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Auditors' review report on the consolidated interim financial statements (Translation from the original Italian text into the English language solely for the convenience of international readers)

To the Board of Directors of
WIND Telecomunicazioni S.p.A.

1. We have reviewed the consolidated interim financial statements, comprising the consolidated income statement, the statement of consolidated comprehensive income, the statement of financial position, the consolidated cash flow statement, the statement of consolidated changes in equity and the related notes, of WIND Telecomunicazioni S.p.A. and its subsidiaries (the "WIND Group") as of September 30, 2013. Management of WIND Telecomunicazioni S.p.A. is responsible for the preparation of the consolidated interim financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with International Standard on Review Engagement 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. As a consequence, we do not express an audit opinion on the consolidated interim financial statements.

   The consolidated interim financial statements present the comparative financial data of the prior year and of the corresponding period of the prior year, some of which, as disclosed in the explanatory notes, were restated by Management as a result of the retrospective application of the amendment to IAS 19, with respect to the data previously presented, on which we issued our auditors' report and our review report on March 21, 2013 and on November 7, 2012, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements of WIND Group as of September 30, 2013 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome - November 8, 2013

Reconta Ernst & Young S.p.A.
Signed by: Luigi Facci, Partner

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WIND TELECOMUNICAZIONI GROUP

Consolidated interim financial statements as of and for the nine-month period ended September 30, 2013

WIND TELECOMUNICAZIONI GROUP

Report on operations at September 30, 2013

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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.

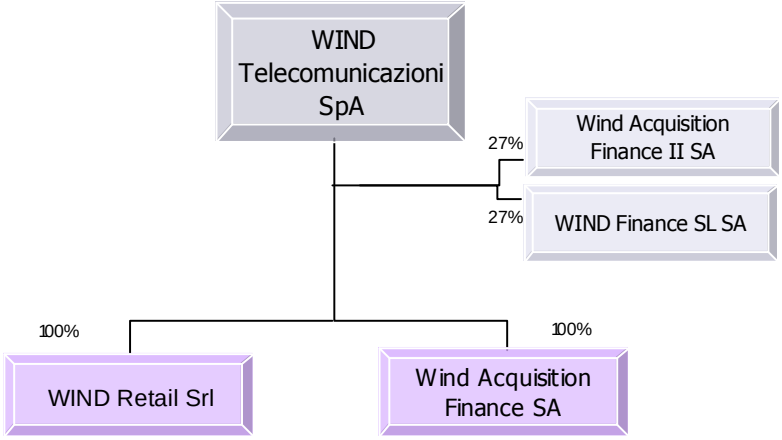
The following are the main offices of the Parent WIND Telecomunicazioni SpA:

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 SpA while WIND Acquisition Holdings Finance SpA holds 7.76%.

The following diagram outlines the structure of the WIND Group at September 30, 2013.



BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA

Board of Directors [1]

Chairman	Jo Olav Lunder
Directors	Maximo Ibarra, CEO
	Vincenzo Nesci
	Jeffrey David Mc Ghie

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 held on April 12, 2013 re-appointed Mr. Maximo Ibarra, co-opted by the Board of Directors of the Company held on May 11, 2012, as a member of the Board of Directors. Mr. Ibarra will hold office until the expiry of the mandate granted to the current Board of Directors that is the date of the shareholders' meeting of the Company convened for the approval of the Company's financial statements as at December 31, 2013. The Board of Directors meeting held on April 12, 2013 confirmed the appointment of Mr. Maximo Ibarra as Chief Executive Officer of the Company. On August 31, 2013 Mr. Cornelis Hendrik Van Dalen resigned from his office as Board member of the Company.

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

WIND GROUP HIGHLIGHTS AT SEPTEMBER 30, 2013

The operating and financial data reported below are taken from the Group's consolidated financial statements as of and for the year ended September 30, 2013, prepared in accordance with the IFRS endorsed by the European Union.

Below are the main indicators of the WIND's Group on September 30, 2013, with a comparison with the corresponding figures for 2012.

Operational data	**At September 30, 2013**	**At September 30, 2012**
Mobile customers (millions of SIM Cards)	22.4	21.5
Mobile ARPU (euro/month)	12.4	14.6
Fixed-line customers (millions of lines)	3.0	3.1
Fixed-line ARPU (euro/month)	30.8	31.4
Mobile network coverage[1]	99.84%	99.80%
Employees (headcount)	6,948	6,921

[1] As a percentage of the Italian population.

Income statement figures (millions of euro)	**2013 9 months**	**2012 9 months**
Revenue	3,746	4,058
EBITDA[1]	1,443	1,549
Operating income	493	712
Net finance expense	(671)	(672)
Loss for the year attributable to the owners of the parent	(259)	(88)

[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, 2013**	**At December 31, 2012**
Total assets	14,048	14,523
Equity attributable to		
owners of the parent	1,000	1,200
non-controlling interests	0.1	0.1
Total liabilities	13,048	13,323
Net financial indebtedness	9,221	9,151

Total **revenue** in the six months ended September 30, 2013, reached €3,746 million decreasing 8% over the same period of the previous year. This effect is mainly due to a decrease in revenue from *interconnection traffic*,, which the effect was partially offset by the increase in the *revenue from sales,* due to the increase in the sale of mobile telephone handsets. The *Telephone services* are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 5.2% thanks to an increase in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

EBITDA amounted to €1,443 million in the first nine months of 2013, a decrease of €106 million compared to the corresponding period of 2012.

Operating income for the first nine months of 2013 amounted to €493 million, a decrease of €219 million compared with the first nine months of 2012. This change is mostly due to the increased competitive pressure and the increase in depreciation and amortization as a result of substantial investments over the last years.

Net finance expense for the first nine months of 2013 amounted to €671 million, stable compared with the first nine months of 2012.

Loss for the first nine months of 2013 attributable to owners of the Parent closes at €259 million, compared to a loss of €88 million for the first nine months of 2012.

Net financial indebtedness totaled € 9,221 million at September 30, 2013, an increase of €70 million over December 31, 2012. The following table sets out the components of net financial indebtedness at September 30, 2013 and the changes which have occurred since December 31, 2012.

(millions of euro)	September 30, 2013	December 31, 2012	Change amount	%
FINANCIAL LIABILITIES				
Non-current financial liabilities				
Bonds	6,321	5,818	503	8.6%
Financing from banks	2,287	2,836	(549)	(19.4)%
Financing from other lenders	424	342	82	24.0%
Derivative financial instruments	145	160	(15)	(9.4)%
Current financial liabilities				
Bonds	168	179	(11)	(6.1)%
Financing from banks	152	124	28	22.6%
Financing from other lenders	58	159	(101)	(63.5)%
Derivative financial instruments	16	4	12	n.m.
TOTAL GROSS FINANCIAL INDEBTEDNESS (A)	**9,571**	**9,622**	**(51)**	**(0.5)%**
FINANCIAL ASSETS				
Non-current financial assets				
Derivative financial instruments	93	113	(20)	(17.7)%
Financial receivables	44	55	(11)	(20.0)%
Current financial assets				
Financial receivables	173	172	1	0.6%
Cash and cash equivalents	40	131	(91)	(69.5)%
TOTAL FINANCIAL ASSETS (B)	**350**	**471**	**(121)**	**(25.7)%**
NET FINANCIAL INDEBTEDNESS (A-B)	**9,221**	**9,151**	**70**	**0.8%**

The recognition of financial liabilities reflects the impact resulting from:

- the early repayment of €575 million of the installments of tranches A1 and A2 of the Senior Facility Agreement falling due in 2014 and 2015, made on April 29, 2013;
- the placement completed on April 29, 2013 of a Floating Rate Senior Secured Notes Euro-denominated of €150 million having a coupon of Euribor + 525 bps, maturing in 2019 and a Fixed Rate Senior Secured Notes US Dollar-denominated of USD550 million having a coupon of 6.5%, maturing in 2020;

- the early repayment on May 3, 2013 of €89 million, of the second installment and related interest of the payable due to the Ministry of Economic Development related to the allocation of the mobile frequency use rights, falling due in October 2013;
- the recognition of debt of €135 million against the capitalization of expenditure for the backbone rights of way.

THE ITALIAN TELECOMMUNICATIONS SERVICES MARKET

Industry overview

Italy is Europe's fourth largest telecommunications services market by revenue. The value of the Italian mobile market in 2013 is estimated in approximately €15.5 billion, a decline over 2012 due to a contraction in voice services that was only partially offset by an increase in multimedia and data services.
The Italian fixed-line market (Voice and VAS) will be worth approximately €6.8 billion in 2013, a decrease over 2012 mainly as the result of a drop in voice traffic revenues. Value added service revenues are estimated to be 9% of this market, with a fall of 4% over the previous year. The value of the Internet access market in 2013 is estimated in approximately €4.2 billion, with the broadband segment accounting for the whole market.

The mobile network telecommunications services market in the first nine months of 2013 was characterized by strong competition which drove Operators to compete for customers using increasingly more convenient offers and promotions, with the spread of services for navigating from smartphones, tablets and internet keys. Operators concentrated on "bundles" which include voice, SMSs, data and mobile telephones through "flat" offers. The third quarter of 2013 was characterized by summer promotions where discounts addressed to new customers were accompanied by an increase in the number of minutes, SMSs and/or GB of data traffic included in the bundle. Offers without monthly limits were also launched and these led to a considerable increase in data traffic volumes. Usage profiles remained almost only in the lists of virtual operators, who offer them as low cost solutions.

In addition, all operators continued to propose discounts for post-paid on charges and the government concessionary tax and incentives for the renewal of devices, with the aim of retaining customers. Reductions for new customers using MNP continued to be the main lever for new acquisitions, but in the second and third quarters offers were also developed for customers who have been loyal for more than 12 months by means of bonus mechanisms linked to top-ups. Over the past few months operators have begun proposing more contained roaming tariffs, in compliance with the new regulation which from July 1, 2013 imposes price reductions for voice data and SMS roaming traffic. In general these offers enable customers to take advantage of their national plan also when they are abroad. Summer promotion campaigns came to an end in August, not being renewed at the beginning of September.

