



**AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

WIND TELECOMUNICAZIONI SPA

INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2015



REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Wind Telecomunicazioni SpA

Foreword

We have reviewed the consolidated interim financial statements of Wind Telecomunicazioni SpA and its subsidiaries (Wind Telecomunicazioni Group) as of 30 September 2015, which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related explanatory notes. The directors of Wind Telecomunicazioni SpA are responsible for the preparation of the consolidated interim financial statements in accordance with International Accounting Standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements of Wind Telecomunicazioni Group as of 30 September 2015 have not been prepared, in all material respects, in accordance with International Accounting Standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Rome, 11 November 2015

PricewaterhouseCoopers SpA

Signed by

Scott Cunningham
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

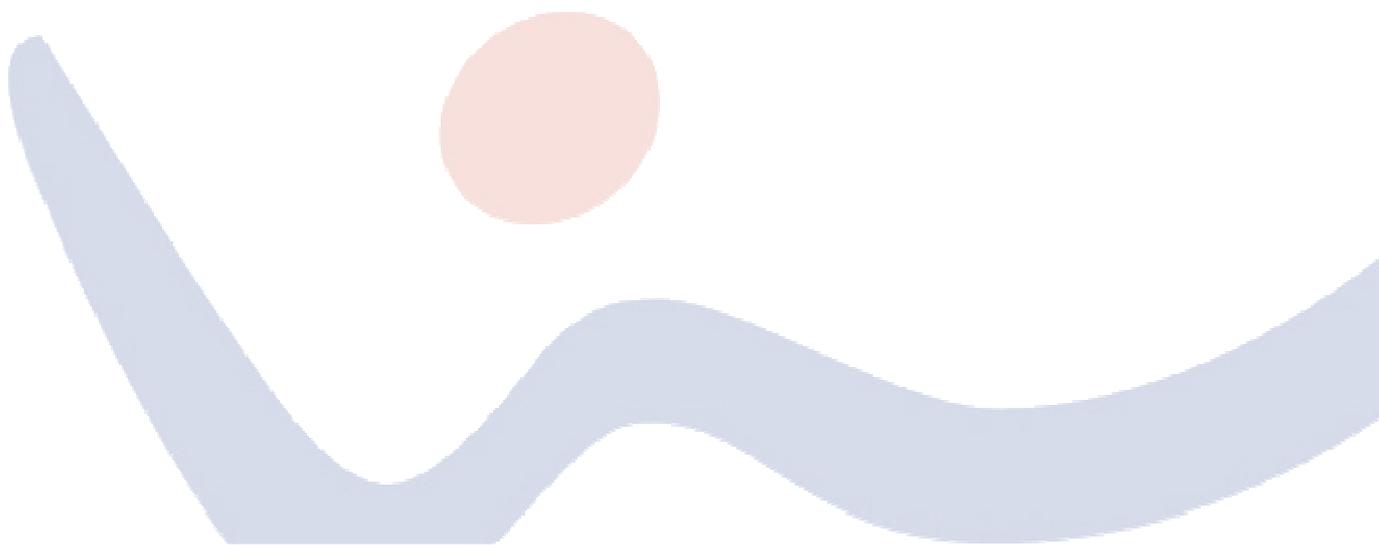
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WIND TELECOMUNICAZIONI GROUP

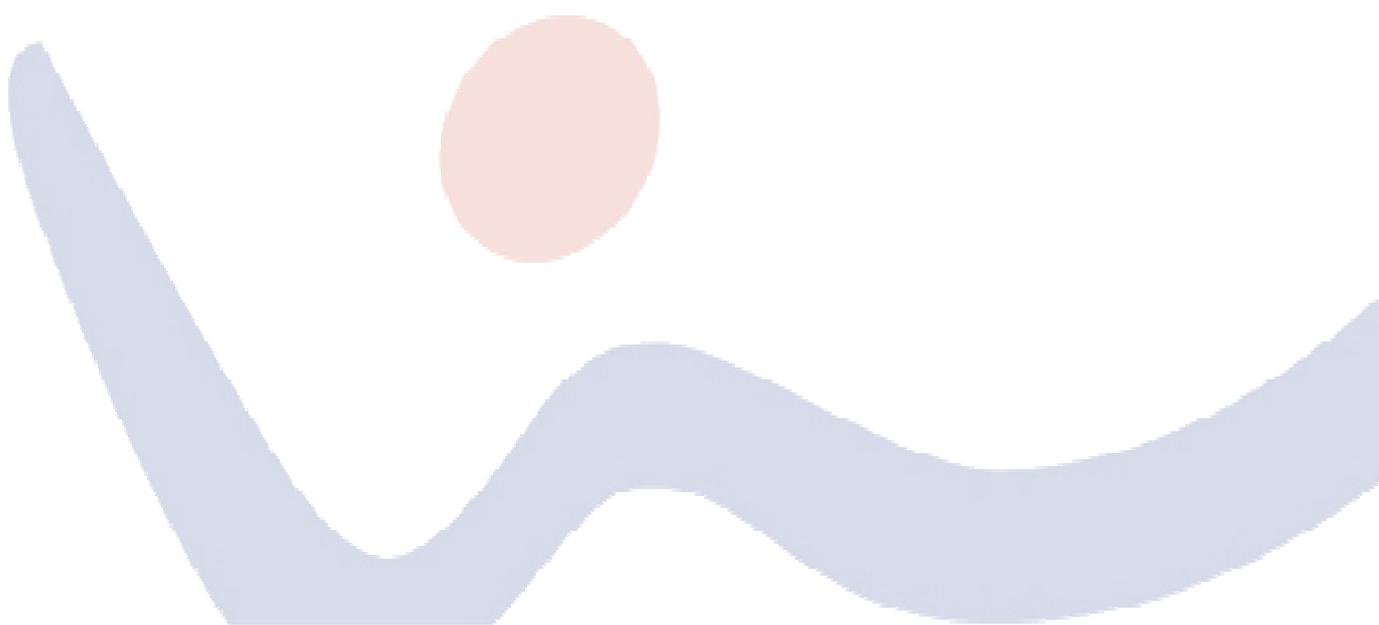
**Consolidated interim financial statements as of and
for the nine-month period ended September 30, 2015**



Translation of the Italian Consolidated interim Financial Statements as of and for the nine-month period ended
September 30, 2015 of WIND Telecomunicazioni SpA

WIND TELECOMUNICAZIONI GROUP

Report on operations at September 30, 2015



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THE WIND TELECOMUNICAZIONI GROUP

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

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

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

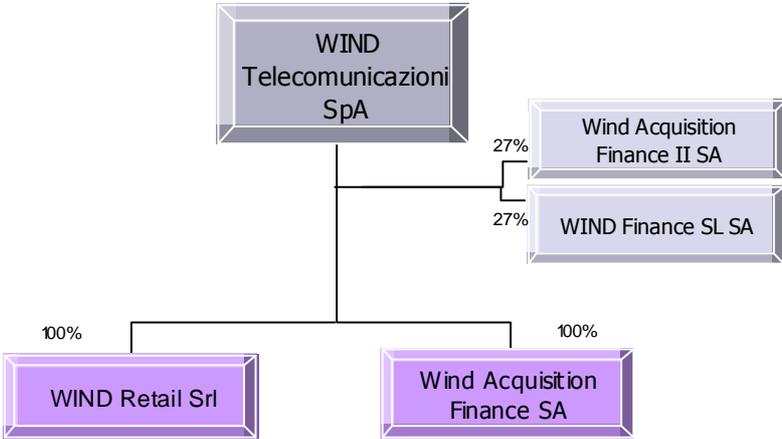
The following are the main offices of the Parent WIND Telecomunicazioni SpA:

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

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

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

The following diagram outlines the structure of the WIND Group at September 30, 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 met on July 30, 2015 appointed, by way of co-optation, Mr. Alexander Dean Lemke as a new WIND Board member in replacement of Mr. Felix Saratovsky who resigned from the Board on June 16, 2015. Mr. Lemke will hold the office until the date on which the shareholders' meeting of WIND will meet.

⁽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 SEPTEMBER 30, 2015

The operating and financial data reported below are taken from the Group's consolidated financial statements as of and for the period ended September 30, 2015, prepared in accordance with the IFRS endorsed by the European Union.

Below are the main indicators of the WIND's Group on September 30, 2015, with a comparison with the corresponding figures for 2015.

Operational data

	At September 30, 2015	At September 30, 2014
Mobile customers (millions of SIM Cards)	21.3	21.8
Mobile ARPU (euro/month)	11.2	11.2
Fixed-line customers (millions of lines)	2.8	2.9
Fixed-line ARPU (euro/month)	27.9	29.6
Mobile network coverage ⁽¹⁾	99.88%	99.86%
Employees (headcount)	6,851	6,954

⁽¹⁾ As a percentage of the Italian population.

Income statement figures (millions of euro)

	2015 9 months	2014 9 months
Revenue	3,250	3,511
EBITDA ⁽¹⁾	1,230	1,386
Operating income	839	472
Net finance expense	(389)	(1,216)
Loss for the period attributable to the owners of the parent	365	(661)

⁽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 September 30, 2015	At December 31, 2014
Total assets	14,746	14,758
Equity attributable to		
owners of the parent	515	111
non-controlling interests	0.0	0.0
Total liabilities	14,231	14,647
Net financial indebtedness	8,926	9,654

Total **revenue** in the nine months ended September 30, 2015, reached €3,250 million decreasing by 7%. This effect is mainly due to a decrease in revenue from telephone services and revenue from *Interconnection traffic*.

Telephone services are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 4.9% in the first nine months of 2015 compared with 2014, thanks to the substantial maintenance in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

The increase in *Revenue from sales* is due to the increase in the sale of mobile telephone handsets of high-range terminals while the *Interconnection traffic* revenue decrease by 0.7% mainly due to the decrease in the incoming volume of mobile termination traffic, only partially offset by the general reduction of volume and unit tariffs of SMS and MMS.

EBITDA amounted to €1,230 million in the first nine months of 2015, a decrease of €156 million compared to the corresponding period of 2014 while **Operating income** for the first nine months of 2015 amounted to €839 million, an increase of €367 million compared with the first nine months of 2014.

Net finance expense for the first nine months of 2015 amounted to €389 million, a decrease of €827 million compared with the first nine months of 2014 mainly due to the expenses arising from refinancing made by the Group.

Gain for the first nine months of 2015 attributable to owners of the Parent closes at €365 million, compared to a loss of €661 million for the first nine months of 2014.

Net financial indebtedness totaled €8,925 million at September 30, 2015, a decrease of €729 million over December 31, 2014. The following table sets out the components of net financial indebtedness at September 30, 2015 and the changes which have occurred since December 31, 2014.

<i>(millions of euro)</i>	At September 30, 2015	At December 31, 2014	Change Amount	%
FINANCIAL LIABILITIES				
Non-current financial liabilities				
Bonds	10,014	8,844	1,170	13.2%
Financing from banks	670	1,722	(1,052)	(61.1)%
Financing from other lenders	128	228	(100)	(43.9)%
Derivative financial instruments	39	74	(35)	(47.3)%
Current financial liabilities				
Bonds	196	142	54	38.0%
Financing from banks	1	166	(165)	(99.4)%
Financing from other lenders	21	105	(84)	(80.0)%
Derivative financial instruments	16	0	16	n.m.
TOTAL GROSS FINANCIAL INDEBTEDNESS (A)	11,085	11,281	(196)	(1.7)%
FINANCIAL ASSETS				
Non-current financial assets				
Derivative financial instruments	916	412	504	n.m.
Financial receivables	1,055	991	64	6.5%
Current financial assets				
Financial receivables	42	21	21	100.0%
Cash and cash equivalents	147	203	(56)	(27.6)%
TOTAL FINANCIAL ASSETS (B)	2,160	1,627	533	32.8%
NET FINANCIAL INDEBTEDNESS (A-B)	8,925	9,654	(729)	(7.6)%

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 the first nine months of 2015 Operators continued to focus on value added services and on contents, developing the offer of innovative services in the TV, ICT and Internet of Things sphere and new bundles, complementary to connectivity, focused on data offers, with the aim of attracting new customers and rewarding those who have been the most loyal.

The bundle offers include increasing volumes of voice traffic, at times without limit or with roaming, SMS, internet, entertainment contents and services supporting the digital transformation that businesses are undergoing. In addition, operators continued rationalizing tariffs through the proposition of "module" profiles with additional options, mobile/fixed convergence plans and video contents.

Finally, throughout the whole period operators announced investments to extend LTE and broadband cover.

Navigation in mobility, increasingly on the LTE network, was the central point in the principal offers which aim to promote the speed and quality of the network to take advantage of contents and innovative applications. Almost all of the bundles proposed include various volumes of data traffic together with offers of contents, video and audio streaming, news, gaming and apps, supplied in partnership with the main providers. On occasions LTE Advanced network navigation has been proposed on free trial to 4G customers; in addition, Voice over LTE technology has been presented to the market. Operators have continued to develop their product portfolios by focusing on smartphones in the medium-high price range and on changes presented by providers, while less recent devices have been subject to promotions and discounts.

