation already submitted in relation to highly innovative facts and elements that had

occurred after the start of 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.

In July 2015, in a press release, AGCOM announced that it had approved, for the subsequent comments of the European Commission, the draft resolution regarding an analysis of the markets for wholesale access to the Telecom Italia fixed network, valid for the period 2014-2017. By way of this decision, AGCOM intends to establish rules and prices for access to the Telecom Italia copper and fiber network by competitor operators which are uniform throughout Italy.

After receiving the European Commission's opinion, on December 22, 2015 AGCOM published its final decision 623/15/CONS regarding Telecom Italia's wholesale fixed access services for the period 2014-2017.

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 Council 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 Council's next 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 Authority's Board [...] 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.

In March 2015, by way of Resolution 68/15/CONS, AGCOM then initiated a public consultation on the execution of sentence no. 5733/2014 of the Council of State regarding Resolution 71/09/CIR on the approval of the Telecom Italia reference offer for 2009 relating to Bitstream services. Following this consultation AGCOM then notified the European Commission of its draft final decision on the WLR and Bitstream services for 2010-2012 and the Bitstream Naked charge for 2009. The decision was reviewed by the European Commission. The final decisions on these matters were published by AGCOM on November 11, 2015 by way of Resolution 578/15/CONS (Bitstream Naked 2009) and Resolution 579/15/CONS (WLR and Bitstream 2010-2012).

On April 9, 2015, AGCOM published Resolution 86/15/CONS on the final approval of the LLU fee tariffs and the LLU contributions for the period 2010-2012 following the above sentences of the Council of State nos. 1837/13, 1645/13 and 1856/13.

The operators Fastweb and Telecom Italia recently appealed against Resolution 86/15/CONS. More specifically, Fastweb notified WIND on June 5, 2015 that it had filed an appeal with the Council of State maintaining that by way of Resolution 86/15/CONS, AGCOM had in substance failed to fulfil the requirements of the previous sentences. As part of the same proceeding, Telecom Italia notified WIND on August 5, 2015 of a cross appeal objecting to the Authority's failure to fulfil. WIND filed an appearance on June 24, 2015 and the date of the hearing, originally set as October 8, 2015, was postponed to October 22, 2015. By way of sentence no. 5708/2015 of December 17, 2015, the Council of State dismissed the appeals submitted by Fastweb and Telecom Italia (as a cross-appeal), confirming the validity of Resolution 86/15/CONS.

Fastweb has notified an appeal with the TAR requesting the annulment of Resolution 86/15/CONS for the same defects specified in the appeal filed with the Council of State. WIND received notification of the appeal on June 8, 2015 and filed an appearance on June 26, 2015, and is currently waiting for the date of the hearing to be set.

Telecom Italia has also notified an appeal with the TAR requesting the annulment of Resolution 86/15/CONS. WIND received notification of the appeal on June 8, 2015 and filed an appearance on June 26, 2015, and is currently waiting for the date of the hearing to be set.

Guidelines for the conditions of wholesale access to ultra-broadband networks receiving public grants

In October 2015, by way of Resolution 575/15/CONS, AGCOM initiated a public consultation on the guidelines for the conditions of wholesale access to ultra-broadband networks receiving public grants.

Various parties, both public and private, are involved in the implementation of the optic fiber network, and accordingly the Authority believed it essential to establish a framework of rules at a wholesale level that can ensure that everybody (operators creating the infrastructure and parties that operate in the downstream market) receives fair remuneration for their investment and is capable of fostering a rapid diffusion of the services. By way of Resolution 635/15/CONS the deadline for the submission of replies to the public consultation was set as January 7, 2016.

Fact-finding enquiry into digital platforms and electronic communication services

By way of Resolution 357/15/CONS, AGCOM set up a fact-finding enquiry into digital platforms addressed to all the parties operating along the value chain of the new digital services provided through the internet. The enquiry's aim is i) to understand the business models used by those parties; ii) to establish the means of protecting users and the market as a whole; iii) to assess the opportunity of establishing rules designed to create a "level playing field" between the new parties and the traditional parties; iv) to understand the way in which the platforms for the distribution of the apps and technology underlying the apps work; v) to understand the role played by the social communication apps (e.g. WhatsApp, Viber, WeChat, Facebook Messenger, Skype) in the new digital ecosystem. The enquiry is currently in progress.

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. By way of Resolution 412/15/CONS, AGCOM published its final decision on the wholesale supply market for the terminating segments of leased lines.

Fixed termination

Resolution 229/11/CONS established that from January 1, 2012 termination tariffs would be symmetric between Telecom Italia and other operators; in particular TDM termination tariffs would be symmetric at an SGU level while IP termination tariffs would be symmetric and established as the result of two proceedings for defining the BULRIC model, one technical on IP interconnection and the other economic. Subsequently, as the result of a ruling of the Council of State issued on February 15, 2013, the symmetry between Telecom Italia and the OLOs for 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 dismissed 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 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. Both appeals were dismissed by Council of State in a ruling dated September 30, 2015.

In December 2013, by way of Resolution 668/13/CONS, AGCOM 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).

By way of Resolution 182/15/CONS, in May 2015 AGCOM restarted its new cycle of market analyses of interconnection services in the fixed public telephone network. The proceeding is in progress and at the present time the stage of providing the first set of quantitative and qualitative information requested by AGCOM has been completed, and AGCOM has sent out requests for additional information.

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) on November 20, 2013, by way of Resolution 611/13/CONS, AGCOM issued supplements 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).

Concerning the activation/migration procedure, AGCOM issued Resolution 309/14/CONS on July 17, 2014 in which it ordered Telecom Italia to comply with 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 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. AGCOM's assessment process is still in progress. In addition, in October 2015, by way of Resolution 119/15/CIR, AGCOM submitted for consultation a revision of the timing underlying the pure number portability procedure for fixed lines. The consultation is in progress.