Several new items regarded plans for in-mobility navigation: in addition to data services bundled with the more advanced smartphones and tablets, operators updated their offer by increasing the services and traffic volumes included in the plans and reformulating tariffs. As far as the product portfolio is concerned, operators concentrated their attention on navigation devices: they promoted latest generation tablets, top of the list being Samsung and Apple, and proposed 3G internet keys and routers for navigating at up to 42.2 Mbps, also as a replacement for ADSL for the home or in the office.
On the Business market various offers for in-mobility navigation were launched with large volumes of included traffic (also unlimited and the latest generation smartphones) and "advanced" services (Cloud storage, email, electronic faxes, multimedia content). Finally, new rechargeable tariffs were introduced.
As in the case of the Consumer market, the Business offer has been enriched with options and plans for navigating from smartphones, internet keys and tablets.

Finally, operators continued to develop innovative services ranging from M-payment for small transactions to M-ticketing for public transport, direct billing, machine-to-machine, Social and Cloud, in particular launching secure network services which are designed to protect a customer's traffic. Various partnerships have been announced: to develop new SIM-based contactless solutions and machine-to-machine services, to offer cash transfers directly by mobile phone and to use Facebook messenger without consumption of the available data traffic.

In the first nine months of 2013 the fixed network telecommunications services market continued to concentrate on the promotion of voice and ADSL profiles, with reductions in fees. Starting from the second quarter minutes for calls to mobile phones have been added to the voice bundle. The ultra-broadband internet offer for families and businesses began to develop in a significant manner: the coverage of fiber services (FttH and FttC modality), which had already reached 2.8 million residential units in 33 towns and cities before the summer, was extended further.

In the residential market operators renewed their ADSL and voice options, proposing increasing discounts on both activation charges and fees, including in their offers a Wi-fi modem and minutes of traffic for calling mobile phones and calling abroad (Europe, USA, Canada). Offers were additionally launched in the second and third quarters for the services offered in optic fiber in various cities. The offer including internet navigation was promoted by the leading operators by including additional products and services, of which Cloud services stand out.

The offer made by operators for the Business market concentrated on the voice and internet bundle, on fixed-mobile convergence solutions and on a number of additional services including data traffic monitoring, indoor WiFi, switchboard management, business continuity solutions, advanced storage and Cloud services. Certain operators also proposed packages for businesses including telephone traffic for calls abroad. Increasing importance was given to the offer of optic fiber plans in the second and third quarters.

Mobile telecommunications

The Italian mobile telephone market is the fourth largest market by revenue after France, the United Kingdom and Germany. There are four infrastructure operators in Italy who offer mobile telephone services to the approximately 92.3 million SIMs registered at September 30, 2013, equal to a penetration rate of approximately 154% of the Italian population. The penetration figure is distorted by the widespread use of more than one SIM card by many customers. It is estimated that approximately 80% of Italian mobile customers subscribe to prepaid mobile telephone services which have low customer acquisition costs and higher margins compared to other European countries.

Excluding MVNOs, at September 30, 2013 WIND had an estimated market share of 24.3%, while Telecom Italia and Vodafone had shares of 34.2% and 31.2% respectively and H3G 10.4%.

Fixed telephone services market

Voice

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

Internet

By September 30, 2013, broadband internet access had reached a penetration level of 65% of the total of fixed lines in Italy. Broadband services in Italy have been rising rapidly since 2001 to reach approximately 13.6 million connections or 23% of the Italian population. Despite the recent significant growth in broadband, Italy is still behind the other European countries mainly due to a lack of technological infrastructure and the low penetration of personal computers.

COMMERCIAL AND OPERATING PERFORMANCE

Mobile telephony

At September 30, 2013 WIND had 22 million mobile telephone customers, a rise of 4% over September 30, 2012, thus further increasing its market share (calculated by excluding MVNO operators) by 1.1% percentage points to reach 24.3% compared to 23.2% in the first nine months of 2012.

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

Mobile telephony	**2013 9 M**	**2012 9 M**	**Change**
Customer base (millions of SIM cards)	22.4	21.5	4%
Revenues (millions of euros) [1]	2,671	2,914	(8%)
Voice traffic (billions of minutes)	45.8	39.1	17%
ARPU (euros/month)	12.4	14.6	(15%)
Data ARPU as a % of total ARPU	34.8%	26.7%	

Consumer offer

WIND's portfolio of offers has evolved over the years to guarantee customers the flexibility needed to select the solution most in line with their needs. In order to respond to the new demands of customers to have a single solution for calling, sending messages and navigating in internet using a smartphone, WIND has launched *All Inclusive* solutions, initially in the subscription sphere and then also in the rechargeable segment.

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

For July and August WIND reduced the cost of a number of options in order to give further benefits to *All Inclusive* and *Noi* customers ands also made available *All Inclusive "Super"* solutions for a limited period of time with more minutes and more SMSs for the same price as the standard solutions.

The summer promotions were brought to an end in September with the new portfolio of *All Inclusive* and *Noi* offers which continue to guarantee quality solutions at the right price.

In the first nine months of the year WIND updated its offers for subscription customers by making the A*ll Inclusive* subscription plans more innovative and advantageous, such as for example by using the Powered 2 GB service, in order to provide even more internet traffic at the fastest speed possible.

An important innovation has been the introduction of the of the concept of *WIND Best Price*, under which the subscription *Unlimited* offer is automatically updated, ensuring that the customer always obtains the best WIND price. With the summer offers, *WIND Best Price* has also been extended to the *Unlimited* offers in the rechargeable segment.

The portfolio is completed by a new offer, *All Inclusive Unlimited Premium*, which to unlimited traffic also adds calls abroad and calls, messages and internet in roaming.

The *Telefono Incluso* offer combined with subscription plans was renewed in June: customers can have a smartphone included in their subscription without an initial contribution, associating it with one of the *All Inclusive* offers and paying only a monthly fee which depends on the smartphone model and the tariff plan selected.
In line with its "closer" to customers positioning, WIND continues to follow the needs of non-Italians in Italy.
In 2013 it proposed a new offer *Call Your Country* for calling abroad and in June introduced something completely new on the market: *Noi Tutti International*, an offer with 120 minutes which can be used for calling abroad without a connection charge, as always under the banner of the "Real minute", which after reaching 120 minutes includes the beneficial *Call Your Country* tariffs without the payment of additional fees.

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 tailored offers to suit each market segment.
For the large-scale businesses, which often request offers on a competitive basis for their mobile telephony needs, WIND offers customized services suitable for their specific requirements. With its offer based on a business's budget, WIND has increased its package of proposed services based on "all inclusive" charge solutions: customers establish their telephone spending at a company level by identifying traffic packages shared across all their SIMs, thus keeping control of the budget at both a global level and at a single SIM card level. Since February 2012 the large WIND market has also been able to benefit from the All Inclusive Business offers in both the package and Unlimited version. Large-scale companies are increasingly gearing themselves towards offers in prepaid mode so that they can further increase control over their telecommunication expenses.
Faced with an increasing interest in mobile applications (apps) designed to take certain business processes into mobility, WIND has additionally launched Enterprise Mobility Services through strategic partnerships and vertical system integrator agreements.

For the sphere of professionals, self-employed workers and small businesses, WIND is present in the pull channel (WIND Retail, Dealer, Franchising, large retail chains (GDO)) with its *All Inclusive* subscription offer which includes minutes and SMSs to everybody, unlimited internet from smartphones and unlimited calls between colleagues. The top of the range offer is *All Inclusive Unlimited Premium* which includes unlimited minutes, SMSs and internet in Italy, 120 minutes of calls made to abroad and calls, SMSs and internet in roaming. The *Full Edition* option can be combined with the bundles to have the telephone included.

The *All Inclusive Business* mobile portfolio is also available to the segment of small and medium businesses who prefer instead the advice of a sales agent in making their choice of a telephonic offer. The portfolio, updated again in June, consists of 3 plans: *Smart*, *Unlimited* (also available on the pull channel) and *Unlimited Premium*; an *All Inclusive Business* plan in rechargeable version is available for employees.
WIND Best Price also applies to business customers choosing an *Unlimited* tariff plan.

Data and VAS offers for consumer and business customers

WIND provides a complete range of in-mobility data and VAS services for smartphones, computers and tablets for both the consumer market and business customers.

- Mobile Internet: WIND has continued to grow in the smartphone segment by doubling the data component included in *All Inclusive* offers on rechargeable solution which applied to all activations carried out in the summer period. In additio,n the *Share of Wallet* strategy continued in order to provide increased benefits to *All Inclusive* and *Noi* customers with internet at a reduced price on the same SIM or on a secondary SIM. In the "data only" segment, WIND continued to propose its offers at a special price to customers purchasing a tablet or a WIND internet key or those paying an activation charge for accessing the promo.

  Three tariff plans are available for the sector of professionals, self-employed workers and small businesses for navigating from a PC or a tablet: *Mega Unlimited*, *Internet Big* and *Internet No* Stop, which provide internet without any time limit. On exceeding the thresholds of 10GB/month, 3GB/month and 1GB/month respectively navigation speed is reduced to 32kbps. With the data offer, it is additionally possible to have an internet key included or the best tablets at favorable prices.

  Three tariff plans are available for small and medium businesses on the push channel (agents and agencies) with data alone being activated on SIMs: *Internet Start*, *Plus* and *Evo* which enable navigation on internet without any time limit, thereby keeping costs under control. On exceeding the threshold of 1GB/month, 10GB/month and 2GB/month respectively navigation speed is reduced to 32kbps. With the *Internet Plus* and *Evo* plans it is additionally possible to have an internet key included or the best tablets at favorable prices.
- BlackBerry. The BlackBerry services offered by WIND are available to large-scale companies and SMEs and to consumer customers, with the possibility for new customers to include a smartphone in the fee for the pre-selected tariff plan. In particular, since April 2013 WIND has upgraded its product portfolio, offering new smartphones with the Blackberry OS10 (BlackBerry Z10, O10, O5).

Innovative services

In the first nine months of 2013 WIND continued its strategy of focusing on digital points of contact for customer management and on the innovative in-mobility payment services which began in 2012. In particular, in the third quarter of 2013, after exceeding the significant goal of two million downloads in little more than one year, the MyWIND app was enriched with new functions. Meeting a need expressed by customers it is now also possible to control the usage of available data traffic before the speed is reduced by adding the functions that enable a control to be carried out of voice and SMS traffic. For Android customers this is also available in a widget version with visuals that are particularly appreciated by the customer base. A "Changes" channel has then been activated inside the app which enables WIND to communicate directly with its customers. The two innovations have been especially welcomed by App users, leading to an increase in terms of both diffusion and use.