The offer on the business market has been rationalized, with changes especially regarding devices and rechargeable tariffs which include large volumes of voice traffic between business numbers.

The offers for the Consumer market concentrated on the introduction of module tariffs, new devices and entertainment services which use mobile broadband, often addressed to selected customers by age band.

Value added innovative services are now 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. In addition a number of initiatives were developed in the Internet of Things, Mobile POS and Smart City spheres, directed towards businesses and organizations.

In the first nine months of 2015 the fixed network telecommunications services market continued to be characterized by voice and ADSL bundle offers, to which operators added optic fiber offers at faster speeds and an increasingly wide range of digital content access services and innovative ICT services. Voice and data plans were proposed using promotions providing discounts on fees and activation, rewarding customer loyalty and also offering mobile services in the bundle. The connectivity offer in the residential market was enhanced by new Wi-F connectivity services with video, television and ICT contents, thanks to the increasing spreading of broadband and ultra-broadband networks.

The offer for Business customers saw the introduction of a number of changes as part of Cloud services, in particular in the areas of 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, new ICT market-place, customer care and customer engagement web services, business intelligence solutions, smart city services and innovative solutions in the Internet of Things sphere have been launched, thanks to partnerships entered with entities outside the telecommunications world.

In September 2015 the coverage of ultra-broadband networks (above 30 Mbps) in Italy had reached 41% of the population with over 300 urban centers able to receive the new services. In addition, under the plans drawn up by the private operators this coverage is expected to reach 75% by 2017. Italy's strategy for ultra-broadband, published by the government in March 2015, sets itself the target of covering 100% of the country's population by 2020 with broadband services having at least 30 Mbps in download speed and 85% having at least 100 Mbps.

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 who offer mobile telephone services to the approximately 86.0 million SIMs registered at September 30, 2015, equal to a penetration rate of approximately 142% 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 and higher margins than other European countries.

Excluding MVNOs, at September 30, 2015 WIND had an estimated market share of 24.8%, while Telecom Italia, Vodafone and H3G had shares of 34.9%, 28.7% and 11.6% 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 September 30, 2015 access to broadband internet had reached a penetration of 71% of the total of fixed lines in Italy. Broadband services in Italy have grown swiftly since 2001 to reach approximately 14 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 September 30, 2015, WIND had 21.3 million mobile telephone customers, a decrease over September 30, 2014, thus anyway increasing its market share (calculated by excluding MVNO operators) by 0.1 percentage points to reach 24.8% compared to 24.7% in September 2014.

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

Mobile telephony	2015 9 M	2014 9 M	Change
Customer base (millions of SIM cards)	21.3	21.8	(2%)
Revenues (millions of euros)	2,362	2,387	(1%)
Voice traffic (billions of minutes)	51.6	51.5	0%
ARPU (euros/month)	11.2	11.2	0
Data ARPU as a % of total ARPU	41.8%	38.9%	

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 March 2015, WIND renewed its rechargeable offer, proposing two All Inclusive solutions: one with 500 minutes, 500 SMSs and 1 gigabyte and one that is more complete with 1000 minutes, unlimited minutes to WIND, unlimited SMSs to everyone and 2 gigabytes. In addition, all the offers can be customized with optionals to ensure that existing WIND customers have the maximum flexibility.

WIND proposes significant innovations in the rechargeable market in order to satisfy customers by thinking about what their interests are. *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.

Both offers were the subject of a promotional campaign which included a gift to new MNP customers of either stereo headphones or a power bank, so that they will never find themselves with a flat smartphone battery. 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, 2,000 minutes and 2,000 SMSs to everyone and 500 MB as an internet start and a free of charge privileged telephonic assistance service available every day from 10 am to 1 pm. In addition WIND, has thought about these people carefully and gives them the possibility of learning to use internet for getting in touch with their friends, colleagues and relatives, organizing training sessions at its sales points which are precisely dedicated to learning new ways of interacting on the web.

Continuing to satisfy the various needs of its customers, WIND has also thought carefully about those people who do not only use internet on their smartphones but also on their tablets by launching *WIND Pack*: a multidevice offer with minutes to everyone and gigabytes that can be used for both smartphones and tablets.

WIND does not forget the people who have selected it by proposing dedicated offers for more gigabytes. There is the new *Porta i tuoi amici in WIND* promotion which offers 1 gigabyte of internet free of charge to customers introducing friends of other operators and friends who transfer to WIND, with the possibility of creating a viral effect: the more friends you bring, the more gigabytes you obtain, and the *Summer Ricarica* promotion with a gift of 2 gigabytes for existing customers who carry out a top-up. Among the summer internet promotions there was also *GIGA MAX*, for new and existing customers, with 3 gigabytes to be used in 6 months for a small activation fee.

For the internet world, the *Open Internet* offers continue in packages of 3, 6 and 12 gigabytes in order to respond to all 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 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, in order that customers may have the latest hi-tech domestic accessories. Sixteen products are available, ranging from smartwatches to Bluetooth headphones and from smart scales to 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 on an installment basis by credit card or direct debit. With *Telefono Incluso* customers can replace their smartphone with a new generation device after 18 months without having to pay a penalty.

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

In line with its "closer" to customers positioning, WIND continues to give particular emphasis to following the needs of non-Italian customers living in Italy with a fully dedicated portfolio of products which provide for tailored solutions: advantageous tariffs for calling abroad and unlimited calls towards WIND, and with *Call Your Country Super* a complete solution with minutes towards everyone and internet included.

Since June 2015, the *NOI INTERNATIONAL* offers, with three different levels of customization, 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 in order to buy a smartphone at small monthly installments.

In April, WIND launched *WIND Magnum*, the innovative No Tax offer on subscription with two SIMs, minutes and as always unlimited SMSs and the choice between 2, 4, 8 o 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 mega and telephone calls at 0 cents per minute to all national fixed and mobile numbers in Western Europe, the USA and Canada at a cost of €17.95 per month.

Thanks to the partnership with Amazon from June all Magnum customers have an included e-book that can be downloaded, and can obtain Kindle Paperwhite at only €1 a month.

Business voice offer

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

WIND offers customized services tailored to the specific requirements of large-scale businesses which often request offers on a competitive basis. 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 an increasing interest in mobile applications (apps) designed to take certain business processes into mobility, WIND has additionally launched *Enterprise Mobility Services* through strategic partnerships and vertical system integrator agreements.

For the population of professionals, self-employed workers and small/medium businesses, WIND Business is present in the pull channel (WIND Retail, Dealer, Franchising, large retail chains (GDOs)) with its No Tax *All Inclusive* subscription offer which includes minutes and SMSs to anyone and unlimited internet from smartphones. The top of the range offer is *All Inclusive Unlimited Premium* which includes unlimited minutes, SMSs and internet in Italy, 1,000 minutes of calls to abroad and bundles of calls, SMSs and internet in roaming. The *Telefono Incluso* option can be combined with the bundles.

Two new plans were launched in June: *All Inclusive* and *All Inclusive Top Mondo* to extend all the benefits of a WIND subscription to the employees of small businesses, law firms and self-employed professionals, including the most demanding customers who travel frequently for business purposes. *All Inclusive* includes 250 minutes and SMSs to everyone at a highly competitive price, while *All Inclusive Top Mondo* provides minutes SMSs and internet without limit in Italy, 1,000 minutes towards abroad, 5 gigabytes and calls, SMSs and internet in roaming.

For the world of small and medium businesses on the push sales channel the WIND Business mobile offer proposes *Rechargeable Offers*, which allow for maximum control on spending and the maximum flexibility thanks to the innovative *Automatic Top-Up* service in the "by threshold" or "by time" mode, and *Subscription Offers*, ideal for customers travelling abroad on a regular basis without any spending restrictions. From September 7 significant improvements have been made to the *Roaming Tariff Plan* offer thanks to an increase in the gigabytes included abroad and in the number of countries included in the bundle.

In order to ensure that its SME customers receive even better assistance, "WIND Smart Assistance" was launched in September, an effective immediate and free of charge support for configuring and managing devices and applications.

The new *Digitali Cre@sito*, *Pec Smart*, *Mobile POS*, *WIND Smart Control*, *Windlex* and *4Mobility* services complete the mobile offer for businesses, guaranteeing an innovative commercial proposition that stays close to the needs of WIND's business clientele. The *Cre@sito* service provides customers with the possibility of creating a website on their own through a user-friendly interface and a level II domain and a mailbox. *Pec Smart* is a certified electronic mail

service, mandatory by law for professionals and businesses, which has legal value equivalent to a registered letter with return receipt.

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

WIND Smart Control is an innovative Mobile Device Management solution of WIND Business created for all small and medium-sized businesses needing to make the smartphones and tablets used by their employees safe and to configure and monitor these devices in a simple, rapid and effective way. This service has a cost of only €2 a month. Thanks to the partnership with 4Mobility, new services have been available since March 2015 providing an optimal management of working activities in mobility: 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.

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 thanks to the inclusion of €3 a month in the *All Inclusive Young* offer that can be spent in the store. There are now 40 cities where the Mobile Ticketing service is active, including the main centers in Sardinia. On September 16, 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 is active for the whole of the day when children went back to school again. 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 the spreading of the awareness of the service.

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 494 international operators in 219 different countries, of which 207 covered by terrestrial roaming, 12 by satellite and 8 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 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 September 30, 2015 consisted of 157 owned stores and 481 franchised sales points working exclusively with the WIND brand. The non-exclusive sales network consists of 931 WIND dealers, 622 sales

points in electronic store chains and 4,366 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 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, which is seeing an increasing number of customers migrating from narrowband to broadband, WIND has concentrated its efforts on achieving growth in the number of subscribers to direct voice services (unbundling) and broadband internet services.

In addition, WIND 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.

In the areas of direct access the push of the new "ADSL Vera" service continued; this enables the customer's line to be stabilized at the maximum supported speed up to a peak of 20 Mega when downloading, thus providing customers with the best possible performance and ensuring a line that is always stable. The plan continued for expanding the Direct Access Network, which started in January 2015, and this will lead to the unbundled coverage of over 70% of the lines, further strengthening WIND's positioning as an alternative operator to Telecom Italia in the fixed sector.

Voice services

WIND's fixed network voice customer base amounted to 2.8 million subscribers at September 30, 2015, a decrease of 2.8% over September 30, 2014; the direct customers voice component fell by 1.0% over the previous period.

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

Fixed line	2015 9 M	2014 9 M	Change
Customer base (thousands of lines)	2.8	2.9	(2.8%)
of which LLU (thousands) ⁽¹⁾	2,377	2,380	(0.1%)
Revenues (millions of euros)	831	903	(8%)
Voice traffic (billions of minutes)	8.3	9.7	(14%)
ARPU (euros/month)	27.9	29.6	-5.6%

(1) Includes customers with virtual LLU.

Internet and data

WIND offers a vast range of internet and data transmission services to both its consumer and business customers. At September 30, 2015, WIND had 2.2 million broadband internet customers and 0.01 million narrowband subscribers.

The following table sets out the main internet access indicators.

Internet and data services	2015 9 M	2014 9 M	Change
Internet customer base ('000)	2,254	2,157	1%
of which narrowband ('000)	7	10	(31%)
of which broadband ('000)	2,247	2,147	1%
of which LLU ('000)	2,012	1,860	8%
of which shared access ('000)	7	10	(29.7%)

Package and convergence services

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

In order to make WIND's positioning in the sphere of integrated services more exclusive, the push has continued on the "Powered Infostrada" offer which is addressed to all WIND's prepaid mobile customers subscribing to a WIND *All Inclusive*, *NOI* or *Call Your Country* offer, who are offered a choice of one of the fixed-line telephone products *Absolute* or *All Inclusive Unlimited* at a special price. This promotion was further enhanced in June with a dedicated discount in order to increase the acquisition of new convergence customers. 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. 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 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 included in the offer for only €3 a month.

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 set up a partnership with the Enterprise division of Google which enables it to propose collaboration and communication solutions to businesses based on Google Apps Cloud. 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 the product *WIND Cloud Line*, an IP PBX cloud solution that combines the mobile and fixed worlds, and the solution *Work & Life*, 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, there is the possibility 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 simultaneous call 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 offers 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), based on 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 tariff 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 spread throughout the country, including through the use of local sales points, thus making it more direct and transparent.

In a saturated but dynamic market, retaining a vision which puts the customer as the center of his business allows for the setting up of consistent and synergic management policies between the various sectors and represents a discriminating success factor. This vision is an asset for WIND and a genuine philosophy that involves and integrates all of the Group's business sectors, ranging from marketing to sales by way of customer care and technical functions such as information technology.