Decisions and public consultations of the European Commission and of BEREC

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

- response to the questionnaire on oligopoly analysis and regulation (BEREC – January 2015) and reply to the draft opinion on the analysis and regulation of oligopolies (BEREC – August 2015);
- response to the survey on broadband coverage in the EU (European Commission – March 2015);
- response to the Lamy Report and future use of the UHF TV frequency band (European Commission – April 2014);
- response to the consultation on the reports on virtual access products and on the analysis and regulation of oligopoly markets (BEREC – August 2015);
- response to the consultation on the reports on OTT services and IoT-M2M (BEREC – November 2015);
- response to the consultations on the review of the telecoms regulatory framework, on internet speed and quality needs after 2020 and on the legislative framework for platforms, online intermediaries, data and cloud computing and the collaborative economy as part of the digital single market strategy adopted by the European Commission (European Commission – December 2015).

Furthermore, following a legislative process lasting 18 months, the “Connected Continent” Telecom Single Market Regulation was adopted in November 2015; this has provisions on roaming (see the previous point) and net neutrality as its subject. The main provisions on net neutrality regard the principle relating to guaranteeing internet end-users’ rights, which requires an equal treatment for all traffic and a network open to the protection of the citizen’s rights of non-discrimination and accessibility to the network.

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. In January 2014, the AGCM then accused Telecom Italia and WIND alone of reaching a vertical agreement. WIND therefore presented its commitments on April 4, 2014, and the subsequent public consultation (market test) – which saw the participation of two interveners – fully confirmed the ability of the measures proposed by WIND 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 therefore came to an end for

WIND showing the propriety and transparency of its actions and accordingly without being convicted or having to pay penalties.

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

On May 20, 2015, the Authority acknowledged WIND's commitment compliance report and concluded that WIND was compliant with the commitments undertaken and made mandatory in the provision, bringing proceeding 1757 to a close.

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 MNOs, 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 by way of 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). On September 30, 2015, by way of Resolution 497/15/CONS, after a review of the proposed decision by the European Commission the Authority published its final decision on the analysis of mobile termination market for the period 2014-2017, initiated by way of Resolution 16/15/CONS, setting the mobile termination amount applicable to traffic originated by customers of EU/EEA operators until 2017.

As stated in the press release of February 5, 2015, AGCOM has also initiated a monitoring procedure to be carried out by the Authority directed towards an analysis of the conditions for the provision of wholesale access services by mobile network operators to virtual mobile operators. This procedure is still in progress.

Various operators appealed against Resolution 621/11/CONS. The main reason for the appeals filed separately by WIND, Vodafone and Telecom Italia was the asymmetry granted to AGCOM and H3G, also 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 tariff asymmetry. 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 thus 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. 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 dismissed 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 the Council of State's sentences no. 21 of January 7, 2013 and no. 3636 of July 9, 2013. An appeal against this resolution was 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 execution. The hearing before the Council of State was held on April 23, 2015. With decision of July 21, 2015 the Council of State dismissed H3G's appeal and declared the appeals filed by WIND, Vodafone and Telecom inadmissible. The date of the hearing before the Lazio TAR has not yet been set.

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 filed an appeal against Resolution 185/13/CONS with the Lazio TAR. The substantive hearing was held on March 26, 2014 and the court dismissed the appeal. AGCOM's commitment to monitor the performance of the market remains. In the recent Decision 497/15/CONS on mobile termination relating to the period 2014-2017, AGCOM reaffirmed the conclusions it had already reached in Resolution 185/13/CONS.

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 services alone). These measures became operational on July 1, 2014 with the Commission having established the principles underlying the way this was to be carried out in an Implementing Regulation published on December 14, 2012.

In July 2013, at the end of the relative 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 RIII in the EU. After various meetings between the European Commission, the European Council and the European Parliament, on June 30, 2015, by way of a press release, the European Commission announced that an overall agreement had been reached for the introduction of Roaming Like at Home from June 15, 2017, limited to “fair use” traffic volumes. Beyond those volumes (yet to be established) a surcharge may be applied. A transitional regime will begin on April 30, 2016 in which the maximum price which may be charged for regulated roaming services will be equal to the domestic charge plus a surcharge of the present wholesale cap prescribed by the Roaming III regulations.

To make the application of Roaming Like at Home possible, by June 2016 the European Commission will propose changes to the wholesale cap which will be effective from June 15, 2017. In addition, further requirements to provide information to end customers on the new pricing structure will be prescribed.

On September 23, 2015, the European Council published a version of the proposed amendment to the Roaming III Regulation (no. 531/12), approved by the European Parliament without amendment on October 27, 2015.

On November 26, 2015, Regulation no. 2015/2120 was published in the European Official Journal, which amends Roaming Regulation no. 531/12, thereby making the changes mentioned above official.

In addition, on December 17, 2015 the European Commission published Implementation Regulation no. 2015/2352 of December 16, 2015 which sets out the weighted average of maximum mobile termination rates across the European Union that are to be used as a maximum per minute surcharge for calls received in roaming in the EEA.

AGCOM fact-finding survey on Machine to Machine (M2M)

In April 2015, AGCOM published the results of a fact-finding survey on machine to machine (M2M) communication services by way of Resolution 120/15/CONS. Although not envisaging any provisions of a regulatory nature in that resolution, AGCOM announced that a permanent M2M committee would be set up and that supervisory activities and the monitoring of M2M services and the market would begin.

On July 28, 2015, by way of Resolution 459/15/CONS, the Authority set up the “Permanent committee for the development of machine to machine communication services”, a multilateral working group with consultative functions, open to the participation of all the main (public and private) subjects interested, whose aim is to examine and identify any regulatory options, consistent with the initiatives promoted at a European and international level to foster the development of M2M services.

On November 6, 2015 WIND sent its contribution to the public consultation issued by BEREC on its draft report on Enabling the Internet of Things, shortly to be published in final version.

In addition, the first thematic session of the Permanent committee for the development of machine to machine communication services was held on December 15, 2015.

Audio-visual media sector

By way of Resolution 286/15/CONS of May 12, 2015, AGCOM initiated a proceeding designed to identify the relevant market, as well as ascertain dominant positions in the audio-visual media service sector. The proceeding is in progress.