As the result of an agreement between WIND and Google, customers owning an Android smartphone or tablet can download apps, games, e-books and music from Google Play Store at a charge, paying through their pre-paid or post-paid telephone bills without the need to use a credit card.

The process taking WIND closer to the sphere of NFC services continued in the third quarter with new testing carried out in collaboration with BNL, SIA and Mastercard. The testing was carried out on 150 WIND and BNL employees who were given the possibility of making purchases in contactless mode using a Classic credit card issued by BNL on the Mastercard circuit and virtualized on an NFC SIM. Besides being able to make payments, participants in the test

can use their phones in place of the company pass card to enter their offices and clock in or to make payments through automatic distributors.

Again in the sphere of mobile phone payments, the roll-out of activating mobile ticketing services continued in additional cities, including Genoa, Treviso and Conegliano Veneto. The service is now active in nine cities and this number is increasingly rising.

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 475 international operators in 214 different countries. All Inclusive offers have been launched for anyone travelling in Europe and the United States to promote the use of smartphones in roaming and to extend the concept of "roam like home" to offers for high spending customers. The whole of the roaming offer complies with the rules established by 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, with and without the WIND name, through a series of exclusive sales points which at September 30, 2013 consisted of 163 WIND-owned stores and 517 franchised sales points working exclusively with the WIND brand. The non-exclusive sales network consists of 1,077 WIND dealers, 913 sales points in electronic store chains and 5,821 other sales points in the smaller Italian towns run by SPAL SpA, the largest WIND distributor in terms of sales points.

Customers can also activate offers and services, buy mobile telephones, smartphones and tablets and carry out top-ups through the wind.it website, paying by credit card or PayPal or by charging their Infostrada or WIND telephone account.

In addition, applications for the activation of a new telephone line can be made using Infostrada.it.

Some of the services are also sold online through the www.155.it website, while scratch cards are also distributed through small sales points such as tobacconists' shops and newsagents.

WIND has decided to extend the distribution of its offers for its business customers to the internet channel, opening an online store for the direct sale of mobile products and services: WINDBusinesShop.it, which in the WINDBusiness.it portal provides both voice and internet services for SOHO customers and small businesses who can make direct purchases online by themselves.

Fixed Telephony and Internet

WIND provides its consumer and prosumer customers with a vast range of direct and indirect fixed network voice communication services, broadband internet and data transmission services marketed under the Infostrada name. WIND provides broadband service to its 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 located in the telephone exchange, and to its indirect customers, to whom WIND sells a service which it purchases wholesale from Telecom Italia.

In response to the current tendency on the Italian fixed communications market, which is seeing increasing fixed-mobile replacement and 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.

Voice services

WIND's fixed network voice customer base amounted to 3 million subscribers at September 30, 2013, a decrease of 4% over September 30, 2012; the direct customers voice component fell by 2% over the previous period.

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

Fixed line	2013 9 M	2012 9 M	Change
Customer base (thousands of lines)	3.0	3.1	(4%)
of which LLU (thousands)[1]	2,432	2,477	(2%)
Revenues (millions of euros)	979	1,038	(6%)
Voice traffic (billions of minutes)	11.7	13.4	(13%)
ARPU (euros/month)	30.8	31.4	(2%)

(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, 2012 WIND had 2.2 million broadband internet customers and 0.02 million narrowband subscribers.

The following table sets out the main internet access indicators.

Internet and data services	2013 9 M	2012 9 M	Change
Internet customer base ('000)	2,213	2,266	(2%)
of which narrowband ('000)	22	50	(57%)
of which broadband ('000)	2,191	2,216	(1%)
of which LLU ('000)	1,854	1,855	0%
of which shared access ('000)	12	16	(23%)

Package and convergence services

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

To respond to the needs of customers who require a single solution for their telephonic and broadband internet connectivity requirements, in September WIND launched a new *All Inclusive Unlimited* offer, which runs alongside the *Absolute ADSL* and *All Inclusive* offers and which for a pre-determined monthly payment provides ADSL and

unlimited calls to all fixed and mobile telephones. The validity of this commercial decision has been confirmed by the increasing number of LLU direct customers who have chosen an offer including voice and broadband internet services. WIND's positioning in this market has been consolidated through the periodic launch of new promotions on these offers.

In order to make WIND's positioning in the sphere of integrated services more exclusive, a new offer was launched in September: *All Inclusive Twin*, under which all new Infostrada customers who subscribe to a WIND *All Inclusive* or *All Inclusive Unlimited* fixed line offer can have prepaid *All Inclusive WIND* for only €5 a month on a permanent basis instead of €10. The *Internet Everywhere* convergence promotion addressed to customers who want to navigate from home with ADSL and in mobility with an internet key or a tablet continues: the offer is even more convenient for all new Infostrada customers and the *Internet no stop* offer will only cost €2.5 a month on a permanent basis.

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

The drive to acquire an increasing number of fixed and mobile customers is supported by the *Super All Inclusive* commercial proposition, which offers discounts on the telephone offer and ADSL connectivity and on the pre-chosen mobile telephone offer (in the *All Inclusive* family).

Business voice and data offer

WIND provides PSTN, ISDN and VoIP fixed-line network voice services, data services, VAS and connectivity services to business users. More specifically, WIND's offer is directed towards the business sector, capitalizing on the experience gained with ENEL and developing new voice and data services for companies in the large business market, also by means of 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 needed for taking part in tenders.

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

Direct access to the network is assured for large-scale businesses by radio link, by direct optic fiber connections or by direct access; 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 Google which enables it to propose business collaboration and communication solutions to businesses based on Google Apps Cloud. As the first result of this collaboration, an innovative solution has been launched which provides voice, SMS, navigation, Gmail and collaboration services in a single package.

For companies in the large business segment WIND has proposed an offer, WIND Cloud for Businesses, consisting of a rich catalog of data center and connectivity services which are capable of satisfying the needs of these customers and are available in extremely short time periods. This type of offer will be enriched even further in order to establish a portfolio of Cloud services and SaaS (Software as a Service) services characterized by flexibility and rapidity.

In September 2013 WIND simplified its PSTN fixed network offering portfolio for small and medium businesses which is geared towards the market of self-employed businessmen and in particular professional firms and small businesses requiring between one and four fixed lines (analogue or 2 ISDN), keeping the *All Inclusive Business L* list and launching the new *All Inclusive Business Unlimited*, which offers unlimited calls to all national fixed and mobile telephones and unlimited ADSL. The whole *All Inclusive Business* portfolio is available to cover the WIND network on lines already activated with other operators and on new lines.

The offers available for the push channel (agents and agencies) are the same as those offered by the pull channel.
The new offers are presented to new customers at a favorable price, in promotion for 5 years.
Some of the new portfolio's plans provide even more benefits with *Super All Inclusive Business*, the integrated convergence solution which provides customers with the possibility of choosing the most suitable combination for their communication needs, between fixed telephones and ADSL with the *All Inclusive Business* L and *All Inclusive Business Unlimited* plans and mobile, at an even more advantageous price for both components.
To complete the offer "plug&play" packs are being proposed at extremely competitive prices on an installment sale basis to respond to the 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 the 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 videocamera 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 off-the-shelf dual-play (voice + internet) products with tariff plans based on VoIP technology: in particular, *WIND Impresa* offers from a minimum of 6 to a maximum of 60 voice lines at the same time; in addition, together with the *WIND Impresa* offer customers may also subscribe to a service for the leasing, management and maintenance of telephone switchboards.
"Made to measure" solutions are also available at contained prices, studied and designed on the basis of the specific needs of medium- and large-scale businesses, using highly advanced technology (ADSL, SHDSL, optic fibre, radio bridges, private data networks with the transfer of protected data, etc.) and latest generation devices that enable the performance and quality levels required by customers to be guaranteed.

Sale and distribution of fixed network services

The main sales channels for fixed network voice and ADSL services for consumer users are stores and the toll-free number 159, although the Infostrada portal by now represents an increasingly important distribution channel. Of importance is Infostrada's strategic decision to transfer its focus on "pull" sales channels where it is the customer who requests the service spontaneously, compared to "push" sales channels where Infostrada offered its products to customers by "pushing" them to make a purchase.
WIND uses dedicated outbound sales agencies for acquiring business customers where staff are trained to make a customers' needs emerge and to be capable of recognizing these needs, and to propose products and services that are best suited for meeting them. Call centers also make outbound calls to potential customers chosen using business intelligence tools.

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 the other operators for managing the calls which terminate on its mobile or fixed network. In the same way WIND is required to pay a termination tariff to other operators for the calls which terminate on their mobile or fixed telephone networks. Interconnection tariffs from mobile to mobile, from mobile to fixed, from fixed to mobile and from fixed to fixed are regulated by AGCOM.

Customer care service

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

WIND has enterprise call centers dedicated to its customers in Rome and Ivrea, with internal agents assigned to each customer in order to provide high levels of service. Call centers dedicated to residential customers are located throughout the country.

The WIND customer service continues to evolve its operational organization, focusing on the new customer activation phase and the increasing need for mobile-fixed-internet multi-service assistance.

WIND has continued the integration of its customer care services and its sales structure in order to provide customers with an assistance service spread throughout the country, including by means of local sales points, thus making it more direct and transparent.

Important developments took place in WIND's E-Care areas in the third quarter of 2013.

The Customer Area home page of the wind.it and Infostrada.it websites was completely revised in order to provide the customer with all the main information relating to the offer, the usage of bundles, the residual credit, traffic and the customer's invoices on a single page, using a simple and intuitive graphic presentation. In addition, the procedures for Customer Area registration and password recovery have been simplified.

The new version of of the MyWIND app is now available for customers with Infostrada Fixed Line, enabling them to manage their telephone line and always have their invoices to hand.

Browsing on the wind.it and Infostrada.it websites has been changed to make the identification by customers of the most important information more immediate.

The top-up functionality to be found on the website has been improved and simplified, reducing the steps needed to complete the request up to arriving at the possibility for users registered in the Customer Area to carry out a top-up with just one click of the mouse.

The offer on the wind.it and Infostrada.it websites has additionally been enhanced with the use of a version optimized for mobile phones, m.wind.it, which besides a description of the main offers available with the possibility of direct activation also puts a convenient configurator at the disposal of customers which enables them to discover which offer is the one most suited to their needs and provides them with the possibility of topping up their telephone credit directly from the mobile website in an easy manner.

Access may also be obtained to the Customer Area from the mobile website, which for all mobile phones repeats the experience of MyWIND, WIND's E-Care app for smartphones and Apple and Android tablets.