In particular, a set of activities has been set up for monitoring the various points of contact between the Customer and the Group and for assessing satisfaction with WIND and the extent to which it may be recommended to others, using NPS measurement methods. This aims to identify customer needs, provide specific targeted replies and more generally identify the main areas of development, in line with the expectations provided by the customers themselves. Moreover in September a BCG Group report was published according to which WIND is the number one company in Italy in the mobile telecommunications sector for "positive news passing by word of mouth".

The objective of WIND's Customer Relationship Management department is to understand, anticipate and respond to the needs of current and potential customers with the aim of increasing the value of the relationship on all the segments covered.

A success factor for the initiatives carried out by CRM, which is gaining even further importance in 2015, is the ability to know how to capture customers on a timely basis during their lifecycle and in particular in the presence of specific consumption behavior through the development of campaign management tools. Consistent with the identification of customer needs, WIND CRM provides ad hoc solutions in terms of product and offer through traditional and digital relation channels. Finally, 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 8 million downloads, is the preferred digital point of contact with WIND customers owning a smartphone or tablet. The 4.0 version has seen detailed graphical and functional revision and a considerable improvement of the user experience, encountering immediate success with customers who have confirmed MyWind as the app with the highest rating in the store market.

In addition WIND has launched the Beta version of WIND Talk on the market, an integrated messenger service app representing a new way of interacting with customers and proposing exclusive services to them. In addition to offering all that any other messenger service app that can be found on the market offers, WIND Talk proposes direct contact via Chat through WIND customer care, providing customers with the possibility of obtaining public transport tickets and/or transferring telephone credit in a simply way to their contacts through a WIND prepaid line. The social networks also continue to be an important point of contact, listening and customer management for WIND, experiencing an increase in the fan base but above all in the number of contacts. WIND continues to maintain levels of excellence in the special social care rankings "Top Brands" of Facebook and Twitter published on a monthly basis by Blogmeter (Blogmeter.com) for the speed with which it handles contacts.

Marketing and Branding

Advertising Offline

WIND has 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 takes 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 the summer campaign with a "nineteen eighties action treatment" 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*. During 2015, in order to support the launch of *All Inclusive Music*, WIND has been found in a series of target broadcasts: 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 have been 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, whose objective is to spread the awareness of the Digital Home & Life brand. Finally, whenever it carries

out a canvass WIND produces BTL material to support its promotions which is then sent to all the sales points of its distribution network.

Online advertising

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 have been both significant and constant throughout the year. Planning covers 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 have also regarded the music programs The Voice and XFactor9, which have ensured cross media visibility for the brand and the *All Inclusive Music* offer.

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, 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 ensure 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 main target social networks and blogs and was highly appreciated by the web people, achieving key results: around 2 million views, the award for the "Best Institutional Campaign of the Year", first prize in the category "Best Viral/Mobile Marketing Campaign" and second prize in the category "Best Brand Content/Entertainment". The short also received 3 prestigious bronze medals at the Eurobest and Epica ceremonies and at the New York Festival.

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 speaking 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 close friends. In the film WIND puts real life up against virtual life, technology as a friend that can help you to live against technology that isolates us from life. 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 has 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.

At the ninth edition, the WIND Music Awards returned on June 4 in the magnificent scenario of the Verona Arena, and were broadcast 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 in synergy with the WMA event, this year the Group conceived and promoted a contest which all web users could join in with which allowed participants to win 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 to the WIND Green Award, a competition open to all business, cultural and social development initiatives that are geared towards sustainability. In June, WIND's virtual incubator launched the 2015 edition of the WIND Startup Awards, a competition directed towards 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 September 30, 2015, WIND fixed access network covered 62.6% of the Italian population while for mobile network WIND covered 99,88% with GSM/GPRS technology, 98.28% with UMTS/HSPA technology and 47.69% with LTE technology.

WIND mobile network covered with its HSPA+ service (42 Mbps) 49.55% of the Italian population and with HSPA service (21/5.8 Mbps) 96.2%.

As of September 30, 2015, WIND's mobile and fixed - line access networks are supported by 22,300 kilometers of fiber optic cables backbone in Italy and 5,037 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 September 30, 2015, WIND also had 497 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, 5,037 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 16,478 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 September 30, 2015, WIND fixed access network has 1,520 LLU sites for direct subscriber connections with a capacity of approximately 3.31 million lines, and had interconnections with 613 SGUs, which allows it to provide carrier pre-selection and carrier selection access for indirect subscribers throughout Italy, as well as WLR services. In the second half of 2014 WIND started the migration of voice traffic interconnection with other national operators in IP technology. WIND Internet network access is implemented by an all IP network, with over 50 POPs (Point of Presence), for direct (xDSL) and indirect Internet access services, as well as virtual private network (xDSL, Fiber Optics). The IP nodes access network consist of 53 BRAS for consumer services and 64-Edge Routers for Business application, located in PoP to ensure optimal coverage of the national territory.



Mobile Network

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

In 2015 WIND is progressing with 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 September 30, 2015.

GSM/GPRS	
Radiating sites	14,845
BSC (Base Station Controllers)	231
MSC (Mobile Switching Centers)	24
HLR/HSS (Home Location Register)*	12
SGSN (Service GPRS Support Node)	6
GGSN (Gateway GPRS Support Node)*	11
UMTS	
Node B	13,855
RNC (Radio Network Controller)	122
MSC-Server	26
MGW (mediagateway)	30
SGSN (Service GPRS Support Node)*	11 (6 dual access; 5 triple access)
LTE	
Enodeb	2,202
MME	5
HSS	2
PDN-GW	5
S-GW	5

* Shared with UMTS/LTE

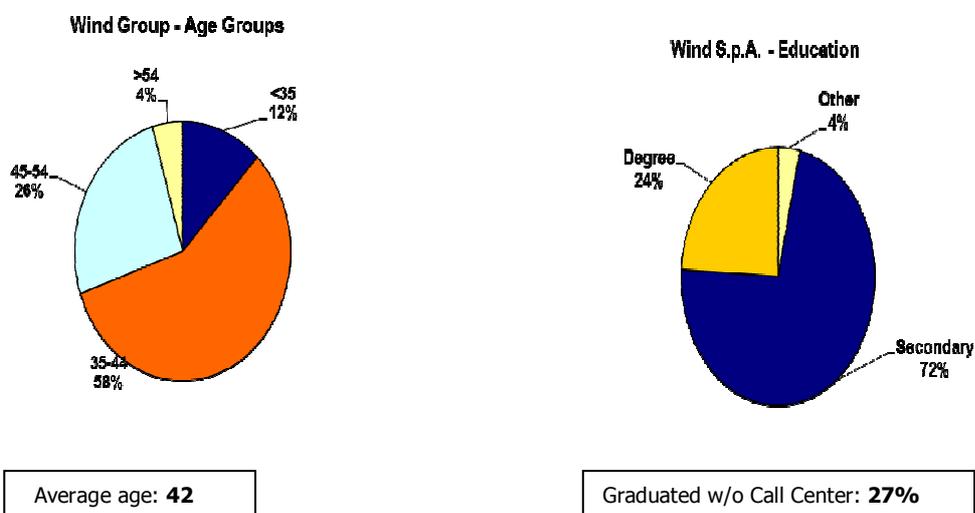
HUMAN RESOURCES

At September 30, 2015, the Group had a workforce of 6,851 employees structured as follows.

	No. of employees at		Average No. of employees in	
	09/30/2015	09/30/2014	2015 - 9M	2014 - 9M
Senior Managers	123	133	122	127
Middle Managers	630	624	625	624
Office Staff	6,098	6,197	6,128	6,216
Total WIND Group	6,851	6,954	6,875	6,967

During the first nine months of 2015 the Group hired 92 employees while 71 employees left. In addition, 67 employees in Galata SpA left the Group as of March 26, 2015.

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



Female presence is at **47%**.

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

Location	09/30/2015	09/30/2014
Milan*	13%	12%
Ivrea	9%	9%
Rome	33%	34%
Naples*	18%	18%
Other	27%	27%
Total	100%	100%

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

The following table sets out personnel distribution by department:

Department	09/30/2015	09/30/2014
Network	34%	33%
Information Technology	6%	6%
Customer Care	21%	26%
Marketing & Sales	22%	24%
Staff	15%	12%
Total	100%	100%

Organization

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

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 35,696 man-days of training were given during the first nine months of 2015, relating mainly to training on WIND’s new sourcing model.

Regarding the reskilling activities resulting from the agreement reached with the trade unions in July 2014, certain planning activities for preparing the training courses were still in progress at September 30, 2015 together with a number of completion and specialization training paths for specific activities (at the Pozzuoli and Palermo sites and concerning IT Operations, IT Development and Network Operations). At the Ivrea site a training path began in September for 14 employees regarding the occupational profiles required in Mobile Surveillance and Network Operations.

A total of 27,248 man-days of training have already been given this year for the new sourcing model projects, involving a total of 601 employees; these have been delivered by specialist external providers 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.

Industrial relations

Meetings between the Company and the trade unions continued during the year with the aim of monitoring the progress being made in the processes directed towards the new sourcing model, as envisaged in the trade union agreement of July 29, 2014.

At these meetings the Company described the activities subject to internationalization and the training initiatives supporting the staff involved in the reskilling and occupational mobility processes.

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

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

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

Meetings have also been held locally with trades union representatives as well as at a national level to assess the occupational impact of the initiatives envisaged for the new sourcing model and the way in which these will work from an operational standpoint.

REGULATORY FRAMEWORK AT SEPTEMBER 30, 2015

Fixed-line market

Antitrust activity

Proceeding I761

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

On July 7, 2014, the AGCM published a provision in its bulletin by which it extended the term for concluding the proceeding to July 31, 2015 and at the same time broadened the subject of the proceeding to ascertaining whether article 102 of the TFUE (abuse of a dominant position) had been breached by Telecom Italia on the market of wholesale access to the fixed network. Against this charge, on November 21, 2014 Telecom Italia presented commitments which the Authority decided to put out to public consultation (market test) on December 29, 2014. WIND provided its observations to Telecom Italia's commitments within the established deadline of January 28, 2015. The AGCM rejected the commitments made by Telecom Italia as considered unsuitable and ineffective for removing the anti-competition profiles. The above-mentioned deadline for the conclusion of the whole of proceeding I761 was originally set as July 31, 2015. Since the sub-proceeding regarding the commitments ended on March 25, 2015 with the rejection of these commitments by the Authority and considering that this led to an extension of the time required for assessing the conduct that is the object of the proceeding, the Authority believed it necessary to extend the deadline for the completion of the procedure for the purpose of providing a reasonable term for carrying out the adversarial stage and set this as December 31, 2015.

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

Proceeding A428C

On July 15, 2015, the AGCM initiate 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 indicate 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.

Telecom Italia's Reference Offers

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

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

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

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

By way of a sentence on February 18, 2015, the Lazio TAR 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 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 (WBA 2013) annulled. WIND filed an appearance on June 5, 2015; at the hearing held on September 24, 2015, Judge reserved his final decision. We are waiting for the ruling about proceedings.

On June 9, 2015 and June 11, 2015 respectively Telecom 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; at the hearing held on September 24, 2015, Judge reserved his final decision. We are waiting for the ruling about proceedings.

BT has 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. At the hearing held on September 24, 2015, Judge reserved his final decision. We are waiting for the ruling about proceedings.

In addition, in November 2014 Telecom Italia appealed against Resolutions 67-68-69-70/14/CIR relating to the price for WLR for 2013, NGAN access for 2013, NGA Bitstream and VULA for 2013 and dedicated capacity transmission services for 2013. WIND filed an appearance in all the cases in support of AGCOM's position. Fastweb too appealed against Resolution 67/14/CIR and WIND filed an appearance. The dates for the hearings have not yet been set.

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

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

On January 7, 2015, a public consultation was set up by way of Resolution 136/14/CIR relating to Telecom Italia's WLR 2014 reference offer for all matters of a technical and procedural nature as well as the economic conditions of

the included services. These economic conditions are assessed on the basis of the cost orientation for contributions and accessory services, in line with the preliminary positions of the new market analysis which prescribes an annual assessment in the proceeding for the approval of the reference offer. The consultation is in progress. The assessment will be carried out as part of the market analysis for the access fees of both WLR and LLU.

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

Subsequent to this a public consultation has been 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.

In June 2015 a public consultation was initiated on the draft provision for providing for approval of the two Telecom Italia reference offers for 2014 relating to the copper network Bitstream services and the NGA (and Vula) Bitstream services.

Fixed-access network

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 in 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 for the OLOs which will only enter the infrastructurization process at a later date: the multioperator cabinet must be produced by providing for a base module for 1 OLO and additional 1 OLO upper cabinet modules. All the modules, base and upper cabinet, will have an autonomous access door. Each operator will 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 is planned for 2014 alone which is applicable to the cabins for which Telecom Italia has already start up preparation work. The full operational procedure will begin in 2015. The matters being looked into by the workgroup are continuing with the establishment of a requisite for Multi Operator Vectoring (MOV).