Frequencies

By publishing Resolution 259/15/CONS, AGCOM brought to an end the proceeding initiated in February 2015 by way of Resolution 18/15/CONS, 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. By way of Determination DGSCERP of July 1, 2015, the Ministry of Economic Development initiated a procedure for the issue of rights of use of the frequencies for electronic terrestrial communication systems in accordance with AGCOM Resolution 259/15/CONS, with a deadline of September 8, 2015 for the submission of applications. A review of the offers showed that only two applications had arrived, with the following awards being adjudicated: Telecom for lot A (frequencies 1452 - 1472 MHz) for €230 million (auction starting price); Vodafone for lot B (frequencies 1472 -1492 MHz) for €232 million.

As a result of the Italian government's broadband plan and the European "Radio Spectrum Policy Programme", on July 1, 2015, by way of Resolution 321/15/CONS, AGCOM initiated a public consultation on the procedures for allocating the rights of use of frequencies in the 3,600-3,800 MHz band (also known as the 3.7 GHz band). The consultation came to an end with the publication of Resolution 659/15/CONS "Procedures and rules for the allocation and use of the frequencies available in the 3,600-3,800 MHz band for electronic terrestrial communications systems".

By way of that resolution, in December 2015 AGCOM published its final decision on the allocation of frequencies in the 3,600-3,800 MHz band. The allocation procedures have yet to be initiated by the Ministry of Economic Development.

On March 23, 2015, the International Telecommunication Union (ITU), the organization responsible for defining telecommunications standards, began a Conference Preparatory Meeting (CPM) for the upcoming World Radiocommunications Conference 2015. The meeting consolidated a report that was presented to the WRC-15.

On June 19, 2015 the ITU drew up an overall timetable to determine the main requirements for the fifth generation (5G) mobile. The aim is to arrive at a complete settlement of the situation by 2020, with the first field testing to be carried out in 2016. The World Radiocommunication Conference 2015 held in Geneva between November 2 and 27, 2015 revised the "Radio Regulation", the international treaty governing the use of the radio-frequency spectrum.

The Ministry of Economic Development's Decree of May 27, 2015 on the "Approval of the New National Allocation Plan for frequencies of from 0 to 3000 GHz" was published in Official Journal no. 143 of June 23, 2015.

Law no. 115 "Provisions for satisfying the requirements arising from Italy's membership of the European Union – European Law 2014", which makes changes to the Electronic Communications Code (Legislative Decree no. 70/2012) was published in the Official Journal no. 178 of August 3, 2015, and in particular article 5 "Provisions on the administration costs borne by providers of electronic communications services. Infringement procedure no. 2013/4020" amends the determination of administrative fees.

Other Issues

National Numbering Plan and SMS/MMS Aliases

On February 20, 2015, following Public Consultation 62/14/CIR, 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 previous 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.

Resolution 56/15/CIR was published on June 26, 2015. This supplements article 22 of Resolution 8/15/CIR concerning the use of 499 codes which are associated with fund collection services for campaigns promoting participation in political life.

In December 2015, by way of Resolution 166/15/CIR, AGCOM extended to March 31, 2017 the deadline for the testing, already in progress, of alphanumeric indicators (aliases) for identifying the caller in SMSs/MMSs used for business messaging services.

Data banks for all the internet access networks

With the aim of drawing up innovative solutions designed to bridge the digital gap between broadband and ultra-broadband and arrive at a mapping of the internet access network, in October 2015 AGCOM initiated a public consultation on the technical specifications for the creation of a data bank of all the publicly and privately owned internet access networks existing in Italy (pursuant to article 6, paragraph 5-bis of Decree Law no. 145 of December 23, 2013, known as the “Destination Italy” decree, converted with amendments by Law no. 9 of 2014). It is planned for the details of the relative technologies and the extent to which these are used to be documented.

Universal Service

By way of Resolution 46/13/CIR AGCOM and Resolution 100/14/CIR, AGCOM established the net cost for the Universal Service for 2006 as nil, with the share of the contribution of operators for 2006 and 2007 relating solely to auditing costs. Telecom Italia appealed against this resolution. WIND filed an appearance in support of AGCOM. The dates for the hearings have not yet been set.

The results of the preliminary proceeding initiated by AGCOM in September 2014 for the identification of the criteria for the designation of one or more operators responsible for providing the Universal Service in electronic communications are not yet available.

In May 2014, the Lazio TAR upheld Vodafone’s appeals concerning 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. In its sentence of July 7, 2015, the Council of State dismissed the appeals of Telecom Italia and AGCOM and on September 25, 2015 Telecom filed an appeal with the Supreme Court against the ruling of the Council of State.

In addition, with a sentence of January 22, 2015 the Lazio TAR upheld the appeal made by Telecom Italia in April 2008 for the annulment of Resolution 1/08/CIR in which AGCOM had determined the new methodology for calculating the net cost of the Universal Service.

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. With a sentence of October 2, 2015 the Council of State partially upheld the

appeals filed by WIND, Vodafone and AGCOM. The Council of State confirmed the annulment of the new calculation criteria set by the resolution limited to the period 2004-2007 while recognized the validity of the resolution from 2008.

Copyright

As an access operator and as an operator providing hosting services and one that and hosts contents uploaded by third parties onto its platforms, WIND is required to comply with the copyright protection procedure and the roles of the individual parties involved, published by AGCOM in December 2013. The Regulation became effective on March 31, 2014.

Main new consumer protection regulations

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).

On June 13, 2014 the changes to the Consumers' Code, introduced by Legislative Decree no. 21/2014, became effective; these relate to remote contracts and contracts entered outside commercial premises. Given the changes introduced by Legislative Decree no. 21/2014, the Authority 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 positioning common to the main operators was also submitted via AssTel.

The consultation ended with the adoption of Resolution 519/15/CONS on the "Regulation on provisions protecting users regarding contracts for the supply of electronic communications services" and Resolution 520/15/CONS by way of which certain orientations for the market for the termination by telephone of contracts for the supply of electronic communication services were approved. It was AGCOM's intention to use this approach to strengthen the protection provided to users of electronic communications by Legislative Decree no. 259/2003 and in general by the amended Consumers' Code by intervening on the information requirements prescribed for operators, in particular in the case of

contracts entered into by remote means or outside commercial premises, and on the means of communicating the reformulated tariffs. Following requests made by the operators, the Authority has recognized an extension to July 1, 2016 regarding the duration of contracts (article 5) and the date from which these will be effective.