WIND's success story in managing customers through the social networks continues. After the increase in the quality of social care recorded in the first half of 2013, in the third quarter WIND confirmed the attention it is placing on those channels, maintaining levels of excellence in terms of the quantity of problems dealt with and the speed of response, reaching first place among all Italian companies in July and August for the speed of response to its customers in the "Facebook Top Brands" special classification drawn up and published by Blogmeter (www.blogmeter.com).

Through an analysis of customer needs and habits and the resulting segmentation activities, the Customer Relationship Management (CRM) function identifies targeted commercial steps, setting up and implementing promotional programs with the objective of improving customer satisfaction and thus increasing the associated value and ensuring loyalty over time.

Commercial action is conducted by means of physical contact (stores), telephone contact (inbound or outbound), hard copy (messages and communications with bills) or digital (customer area or email) channels.
Loyalty programs are maintained and enhanced through the introduction of new partnerships spread throughout the country. In this way they increase benefits for customers and the opportunities for customers to use them.

Marketing and Branding

The multibrand strand strategy that WIND initiated last year continued in the third quarter of 2013; this is aimed at reinforcing the feeling that the two fixed and mobile telephony names, Infostrada and WIND, belong to one big Group, WIND.
The summer campaign without testimonials, which started in June, was extended throughout the whole of July. Giulio and Matilde, the stars of two commercials, tell about the parallel lives of WIND customers and employees by using scenes from daily life which intermingle with each other to create snapshots of everyday reality.
A radio campaign and a flight of posters complete the media mix with which WIND tells of its *All Inclusive* summer, made up of a range of products to satisfy all consumer needs. Real minutes, real price, four seasons and WIND best price are the main benefits at the heart of WIND's communication.

The digital advertising campaign "People like you" also saw the light in this period; this has also been created to communicate the Group's main values and circulate these on the internet: namely clarity, transparency and simplicity. The people taking part in the advertisement are WIND employees who have always been the most important strategic value for the Group. Store sales staff and WIND customer care operators are the protagonists of a series of video-pills appearing on the main websites and portals to explain the characteristic concepts of WIND's offers using a large amount of spontaneity and a pinch of emotion: real minutes, clear charges, real prices and the WIND best price.

In August two of WIND's famous faces returned, Giorgio Panariello and Vanessa Incontrada, who have been testimonials since 2008. These two stars meet up with each other in a series of everyday real life moments which are related in the WIND and Infostrada spots, and using a series of gags these catch the viewer's watchful eye.

Consistent with a division by brand, both testimonials are the protagonists in the information materials used to advertise the mobile consumer offer; when on his own Panariello is the star of the material relating to the Infostrada Fixed offer while Incontrada is the face of WIND Business.

TV continues to be the main medium for investment for WIND, although a complete "media mix" is ensured by using various online and offline advertising channels in order to convey the marketing and communications objectives together and through synergy. In particular, important investments on the digital and social media have continued in 2013, consistent with the market trend.
At the same time as the national campaigns, Wind Business also supported its trade with tailored campaigns at a local level.

NETWORK

WIND has developed an integrated network infrastructure providing high-capacity transmission capabilities and extensive coverage throughout Italy. As of September 30, 2013, WIND mobile network covered 99.84% of the Italian population while WIND UMTS/HSPA network covered 95.71% of the Italian population.

WIND 42 Mbps HSPA+ service covered approximately 26.43% of the Italian population, 21/5.8 Mbps HSPA service covered approximately 84.3% of the Italian population, for remaining population WIND offers 7.2/1.4 Mbps service.

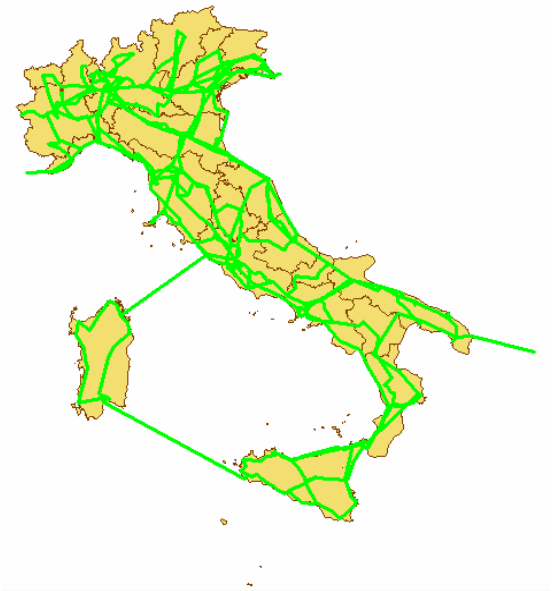
Fixed-line networks are supported by 21,645 kilometers of fiber optic cable backbone in Italy and 4,825 kilometers of fiber optic cable MANs as of September 30, 2013.

The network uses a common system platform, WIND "intelligent network", for both mobile and fixed-line networks. Network platform has been upgraded to provide it with a uniform IP network platform, which provides additional capacity. The integrated nature of operations allows to offer subscribers mobile, fixed-line and Internet product bundles and VAS. WIND has also approximately 475 roaming agreements with other Italian and international telecommunications operators around the world.

Fixed-Line Network

WIND fixed-line network consists of an extensive fiber optic transport network with over 21,645 kilometers of transmission backbone, 4,825 kilometers of fiber optic cable MANs linking all capitals of Italian provinces and other major cities in Italy, a radio transmission network with approximately 16.130 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 operator 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, 2013 WIND has 1,458 LLU sites for direct subscriber connections, with a capacity of approximately 3.28 million lines. The company has interconnections with 613 SGUs, which allows to provide carrier pre-selection and carrier selection access forindirect subscribers throughout Italy, as well as WLR services.

WIND Internet network consists of an aggregated data network with more than 168 points of presence, broadband remote access servers for ADSL direct and indirect access Internet services and for virtual private network corporate services, more than 10 network access servers for dial-up access Internet services and EDGE routers for direct Internet access corporate services.

Mobile Network

WIND offers mobile services through dual band GSM-900 and GSM-1800 digital mobile network, which also supports GPRS, a mobile technology that provides greater bandwidth for data transmission and Internet access than GSM. GSM network also supports EDGE capabilities. EDGE is an upgraded technology that enables to offer increased data speeds and VAS over GSM network and also to reduce the cost of handling mobile data traffic. WIND also offers mobile services over UMTS network, a mobile technology that provides even greater bandwidth than GSM network, using HSDPA technology to provide enhanced speeds for data transmission and mobile Internet services.

The following table provides an analysis of WIND's GSM/GPRS and UMTS/HSDPA networks as of September 30, 2013.

GSM/GPRS	**Units**
Radiating sites	13,855
BSC (Base Station Controllers)	362
MSC (Mobile Switching Centers)	53
HLR (Home Location Register)	10
SGSN (Service GPRS Support Node)	20
GGSN (Gateway GPRS Support Node)*	10
UMTS	
Node B	12,276
RNC (Radio Network Controller)	69
MSC-Server	17
MGW (mediagateway)	20
SGSN (Service GPRS Support Node)	23 (20 SGSN dual access)

* shared with UMTS core network

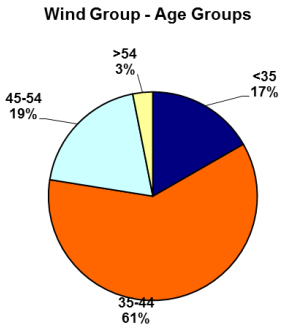
HUMAN RESOURCES

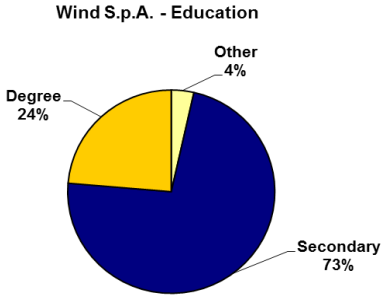
At September 30, 2013, the Group had a workforce of 6,948 employees structured as follows.

	No. of employees at		Average No. of employees in	
	09/30/2013	09/30/2012	2013 - 9M	2012 - 9M
Senior Managers	132	150	138	148
Middle Managers	600	597	597	584
Office Staff	6,216	6,174	6,211	6,203
Total WIND Group	**6,948**	**6,921**	**6,946**	**6,936**

During 2013, WIND Telecomunicazioni SpA and WIND Retail Srl have hired 148 employees while 97 employees left.

The following charts summarize personnel statistics relating to the subsidiary WIND and Italian subsidiaries.





Average age: **40**

Graduated w/o Call Center: **27.9%**

Female presence is at 47%.

In terms of the geographical allocation of personnel, over 70% of personnel work in the offices in Milan, Rome, Naples and Ivrea.

Sites	09/30/2013	09/30/2012
Milan*	12.4%	12.6%
Ivrea	9.3%	9.4%
Rome	34.0%	33.7%
Naples*	17.7%	17.8%
Others	26.6%	26.5%
Total	**100.0%**	**100.0%**

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

The following table shows the personnel distribution by department:

Departments	09/30/2013	09/30/2012
Network	32.8%	34.6%
Information Technology	5.3%	5.8%
Customer Care	26.8%	25.6%
Marketing & Sales	23.6%	23.2%
Staff	11.5%	10.8%
Total	**100.0%**	**100.0%**

Organization

The organizational structure of the Human Resources Department and the Legal Affairs Department was redefined in January 2013, with the role of Compliance Officer of the WIND Group being assigned within this framework.

Consistent with the Network Transformation project, a component of the alternative plan to outsourcing, a new operational model relating to the Network Regions and the Operations & Maintenance functions was set up in March 2013 as part of Network Operations.

The new marketing organizational model was implemented in September. in order to enhance the synergies between the various customer segments.

Development

In the period the new WIND selection process for young graduates continued through the internal use of the assessment center methods which were previously managed by outside suppliers and the use of new online tools.

In June 2013 a start was made on the Individual Development project for WIND's "Young Professionals". In particular a first professional balance in terms of the abilities and skills obtained in a person's first 3 to 5 months of experience is carried out using the assessment methodology.

An ad hoc communication campaign using the Group's intranet is in progress following the definition of the Group's new values "Trust, Fast, Focus, Ambition, Make It Happen" by senior management in September 2012. This activity enables the Group to communicate the meaning of the new values to the whole of its population and make people aware of them. The values and the organizational conduct associated with these values will be assessed as part of the annual performance appraisal, which will begin in November and be completed with the feedback phase in December 2013.