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 rules established by AGCOM are however currently being reviewed by the European Commission.

Replicability testing of Telecom Italia's offers

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

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

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

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

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

In April 2015 AGCOM published Resolution 119/15/CONS which suspends the terms of the investigation pursuant to Resolution 537/13/CONS until a date yet 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.

Market analysis – Fixed Access

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

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

On February 24, 2014, by way of Resolution 65/14/CONS, AGCOM extended the term for completing the preliminary proceeding as per Resolution 390/12/CONS by a further 90 days. In addition, on March 20, 2014, AGCOM requested operators to provide a series of further details about retail and wholesale access lines relating to 2012 and 2013. During March 2015, following up Consultation 238/13/CONS and the items that had emerged in the meantime, by way of Resolution 42/15/CONS AGCOM initiated another consultation regarding the market analysis of fixed access services for the period 2014-2017. This consultation is in progress. Before coming to a final decision, AGCOM must submit its draft decision to the European Commission for its comments.

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

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 Bitsream services for 2010-2012 and for the Bitstream Naked charge for 2009. The decision has been reviewed by the European Commission. A final decision on these matters is expected by the end of the autumn.

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. WIND filed an appearance on June 24, 2015 and the date of the hearing has been set as October 8, 2015.

Fastweb and Telecom Italia have filed an appeal with the TAR requesting the annulment of Resolution 86/15/CONS for the same reasons 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.

In July 2015, in a press release, AGCOM announced that it had approved the draft resolution for an analysis of the wholesale markets for access to the Telecom Italia fixed line network for 2014-2017 for subsequent comment by the European Commission.

With this decision AGCOM intends to determine the regulations and prices for access to the Telecom Italia copper and fiber network by competing operators, uniform across the whole of Italy.

The adopted text has already been communicated to the European Commission. Final approval is expected by the end of the autumn following the comments of the European Commission.

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

On November 4, 2013, by way of Resolution 603/13/CONS, AGCOM initiated a proceeding to identify and analyze the wholesale supply market for the terminating segments of leased lines, regardless of the technology used to provide the leased or reserved capacity (Market 6 of European Commission Recommendation 2007/879/EC). Public consultation 559/14/CONS was set up in November 2014 after collecting information and WIND has sent its observations in this respect. The proceeding is still in progress. The final decision (412/15/CONS) on the wholesale supply market for the terminating segments of leased lines has recently been published.

Fixed termination

Resolution 229/11/CONS established that from January 1, 2012 termination tariffs would have been symmetric between Telecom Italia and other operators, in particular TDM termination tariffs would have been symmetric at an SGU level while IP termination tariffs would have been symmetric and defined as the result of two proceedings, one technical on IP interconnection and the other economic to define the BULRIC model. Subsequently, as the result of a ruling of the Council of State issued on February 15, 2013, the symmetry between Telecom Italia and the other OLOs regarding fixed termination was annulled. Following this the termination values of the OLOs for 2012 were approved by AGCOM in March 2013 by way of Resolution 187/13/CONS. The value of fixed termination on the Telecom Italia network at the various interconnection levels was determined by way of Resolution 92/12/CIR.

Telecom Italia filed an appeal against Resolution 187/13/CONS with the Lazio regional administrative court (TAR) in the attempt to obtain an OLO termination price lower than that established by AGCOM. On the other hand Fastweb appealed against this resolution to try to obtain a higher price. At the substantive hearing on April 23, 2014 the TAR 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 has also appealed against this sentence. WIND filed an appearance in support of AGCOM. The hearing was held before the Council of State on January 22, 2015. Both appeals were rejected by Council of State on 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 postponed 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 quantitative and qualitative information requested by AGCOM has been completed.

Migration and pure number portability procedure

Following technical discussions between operators at AGCOM to update migration procedures, taking account of LLU subloop services, the possibility of managing virtual operators in the fixed line segment and the need to manage the migrations onto the Telecom Italia NGA offers in the fixed line segment, and following a public consultation (31/13/CIR) which took place on November 20, 2013, by way of Resolution 611/13/CONS, AGCOM issued additions to the activation, migration and termination procedures in access services for Telecom Italia's NGAN services (VULA

FTTCab-FTTH, Bitstream FTTCab naked and shared, Bitstream FTTH, End to End, access to the termination segment in optic fiber) and subloop services (providing the new overwriting matrices) and for the resale of access services at a wholesale level (the OLO retail/OLO wholesale procedure).

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

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

Decisions and public consultations of the European Commission and of BEREC

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

- 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 Report on Virtual Access Products (BEREC – August 2015).

Furthermore, following a legislative process lasting 18 months, the "Connected Continent" Telecom Single Market Regulation was agreed and entered the final approval phase in June 2015; this has provisions on roaming (see the previous point) and net neutrality as its subject. The approval and publication of the Regulation is expected to take place in October. The main provisions on net neutrality regard the principle relating to 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 plus the following main rules: no blocking, no throttling of internet traffic, "reasonable" traffic management (without discrimination and not for commercial purposes), although permitting commercial offers with a data cap, zero rating offers and specialized services, the guarantee of a minimum access quality level (the national authority can set that minimum level), an unchallengeable assessment by the Authority of the minimum respect of actual access to the internet provided to the individual customer, a clear indication by operators of the speed realistically reached, the effects on quality due to traffic management and the activation of specialized services and what a customer can do in the case of a discrepancy between the actual and contractually agreed quality.

Mobile market

Antitrust activity

Proceeding I757

In September 2012, on the basis of a report made by the mobile service provider BIP Mobile, the AGCM initiated proceeding I757 against Telecom Italia, Vodafone and WIND relating to an alleged horizontal agreement restricting competition designed to hinder access to the BIP Mobile market. On January 23, 2013 and June 27, 2013, the AGCM

sent two information requests to which WIND provided its replies. The development of the proceedings showed the complete lack of grounds for the charge against WIND, a defense also put forward by the Company during the final hearing on October 8, 2014.

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

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

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

On March 30, 2015, WIND sent the AGCM its report of compliance with the commitments approved by the Authority. 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 I757 to an end.

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 with Resolution 60/11/CONS, which includes a reasonable remuneration rate of 10.4% for the capital employed (WACC) (this was 12.4% in 667/08/CONS).

Various operators appealed against Resolution 621/11/CONS for a variety of different reasons. The main reason for the appeals filed separately by WIND, Vodafone and Telecom Italia was the asymmetry granted to AGCOM and H3G, going beyond the end of 2012 and into the first half of 2013. In this respect, partially upholding these appeals the Lazio TAR ordered AGCOM to provide suitable reasoning and partially annulled Resolution 621/11/CONS with reference to the provision on H3G's asymmetric tariff (sentences no. 8381 of October 10, 2012 and nos. 10263 and 10265 of December 7, 2012). In order to comply with the TAR's sentences, AGCOM issued Resolution 11/13/CONS confirming the contents of Resolution 621/11/CONS. WIND, Telecom Italia, Poste Mobile and Vodafone filed an appeal for the same reasons with the Lazio TAR to have Resolution 11/13/CONS annulled. WIND, Vodafone, Fastweb and H3G also filed an appeal with the Council of State for the reversal of the Lazio TAR's sentences on Resolution 621/11/CONS. By way of sentence no. 725/2014 the Council of State upheld H3G's appeal on the asymmetry of H3G's mobile termination amount in the second half of 2013. As a result of that sentence, AGCOM adopted Resolution 259/14/CONS. WIND, Vodafone and Telecom appealed to the Council of State for implementation of sentence no. 725/2014. In addition, WIND, Vodafone and Telecom filed an appeal with the Lazio TAR for the

annulment at a supreme court level of Resolution 259/14/CONS. H3G, for reasons to the contrary, has also filed similar appeals for execution with the Council of State and legitimacy with the TAR. The hearing for the appeals of WIND, Telecom, Vodafone and H3G before the Council of State for the execution of sentence no. 725/14 took place on December 17, 2014. On January 23, 2015 the Council of State 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 sentences no. 21 of January 7, 2013 and no. 3636 of July 9, 2013 of the Council of State. An appeal against this resolution has been filed by both WIND and the other operators with the Lazio regional administrative court for annulment in the supreme court and with the Council of State for implementation. The hearing before the Council of State was held on April 23, 2015. With decision of July 21, 2015 the Council of State dismissed H3G appeal and declared not admissible the appeals filed by WIND, Vodafone and Telecom. The date of the hearing before the Lazio TAR has not yet been set.

On September 30, 2015, by way of Resolution 497/15/CONS, after the review of the proposed decision by the European Commission, the Authority published its final decision on the analysis of the mobile termination market for the four-year period between 2014 and 2017, initiated by way of Resolution 16/15/CONS, setting the mobile termination amount applicable until 2017.

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

Market Analysis: Messenger services – SMS termination

In March 2013, following the positive opinion issued by the European Commission on AGCOM's proposed decision not to regulate that market, AGCOM published its final decision (Resolution 185/13/CONS) which confirms the non-regulation of the wholesale SMS termination services market. BIP Mobile has filed an appeal against Resolution 185/13/CONS with the Lazio TAR. The substantive hearing was held on March 26, 2014 and the court 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 four-year period between 2014 and 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). This separation became operational on July 1, 2014 with the Commission having established in an Implementing Regulation published on December 14, 2012 the principles underlying the way this was to be carried out.

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

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

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

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

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

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 provided by the Roaming III regulations.

To make the application of Roaming Like at Home possible, the European Commission will propose changes to the wholesale cap by June 2016 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 23 September 2015, the EU Council published version of the proposed amendment of the regulation Roaming III (n. 531/12). On 27 October 2015 it was passed by the EU Parliament without amendments. The final text will be available in European OJ within November.

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

In April 2015, the results of the fact-finding survey on machine to machine (M2M) communication services were published 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.

Frequencies

Following the approval of the Finance Law, in February 2015, by way of Resolution 18/15/CONS, AGCOM initiated a public consultation on the procedures for assigning the rights of use of radio-electric frequencies for utilization in mobile electronic communication services for Supplemental Down Link (SDL) applications through the use of the 1452-1492 MHz band. The proceeding came to an end in May 2015 with the publication of Resolution 259/15/CONS.

In 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 €230,340,178.32 (auction starting price); Vodafone for lot B (frequencies 1472 - 1492 MHz) for €231,986,869.

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 321715/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 deadline for replies to the consultation was extended to September 29, 2015 by Resolution 496/15/CONS. The consultation is still in progress.

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

On June 19, 2015 the ITU established an overall timetable for the development of the 5G mobile and determined that the applicable term for this is "IMT-2020".

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

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

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

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.

Universal Service

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

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

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

In May 2014, the Lazio TAR upheld Vodafone's appeals on the revised contribution of the Universal Service for 1999/2000/2002/2003 which had been confirmed by AGCOM, with the support of an opinion provided by the AGCM; the court annulled the relative resolutions in the parts relating to Vodafone's share of the contributions for the years in question. AGCOM and Telecom Italia have filed appeals with the Council of State against the sentence issued by the TAR. WIND filed an appearance in support of AGCOM. The substantive hearing took place on December 4, 2014. In its sentence of July 7, 2015, the Council of State dismissed the appeals of Telecom Italia and AGCOM. On September 25, 2015 Telecom filed a "ricorso in Cassazione" against the ruling of the Council of State.

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

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

In March 2015, WIND, AGCOM and Vodafone filed an appeal with the Council of State requesting the annulment of the sentence issued by the Lazio TAR. The hearing for the discussion took place on June 25, 2015. On October 2, the Council of State partially upheld the appeals filed by WIND, Vodafone and AGCOM. The Council of State confirmed the annulment of the AGCOM's decision for the period 2004-2007 while stated the validity of the AGCOM's decision and its criteria starting from 2008.

Copyright

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

Main new consumer protection regulations

In June 2013, AGCOM initiated technical discussions for the purpose of reforming the way in which the quality of the customer assistance service is regulated, with specific reference to the introduction of digital customer assistance

modalities. In November 2014, AGCOM sent out a further request for information on the same subject to which WIND provided its reply. The technical workgroup in Asstel was started up again at the same time with the attendance of all the operators.

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

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

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

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

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

transparency and a 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".

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

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

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 proposes 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 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 which 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 various 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.

Privacy

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

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

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

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

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

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

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

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

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

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

Following receipt of the Authority's reply, a request was made to extend the terms within which the provision's requirements must be satisfied. This was accepted and an extension of the deadline to March 31, 2015 was granted. By way of Provision 53/2014 of the Privacy Guarantor an update on the question of profiling was added. An internal workgroup has been set up in this respect.

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

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

By way of a provision published in the Official Journal of May 4, 2015, the Guarantor initiated a public consultation regarding personal data protection for the purpose of collecting information and proposals on the new technologies which may be classified as the "Internet of Things".