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 reaffirmed 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 are provided by operators and may be accepted by customers by entering contracts. In March 2014, AGCOM initiated technical discussions envisaging the participation of the operators and the Ugo Bordoni Foundation. The Authority left these technical discussions, setting up a subsequent public consultation for the revision of regulatory provisions on transparency and the comparison of the economic conditions of the electronic communication services offer (Resolution 181/15/CONS detailed further below).

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" was published in December 2014.

By way of Resolution 410/14/CONS, AGCOM approved the new Regulation on administrative penalties and commitments governing pre-enquiry and enquiry 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 by participating at the hearing and also through Asstel.

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 positioning common to the main operators was also submitted via Asstel.

By way of Resolution 227/15/CONS, AGCOM initiated a public consultation for modifications to the system of the compensation payable in the case of malfunctioning in the electronic communication sector. AGCOM is proposing a series of amendments and additions to the Regulation on the question of the compensation applicable in settling disputes between users and operators, approved by way of Resolution 73/11/CONS of February 16, 2011. Increased compensation is prescribed for malfunctioning involving ultra-broadband network customers. In addition, it is also proposed to make the automatic compensation mechanism more operative. Finally, mechanisms designed to facilitate the identification of operator responsibilities have been put out for consultation. WIND is preparing its reply.

In addition, a common positioning among the main operators is currently being established and this will be presented via AssTel.

By way of Resolution 181/15/CONS, AGCOM initiated a public consultation for the revision of legislative provisions on the transparency and comparison of the economic conditions of the electronic communication services offer currently governed by Resolutions 96/07/CONS and 126/07/CONS. AGCOM intends to intervene with its own calculation engine for comparing charges by proposing a new flow and a new format for providing the information to be used in the provision of the tariff comparison service.

Legislative Decree no. 130 of August 6, 2015 on the implementation of Directive 2013/11/EU on alternative dispute resolution for customer disputes, amending Regulation (EC) No. 2006/2004 and Directive 2009/22/EC (Directive on consumer ADR), requires mention. Directive 2013/11/EU has the scope of harmonizing the ADR procedures existing in the individual member states. Among these procedures is that on Fair Settlement between Companies and Consumers' Associations. In order to transpose the directive into Italian legislation the implementing decree provides for additions and changes to the Consumers' Code.

As the result of work carried out by the mobile operators, AGCOM and the Ugo Bordoni Foundation as part of the technical discussions, the new Resolution 580/15/CONS amending Resolution 154/12/CONS has been published on provisions on quality and mobile and personal communications services charters.

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. Through Provision no. 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 satisfy 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 to complement Creditworthiness Information Systems (SICs) as a means of combating default in the electronic communications sphere. 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, and these were provided to AssTel in May 2014. The workshop with the Guarantor started up again, also attended by the consumers' associations for personal data protection. On October 8, 2015 a provision was adopted, published in

the Official Journal on November 4, 2015, for setting up a data bank for intentional default by customers in the telephone sector (S.I.Mo.I.Tel.), on which WIND is currently working.

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 has been sent to the Privacy Guarantor that includes 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 requirements is planned. 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 in the inter-operator workgroup, following which the Privacy Guarantor issued an appropriate provision.

By way of a provision published in the Official Journal of May 4, 2015, the Privacy Guarantor initiated a public consultation for the purpose of collecting information and proposals on the new technologies which may be classified as the "Internet of Things". In this respect internal and an inter-operator workgroups have been set up to send a document containing the observations agreed in the inter-operator workgroup by the deadline established by the Authority.

By way of a provision published in the Official Gazette on September 30, 2015, the Privacy Guarantor initiated a public consultation for the purpose of collecting information and proposals from all parties working in the mobile ticketing field on the adequacy of the suggested measures as well as any other operational proposals. In this respect internal and inter-operator workgroups have been set up having the aim of assessing the opportunity of sending a contribution document through AssTel by the deadline established by the Authority.

In December, WIND received notification of the Privacy Guarantor's authorization provision in response to the prior checking procedure on new models for analyzing customer profiling data; this is the most innovative and important work carried out on privacy for the past few years, thereby setting a new regulatory frontier in Italy.

Disputes with operators before AGCOM

By way of Resolution 64/14/CIR, AGCOM found in WIND's favor in the dispute initiated by WIND against 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 a result of the administrative migration, from August 2014 WIND no longer incurs costs for the fees relating to the flows and to 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 inadequate 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. As far as the allegedly inadequate supply and maintenance work is concerned, at the end of July 2015, by way of Determination 6/DRS/15, AGCOM dismissed the dispute due to its lack of jurisdiction on the matter. The dispute on the economic conditions for the collection service for calls to Telecom Italia's non-geographic numbers was the subject of a settlement agreement between the parties; the proceeding will accordingly shortly be dismissed by AGCOM due to the waiving by Telecom Italia of all the arguments and claims stated in its application to initiate the dispute.

In August 2015, Resolution 226/15/CONS on the new regulation on the settlement of disputes between operators was published on AGCOM's website, repealing the previous Resolution 352/08/CONS.

CONSOLIDATED FINANCIAL AND PERFORMANCE DATA

The following tables provide a summary of the main consolidated financial and performance data for the Group for 2015, prepared in conformity with the IFRS endorsed by the European Union, together with a comparison with the corresponding figures for 2014.

Income statement figures (millions of euro)	2015	2014
Revenue	4,428	4,633
EBITDA ⁽¹⁾	1,671	1,804
Operating income	945	573
Net finance expense	(510)	(1,346)
Profit/(Loss) before tax	419	(812)
Loss for the year attributable to owners of the Parent	428	(709)

⁽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

	2015	2014
Capital expenditure (millions of euro)	787	784

Statement of financial position figures (millions of euro)	At December 31, 2015	At December 31, 2014
Total assets	14,887	14,758
Shareholder's Equity attributable to		
owners of the parent	547	111
non-controlling interests	0,0	0,0
Total liabilities	14,340	14,647
Net financial indebtedness	8,777	9,654

Earnings Performance

The table below sets out the consolidated income statement for 2015 and a comparison with the 2014 figures.