Training

A total of 15,076 man-days of training were given in the first nine months of 2013, relating mainly to technical training for the Network Transformation Project, technological and product development and teaching based on the timetable of across-the-board training courses.

As required by the agreement reached with the trade unions at the end of 2012, the multiskill training project for the conversion of the network is involving the technical population of Field Operations and the Operation & Maintenance and Technical Customer Management areas. Courses began in March 2013, and have already involved over 660 employees for a total of 2,688 man-days of training, with the target expected to be reached by the end of the year. For Field Operations the training projects for this population will cover all technological domains, while for mobile and fixed Operation & Maintenance the topics relate mainly to insourcing systems and processes.

Training relating to the Institutional Training Master Plan began at the end of May 2013, with the preparation of a timetable set up on a framework of 40 different course titles based on a training structure which has been completely redesigned in line with WIND's values – Trust, Fast, Focus, Ambition, Make It Happen. Around 2,500 employees will be involved in these training activities, which have been scheduled until March 2014. Activities are in progress and around 600 employees have already participated. In addition due to the fact that WIND operates in an international context language training will be continued: group English courses began in September 2013 and are currently involving around 200 people at the Group's offices in Rome, Rho, Ivrea, Pozzuoli and Venice in a first batch planned to complete the courses by the end of 2013, which will be followed by a second batch in the first part of 2014. It is planned to involve approximately 45% of the Group's population in these initiatives.

To support the use of training as a strategic lever an agreement was signed in May 2013 which has enabled a request to be made to Fondimpresa, the inter-professional fund for training set up by the business association Confindustria and the CGIL-CISL-UIL unions, for funding the Institutional Master Plan training projects designed to develop conduct and skills consistent with the values of the new business culture.

Industrial relations

Several meetings with the trades unions were held during the first half of the year to illustrate the new operating model for the management and maintenance of the network as well as the other cost containment initiatives, with specific reference to those envisaged by the agreement of October 10, 2012 on the use of holidays and leave to reduce working hours, also through collective closing days.

The Group held a meeting with the unions in June 2013 to present its business guidelines, during which market trends, investment plans and the repercussions on the Group's technological and organizational structures were illustrated, together with the effects on employment levels and the Group's professionalism.

To keep a check on the initiatives undertaken and the extent to which the objectives contained in the agreement of October 10, 2012 have been achieved, the Joint Bilateral body envisaged by the agreement held a meeting at which the effects of the reorganization initiated in the sphere of the network operations area were reviewed in particular.

Negotiations between Asstel and the unions on the National Labor Contract (CCNL) came to an end at the beginning of February. For 2013 the agreement provides for a one-off payment in April and an increase (in two installments) in the contractual minima.

In addition to strengthening the role of local company bargaining, the regulatory section of the new CCNL introduces further elements of flexibility, with particular reference to the management of working hours (especially in the customer care structures) and the introduction of new technologies. Also worthy of note are additional new rules for tenders which reinforce the principles of legality and ethics as a means of safeguarding the sector. The new CCNL is effective until December 31, 2014.

In August, Asstel and the unions signed a further agreement governing project-based jobs in outbound activities which also included the remuneration to be paid to these workers, thereby implementing the requirements of legislation on this subject.

No strike action was taken during the period.

REGULATORY FRAMEWORK AT SEPTEMBER 30, 2013

Fixed-line market

Antitrust activity

On May 9, 2013 the Italian antitrust authority AGCM completed proceeding A428 "WIND-Fastweb/Telecom Italia conduct", which was initiated on June 23, 2010, concluding that the conduct of Telecom Italia had been illegal and ordering the company to pay a fine of €103,794 thousand.

As part of proceeding I/757, initiated by the antitrust authority on the basis of a report made by virtual mobile operator BIP Mobile against TIM, Vodafone and WIND and relating to an alleged 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 proceeding was expected to be completed by September 30, 2013.

On April 4, 2013 the antitrust authority initiated an inquiry into a possible agreement over wholesale accessory technical services provided to the fixed-line telephone network on the basis of a report made by WIND in 2012 allocated the number I/761, whose purpose is to ascertain the existence of violations of article 101 of the TRUE (an agreement between the technical companies which provide wholesale accessory technical services to Telecom Italia's fixed-line telephone network). WIND has had access to the inquiry papers and an assessment of these is currently in progress.

On July 10, 2013, the proceeding, which is still in progress, was extended to Telecom Italia.

On May 9, 2013 the AGCM approved the contribution to the costs resulting from the authority's operations for 2014, reducing the amount of 0.08 per thousand of turnover as stated in the most recent set of financial accounts to 0.06 per thousand.

On the basis of petitions arriving from WIND, Fastweb and Vodafone, the European Commission Competition Directorate initiated a detailed investigation in July 2012 to determine whether there was a benefit for Telecom Italia in terms of state aid arising from the joint venture between the Province of Trento and the incumbent operator which provides for the construction of optical fiber infrastructure. If this benefit is confirmed, the measure would represent state aid pursuant to article 107 of the Treaty on the Functioning of the European Union (TFEU), and its compatibility would have to be assessed in the light of the EU's orientation on broadband. As of today this investigation is still in progress.

Telecom Italia's Reference Offers

The following proceedings for the revision of the Telecom Italia offers have been published in 2013:

- Resolution 141/12/CIR (WLR) published on January 11, 2013 initiated the proceeding for assessing Telecom Italia's WLR offer for 2013; WIND participated in the proceeding and provided its assessments on February 8, 2013;
- Resolution 642/12/CONS (Bitstream) published on January 11, 2013 initiated the proceeding for assessing Telecom Italia's copper Bitstream offer for 2013; WIND participated in the proceeding and provided its assessments on February 8, 2013;
- Resolution 221/13/CONS (ULL) published at the end of March 2013 initiated the proceeding to assess Telecom Italia's copper LLU offer for 2013; WIND participated in the proceeding and provided its assessments on April 11, 2013;

on July 11, 2013 AGCOM approved the economic conditions for 2013 relating to the LLU, WLR and Bitstream services. Before becoming final these decisions were submitted for review to the European Commission (LLU; Bitstream). On the basis of these proposed decisions, the European Commission initiated Phase 2, for which WIND has provided its contribution and which envisages an exchange of views between the EU, BEREC and AGCOM lasting a maximum of 3 months before a final decision is reached. The final decisions on LLU, WLR and Bitstream are therefore not expected to arrive before the end of the year;

With Resolution 33/13/CIR, 34/13/CIR, 35/13/CIR, 36/13/CIR published in June initiated the proceeding to assess Telecom Italia's offer for 2013; WIND participated in the proceeding and provided its assessments in July 2013.

Fixed access network

NGN

By way of Resolution 91/13/CONS, on February 13, 2013 AGCOM combined the proceedings initiated with Resolutions 41/12/CONS (for establishing a cost model for determining the price of wholesale access services to Telecom Italia's fiber network and to identify the areas where sustainable competition exists for setting the price of wholesale broadband access services) and 42/12/CONS (to assess the regulatory effect of introducing new transmission techniques such as vectoring in the development of new generation networks) with the proceeding initiated with Resolution 390/12/CONS on "the identification and analysis of the fixed network access services market".

On March 27, 2013, the public consultation on the approval of the economic and technical conditions of Telecom Italia's reference offer was published with Resolution 221/13/CONS; this offer relates to wholesale disaggregated access services to the network and metal sub-networks and to co-location services.

In addition on April 15, by way of Resolution 239/13/CONS, AGCOM initiated a 30-day public consultation on the symmetric regulation on access to physical network infrastructures.

AGCOM proposes the following framework:

- *Symmetric obligations for access* by operators to the optic fiber termination section and to the base infrastructures in the conveyance section.
- *Obligations of transparency and non-discrimination*: to provide access to the termination segment and the conveyance section under transparent and non-discriminatory conditions, publishing an offer valid for 2014 on the website that must contain the terms and conditions for: i) access to the conveyance section, ii) access to the termination segment and iii) access to the accessory resources. The offer must specify the technical characteristics, the tariffs and the means of supply and reinstatement guaranteed by adequate SLAs and penalties.
- *Price obligations*: application of fair and reasonable prices for providing access services to the termination segment and the conveyance section (except for Telecom Italia which instead remains subject to prices geared towards cost, which will be established by the BU-LRIC model as part of the market analysis proceeding as per resolution 390/12/CONS):
    - The tariffs for the access services to the termination segment are charged by means of a monthly fee and activation charge.
    - The tariffs for the access services to the conveyance section are on the other hand charged in terms of a one-off charge and a fee deriving from a multi-year IRU contract.

WIND took part in the consultation, providing and presenting AGCOM its positioning contribution at the hearing on May 15, 2013.

On May 31, 2013, by way of Resolution 332/13/CONS, AGCOM initiated a public consultation on the proposed provision relating to the guidelines for the valuation of the repeatability of the optic fiber ultra-broadband retail offers. WIND has sent AGCOM its response and is currently waiting for the Authority to conclude the proceeding.

Market analysis – Fixed Access Markets 1, 4 and 5

On September 12, 2012, by way of Resolution 390/12/CONS the authority initiated the third cycle of market analyses for the fixed network access markets (nos. 1, 4 and 5 of those identified in European Commission Recommendation 2007/879/EC): i) the market for access to the public telephone network at a fixed location for residential and non-residential customers; ii) the market for wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location; iii) the market for wholesale broadband access. The proceeding will last 150 days. As part of the proceeding AGCOM carried out a quantitative and qualitative information gathering exercise at operators in October and November 2012 using suitable questionnaires.

The text of the public consultation on the identification and analysis of the fixed network access services markets (nos. 1, 4 and 5 of those identified in European Commission Recommendation 2007/879/EC) was published on AGCOM's website on April 4. Publication in the Official Gazette took place on April 16; AGCOM planned a duration of 45 days for the public consultation which in any case came to an end on May 31, 2013. WIND handed over and presented to AGCOM its response to the public consultation at the hearing of May 30, 2013.

On May 31, 2013 Telecom Italia officially announced news of its network separation project; AGCOM is currently assessing the matters which fall under its responsibility.

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 initiated by Resolution 390/12/CONS by a further 3 months in order to take into consideration the access network separation project proposed by TI.