In this respect, an internal and an inter-operator workgroup have been set up to send in the contributions and observations requested by the Authority within the established time period.

Disputes with operators before AGCOM

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

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

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

OUTLOOK

The solid commercial performance and ongoing cost structure optimization process has enabled the WIND Group to maintain its competitive position during the first nine months of 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 the last part of 2015, the Group will continue to explore and develop the most promising opportunities arising from the combination of new technologies and new needs expressed by the market, with a particular focus on digital channels in terms of new services, customer interaction and process efficiencies. The Group will continue to consolidate its position in the mobile, fixed-line voice and internet segments as well as developing its convergent business model, while focusing on the optimization of its cost structure.

WIND GROUP

**Consolidated interim financial statements as of and
for the nine-month period ended September 30,
2015**

FINANCIAL STATEMENTS AND NOTES THERETO



BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA

Board of Directors ⁽¹⁾

Chairman	Andrew Mark Davies
Directors	Maximo Ibarra, CEO
	Vincenzo Nesci
	Albert Hollema
	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 met on July 30, 2015 appointed, by way of co-optation, Mr. Alexander Dean Lemke as a new WIND Board member in replacement of Mr. Felix Saratovsky who resigned from the Board on June 16, 2015. Mr. Lemke will hold the office until the date on which the shareholders' meeting of WIND will meet.

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

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CONSOLIDATED INCOME STATEMENT

<i>(millions of euro)</i>	Note	2015 9 months	2014 9 months	2015 III quarter	2014 III quarter
Revenue	5	3,193	3,290	1,090	1,104
Other revenue	6	57	221	-	117
Total revenue		3,250	3,511	1,090	1,221
Purchases and services	7	(1,685)	(1,753)	(565)	(582)
Other operating costs	8	(113)	(133)	(29)	(44)
Personnel expenses	9	(222)	(239)	(70)	(74)
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		1,230	1,386	426	521
Depreciation and amortization	10	(875)	(909)	(287)	(300)
Reversal of impairment losses/(impairment losses) on non-current assets		-	(2)	-	(1)
Gains/(losses) on disposal of non-current assets	11	484	(3)	-	(1)
Operating income		839	472	139	219
Finance income	12	131	45	18	(10)
Finance expense	12	(520)	(1,261)	(153)	(525)
Foreign exchange gains/(losses), net		(16)	(36)	6	(22)
Profit/(Loss) before tax		434	(780)	10	(338)
Income tax	13	(69)	119	(12)	80
Profit/(Loss) from continuing operations		365	(661)	(2)	(258)
Profit/(Loss) for the period		365	(661)	(2)	(258)
Non-controlling interests		-	-	-	-
Profit/(Loss) for the period attributable to the owners of the parent		365	(661)	(2)	(258)
Earnings per share (in euro) – basic and diluted:					
Earning per share from Continuing operations	19	2.50	(4.53)	(0.01)	(1.77)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(millions of euro)</i>	Note	2015 9 months	2014 9 months	2015 III quarter	2014 III quarter
Profit / (Loss) for the period		365	(661)	(2)	(258)
Other comprehensive income that will be reclassified subsequently to profit or loss					
Gains/(losses) on cash flow hedging instruments		45	4	21	22
Income tax relating to components of Other comprehensive income that will be reclassified subsequently to profit or loss		(6)	(3)	(7)	(7)
Total Other comprehensive income that will be reclassified subsequently to profit or loss		39	1	14	15
Total Other comprehensive income for the period, net of tax	18	39	1	14	15
Total comprehensive income for the period		404	(660)	12	(243)
Total comprehensive income attributable to:					
<i>Owners of the parent</i>		404	(660)	12	(243)
<i>Non-controlling interests</i>		-	-	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(millions of euro)</i>	Note	At September 30, 2015	At December 31, 2014
Assets			
Property, plant and equipment	14	2,883	3,273
Intangible assets	15	8,088	8,283
Financial assets	16	2,051	1,420
Deferred tax assets	17	272	308
Total non-current assets		13,294	13,284
Inventories		37	23
Trade receivables		989	949
Financial assets	16	44	23
Current tax assets		11	7
Other receivables		224	269
Cash and cash equivalents		147	203
Total current assets		1,452	1,474
TOTAL ASSETS		14,746	14,758
Equity and Liabilities			
Equity			
Issued capital		147	147
Share premium reserve		752	752
Other reserves		47	8
Retained earnings		(431)	(796)
Equity attributable to owners of the parent	18	515	111
Non-controlling interests		-	-
Total equity	18	515	111
Liabilities			
Financial liabilities	21	10,851	10,867
Employee benefits		59	60
Provisions	20	139	176
Other non-current liabilities		140	160
Deferred tax liabilities	17	613	634
Total non-current liabilities		11,802	11,897
Financial liabilities	21	234	413
Trade payables		1,485	1,661
Other payables		665	653
Tax payables		45	23
Total current liabilities		2,429	2,750
Total liabilities		14,231	14,647
TOTAL EQUITY AND LIABILITIES		14,746	14,758

CONSOLIDATED CASH FLOW STATEMENT

<i>(millions of euro)</i>	Notes	2015 9 months	2014 9 months
Cash flows from operating activities			
Profit / (Loss) for the period		365	(661)
Adjustments to reconcile the loss for the year with the cash flows from/ (used in) operating activities			
Depreciation, amortization and (reversal of impairment losses)/impairment losses on non-current assets		875	911
Net changes in provisions and employee benefits		(24)	(96)
Losses on disposal of non-current assets		7	3
Gain from sale of subsidiaries		(491)	-
Impairment on investments		13	-
Changes in current assets		(67)	(125)
Changes in current liabilities		(201)	236
Net cash flows from operating activities	24	477	268
Cash flows from investing activities			
Acquisition of property, plant and equipment		(373)	(359)
Proceeds from sale of property, plant and equipment		-	-
Acquisition of intangible assets		(155)	(137)
Proceeds from sale of subsidiaries		669	-
Inflows/(outflows) from loan granted		(23)	(768)
Net cash flows from / (used in) investing activities	24	118	(1,264)
Cash flows from financing activities			
Changes in loans		(651)	998
Net cash flows from / (used in) financing activities	24	(651)	998
Net cash flows for the period			
		(56)	2
Cash and cash equivalents at the beginning of the period		203	141
Cash and cash equivalents at the end of the period	24	147	143

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

<i>(millions of euro)</i>	2015 9 months	2014 9 months
Income taxes paid	(57)	(163)
Interest paid on loans/bonds	(468)	(585)
Interest (paid) / received on hedging derivative instruments	30	(39)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>(millions of euro)</i>	Equity attributable to the owners of the parent				Equity attributable to the owners of the parent	Non-controlling interests	Equity
	Issued capital	Share premium reserve	Other reserves	Retained earnings/(losses carried forward)			
Balances at January 1, 2014	147	752	(25)	(87)	787	-	787
Total comprehensive income for period	-	-	1	(661)	(660)	-	(660)
- Loss for the period	-	-	-	(661)	(661)	-	(661)
- Cash flow hedges	-	-	1	-	1	-	1
Transactions with equity holders	-	-	-	(1)	(1)	-	(1)
- Other changes	-	-	-	(1)	(1)	-	(1)
Balances at September 30, 2014	147	752	(24)	(749)	126	-	126
Balances at January 1, 2015	147	752	8	(796)	111	-	111
Total comprehensive income for the period	-	-	39	365	404	-	404
- Profit for the period	-	-	-	365	365	-	365
- Cash flow hedges	-	-	39	-	39	-	39
Transactions with equity holders	-	-	-	-	-	-	-
Balances at September 30, 2015	147	752	47	(431)	515	-	515

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE WIND TELECOMUNICAZIONI GROUP AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

1 INTRODUCTION

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

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

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

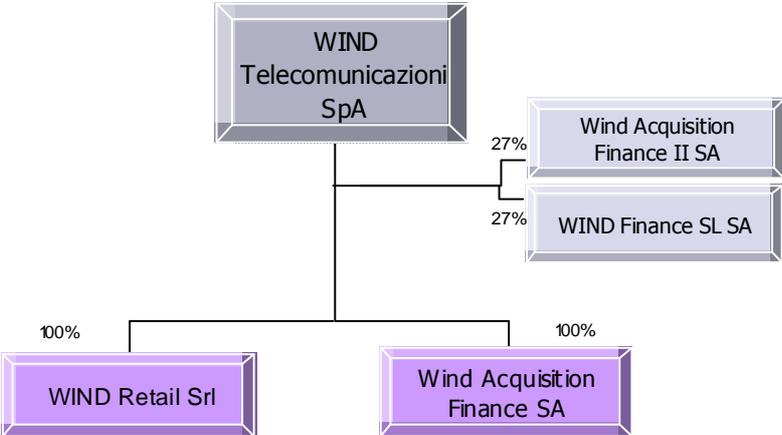
The Parent WIND Telecomunicazioni SpA is controlled by Wind Telecom SpA through WIND Acquisition Holdings Finance SpA, which wholly owns WIND Telecomunicazioni SpA.

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

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.

The consolidated interim financial statements as of and for the nine-month period ended September 30, 2015 include the financial statements of the Parent WIND Telecomunicazioni SpA and those of its subsidiaries.

The following diagram outlines the structure of the WIND Group at September 30, 2015.



During the nine-month period ended September 30, 2015 the Group produced a profit before tax of €434 million (loss of €780 million for the nine-month period ended September 30, 2014) and a profit for the period from continuing operations of €365 million (loss of €661 million for the corresponding period). This result reflects the increase in operating income mainly due to the gain on the sale of Galata SpA and to lower negative net finance expense mainly due to the refinancing operations completed in 2014 and in March 2015 which offset the negative effect of the competitive pressure on revenues.

On March 26, 2015 the Parent completed the transaction for the sale to Cellnex Telecom SA (formerly named Abertis Telecom Terrestre SAU) of 90% of the shares of Galata SpA (company formed on February 18, 2015 through the contribution of the business unit "Tower Development" consisting of 7,377 towers together with the relevant functions, employees and related contracts) for a total cash consideration of 693 million euro (the proceeds of the transaction have been used to repay debt and reduce leverage) and, at the same time, WIND entered into a Tower Services Agreement for an initial term of 15 years with Galata SpA for the provision of a broad range of services on the contributed sites and sites subsequently built by Galata hosting WIND equipment. The transaction was completed on March 26, 2015.

On March 30, 2015, the subsidiary Wind Acquisition Finance SA issued the Senior Secured Notes for a total amount of 775 million of euro and maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020 (issued on July 2014) for €375 million with a coupon of 4%. The Group used the cash obtained from new bond issues and the renegotiation of new senior facilities maturing in 2018 (700 million euro), and a part of the consideration from the sale of Galata SpA (500 million euro), to refinance the previous Senior Facility Agreement.

The solid commercial performance and ongoing cost structure optimization process has enabled the WIND Group to maintain its competitive position during the first nine months of 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. In addition, 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 the last part of 2015, the Group will continue to explore and develop the most promising opportunities arising from the combination of new technologies and new needs expressed by the market, with a particular focus on digital channels in terms of new services, customer interaction and process efficiencies. The Group will continue to consolidate its position in the mobile, fixed-line voice and internet segments as well as developing its convergent business model, while focusing on the optimization of its cost structure.

2 GENERAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated interim financial statements of WIND Telecomunicazioni SpA as of and for the nine-month period ended September 30, 2015 have been prepared on a going concern basis and in accordance with the IFRS endorsed by the European Union.

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

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

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

The income statement and statement of comprehensive income figures provided relate to the nine months ended September 30, 2015.

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

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

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

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

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

These consolidated financial statements were approved by the Parent's Board of Directors on November 2, 2015.

2.2 Accounting standards and interpretations

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

Accounting standards, amendments and interpretations adopted from 1 January 2015

The standards and interpretations applicable and adopted by the Group in the preparation of the consolidated interim financial statements at September 30, 2015 are the same as those used in preparation of the consolidated financial statements as of and for the year ended December 31, 2014.

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

The following standards and interpretations had been issued at the date of these notes but were not yet effective for the preparation of these consolidated financial statements at September 30, 2015.

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

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

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

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

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

3 BASIS OF CONSOLIDATION

The consolidated interim financial statements as of and for the nine-month period ended September 30, 2015 include the financial statements of WIND Telecomunicazioni SpA and those entities over which the company exercises control, both directly or indirectly, from the date of acquisition to the date when such control ceases. Control may be exercised through direct or indirect ownership of shares with majority voting rights, or by exercising a dominant influence expressed as the direct or indirect power, based on contractual agreements or statutory provisions, to determine the financial and operational policies of the entity and obtain the related benefits, regardless of any equity relationships. The existence of potential voting rights that are exercisable or convertible at the reporting date is also considered when determining whether there is control or not.