<i>(millions of euro)</i>	2015	2014	Change amount	%
Revenue	4,304	4,393	(89)	(2.0)%
Other revenue	124	240	(116)	(48.3)%
Total revenue	4,428	4,633	(205)	(4.4)%
Purchases and services	(2,290)	(2,338)	48	2.1%
Other operating costs	(154)	(178)	24	13.5%
Personnel expenses	(294)	(313)	19	6.1%
Restructuring costs	(19)	0	(19)	n.m.
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	1,671	1,804	(133)	(7.4)%
Depreciation and amortization	(1,177)	(1,214)	37	3.0%
Reversal of impairment losses/(impairment losses) on non-current assets	(31)	(13)	(18)	100.0%
Gains (losses) on disposal of non-current assets	482	(4)	486	n.m.
Operating Income	945	573	372	64.9%
Finance income	157	68	89	n.m.
Finance expense	(667)	(1,414)	747	54.6%
Foreign exchange gains (losses)	(16)	(39)	23	n.m.
Profit/(Loss) before tax	419	(812)	1,231	n.m.
Income tax	9	103	(94)	(91.3)%
Loss for the year	428	(709)	1,137	n.m.
Non-controlling interests	0	0	0	0.0%
Loss for the year attributable to the owners of the parent	428	(709)	1,137	n.m.

Revenue

The Group generated total revenue of €4,428 million in 2015, a decrease of €205 million over 2014.

Revenue amounted to €4,304 million in 2015, a decrease of €89 million (-2.%) over the previous year.

The following table provides details of this item and changes with respect to 2014.

<i>(millions of euro)</i>	2015	2014	Change Amount	%
Revenue from sales	296	220	76	34.5%
Telephony services	3,465	3,641	(176)	(4.8)%
Interconnection traffic	380	381	(1)	(0.3)%
International roaming	39	36	3	8.3%
Judicial authority services	6	6	0	0.0%
Other revenue from services	118	109	9	8.3%
Total	4,304	4,393	(89)	(2.0)%

The negative trend mainly arises from the decrease in revenue from telephony services is affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 4.8% during the year 2015 thanks to an increase in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

Furthermore, there was a slight decrease in revenue from interconnection traffic mainly due to the effect of the reduction of unit tariffs only partially offset only partially offset by an increase in mobile traffic volume and by an increase in interconnection traffic revenue from VAS Not Voice mainly due to an increase in traffic volumes.

Revenue from sales increase during 2015, mainly due to the increase in the sale of high-range terminals. International roaming revenue even if the reduction in Voice and Data tariffs, show an increase.

Other revenue amounted in total to €124 million for 2015 (€240 million for 2014) and refers principally to the revisions of estimates made in previous years and to the effects related to the closure of transaction agreement with some suppliers.

Operating costs

Operating costs for 2015 amounted to €2,757 million, representing a decrease of €72 million over the previous year.

Purchases and services amounted to €2,290 million in 2015, a decrease of €48 million over 2014. The following table provides an analysis of this item for 2015 and a comparison with the figures for the previous year.

<i>(millions of euro)</i>	2015	2014	Change Amount	%
Interconnection traffic	561	608	(47)	(7.7)%
Leases	568	674	(106)	(15.7)%
Customer acquisitions costs	168	193	(25)	(13.0)%
Cost of goods sold and consumable materials	288	226	62	27.4%
Outsourcing, consulting and professional services	293	160	133	83.1%
Advertising and promotional services	84	96	(12)	(12.5)%
Maintenance and repair	52	86	(34)	(39.5)%
Utilities	106	130	(24)	(18.5)%
National and international roaming	28	30	(2)	(6.7)%
Other	142	135	7	5.2%
Total	2,290	2,338	(48)	(2.05)%

The change in purchases and services is mainly attributable to:

- a decrease of € 106 million in Lease 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 Lease contracts as well as a decrease in WLR, ULL and Bitstream volumes;
- a decrease of €47 million in *Interconnection traffic* costs mainly due to a general decline in international termination tariffs and to a decrease in the volume of SMS and MMS traffic;

- net increase of €42 million in *Cost of goods sold and consumable materials* mainly due to a decrease in the sale of mobile telephone handsets only partially offset by an increase in the unit purchase prices charged by suppliers compared to the previous year as the result of a shift on sales towards high-range terminals;
- an increase of €133 million in the cost of *Outsourcing, consulting and professional services* mainly arising from the service contract with Galata SpA entered into as part of the agreement with Cellnex Telecom as well as consulting and professional services.

Personnel expenses decreased by €19 million (6,1%) over 2014. The change in the period compared with prior year is mainly due to the 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) as well as the decrease in average number of employees during 2015, mainly due to the sale finalized on March 26, 2015 of 90% of Galata SpA. These effects have been 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 and the higher estimated charge relating to the compensation plan for the long-term retention and incentive of management.

EBITDA

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 (EBITDA) amounted to €1,671 million in 2015, representing a decrease of €133 million over 2014.

Operating income

Operating income in 2015 to €945 million, an increase of €372 million on the previous year. The decrease in EBITDA for €133 million was offset by a gain of €491 million coming from the sale of 90% of Galata SpA as well as the decrease in Depreciation related to property, plant and equipment (decrease of €8 million compared to 2014), mainly on the sale of 90% of the Galata SpA as well as related to intangible assets (a decrease of €29 million compared to 2014) mainly due to the downward trend of capitalized customer acquisition costs.

Finance income and expense

In 2015 net finance expense amounted to €510 million (€1,346 million in 2014). The net decrease is mainly due to the lower Interest expense following to the refinancing transactions completed by the Group during 2014.

Result for the year attributable to owners of the Parent

The year 2015 registered a loss of €428 million (loss of €709 million in 2014).

Statement of financial position highlights

The following reclassified statement of financial position represents an aggregate under operational criteria of the assets and liabilities of the statement of financial position prepared in accordance with IFRS.