Fixed termination

Resolution 229/11/CONS establishes that from January 1, 2012 TDM termination tariffs shall be symmetric at an SGU level, while IP termination tariffs shall be symmetric and established as the result of two proceedings, one technical on IP interconnection and the other economic to define the BULRIC model.

The final decision on the technical guidelines was adopted by AGCOM on December 14, 2011 with Resolution 128/11/CIR.

As regards the cost model (BULRIC) for the determination of the prices of the interconnection services in IP modality (preliminary inquiry initiated on December 15, 2011), AGCOM has completed the relative public consultation 349/12/CONS.

By way of a communication of February 7, 2013, the European Commission initiated a more detailed phase together with AGCOM and BEREC ("Phase II Investigation") to be carried out over a three month period and concerning the draft decision notified to AGCOM at the end of the consultation phase.

The proceedings regarding the symmetric values of TDM termination (traditional interconnection) for 2012 are as follows: i) Telecom Italia Termination: the value of fixed termination on the Telecom Italia network at the various interconnection levels were decided with Resolution 92/12/CIR; and ii) OLO TDM termination: public consultation 421/12/CONS was initiated on this matter. By way of Resolution 187/13/CONS the resolution approving 2012 fixed termination was published on March 13, 2013; this relates to the alternative operators and confirmed for 2012 an asymmetric termination for alternative operators with respect to Telecom Italia's values.

In May 2012 the Council of State annulled the previous sentence of the Regional Administrative Court (TAR) (December 2011) which upheld Telecom Italia's appeal against Resolution179/10/CONS relating to fixed termination prices for 2010 (fixed termination cap for OLOs at 0.57 eurocents/minute).

WIND has filed an extraordinary appeal against 229/11/CONS; this appeal is currently pending.

By way of Resolution 333/13/CONS, AGCOM combined the above proceedings regarding the BULRIC IP (as revised at the end of the EC's Phase II and to which WIND participated by sending its comments) and the TDM, which were all put out for public consultation through Resolution 356/13/CONS which will provide the termination amounts for the years from 2013 to 2015.

Regulatory measures in respect of IP interconnection and interoperability for the provision of VoIP services

By way of Resolution 128/11/CIR published on December 14, 2011 the technical guidelines for IP interconnection were issued. AGCOM with public consultation 12/13/CONS noted that migration from TDM to IP will require, for its completion, a period additional to that assumed in Resolution 229/11/CONS (referred to in Resolution 128/11/CIR). WIND published its IP reference offer in October 2012.

It is planned to set up a technical discussion table among operators for an exchange of views in order to define the detailed specifications, at the interconnection committee of the Ministry for Economic Development , together with a

monitoring unit (UPIM) managed by AGCOM for any issues which may emerge during the migration period. In particular, as the commission did not reach an agreement on the technical specifications of interconnection, AGCOM determined the points still open during the summer at a specific technical discussion table. The operators then met to transpose everything into technical specifications at the interconnection committee of the Ministry for Economic Development.

The UPIM discussion table met in May 2013 to discuss issues regarding the timing of migration to IP. Talks are currently in progress.

Migration and pure number portability procedure

By way of Resolution 31/11/CIR, in May 2011 AGCOM initiated a public consultation regarding provisions concerning retention prohibition and the management of the customer cooling-off period in the procedures for the transfer of fixed network users. The final decision by the Authority is currently awaited.

Technical discussions are taking place among operators at AGCOM to update the migration procedures, taking into account 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.

The work carried out by the technical discussion table was also useful for drawing up an outline of the provision of Consultation 31/13/CIR which supplements and amends the procedures as per Resolution 274/07/CONS for the cases when Telecom Italia's NGAN access services are used (subloop unbundling, VULA FTTCab-FTTH, Bitstream FTTCab naked and shared, bitstream FTTH, End to End, Access to the optic fiber termination segment) and the wholesaling of access services.

WIND replied to the public consultation on June 28, 2013.

The work of the discussion table is continuing with the analysis of a joint WIND/Vodafone/Metroweb proposal which includes the scenario of the existence of vertical fiber owned by any network supplier.

Public consultations of the European Commission and of BEREC

In January 2013 WIND sent its comments in reply to the European public consultation on the revision of the List of Relevant Markets, while in February 2013 the company intervened, by sending its comments, in the Article 7a procedure of the European Commission regarding AGCOM's decision relating to tariffs on the markets for collection, termination and call transit on single public telephone networks at a fixed location in Italy.

In March 2013 the EU Commission initiated a consultation having the objective of receiving input from all the stakeholders involved as preparation for the next opinion of the Radio Spectrum Policy Group (RSPG) entitled "Strategic Challenges facing Europe in addressing the Growing Spectrum Demand for Wireless Broadband", which has importance given the objectives of the Vice President of the European Commission (N. Kroes) concerning the management and harmonization of the radio spectrum until 2020, and WIND sent its contribution in this case too.

In June 2013 the company provided a contribution to the BREC public consultation on the draft guidelines on the separate sale of regulated roaming services, emphasizing the peculiarity of the first implementation of such a potentially radical change to the roaming services market.

In June 2013, the RSPG published a new text on Licensed Shared Access which was submitted for a public consultation open to all stakeholders and to which WIND provided its contribution.

In September 2013 the European Commission published its recommendation on the method of calculating the costs and non-discrimination principles after more than a year of negotiations with the various international institutional interlocutors. Although a public consultation on the text was not envisaged, WIND took part in all the international discussions and forums, also by way of the ECTA, the "European Competitive Telecommunications Association", whose members are alternative operators.

In September 2013 the European Commission published its proposed regulation for the creation of a single European electronic communications market and a connected continent, which has been sent for the co-legislation procedure to the European Council and Parliament. WIND is playing an active part in all the international discussions and forums, including through the international association ECTA, although a public consultation on the subject is not planned.

Mobile market

Market Analysis - Mobile Termination

Resolution 621/11/CONS is effective s far as concerns mobile termination, this is the outcome of the third cycle of market analyses initiated with Resolution 670/10/CONS and completed with the publication of the decisions as per Resolution 621/11/CONS on January 4, 2012.

AGCOM has carried out the third cycle of Market Analysis and the following are the main decisions on the structure of the mobile termination market established by Resolution 621/11/CONS: i) the relevant market keeps the same perimeter (4 distinct markets: one for each of the networks of the 4 mobile operators), ii) at the time of the monitoring AGCOM highlights that there are no MVNOs with infrastructural ranges of their own numbering, iii) confirmation of the notification of SMPs for the 4 MVNOs, each on its own reference market, iv) confirmation for the 4 SMPs having the following requirements: Access and use of specific network resources (public OR), Transparency (public OR), Non-discrimination (public OR), Regulatory accounting, Price control (defined on the basis of the BU LRIC cost model adopted with resolution 60/11/CONS) and v) the termination prices determined for the price cap are calculated by using the BULRIC model adopted with Resolution 60/11/CONS, which includes a reasonable remuneration rate for the capital employed (WACC) of 10.4% (this was 12.4% in 667/08/CONS).

With Resolution 621/11/CONS, AGCOM confirmed the termination amounts determined in the previous resolution (667/08/CONS) until June 30, 2012 and established the following glide path.

Eurocent/minutes	**As from 07/01/2012**	**As from 07/01/2012**	**As from 07/01/2012**
H3G	3.5	1.7	0.98

Telecom Italia	2.5	1.5	0.98
Vodafone	2.5	1.5	0.98
WIND	2.5	1.5	0.98

Despite the fact that the Lazio Regional Administrative Court upheld the appeals filed by operators against the extension of the asymmetry period for H3G established by Resolution 621/11/CONS, against the compliance statement issued by AGCOM with Resolution 11/13/CONS, the economic mobile termination values established in the glide path of Resolution 621/11/CONS remain confirmed. WIND has filed an appeal with the Council of State against the sentence of the Regional Administrative Court on Resolution 621/11/CONS: the hearing in this respect has been set for December 3, 2013. Concerning Resolution 11/13/CONS, Telecom Italia, WIND, Vodafone and Poste Mobile have filed appeals for the annulment of the resolution, claiming that AGCOM has not properly fulfilled the requirements of the sentence of the Regional Administrative Court. The audience in this respect was held on June 19, 2013. The sentences of the Lazio Regional Administrative Court are currently pending.

Following the Council of State's sentences no. 21 of January 7, 2013 and no. 3636 of July 9, 2013, the proceeding for the redetermination of mobile termination on the H3G network for the period from November 1, 2008 to June 30, 2009 has started up again. This start-up will most likely be followed by a public consultation.

Market Analysis: Messenger services – SMS termination

As part of the 670/10/CONS proceeding relating to mobile network voice termination services (market 7) and with specific indication as part of Resolution 621/11/CONS, AGCOM is continuing its review of SMS services with specific Market Analysis for SMS termination services. In this context, in February 2012 AGGOM submitted an information questionnaire to the mobile operators and virtual operators of mobile network services in order to collect the data needed for the market analysis.

The SMS termination services market is not at present a regulated market in Italy. The market analysis currently being carried out, therefore, corresponds to the first cycle of analyses performed for that market. On September 26, 2012, by means of Resolution 420/12/CONS, AGCOM submitted for consultation its proposal for a decision on the identification and market analysis of SMS termination services. The proposed results envisage: i) the definition of a relevant market for each operator that offers SMS termination services; ii) the geographical size of the national market; iii) the non-susceptibility of the relevant markets thus defined to *ex ante* regulation. The consultation was brought to a close in October 2012. The final decision is expected to be announced in the first quarter of 2013. In March 2013, following the positive opinion of the European Commission on AGCOM's draft decision not to regulate this market, AGCOM issued its final decision (Resolution 185/13/CONS) confirming the non-regulation of the WS SMS termination services market. The undertaking made by AGCOM to monitor the market remains.

In May 2013 the virtual operator BIP Mobile filed an appeal against AGCOM for the annulment upon suspension of Resolution 185/13/CONS. The audience before the Lazio regional administration court was held on June 5, 2013 at which the judge set the date for the merit hearing for March 12, 2014. On July 16, 2013 WIND received notification of an appeal to the Head of State made by the operator Messagenet against this resolution.

Monitoring of market and competition changes relating to virtual mobile operators

In February, 2012 AGCOM began monitoring market and competition changes relating to virtual mobile operators (understood in the broad sense as providers of mobile services, infrastructural or otherwise), by sending an information questionnaire to various parties in the market.

This activity has its origins in the contents of Resolution 621/11/CONS regarding mobile termination relating to virtual mobile operators. The timing of this proceeding has not yet been determined.