There are no changes in the scope of consolidation compared to the consolidated interim financial statements as of and for the nine-month period ended September 30, 2014.

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

4 ACQUISITIONS AND DISPOSALS

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

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

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

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

<i>(millions of euro)</i>	Carrying amount
Assets	
Property, plant and equipment	234
Deferred tax assets	1
Trade receivables	1
Other receivables	50
Cash and cash equivalents	24
Liabilities	
Provisions	14
Trade payables	19
Other payables	5
Net assets sold	272

The sale of the investment in Galata SpA led to the recognition of a gain of €491 million, after selling costs and the effects arising from the recognition of the residual 10% of the investment.

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

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

5 REVENUE

The following table provides an analysis of **Revenue** for the nine months and for the third quarter of 2015 compared with the corresponding periods of 2014.

<i>(millions of euro)</i>	2015		2014		Change			
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Revenue from sales	188	158	30	19.0%	66	49	17	34.7%
- Telephone services	2,603	2,737	(134)	(4.9)%	881	918	(37)	(4.0)%
- Interconnection traffic	282	284	(2)	(0.7)%	95	95	-	0.0%
- International roaming	31	29	2	6.9%	16	14	2	14.3%
- Judicial authority services	5	5	-	0.0%	2	2	-	0.0%
- Other revenue from services	84	77	7	9.1%	30	26	4	15.4%
Revenue from services	3,005	3,132	(127)	(4.1)%	1,024	1,055	(31)	(2.9)%
Total	3,193	3,290	(97)	(2.9)%	1,090	1,104	(14)	(1.3)%

The item shows a decrease for the nine months of 2015 compared with 2014 of 2.9%. This effect is mainly due to a decrease in revenue from telephone services, only partially offset by an increase in revenue from sales.

The *Telephone services* are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 4.9% in the first nine months of 2015 compared with 2014, thanks to the substantial maintenance in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

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

6 OTHER REVENUE

Other revenue amounts in total to €57 million in the nine months of 2015 decreasing of € 164 million over the corresponding period of 2014 and refers principally to the revisions of estimates of accruals made in previous years. The decrease compared to the nine-month period ended September 30, 2014 is mainly due to €105 million recorded, by the Parent in *other revenues* in the consolidated income statement as of and for the period ended September 30, 2014 following the agreements entered in 2014.

7 PURCHASES AND SERVICES

The following table provides an analysis of *Purchases and services* for the nine months and for the third quarter of 2015 compared with the corresponding periods of 2014.

<i>(millions of euro)</i>	2015 9 months	2014 9 months	Change		2015 III quarter	2014 III quarter	Change	
			Amount	%			Amount	%
Interconnection traffic	424	461	(37)	(8.0)%	143	152	(9)	(5.9)%
Customer acquisition costs	125	145	(20)	(13.8)%	41	48	(7)	(14.6)%
Lease of civil/technical sites and use of third party assets	147	185	(38)	(20.5)%	42	61	(19)	(31.1)%
Purchases of raw materials, consumables, supplies and goods	192	161	31	19.3%	53	21	32	152.4%
Rental of local network and circuits	299	323	(24)	(7.4)%	99	104	(5)	(4.8)%
Advertising and promotional services	65	74	(9)	(12.2)%	17	20	(3)	(15.0)%
Outsourcing costs for other services	179	92	87	94.6%	72	29	43	148.3%
Maintenance and repair	43	66	(23)	(34.8)%	12	22	(10)	(45.5)%
Utilities	83	100	(17)	(17.0)%	27	37	(10)	(27.0)%
National and international roaming	22	23	(1)	(4.3)%	10	10	-	0.0%
Consultancies and professional services	23	23	-	0.0%	8	10	(2)	(20.0)%
Change in inventories	(14)	1	(15)	n.m.	9	29	(20)	(69.0)%
Other services	97	99	(2)	(2.0)%	32	39	(7)	(17.9)%
Total purchases and services	1,685	1,753	(68)	(3.9)%	565	582	(17)	(2.9)%

The change in this item is essentially due to the combined effect of the following increases and decreases compared to the nine-month period ended September 30, 2014:

- a decrease of € 38 million in *Lease of civil/technical sites and use of third party assets* 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;
- a decrease of €37 million in *Interconnection traffic* costs mainly due to a general decline in international termination tariffs and to a decrease in the volume of SMS traffic;
- a decrease of €24 million in *Rental of local network and circuits* mainly due to a decrease in WLR, ULL and Bitstream volumes;
- a decrease of €23 million in *Maintenance and Repair* costs as the result of optimizing network maintenance and spare parts management contracts;
- a decrease of €20 million in the *Customer Acquisition Cost* mainly due to a decrease of commissions for new activations and commissions for the sale of scratch cards;
- an increase of €87 million in Outsourcing costs for other services mainly arising from the service contract with Galata SpA entered into as part of the agreement with Cellnex Telecom, for which further details may be found in note 4.

8 OTHER OPERATING COSTS

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

<i>(millions of euro)</i>	2015 9 months	2014 9 months	Change		2015 III quarter	2014 III quarter	Change	
			Amount	%			Amount	%
Impairment losses on trade receivables and current assets	77	85	(8)	(9.4)%	25	27	(2)	(7.4)%
Accruals to provision for risks and charges	(6)	8	(14)	(175.0)%	(10)	2	(12)	(600.0)%
Annual license and frequency fees	29	24	5	20.8%	10	8	2	25.0%
Other operating costs	13	16	(3)	(18.8)%	4	7	(3)	(42.9)%
Total other operating costs	113	133	(20)	(15.0)%	29	44	(15)	(34.1)%

9 PERSONNEL EXPENSES

The following table provides an analysis of *Personnel expenses* for the nine months and for the third quarter of 2015 compared with the corresponding periods of 2014.

<i>(millions of euro)</i>	2015 9 months	2014 9 months	Change		2015 III quarter	2014 III quarter	Change	
			Amount	%			Amount	%
Wages and salaries	196	209	(13)	(6.2)%	62	65	(3)	(4.6)%
Social security charges	54	56	(2)	(3.6)%	17	17	-	0.0%
Other personnel expenses	9	9	-	0.0%	3	2	1	50.0%
Post-employment benefits	13	16	(3)	(18.8)%	4	6	(2)	(33.3)%
(Costs capitalized for internal works)	(50)	(51)	1	(2.0)%	(16)	(16)	-	0.0%
Total personnel expenses	222	239	(17)	(7.1)%	70	74	(4)	(5.4)%

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

In addition, the average number of employees fell by 76 in the first nine months of 2015, mainly due to the sale finalized on March 26, 2015 of 90% of Galata SpA, for which further details may be found in note 4.

10 DEPRECIATION AND AMORTIZATION

The following table provides an analysis of **Depreciation and amortization** for the nine months and for the third quarter of 2015 compared with the corresponding periods of 2014.

<i>(millions of euro)</i>	2015	2014	Change		2015	2014	Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Depreciation of property, plant and equipment								
- Plant and machinery	504	516	(12)	(2.3)%	166	172	(6)	(3.5)%
- Industrial and commercial equipment	8	9	(1)	(11.1)%	2	3	(1)	(33.3)%
- Other assets	15	16	(1)	(6.3)%	5	5	-	0.0%
Amortization of intangible assets with finite lives								
- Industrial patents and similar rights	84	85	(1)	(1.2)%	28	28	-	0.0%
- Concessions, licenses, trademarks and similar rights	143	144	(1)	(0.7)%	47	48	(1)	(2.1)%
- Other intangible assets	121	139	(18)	(12.9)%	39	44	(5)	(11.4)%
Total depreciation and amortization	875	909	(34)	(3.7)%	287	300	(13)	(4.3)%

Depreciation and amortization decrease by €34 million over the first nine months of 2014. Of this €14 million relates *Plant and machinery* mainly due to the sale of 90% of Galata SpA, for which further details may be found in note 4; and €20 million to *Other intangible assets* mainly due to the decreasing trend of the capitalization of customer acquisition cost.

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

Gains (Losses) on disposal of non-current assets amounts in total to €484 million in the nine months of 2015, an increase of €487 million over the corresponding period of 2014 and refers principally to the gain of €491 million arising from the sale of 90% of Galata SpA for which details may be found in note 4.

12 FINANCE INCOME AND EXPENSE

Financial management generated a negative net finance expense of €389 million in the first nine months of 2015 (€1.216 million in the first nine months of 2014).

The following table provides an analysis of **Finance income** for the nine months and for the third quarter of 2015 compared with the corresponding periods of 2014.

<i>(millions of euro)</i>	2015	2014	Change		2015	2014	Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Income from derivative financial instruments no hedge accounting	61	6	55	n.m.	(7)	-	(7)	n.m.
Other	70	39	31	79.5%	25	(10)	35	n.m.
Total finance income	131	45	86	191.1%	18	(10)	28	(280.0)%

The increase in this item is mainly due to the effects arising from the positive ineffectiveness recorded on hedging derivatives by €44 million and the fair value measurement of the embedded derivatives on the bonds that led to the recognition of income of €17 million at September 30, 2015, compared to the income of €6 million and loss of €68 million at September 30, 2014 .

Other financial income at September 30, 2015 consists mainly of the interest of €70 million arising on the receivable from the parent Wind Acquisitions Holdings Finance SpA (€37 million at September 30, 2014) under the intercompany agreements entered in April 23, 2014 and in August 4, 2014, for which details may be found in note 16.

The following table provides an analysis of **Finance expense** for the nine months and for the third quarter of 2015 compared with the corresponding periods of 2014.

<i>(millions of euro)</i>	2015	2014	Change		2015	2014	Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Interest expense on:								
Bond issues	(427)	(907)	480	(52.9)%	(146)	(406)	260	(64.0)%
Bank loans	(93)	(133)	40	(30.1)%	(14)	(55)	41	(74.5)%
Discounted provisions	(1)	(1)	-	0.0%	-	-	-	n.m.
Hedge accounting effect	62	(142)	204	(143.7)%	24	(68)	92	(135.3)%
Impairment losses on financial assets	(18)	-	(18)	n.m.	-	-	-	n.m.
Expenses from derivative financial instruments no hedge accounting	(10)	(68)	58	(85.3)%	(10)	(15)	5	(33.3)%
Other	(33)	(10)	(23)	230.0%	(7)	19	(26)	(136.8)%
Total finance expense	(520)	(1,261)	741	(58.8)%	(153)	(525)	372	(70.9)%

Finance expense consists mostly of accrued interest on financial liabilities outstanding at September 30, 2015, for which further details may be found in note 21 and the positive effect of hedge accounting for derivatives by €62 million (negative effect of €142 million at September 30, 2014).

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

repayment, on July 2014, of the Senior Notes 2018 and v) the placement completed on March 30, 2015 of a 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 change in *bank loan interest* is due to the refinancing operation of the Senior Facility Agreement completed in March 30, 2015 which led to: i) the decrease in the notional to €700 million through partial repayments, ii) the remodulation of the maturity from 2018 to 2019 and iii) the release of €34 million of suspended fees relating the tranches reimbursed. More details may be found in note 21.

In addition finance expense for the quarter ended September 30, 2015 also includes the negative effect arising from the write-down of the investment in SPAL TLC SpA, for which further details may be found in note 16.

The effects of the refinancing operations completed in April 2014 and July 2014 led to additional financial expense at September 30, 2014 of €630 million relating to a redemption premium, the release of the residual fees included in amortized cost, the cost resulting from the extinction of the embedded derivatives, and the cost relating to hedging derivatives which have been closed. In addition, *Other interest* at September, 30 2014 consisted also of the positive effect of €31 million relating to the release of a financial provision recorded in 2013.

13 INCOME TAX

The following table provides an analysis of **Income tax** for the nine months and for the third quarter of 2015 compared with the corresponding periods of 2014.

<i>(millions of euro)</i>	2015		2014		Change		2015		2014		Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%	III quarter	III quarter	Amount	%
Current tax	(76)	(49)	(27)	55.10%	(20)	(22)	2	(9.1)%	(20)	(22)	2	(9.1)%
Previous years income taxes	6	4	2	50.00%	9	11	(2)	(18.2)%	9	11	(2)	(18.2)%
Deferred tax	1	164	(163)	(99.4)%	(1)	91	(92)	(101.1)%	(1)	91	(92)	(101.1)%
Total income taxes	(69)	119	(188)	(158.0)%	(12)	80	(92)	(115.0)%	(12)	80	(92)	(115.0)%

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

- current income taxes expense of €76 million (of which €54 million for IRES tax and €22 million for IRAP tax) charged on the consolidated taxable income for the period;
- previous years lower income taxes of €6 million;
- net deferred tax income of €1 million, arising from the release of €19 million in deferred tax assets and from the release of deferred tax liabilities of €20 million.

14 PROPERTY, PLANT AND EQUIPMENT

The following table sets out the changes in *Property, Plant and Equipment* during the first nine months of 2015.