<i>(millions of euro)</i>	At December 31, 2015	At December 31, 2014	Change Amount	%
Non-current assets				
Property, plant and equipment	2,855	3,273	(418)	(12.8)%
Intangible assets	8,038	8,283	(245)	(3.0)%
Financial assets measured at cost	2	15	(13)	(86.7)%
Investments accounted for using the equity method	77	0	77	n.m.
Total non-current assets	10,972	11,571	(599)	(5.2)%
Net working capital				
Inventories	30	23	7	30.4%
Trade receivables	996	949	47	5.0%
Trade payables	(1,609)	(1,661)	52	3.1%
Tax assets and liabilities	(318)	(342)	24	7.0%
Other assets	224	273	(49)	(17.9)%
Other liabilities	(787)	(813)	26	3.2%
Total net working capital	(1,464)	(1,571)	107	6.8%
Employee benefits	(66)	(60)	(6)	(10.0)%
Provisions	(118)	(176)	58	33.0%
Net invested capital	9,324	9,765	(441)	(4.5)%
Equity attributable to owners of the Parent	547	111	436	n.m.
Non-controlling interests	0	0	0	0.0%
Total equity	547	111	436	n.m.
Net financial indebtedness	8,777	9,654	(877)	(9.1)%
Total net financing	9,324	9,765	(441)	(4.5)%

Non-current assets which had a positive balance of €10,972 is reducing for €599 million mainly due to the amortization of the period which were higher than the investments to which is added the effect of the sale of Galata SpA.

Working capital, which had a negative balance of €1,464 million at December 31, 2015, decreased by €107 million mainly as the effect of the increase in *Trade receivables* and decrease in *Trade payables*.

Shareholders' Equity amounted to €547 million at December 31, 2015. The following table sets out the main changes in the consolidated Shareholders' equity in 2015 and 2014.

<i>(millions of euro)</i>	2015	2014
Beginning of year	111	787
Loss for the year	428	(709)
Change in Cash Flow Hedge reserve	14	39
Actuarial reserve	(6)	(5)
Other changes	(6)	(1)
End of year	547	111

The following table sets out the composition of **net financial indebtedness** at December 31, 2015 and the changes over December 31, 2014.

<i>(millions of euro)</i>	At December 31, 2015	At December, 31 2014	Change amount	%
FINANCIAL LIABILITIES				
Non-current financial liabilities				
Bonds	10,135	8,844	1,291	14.6%
Financing from banks	671	1,722	(1,051)	(61.0)%
Financing from other lenders	128	228	(100)	(43.9)%
Derivative financial instruments	36	74	(38)	(51.4)%
Current financial liabilities				
Bonds	158	142	16	11.3%
Financing from banks	8	166	(158)	(95.2)%
Financing from other lenders	19	105	(86)	(81.9)%
Derivative financial instruments	18	0	18	n.m.
TOTAL GROSS FINANCIAL INDEBTEDNESS (A)	11,173	11,281	(108)	(1.0)%
FINANCIAL ASSETS				
Non-current financial assets				
Derivative financial instruments	985	412	573	n.m.
Financial receivables	1,109	991	118	11.9%
Current financial assets				
Financial receivables	20	21	(1)	(4.8)%
Cash and cash equivalents	282	203	79	38.9%
TOTAL FINANCIAL ASSETS (B)	2,396	1,627	769	47.3%
NET FINANCIAL INDEBTEDNESS (A-B)	8,777	9,654	(877)	(9.1)%

Net financial indebtedness decreased by €877 million compared to December 31, 2014 mainly due to the sale of Galata SpA whose income has been used to reduce debt as well as the changes in the composition of financial liabilities and transactions carried out in 2014, details of which we refer to note 14 of Consolidated Financial Statements.

Cash flow statement

Consolidated cash flows for 2015 are set forth out in the following table and are compared to the corresponding figures for 2014.

<i>(millions of euro)</i>	At December 31, 2015	At December 31, 2014	Change amount	%
Cash flows from/(used in) operating activities				
Loss from continuing operations	428	(709)	1,137	n.m.
Adjustments to reconcile the loss for the year with the cash flows from/ (used in) operating activities				
Depreciation, amortization and impairment losses on non-current assets	1,208	1,227	(19)	(1.5)%
Net changes in provisions and employee benefits	(44)	(98)	54	55.1%
(Gains)/losses on disposal of non-current assets	9	4	5	n.m.
Gain from sale of subsidiaries	(491)	0	(491)	n.m.
(Gain) loss from deconsolidation of subsidiaries	13	0	13	n.m.
Changes in current assets	(68)	(16)	(52)	n.m.
Changes in current liabilities	(180)	375	(555)	n.m.
Net cash flows from operating activities	875	783	92	11.7%
Cash flows from/(used in) investing activities				
Acquisition of property, plant and equipment	(559)	(555)	(4)	(0.7)%
Acquisition of intangible assets	(221)	(201)	(20)	(10.0)%
Proceeds from sale of subsidiaries	669	0	669	n.m.
Inflows/(outflows) from loan granted	(31)	(775)	744	96.0%
Net cash flows used in investing activities	(142)	(1,531)	1,389	90.7%
Cash flows from/(used in) financing activities				
Changes in loans and bank facilities	(654)	810	(1,464)	n.m.
Net cash flows used in financing activities	(654)	810	(1,464)	n.m.
Net cash flows for the year	79	62	17	27.4%
Cash and cash equivalents at the beginning of the year	203	141	62	44.0%
Cash and cash equivalents at the end of the year	282	203	79	38.9%

Cash flows from **operating activities**, amounting to €875 million, increased by €92 million over the previous year mostly as an effect of the changes in working capital relating to the settlement of current assets and liabilities.

Investing activities used cash for €142 million during 2015, representing a decrease of €1,389 million over the previous year due mainly to the sale of Galata SpA, for an increase in investments in fixed assets of €24 million, in particular for LTE and for the disbursement to the parent WIND Acquisition Holdings Finance SpA of a loan of €31 million (during 2014 the loan to WIND Acquisition Holdings Finance SpA was equal to €938 million only partially offset by the closing of the financial loan of the parent to the indirect parent Wind Telecom SpA for €163 million).

Financing activities used cash of €654 million during 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 €19 million of fees, mainly related to refinancing operation finalized on March 30 2015;
- the repayment of €20 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 €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.