In October 2012 AGCOM updated the information it had collected, again through the use of questionnaires.

Roaming Regulation

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

The new roaming regulation 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 and LBO for data). This separation will become operational on July 1, 2014 and by way of an Implementing Regulation published on December 14, 2012 the Commission establishes the principles underlying the way it will be carried out. In addition, steps to establish the necessary technical specifications are also planned, to be coordinated by the Commission itself in the first few months of 2013.

In March 2013 BEREC published new guidelines on the implementation of the new regulation (except for articles 3, 4 and 5 which specifically discuss wholesale access and the separate sale of international roaming services, which are the subject of specific guidelines currently being drafted).

In June 2013, the company provided its contribution to the BEREC public consultation concerning the draft guideline on the separate sale of regulated roaming services, emphasizing the peculiarity of the first implementation of such a radical potential amendment to the roaming services market.

In July 2013, at the end of the relative public consultation, BEREC published the documents on high level, interface, protocol and billing technical standards.

During September 2013 the European Commission proposed a draft single market regulation to the European Council and Parliament. A detailed review of this is currently in progress.

Frequencies

Paragraph 2bis, article 14 of Decree Law no. 179 of October 18, 2012, in conjunction with Conversion Law no. 221 of December 17, 2012 on "Further urgent measures for the growth of the country", published in the Official Journal of December 18, 2012, states the following: "*Within sixty days of the effective date of the conversion law of this decree, by way of a regulation of the Minister for Economic Development, the measures to be undertaken by telecommunications operators to minimize any interference between the ultra mobile broadband services in the 800MHz band and domestic television reception equipment, and the means of doing this, shall be established. Any*

measures which may be need to be taken on domestic television reception equipment to mitigate interference shall be managed through the use of a fund set up by telecommunication operators who have been assigned frequencies in the 800 MHz band and run privately by the operators concerned, in accordance with the requirements of the regulations. The parameters for setting up said fund and the related contribution made by the operators shall be established according to principles of proportion, transparency and non-discrimination. By way of its own provision, the Ministry for Economic Development shall each quarter reformulate such contributions on the basis of the costs of intervention actually incurred and reported by the individual operators".

Public consultation Resolution 550/12/CONS on the procedure for the allocation of the frequencies available in the television band for terrestrial digital radio broadcasting systems was published in November 2012. WIND sent AGCOM its reply in December 2012.

Public consultation Resolution 553/12/CONS on the use of frequencies in the 3600-3800 MHz band by terrestrial systems capable of providing electronic communication services was published in December 2012. The Authority intends to obtain comments, items of information and documentation concerning the use of these frequencies through this consultation. The aim of this activity is to check the actual market demand for these applications and the conditions for use in the light of evolving technological developments and changing technical legislation. WIND sent its comments in February 2013. The proceeding has been closed for the moment with the publication in May 2013 by AGCOM of a summary of the public consultation, without a draft provision.

Resolution 628/12/CONS, the public consultation resolution, was published in January 2013; this regards a revision of the measures for issuing rights of use for the frequencies available for 26 and 28 GHz broadband radio networks.

The proceeding was concluded with the publication in June 2013 of Resolution 355/13/CONS. This resolution supplements and amends certain of the previously existing allocation measures included in the previous Resolution 195/04/CONS.

It has been established that for a period of three years, which is considered reasonable, the Ministry for Economic Development may arrange for the publication of further notices for the allocation of rights of use for frequencies in these bands.

By way of Resolution 451/13/CONS, in July 2013 AGCOM revised the Frequency Allocation Plan for the digital terrestrial television service for the national networks, as per Resolution 300/10/CONS. The provision also contains recommendations for channel 60, adjacent to the LTE band: the complete replacement of channel 60 by channel 55 throughout the whole of the country will be completed by no later than June 30, 2015; this migration may proceed, on a priority basis, from the areas initially affected by the deployment throughout the country of the transmission systems for fourth generation mobile networks, in the 800 MHz band, so as to reduce to a minimum interference to the reception of the Multiplex in question.

AGCOM has also expressed its opinion on claims for the reimbursement of costs for the replacement of channel 60, which in its view are unfounded.

Other Issues

National Numeration Plan

Recently, on March 15, 2013, a public consultation began on the rules for testing alphanumeric aliases for identifying the calling line in SMS/MMS (Resolution 7/13/CIR).

WIND took part in the public consultation and sent its response on April 12, 2013.

Subsequently, on July 17, 2013, AGCOM published the resolution for Decision 42/13/CIR with which it initiated a testing period for the use of Aliases on certain numbering codes also in Italy.

Following the publication of the resolution, AGCOM arranged a series of meetings on the subject of the Alias Data Base which it will manage. Other meetings will regard the drafting of a Code of Conduct. AGCOM has additionally asked operators for their opinions on the issue of the traceability of SMS/MMS having an alias sender.

On February 28, 2013, the Authority took the decision to initiate a proceeding designed to set up a single centralized data bank for the provision of various services (including geographical NP, MNP, telephone directory DB). A period of enquiry followed this decision to acquire elements for a public consultation, which AGCOM envisaged as lasting 60 days. Three technical discussion tables were also arranged at which WIND took part. The operators presented their alternative proposals and carried out a joint hearing through ASSTEL. As of today AGCOM has not set up a public consultation.

Universal Service

By way of Resolution 46/13/CIR AGCOM established the net cost for 2006 as nil, with the share of the contribution of the operators for 2006 relating solely to the cost of revision.

Copyright

In July 2011 AGCOM approved a draft regulation concerning the protection of copyright on electronic communications networks, subject to public consultation (Decision No 398/11/CONS) for which WIND defined a positioning, prepared the response document and participated at a special hearing held on October 3, 2011.

The objectives set by AGCOM relate, among others, to the promotion of a legal, promotion of agreements between manufacturers and distributors and the identification of criteria and procedures for the adoption of collective licensing. In conclusion, the likelihood of a reporting proceeding before the AGCOM was confirmed.

In July 2013 AGCOM initiated a public consultation on this matter approving a new regulation scheme in respect of which WIND has provided its observations and participated at a hearing held on October 7, 2013.

Investigation of mobile VoIP, P2P and Net Neutrality

WIND has defined an internal positioning and has prepared the response document to the consultations on the safeguarding of consumer protection and competition for services in VOIP and peer-to-peer mobile network (Resolution 39/11/CONS) and the issue of net neutrality (Resolution 40/11/CONS), in which particular attention is given to the need for the rationalization and efficient use of network resources.

On December 20, 2011, by way of Resolutions 713/11/CONS and 714/11/CONS, AGCOM published the results of the Net Neutrality, Peer to Peer and VoIP consultations as per Resolutions 39/11/CONS and 40/11/CONS. These documents contain the various positions emerging from the consultations.

Investigation into "TELEVISION 2.0 IN THE CONVERGENCE ERA"

In February 2013, by way of Resolution 93/13/CONS, AGCOM set up a fact-finding investigation designed to look into the complex aspects of the new television services on IP protocol in the electronic communications sector and, in particular, certain aspects concerning the structure of the market and the relative value chain, the business models, the possible development of supply and demand, the means of accessing the platforms, the problems of interoperability between platforms, competition between the various distribution platforms, development in terms of competition and pluralism, the guarantee of access to the contents, the benefits for the end user and forecasts in terms of cultural, economic and social development, with a view to the preparation of a White Book on "Television 2.0 in the convergence era". WIND took part in the public consultation in April 2013, providing its response to the questions raised by AGCOM in this respect.

Investigation into internet services and online advertising

In February 2013, by way of Resolution 39/13/CONS, AGCOM set up a fact-finding investigation into the sector of internet services and online advertising, designed to go into further detail concerning the market dynamics on both sides of the sector, the structure of the entire production chain, the economic and financial models underlying the new digital platforms and any critical points which may exist in the competitive structure. In May, AGCOM initiated a public consultation aimed mainly at internet service providers, advertising operators and end users, and at the same time as part of the investigation AGCOM gave WIND a request for information. WIND provided a reply to this request on June 20, 2013, which was presented to AGCOM at the hearing.

Main new consumer protection regulations

On April 24, 2012 Resolution 154/12/CONS on the quality and charter of services of mobile and personal communication services was published. In addition, Resolution 151/12/CONS, which supplements Resolution 244/08/CSP on fixed position internet quality, has become effective.

In June 2013 AGCOM started up a discussion table designed to reform the way in which the quality of the customer assistance service is regulated, with particular regard to the introduction of digital means of providing customer assistance.

In conjunction with fixed and mobile operators, by means of Resolution 376/11/CONS AGCOM has also initiated the setting up of a single data base available for online consultation by end users that relates to the commercial coverage of the Italian territory for broadband wired-wireless services. The aim is basically to realize an access application integrated with the various coverage data bases available at the fixed and mobile network operators, which is to be enhanced with information on the coverage, speed and commercial offers of each operator.

By way of Resolution 326/10/CONS the regulator has provided for the following measures concerning user protection: i) alert systems and expense limits for data traffic, ii) termination of the data link on reaching the remaining available credit or traffic, iii) the availability of systems for controlling data traffic costs, iv) the

predetermination of upper monthly data traffic consumption thresholds, v) information to be provided to customers regarding the above measures and vi) the availability of tariff plans for voice and SMS services that are in line with EC standards and related disclosure to customers.

By way of Resolution 73/11/CONS the Authority intervened on the question of user protection, adopting the Regulation on compensation applicable in settling disputes between operators and users. This Regulation establishes the criteria for calculating the compensation due to the user and additionally identifies the specific circumstances for automatic compensation.

In January 2012 the Authority commenced the process of amending Resolution 664/06/CONS on the Regulation on distance contracts. Following the hearings and the formal lodging of the documents with AGCOM, the operators drew up a Code of Conduct (currently still in draft) in order to improve the present "distance" sale process and strengthen the minimum guarantees to provide assurance to customers during the contact phase preceding the "distance contractual procedure". On June 2012 AGCOM set up an ad hoc technical discussion table as part of which the revision of Resolution 664/06/CONS and Resolution 274/07/CONS (on the issue of migration) will be included considering the overlapping of matters of common interest. Concluding the proceedings of the discussion group, by way of Resolution 202/13/CONS, published on March 14, 2013, AGCOM initiated a public consultation on the proposal for changes to the regulation on distance contracts. The results of the consultation are not yet known.