<i>(millions of euro)</i>	Carrying amount at December 31, 2014	Additions	Depreciation	Disposals	Change in the scope of consolidation	Others	Carrying amount at September 30, 2015
Land and buildings	1	-	-	-	-	-	1
Plant and machinery	3,023	261	(504)	(7)	(234)	114	2,653
Equipment	22	5	(8)	-	-	1	20
Other	49	2	(15)	-	-	5	41
Assets under construction	178	108	-	-	-	(118)	168
Total	3,273	376	(527)	(7)	(234)	2	2,883

The cost, accumulated impairment losses and accumulated depreciation at September 30, 2015 can be summarized as follows.

<i>(millions of euro)</i>	At September 30, 2015			Carrying amount
	Cost	Accumulated impairment losses	Accumulated depreciation	
Land and buildings	1	-	-	1
Plant and machinery	10,740	97	7,990	2,653
Equipment	161	-	141	20
Other	495	-	454	41
Assets under construction	168	-	-	168
Total	11,565	97	8,585	2,883

The decrease in this item of €390 million is essentially due to the sale finalized on March 26, 2015 of 90% of Galata SpA, for which further details may be found in note 4.

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

15 INTANGIBLE ASSETS

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

<i>(millions of euro)</i>	Carrying amount at December 31, 2014	Additions	Amortization	Others	Carrying amount at September 30, 2015
Industrial patents and intellectual property rights	260	70	(84)	16	262
Concessions, licenses, trademarks and similar rights	3,970	-	(143)	-	3,827
Other intangible assets	412	52	(121)	15	358
Goodwill	3,605	-	-	-	3,605
Assets under development	36	33	-	(33)	36
Total	8,283	155	(348)	(2)	8,088

The cost, accumulated impairment losses and accumulated amortization at September 30, 2015 can be summarized as follows.

<i>(millions of euro)</i>	At September 30, 2015			Carrying amount
	Cost	Accumulated impairment losses	Accumulated amortization	
Industrial patents and intellectual property rights	1,809	13	1,534	262
Concessions, licenses, trademarks and similar rights	5,779	1	1,951	3,827
Other intangible assets	1,870	-	1,512	358
Goodwill	3,609	4	-	3,605
Assets under development	37	-	-	36
Total	13,104	18	4,997	8,088

The investments made in the period relate mainly to capitalization of customer acquisition costs and software. No impairment tests were carried out on these assets at September 30, 2015 given the absence of impairment indicators.

16 FINANCIAL ASSETS

The following table sets out *Financial assets* at September 30, 2015 and at December 31, 2014 .

<i>(millions of euro)</i>	At September 30, 2015			At December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets measured at cost	79	-	79	15	-	15
Derivative financial instruments	916	-	916	412	-	412
Financial receivables	1,056	44	1,100	993	23	1,016
Total	2,051	44	2,095	1,420	23	1,443

Financial assets measured at cost, amounting to €79 million, consist of investments where the Group does not exert control. In this respect the increase over December 31, 2014 is mainly the result of the combined effect of the following factors: i) the disposal of the investment in SPAL TLC SpA, which had a carrying amount of €13 million at December 31, 2014, and ii) recognition of the value of the residual investment of 10% of Galata SpA, amounting to €77 million, following the sale finalized on March 26, 2015 of 90% of the subsidiary (for further details may be found in note 4).

The item *Derivative financial instruments* includes the positive fair value of derivative financial instruments of €916 million for which details may be found in note 22.

The *Financial receivables*, amounting €1,101 million at September 30, 2015 mainly include:

- for €1,089 million the loans granted by WIND to the parent WIND Acquisition Holdings Finance SpA resulting from the two intercompany agreements signed on April 23, 2014 and August 4, 2014 respectively (of which €41 million relating accrued interest). In particular, the first one, with a nominal value of €1,011 million including capitalized interests at September 30, 2015 has an annual fixed interest rate of 9% and repayment date in April 2024. The second loan with a nominal value up to €75 million (with reimbursement

in August 2024 and annual fixed interest rate of 8.5%) was disbursed for €37 million at September 30, 2015, including capitalized interests;

- the residual value of the transaction costs for the unused portion of bank loans renegotiated as a result of refinancing operation for which details may be found in note 21 equal to €7 million, which are charged to income statement on a straight-line basis over the term of the agreement.

17 DEFERRED TAX ASSETS AND LIABILITIES

The following tables provide the variation of *Deferred tax assets* and *Deferred tax liabilities* by origin at September 30, 2015 and at December 31, 2014 .

<i>(millions of euro)</i>	At December 31, 2014	Decrease	Increase	At September 30, 2015
Allowance for doubtful accounts (taxed)	69	12	20	77
Provisions for risks and charges (taxed)	26	7	4	23
Measurement of financial assets/liabilities	163	37	-	126
Amortization and depreciation of non-current assets	50	6	2	46
Revenue	-	-	-	-
Deferred tax assets	308	62	26	272
Employee benefits	2	-	-	2
Accelerated depreciation and amortization	12	1	-	11
Fair value of Property, plant, and equipment	57	7	-	50
Depreciation of Purchase Price Allocation	563	16	2	549
Measurement of financial assets/liabilities	-	-	1	1
Deferred tax liabilities	634	24	3	613

Deferred tax assets at September 30, 2015 and December 31, 2014 which relate to items recognized directly in other components of profit or loss relate mainly to the transactions on derivatives hedging cash flows, as described in further detail in note 22.

18 EQUITY

The following table sets out the composition of Shareholders' *Equity* at September 30, 2015 and December 31, 2014.

<i>(millions of euro)</i>	At September 30, 2015	At December 31, 2014
Issued Capital	147	147
Share premium reserve	752	752
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	(384)	(788)
- Reserve for remeasurements of employee defined benefit plans (IAS19)	(1)	(1)
- Cash flow reserve	(15)	(54)
- Legal reserve	29	29
- Sundry reserves and retained earnings (accumulated losses), including profit (loss) for the year	(397)	(762)
Equity attributable to the owners of the parent	515	111
Total Equity	515	111

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

Changes in the Group's equity during the period mainly arose from the increase in the cash flow hedge reserve, as well as the loss for the period, as the effect of the transactions on hedging derivatives on cash flows, as described in further detail in note 22. The following table shows the changes in the cash flow hedge reserve.

<i>(millions of euro)</i>	Interest rate risk			Foreign currency risk			Cash Flow Hedge Reserve
	Gross reserve	Tax effect	Total	Gross reserve	Tax effect	Total	
At December 31, 2014	(67)	-	(67)	20	(6)	14	(54)
Changes in fair value	19	-	19	98	(29)	69	88
Reverse to income statement	7	-	7	(79)	23	(56)	(49)
At September 30, 2015	(41)	-	(41)	39	(12)	27	(15)

The share capital of the parent WIND Telecomunicazioni SpA at September 30, 2015 consisted of 146,100,000 ordinary shares with no nominal value, fully subscribed and paid up by the sole shareholder WIND Acquisition Holdings Finance SpA.

Despite the encumbrances on the pledged shares underlying the share capital of the Parent held by WIND Acquisition Holdings Finance SpA, the voting rights at shareholders' meetings of the Parent are retained by WIND Acquisition Holdings Finance SpA by express contractual agreement as an exception to the provisions of paragraph 1, article 2352 of the Italian Civil Code.

19 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to the owners of the Parent; profit refers to continuing operations and discontinued operations. Both basic and diluted earnings per share have been calculated by using as a denominator the weighted average for the period of the number of outstanding shares, since there were no diluting effects at September 30, 2015 or September 30, 2014.

20 PROVISIONS

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

<i>(millions of euro)</i>	At December 31, 2014	Increase s	(Utilization)	(Release)	Change in the scope of consolidation	At September 30, 2015
Litigation	83	7	(20)	(2)	-	68
Universal service contribution	17	-	-	(12)	-	5
Product assistance	1	1	-	-	-	2
Dismantling and removal	38	-	-	-	(14)	24
Other provisions	37	11	(8)	-	-	40
Total	176	19	(28)	(14)	(14)	139

This item decreased by €37 million at September 30, 2015, as the net of accruals made principally for certain and probable liabilities arising from the obligations undertaken by the Group and the amounts utilized/released during the period. In this respect, as the result of the sale finalized on March 26, 2015 of 90% of Galata SpA, the dismantling and removal provision decreased of €14 million. Further details of this may be found in note 4.

21 FINANCIAL LIABILITIES

The following table sets out an analysis of *Financial liabilities* at September 30, 2015 and changes with respect to December 31, 2014 .

<i>(millions of euro)</i>	At September 30, 2015			At December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Bonds issues	10,014	196	10,210	8,843	142	8,985
Bank loans	670	1	671	1,722	166	1,888
Loans from others	128	21	149	228	105	333
Derivative financial instruments	39	16	55	74	-	74
Total financial liabilities	10,851	234	11,085	10,867	413	11,280

The following tables provide the most important information regarding bank loans and bond issues outstanding at September 30, 2015.

<i>(millions of euro)</i>	Carrying amount at 09/30/2015	Carrying amount at 12/31 2014	Nominal amount at 09/30/2015	Residual Commitment	Currency	Due date	Interest rate
Senior Facility Agreement							
- Term Loan B1	671	-	700	700	EUR	11/26/2019	Euribor+4.25
- RCF R1	-	-	-	400	EUR	11/26/2019	Euribor+4.25
- Tranche A3	-	3	-	-	EUR	11/26/2018	Euribor+4.25
- Tranche A4	-	169	-	-	EUR	11/26/2018	Euribor+4.25
- Tranche B3	-	1,089	-	-	EUR	11/26/2019	Euribor+4.50
- Tranche B4	-	483	-	-	EUR	11/26/2019	Euribor+4.75
- Revolving	-	100	-	-	EUR	01/19/2015	Euribor+4.25
Overdrafts	-	42	-	-			
Other accrued interest	-	2	-	-			
Total	671	1,888	700	1,100			

<i>(millions of euro)</i>								
	Carrying amount at 09/30/2015	Carrying amount at 12/31/2014	Nominal amount at 09/30/2015	Issue price	Currency	Due date	Interest rate	Price
Senior Secured Floating Rate Notes 2020 €	399	-	400	100%	EUR	07/15/2020	Euribor 3M+4.125%	99.6%
Senior Secured Notes tap 2020 €	379	-	375	100%	USD	07/15/2020	4.00%	98.8%
Senior Secured Floating Rate Notes 2019 €	149	149	150	100%	EUR	04/30/2019	Euribor 3M+5.25%	100.0%
Senior Secured Fixed Rate Notes 2020 \$	499	452	492	100%	USD	04/30/2020	6.50%	103.9%
Senior Notes 2021 €	1,784	1,752	1,750	100%	EUR	04/23/2021	7.00%	99.6%
Senior Notes 2021 \$	2,595	2,333	2,505	100%	USD	04/23/2021	7.38%	98.0%
Senior Secured Notes 2020 €	2,102	2,122	2,100	100%	EUR	07/15/2020	4.00%	98.8%
Senior Secured Notes 2020 \$	1,730	1,605	1,700	100%	USD	07/15/2020	4.75%	98.9%
Floating Rate Senior Secured Notes 2020 €	573	572	575	100%	EUR	07/15/2020	Euribor 3M+4%	99.4%
Totale	10,210	8,985	10,047					

The following table provides the breakdown of effective interest rates and lending currency, net of derivative financial instruments, of loans at September 30, 2015.

<i>(millions of euro)</i>						
	At September 30, 2015					Total
	<5%	5%<x<7.5%	7.5%<x<10%	10%<x<12.5%	12.5%<x<15%	
Euro	3,456	2,644	31	130	-	6,261
US dollars	1,707	499	2,563	-	-	4,769
Total	5,163	3,143	2,594	130	-	11,030

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

The renegotiated Senior Facility Agreement contains new financial covenants which the Group must test if the amount drawn down from the Revolving Credit Facility ("RCF") exceeds 35% of the total. No amounts had been drawn down from the RCF at September 30, 2015.

The change in the balances in Loans from others results essentially from: i) the full repayment of €162 million made by the Parent on April 29, 2015, 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, and ii) the repayment during the period of €18 million relating to the principal of loan from other banks against the deferred repayment plan of the fair value of the derivative instruments that were repaid with the refinancing of the Group's debt of November 26, 2010.

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

22 DERIVATIVE FINANCIAL INSTRUMENTS

The following table provides details of the outstanding *Derivative financial instruments* at September 30, 2015 and changes over December 31, 2014, analyzed by the type of risk hedged.