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

SUMMARIZED FINANCIAL STATEMENTS OF THE PARENT WIND TELECOMUNICAZIONI SPA AND OF SUBSIDIARIES

The income statement and statement of financial position figures below relate to the separate financial statements of the Parent WIND Telecomunicazioni SpA at December 31, 2015, prepared in conformity with the IFRS endorsed by the European Union.

Income statement figures (millions of euro)	2015	2014
Revenue	4,428	4,633
EBITDA ⁽¹⁾	1,659	1,801
Operating income	941	570
Net finance expense	(695)	(870)
Loss before tax	230	(301)
Loss for the year	297	(349)

⁽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

Balance sheet figures (millions of euro)	At December 31, 2015	At December 31, 2014
Total assets	13,835	14,213
Equity	743	422
Total liabilities	13,092	13,791

The income statement and statement of financial position figures below relate to the separate financial statements or the reporting packages of subsidiaries of WIND Telecomunicazioni SpA prepared in accordance with the IFRS endorsed by the European Union.

WIND Retail Srl

Income statement figures (millions of euro)	2015	2014
Revenue	81	80
EBITDA ⁽¹⁾	6	4
Operating income	4	3
Net finance expense	(0)	(0)
Profit before tax	4	3
Profit/(Loss) for the year	2	2

⁽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 December 31, 2015	At December 31, 2014
Total assets	83	68
Equity	36	34
Total liabilities	47	34

WIND Acquisition Finance SA

Income statement figures (millions of euro)

	2015	2014
Revenue	0	0
EBITDA ⁽¹⁾	(2)	(1)
Operating income	(2)	(1)
Net finance expense	185	(477)
Profit/(Loss) before tax	183	(515)
Profit/(Loss) for the year	129	(365)

⁽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 December 31, 2015	At December 31, 2014
Total assets	10,213	8,789
Equity	(133)	(245)
Total liabilities	10,347	9,034

SUBSEQUENT EVENTS

For a comment of the events that took place after December 31, 2015, please refer to note 41 to the consolidated financial statements and to note 38 to the separate financial statements of WIND Telecomunicazioni SpA at December 31, 2015.

RISK MANAGEMENT

For a disclosure on the management of financial risks, please refer to note 2.5 to the consolidated financial statements at December 31, 2015 and to note 2.4 to the separate financial statements of WIND Telecomunicazioni SpA at December 31, 2015.

RELATED PARTY TRANSACTIONS

All related party transactions, including those among WAHF Group' companies, are part of ordinary operations, are carried out contractually at market rates and mainly relate to transactions with telephone operators. Then, the Group's tax position and its presentation in the financial statements reflect the effects of the election made in 2006 and renewed in 2009 and in 2012 by the Italian parent Wind Telecom SpA to take part in the national tax consolidation procedure.

The disclosure on related party transactions is presented in note 37 to the consolidated financial statements and to note 34 to the separate financial statements of WIND Telecomunicazioni SpA at December 31, 2015, to which reference is made.

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

DISCLOSURES PURSUANT TO ARTICLE 2497-TER OF THE ITALIAN CIVIL CODE

There are no events to report under article 2497-ter Italian Civil Code, governing the management and coordination activities on WIND.

OUTLOOK

The solid commercial performance and ongoing cost structure optimization process has enabled the WIND Group to maintain its competitive position during 2015, despite the weak market and the continuing challenging macroeconomic environment which, however, displays weak signals of recovery. The efficiency and cost optimization processes are further enhanced by the integration with the VimpelCom Group, mainly through the achievement of synergies. 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. In August VimpelCom and CK Hutchison Holdings Ltd., the parent company of 3 Italia, entered into an agreement to form a 50/50 joint venture that will own and operate their telecommunications businesses in Italy. The joint venture, which is subject to regulatory and antitrust approvals by the relevant European and Italian bodies, will give rise to a leading fully integrated convergent telecommunications operator in Italy.

In 2016, 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, as well as increasing its focus on the B2B segment of the market. 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, with a further strong push on efficiency and on the optimization of its cost structure.

PROPOSED ALLOCATION OF THE RESULT OF THE PARENT WIND TELECOMUNICAZIONI SPA

The Parent WIND Telecomunicazioni SpA ends year 2015 with a loss of €297 million.

The Board of Directors recommends that the shareholders approve the financial statements at December 31, 2015 and carry forward the gain for the year under the *Retained earnings reserve*.

GLOSSARY

ADSL (Asymmetric Digital Subscriber Line): a technology which via a modem uses normal twisted-pair telephone lines and converts the traditional telephone line into a high-speed digital link for transferring multimedia data into asymmetric mode.

ATM (Asynchronous Transfer Mode): a switching technology that permits the transmission of different kinds of information such as voice, data and video.

Backbone: the telecommunications network portion with the highest traffic intensity and from which the connections for services in the local areas depart.

Base Station Controller (BSC): an interface with the MSC switching exchange. It has the task of supervising and controlling radio resources, both during the phase when a call is being set up and during the maintenance phase.

Base Transceiver Station (BTS): a radio signal transmitter which sends out the GSM radio signal via antenna to cover an area (a cell).

Bitstream: a service consisting in the supply by the incumbent to the alternative operator of the transmission capacity between the final customer's workstation and the interconnection point or PoP (Point of Presence) of an alternative operator which wants to offer broadband services to its final customers.

Broadband: services characterized by a transmission speed of 2 Mbit/s or more.

Cloud Computing: represents the emerging development model, implementation of ICT infrastructures which support the provision of the services and the distribution of Cloud Services, meaning services where the "intangible" asset may be acquired and used in real time through the internet.

Crowdsourcing: a neologism which specifies a model in which a business or an institution delegates an activity which is usually assigned to employees of a group, generally containing a large number of members who have not been determined in advance, in "open call" mode using the internet (through outsourcing).

EDGE (Enhanced Data rates for GSM Evolution): an evolution of the GPRS standard that increases the data transmission rate on the GSM network.

EIR (Equipment Identity Register): a database which contains the data to validate access to the network by a mobile phone through its IMEI code.

ESP (Enhanced Service Provider): an operator which provides telecommunications services to the public availing of an agreement with a mobile network licensee.