	At September 30, 2015		At December 31, 2014	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
- Exchange rate risk	623	-	265	-
- Interest rate risk	-	55	-	74
Total cash flow hedges	623	55	265	74
- Exchange rate risk	267	-	141	-
Total fair value hedges	267	-	141	-
- Embedded derivatives on Bonds	26	-	6	-
Total Derivatives Non Hedge Accounting	26	-	6	-
Total	916	55	412	74

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

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

	At September 30, 2015		At December 31, 2014	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
Current	-	16	-	-
Non current	916	39	412	74
Total derivatives	916	55	412	74

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

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

23 NET FINANCIAL DEBT

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

<i>(millions of euro)</i>	At September 30, 2015	At December 31, 2014
Bonds issues	10,014	8,844
Bank loans	670	1,722
Loans from other	128	228
Derivative financial instruments	39	74
Non-current financial liabilities	10,851	10,868
Bonds issues	196	142
Bank loans	1	166
Loans from others	21	105
Derivative financial instruments	16	0
Current financial liabilities	234	413
TOTAL GROSS FINANCIAL DEBT	11,085	11,281
Cash and cash equivalents	(147)	(203)
Derivative financial instruments	-	-
Financial receivables	(42)	(21)
Current financial assets	(42)	(21)
Derivative financial instruments	(916)	(412)
Financial receivables	(1,055)	(991)
Non-current financial assets	(1,971)	(1,403)
NET FINANCIAL DEBT	8,925	9,654

The net financial debt does not include the guarantee deposits for an amount of €3 million (classified both in current and non-current financial receivables) and €4 million at September 30, 2015 and at December 31, 2014, respectively.

24 CASH FLOW STATEMENT

Cash flows from operating activities, amounting to €477 million in the first nine months of 2015, increased €209 million over the previous period of 2014, mostly as an effect of the changes in working capital relating to the settlement of current assets and liabilities.

Cash flow from investing activities totalling €118 million during the first nine months of 2015, representing an increase of €1,382 million over the previous period of 2014 due mainly to the sale of Galata SpA, for which details may be found in note 4, only partially offset by an increase over the first nine months of 2014 in investments in fixed assets of €32 million. In addition, during the first nine months of 2014 cash flow from investing activities used cash totalling €1,264 million mainly due to the disbursement to the parent Wind Acquisition Holdings Finance SpA of a loan of €931 million and the settlement by offset of the loan of the parent to the indirect parent Wind Telecom SpA based on the Intercompany Loan Agreement of November 29, 2010 of €163 million.

Financing activities used cash of €651 million during the first nine months of 2015, mainly as the effect of:

- the repayment of balance of the tranche at March 30, 2015 by an amount of €1,782 million;
- the issue on March 30 2015 of a new bond Senior Secured Notes for a total amount of €775 million and maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020, currently in circulation, for €375 million with a coupon of 4%;
- the renegotiation on March 12, 2015 of new senior facilities maturing in 2018 (€700 million);
- the repayment of €100 million of the revolving tranche of the Senior Facility Agreement;
- the payment of €19 million of fees, mainly related to refinancing operation finalized on March 30 2015;
- the repayment of €18 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 September 30, 2015 included the repayment of overdraft for an amount of €42 million.

During the first nine months of 2014 cash flow from investing activities totalling €998 million mainly due to: i) the early repayment of €2,694 million of the Senior Secured Notes 2017, ii) the issue of a new bond Senior Notes due 2021 of €3,780 million, iii) the issue of a new bond Senior Notes due 2020 and 2019 of €4,059 million, iv) the early repayment of €573 million of the non-extended part of the Senior Credit Facilities, v) the early repayment of €3,200 million of Senior Secured Notes 2018, vi) the use of cash of €50 million of the revolving tranche of the Senior Facility Agreement, vii) the payment of € 366 million of fees, mainly related to new Senior Notes 2021, viii) the repayment of €50 million of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt, and ix) the decrease of €5.6 million of the overdraft.

Moreover, in order to ensure better comparison of the items in the two periods under comparison, reclassifications have been made to the balances of Additional Information of the Cash Flow Statement for September 30, 2014 with the following effects: lower *Income taxes paid* of €46 million and higher *Interest paid on loans/bonds* of €17 million.

25 RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

In reference to transactions with the parent Wind Acquisition Holdings Finance SpA, on April 23, 2014 and on August 4, 2014 two intercompany loans of up to €925 million (fully disbursed at September 30, 2015) and up to €75 million (which €36 million disbursed at September 30, 2014) were signed, for which details may be found in note 16.

In addition, on April 23, 2014 the receivable of €163 million for the intercompany loan based on the agreement of November 29, 2010 between the Parent Company and the indirect parent Wind Telecom SpA was used to partially offset the liability arising from the transfer by the Parent Company of IRES corporate income tax liabilities as the result of adhesion to the national tax consolidation procedure with Wind Telecom SpA, while the remaining balance of €142 million due by WIND to the indirect parent Wind Telecom SpA was transferred by the latter on the same date to the direct parent Wind Acquisition Holdings Finance SpA.

During the period ended September 30, 2015, Group companies did not hold treasury shares of the Parent WIND Telecomunicazioni SpA, either directly or through trustees, or hold shares of the parent WIND Acquisition Holdings Finance SpA, or hold investments in the indirect parent Wind Telecom SpA.

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

(thousands of euro)

Period ended September 30, 2015

	Revenue	Finance income/ (expense)	Foreign exchange gains/(losses) net	Expenses	Trade receiv.	Other receiv.	Financial receiv.	Trade payables	Other payables
Armenija Telefon Kompani	11	-	-	2	1	-	-	18	-
DiGi (Malaysia)	7	-	-	1	7	-	-	1	-
DTAC/UCOM (Thailand)	7	-	-	16	2	-	-	7	-
GrameenPhone	57	-	-	32	16	-	-	41	-
KaR-Tel	77	-	-	5	4	-	-	11	-
Kievstar	597	-	-	17,658	-	78	-	7,570	-
Maritim Communication Partner AS (Norway)	-	-	-	209	-	-	-	128	-
Mobitel LLC Georgia	9	-	-	6	-	-	-	9	-
Summit Technology Solutions (STS)	-	-	(1)	-	-	-	-	6	-
Orascom Telecom Algeria SpA	131	-	-	164	59	-	-	-	-
Orascom Telecom Bangladesh Ltd. (Banglalink)	7	-	-	12	290	-	-	-	-
Orascom Telecom Holding SAE	-	-	-	-	336	-	-	1,977	-
Pakistan Mobile Communications Ltd.	53	-	-	26	191	-	-	-	-
Powercom (Pty) Ltd T/A leo	2	-	-	6	1	-	-	3	-
SKY MOBILE LLC	1	-	-	1	-	-	-	1	-
Telenor Magyarorszag KFT (Hungary)	82	-	-	70	134	-	-	104	-
Telenor Mobile Communications AS (Norway)	117	-	-	16	-	-	-	15	-
Telenor Pakistan (Pakistan)	4	-	-	2	1	-	-	2	-
Telenor Serbia (Serbia)	51	-	-	32	45	-	-	35	-
Unitel	4	-	-	1	3	-	-	1	-
Vimpelcom ltd	1,536	-	-	-	-	4,496	-	-	56
VimpelCom Lao Co, Ltd	-	-	-	-	1	-	-	-	-
Vympel-Kommunikacii	901	-	-	5,897	2	-	-	1,315	-
Weather Capital Sarl	1	-	-	-	345	-	-	-	-
WIND Acquisition Holdings Finance SpA	33	69,595	-	-	-	2,091	1,089,305	-	141,985
Wind Telecom SpA	209	-	(457)	4,847	-	22,592	-	-	27,499
Galata SpA	972	-	-	99,099	-	5,435	-	841	90
Wind Acquisition Holdings Finance II SA	13	-	-	-	118	-	-	-	-
Wind Acquisition Holdings Finance SA	58	-	-	-	304	-	-	-	81
SPAL TLC S.p.A. *	99,188	-	-	9,500	-	-	-	-	-
Vimpelcom International services	-	-	-	4,162	-	876	-	23,202	-
Tacom LLC (Tajikistan)	33	-	-	-	-	-	-	-	-
Telenor Sverige AB	13	-	-	1	-	-	-	9	-
Weather Capital Special Purposes I SA	47	-	-	-	402	-	-	-	-
Klarolux Investments Sarl	13	-	-	-	75	-	-	-	-
Global Luxembourg SARL	13	-	-	-	68	-	-	-	-
Global Telecom SARL	13	-	-	-	68	-	-	-	-
Global Telecom Finance SCA	13	-	-	-	68	-	-	-	-
Global Luxembourg Finance SCA	13	-	-	-	68	-	-	-	-
Global Telecom Acquisition	11	-	-	-	57	-	-	-	-
Global Telecom One Sarl	11	-	-	-	57	-	-	-	-
Global Telecom Oscar	19	-	-	-	98	-	-	-	-
VimpelCom Amsterdam B.V.	-	-	-	-	-	4,443	-	-	542
Cosmo Bulgaria Mobile EAD	51	-	-	61	18	-	-	45	-
Total	104,378	69,595	(458)	141,826	2,839	40,011	1,089,305	35,341	170,253

*payables to Wind Telecom SpA relate in the amount of €3,822 thousand and of €1,377 thousand to the transfer by the Parent and by the subsidiary WIND Retail Srl of its corporate income tax (IRES) payables to Wind Telecom SpA following the choice to take part in the national tax consolidation procedure with Wind Telecom SpA.

** revenue to SPAL TLC SpA include the revenue of WIND Telecomunicazioni SpA from the sale of phone cards (€90,186 thousand). On July 15, 2015 the Parent lost shareholder's role in SPAL TLC SpA and related balances of payables and receivables has been reclassified to third parties.

26 OTHER INFORMATION

Main pending legal proceedings

WIND is subject to various legal proceedings arising in the ordinary course of business. Below is a description of all material pending legal proceedings at September 30, 2015, excluding those situations in which the cost arising from a negative outcome of the proceedings cannot be estimated or for which a negative outcome is not considered probable.

Proceedings with agents

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

Proceedings concerning Misleading Advertising and Unfair Commercial Practices

Under Legislative decree no.146/2007, the Italian Antitrust Authority has the power to initiate proceedings concerning unfair commercial practices and misleading advertising and issue fines of up to €5 million for each proceeding (amount redefined by Law no. 135/12 August 2012). During 2015, three proceedings that were opened by AGCM against WIND for unfair commercial practices were closed with the payment of fines totaling €1.2 million and orders to cease the alleged unfair practices. WIND appealed before TAR Lazio, the Administrative Court of Lazio, the fines. In relation to one of the closed proceedings AGCM has challenged WIND for non-compliance with the order to stop the alleged underlying unfair practice, and has opened a further investigation. WIND appealed before TAR Lazio also the AGCM decision to open this further investigation.

Audit by the Italian Tax Authority

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

During first half of 2015 ADE revoked two tax assessments issued to certain Senior Lenders under the SFA arguing that no substitute tax is due. As a consequence ADE required to the relevant tax court to cease the controversy regarding such two tax assessment.

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

Contingent assets and liabilities

The WIND Group had the following contingent liabilities at September 30, 2015.

Proceedings Concerning Electromagnetic Radiation

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

Audit on dealers' fees

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

WIND/Crest One SpA

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

WIND-Antitrust Authority (A/357)

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

Fastweb/WIND

On January 2, 2014, Fastweb served a claim on WIND based on the antitrust proceedings no. A/357 – which in August 2007 condemned WIND and Telecom Italia for abuse of their dominant positions in the wholesale termination market in favour of their respective internal commercial divisions and to the detriment of the competitors in the fixed market (i.e. internal-external discriminatory application of economic and technical conditions for fixed-to-mobile on net and intercom calls to the business clients). Following a delay due to a substitution of the assigned judge, the first hearing, scheduled on October 8, 2014, has been postponed on March 4, 2015 and further postponed on May 14, 2015. The presiding judge has ascertained the correct appearance by the parties and scheduled the discussion hearing on September 24, 2015. After the discussion, the judge has considered worthwhile to take time for deciding the next procedural steps.

Guarantees

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

The collateral pledged by Group companies at September 30, 2015 as a security for liabilities may be summarized as follows:

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

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

A description is provided below of personal guarantees (sureties) issued mainly by banks and insurance companies on behalf of the Group and in favor of third parties in respect of commitments of various kinds. The total of these, amounting to €108,397 thousand at September 30, 2015 includes:

- sureties totaling €19,677 thousand issued by insurance companies, mainly relating to participation in tenders;
- sureties totaling €88,720 thousand issued by banks, relating to participation in tenders, of which €33,598 thousand in favor of the Minister for Economic Development for the participation in the tender procedure it had been awarded the frequency use rights in the 800, 1800, 2000 and 2600 MHz bands, to sponsorships, property leases, operations regarding prize competitions, events and excavation licenses.

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

27 SUBSEQUENT EVENTS

No significant events took place after the closing of this consolidated interim financial statements as of and for the period ended September 30, 2015 that would require adjustments or additional disclosures in the consolidated financial statements.