FEMTO Cell: low power indoor cellular base station. FEMTO Cells allow mobile operators to connect standard mobile devices to their networks through the customers' home DSL or cable broadband network.

FNR: (Flexible Numbering Register): a table in which the telephone numbers of a single customer under the old and the new operator are listed.

FR (Frame Relay): a packet switching transmission technique.

Gateway: a network node which allows interfacing with another network using different protocols.

GGSN (Gateway GPRS Support Node): a node which acts as a gateway between a GPRS wireless network and an Internet or private network.

GPON (Gigabit Passive Optical Network): optical access network.

GPRS (General Packet Radio Service): a packet-switching based system of transmitting data over the GSM network at medium speed.

GSM (Global System for Mobile Communications): standard architecture for digital cellular communications working on 900MHz and 1800MHz bands. This is currently the most widespread mobile telephony standard in the world.

HLR (Home Location Register): a centralized database containing the details of each mobile telephone customer authorized to access the GSM network.

HSDPA (High Speed Downlink Packet Access): a protocol which allows UMTS networks to improve their performance by increasing capacity and band width.

Internet: a global computer network accessible to the public. The Internet is an interface for networks based on different technologies but which use the TCP/IP protocol platform.

IP (Internet Protocol): a packet-switching network protocol which enables networks with heterogeneous technologies to be inter-connected.

IPTV (Internet Protocol Television): a system which transmits digital audiovisual content via a broadband Internet connection.

ISDN (Integrated Services Digital Network): a circuit-switching technology which allows the transmission of voice and data over traditional telephone lines.

ISP (Internet Service Provider): a vendor who provides access to the Internet.

LLU (Local Loop Unbundling): it indicates unbundled access to the local network, meaning the possibility for alternative operators, on the payment of a fee, to make use of the incumbent's infrastructure to offer services to its own customers.

MAN (Metropolitan Area Network): a computer network infrastructure within a town or city.

MGW (Media Gateway): it connects different types of networks (such as PSTN, Next Generation Networks, 2G and 3G); one of its main functions is to convert between the different transmission and coding techniques.

MMS (Mobile Multimedia Services): multimedia messaging services for mobile phones.

MNP/FNR Node: (Mobile Number Portability/Flexible Numbering Register) Node - see FNR.

Modem: a device that modulates and demodulates signals containing the information to enable digital data to be transmitted on analog channels.

MSC (Mobile Switching Center): a part of the GSM mobile telephone network which in addition to acting as a network interface executes functions such as controlling calls, switching traffic and issuing data cards (used for tariffing traffic).

MSC-Server: a 3G core network element.

MVNO (Mobile Virtual Network Operator): a company which provides mobile phone services but which does not own a telephone network or have its own frequencies and which uses the infrastructure and frequencies of other mobile telephone operators to offer mobile telephone services.

NGN/IMS: (Next Generation Network/IP Multimedia Subsystem): these allow all types of information and services (voice, data and all sorts of media) to be transported by encapsulating them into packets: NGN type networks are based on the Internet Protocol.

Node: a topological network junction, commonly a switching center or station.

B Node: a term which in UMTS technology denotes the radio base station which creates the coverage of the cell.

Packet Switching: method of transmitting information by which each message is divided into different packets that are then sent to their specified destination, even by different routes.

PoP (Point of Presence): a point of access to the network provided by an ISP to route traffic to the final users connected to it.

RNC (Radio Network Controller): an element of the UMTS network with supervisory and control functions over the B Nodes.

Roaming: a service by which mobile telephone operators allow their customers to make connections by using a network not owned by them. This service is activated when the phone is used in a foreign country (if the operators of the other country belong to the GSM network) or when the customer is in the home country of an operator which does not have fLLU coverage in that country.

SGSN (Serving GPRS Support Node): the SGSN is responsible for the delivery of data packets from and to the mobile stations within its geographical service area.

Shared Access: indicates the sharing of access to the user's twisted-pair telephone lines by the incumbent and another LLU service provider.

Short Message Service Center: a network element in the mobile telephone network which delivers SMS messages.

SIM (Subscriber Identity Module): a chip to which a serial number is associated that enables a telephone operator to identify on its computer system a specific mobile telephone subscriber, and which enables the subscriber to gain access to its services.

SME: small and medium-sized enterprises.

SMS: short text messages that can be received and sent through GSM network connected mobile phones.

Softswitch: a central device in a telephone network which routes calls from one phone line to another entirely by means of software (instead of by physical switchboards).

Switching Center: network nodes which handle the set-up and routing of the signal towards the required destination.

TDM (Time-Division Multiplexing): a technique for sharing a communication channel in which two or more signals are apparently transferred simultaneously within the channel, but where in reality each in turn has the exclusive use of the channel for a short period of time.

Trunking Gateway: an interface between the VoIP network and the traditional telephone network.

UMTS (Universal Mobile Telecommunications System): a third generation mobile phone technology (3G), the successor to GSM, consisting of a broadband transmission system in which data travels at 2Mbit/s.

Unbundling: see LLU.

VAS: Value Added Services.

VDSL2: (Very High Digital Subscriber Loop): Transmission system at high speeds over copper wire.

Virtual Unbundling: VLLU, meaning "virtual LLU", is the complete unbundling of the old operator's line for administrative purposes only. Telephony services continue to be provided by the old operator while data and internet services are provided by the new operator.

VMS (Voicemail System): a centralized system for managing telephone messages.

VoIP: a technology which makes it possible to hold a telephone conversation over the Internet or another dedicated network using the IP protocol instead of passing through the traditional telephone network.

WAP (Wireless Application Protocol): a protocol allowing access to the Internet from a mobile phone.

Web 2.0: a general term describing an evolution of the World Wide Web and referring to the set of online applications characterized by a high level of interaction between the website and the user.

Webmail: an application which enables an electronic mail account to be managed via a web browser.

Wholesale Line Rental (WLR): a service in which a telecommunications operator other than the incumbent may set up an exclusive commercial relationship with its customers, also outside the LLU service coverage areas, leasing the customer's lines from the incumbent under wholesale terms and conditions.

WiMax (Worldwide Interoperability for Microwave Access): a technology that allows wireless access to broadband telecommunications networks.