By way of Resolution 276/13/CONS, the Authority approved the guidelines on 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.

Privacy

Legislative Decree no. 69/12, through which Italy introduced 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 detriment of the data. The Privacy Guarantor firstly issued guidelines, in this way starting up a public consultation in view of the issue of the implementing provision. On April 4, 2013 the Privacy Guarantor issued the provision on the implementation of the Data Breach regulations. The decree additionally amended article 122 of the Privacy Code by introducing an opt-in regime for e-cookies, separating them into "technical cookies" (e.g. session monitoring, computer authentication, etc.) which are needed to supply the service 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 has initiated a public consultation aimed at all site managers and the most representative consumers' associations for the purpose of obtaining contributions and suggestions on the subject in order for an implementing regulation to be finalized.

The inter-operator working table created for setting up a data base of defaulters in the telecommunications sphere has picked up its activities again; 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

believe it is also appropriate to set up a sector data bank (Telecommunications Information Systems - SITs) as this would contain the most important information for the purposes pursued. A workshop has been set up with the Privacy Guarantor which held its second meeting on July 2, 2013 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. The bodies involved are currently waiting for the Guarantor to call the next meeting with the aim of providing all the information required for the Authority to issue a general provision for access to the SICs and a provision for access to the SITs.

Following the issue of Provision 242/2013 by the Privacy Guarantor on the subject of the processing of personal data for direct marketing purposes, talks were held both internally and with other operators with the aim of assessing any scenarios connected with the possibility of partially opposing the processing for marketing purposes which the Guarantor would like to grant to customers.

MAIN PENDING LEGAL PROCEEDINGS AT SEPTEMBER 30, 2013

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, 2013, 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. In addition, WIND is subject from time to time to tax audits and investigations, some of which may in the future result in legal proceedings.

Proceedings Concerning Electromagnetic Radiation

Proceedings are still pending, in particular before the administrative courts, regarding the installation of base radio stations. These are mainly the result of current concerns about electromagnetic radiation. The claims are of an undeterminable monetary amount.

Proceedings with agents

Certain proceedings are still pending at different judicial stages relating to the termination of agency agreements, in which the agents seek payment from WIND of certain indemnities provided for by Italian legislation; these include the termination indemnity, the collection indemnity, the indemnity in lieu of notice and the indemnities pursuant to article 1751 of the Italian Civil Code.

WIND/ITALGO SPA

Italgo SpA (formerly Delta SpA), initiated proceedings against WIND based upon an alleged breach by WIND of certain provisions of an agreement signed with Delta SpA for the provision of goods and services (the "Commercial Agreement"). Italgo SpA sought the termination of the Commercial Agreement and other related agreements, as well as the payment by WIND of a penalty of €3.3 million, a refund of €23 million (the price paid for Delta SpA shares) and additional damages (to be quantified during the proceedings) for the costs which Italgo SpA alleges to have incurred as a result of WIND's alleged breach of contract. Italgo SpA alternatively sought a reduction in the purchase price agreed by the parties to be settled by offsetting this amount against an amount of €9 million payable by Italgo SpA to WIND. On March 19, 2010, an injunction was issued by the Court in Rome ordering WIND to pay a total of €3 million. WIND has appealed this decision. On April 18, 2013 the Court of Rome issued a sentence ordering the payment in favour of WIND of €5.2 million as result of the off-setting of the amounts reciprocally claimed by the parties. On August 5, 2013 WIND and Italgo S.p.A. entered into a settlement in which renounced their reciprocal claims referred to the commercial agreement as object of the suit. Italgo S.p.A. also paid to WIND the amount of € 70.000,00 as a contribution for legal costs.

WIND/Crest One SpA

Crest One SpA ("Crest One") has 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 (the amount of which damages is to be determined following the trial) pursuant to the payment of such

value added tax by Crest One to WIND. The Court of Rome has rejected Crest One's claims. On September 9, 2013 Crest One challenged the decision of the Court of Rome submitting it to the Court of Appeal of Rome.
On March 22, 2012 the Court of Rome declared Crest One' bankruptcy. WIND has claims before the bankruptcy Court against Crest One for contractual breach for non-payment and incorrect application of the VAT regime by Crest One. Crest One appealed the payment and on June 12, 2013 the Court of Appeal of Rome rejected such application confirming Crest One's bankruptcy. The bankruptcy trustee has accepted WIND's for admission of €7.7 million as part of liabilities to be examined during bankruptcy. . On July 15, 2013 Crest One challenged the decision of the Court of Appeal of Rome initiating a proceeding in front of the Supreme Court for the revocation of the bankruptcy declaration. WIND will ritually file its counter-appeal.

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). To date, in 2011 received a single fine of €90 thousand connected to a case initiated in 2009; during 2011, AGCM initiated other five actions against WIND in this regard (three of which already have been settled through agreed non-monetary undertakings, one has been closed with a fine of €200 thousand and one closed without any fine). In 2012 AGCM initiated three new proceedings (one settled with a fine of €70 thousand, currently suspended being pending the relative appeal before the Administrative Court of second instance (Consiglio di Stato), and two closed without any fine). On April 18, 2013 AGCM initiated "*ex officio"* a proceeding against WIND for alleged unfair commercial practices regarding lack of information on limits and conditions of usage of the commercial offers named "*All inclusive*" and "*Unlimited*". In the final defensive memory filed WIND confirmed to have adopted a conduct in line with the applicable law on commercial practices nevertheless undertaking to implement certain measures aimed at improving the transparency of information on such matter.

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. The dispute can be quantified in approximately €6 million plus penalties and interest.

WIND-Antitrust Authority (Proceeding no. A/357)

With a decision dated August 3, 2007, the Antitrust Authority closed proceeding no. A/357 by condemning 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 favor of their respective internal divisions and to the detriment of fixed-line competitors. WIND was fined a sum of €2 million and ordered to cease the discriminatory behaviour. WIND appealed against the decision by seeking the annulment before the Administrative Court of Lazio (the Lazio TAR). The Lazio TAR rejected WIND's appeal on January 29, 2008 and the related decision was published on April 7, 2008. On September 17, 2008, WIND

filed an appeal before the State Council, seeking the annulment of the above Lazio TAR's decision, the hearing for which, following various delays, occurred on March 15, 2011.

On April 20, 2011, the State Council published the final ruling by rejecting the WIND's appeal. On June 4, 2012, WIND filed an appeal before the Court of Cassazione for the annulment of the above State Council's ruling. After the merit discussion hearing occurred on May 14, 2013, the Court of Cassazione issued the final ruling rejecting WIND's appeal.

WIND-Antitrust Authority (Proceeding no. I/757)

On September 13, 2012, the AGCM opened an anti-trust investigation in respect of three Italian MNOs (Telecom Italia, Vodafone and WIND) and carried out dawn raids on their premises. The investigation was started following a claim by an Italian MVNO, Bip Mobile. Bip Mobile claimed an alleged agreement between Telecom Italia, Vodafone and WIND which was aimed to prevent the entry of Bip Mobile into the Italian mobile market through collusive pressure on the multi-brand point of sales starting as of June, 2012. WIND is currently defending its conduct against Bip's Mobile's allegations and cooperating with ICA in accordance with usual legal and procedural steps. The investigation would have been completed by the end of September, 2013 which could result in an ICA decision of condemnation and fine of the MNOs or the dismissal of Bip Mobile's claim. WIND is waiting for the formal AGCM's decision of postponement.

Pursuant to Section 15 of Italian Law no. 287 of October 10, 1990, as amended, in the most serious cases, depending on the gravity and the duration of the infringement assessed, the ICA may decide to impose a fine up to 10% of the turnover of each undertaking over the previous fiscal year.

OUTLOOK

The ongoing cost structure optimization process allows the WIND Group to reasonably believe that it will continue to consolidate its performance and its competitive position during 2013, despite the intense competitive pressure, continuing challenging macroeconomic environment and the unfavourable regulatory developments. The efficiency and cost optimization processes will be further enhanced by the integration with the VimpelCom Group, mainly through the achievement of synergies.

During the course of 2013 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 while continuing to build upon the commercial success experienced during the course of 2012 and the first half of 2013 in the mobile, fixed-line voice and internet segments as well as continuing to develop its convergent business model.

WIND GROUP

Consolidated interim financial statements as of and for the nine-month period ended September 30, 2013

FINANCIAL STATEMENTS AND NOTES THERETO

BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA

Board of Directors [1]

Chairman	Jo Olav Lunder
Directors	Maximo Ibarra, CEO
	Vincenzo Nesci
	Jeffrey David Mc Ghie

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 held on April 12, 2013 re-appointed Mr. Maximo Ibarra, co-opted by the Board of Directors of the Company held on May 11, 2012, as a member of the Board of Directors. Mr. Ibarra will hold office until the expiry of the mandate granted to the current Board of Directors that is the date of the shareholders' meeting of the Company convened for the approval of the Company's financial statements as at December 31, 2013. The Board of Directors meeting held on April 12, 2013 confirmed the appointment of Mr. Maximo Ibarra as Chief Executive Officer of the Company. On August 31, 2013 Mr. Cornelis Hendrik Van Dalen resigned from his office as Board member of the Company.

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

CONTENTS

CONSOLIDATED INCOME STATEMENT

(thousands of euro)	Note	2013 9 months	2012 9 months	2013 III quarter	2012 III quarter
Revenue	4	3,649,820	3,952,552	1,205,915	1,287,378
Other revenue	5	95,836	105,563	44,318	41,722
Total revenue		**3,745,656**	**4,058,115**	**1,250,233**	**1,329,100**
Purchases and services	6	(1,930,457)	(2,132,312)	(631,250)	(673,197)
Other operating costs	7	(129,005)	(122,787)	(39,475)	(38,218)
Personnel expenses	8	(242,841)	(253,721)	(72,019)	(80,097)
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		**1,443,353**	**1,549,295**	**507,489**	**537,588**
Depreciation and amortization	9	(946,641)	(844,580)	(315,439)	(288,720)
Reversal of impairment losses/(impairment losses) on non-current assets	10	(1,790)	4,275	(1,745)	-
Gains/(losses) on disposal of non-current assets		(2,330)	2,734	(2,493)	732
Operating income		**492,592**	**711,724**	**187,812**	**249,600**
Finance income	11	37,753	12,312	1,790	5,601
Finance expense	11	(709,232)	(683,877)	(247,491)	(222,123)
Foreign exchange gains/(losses), net		(5,868)	(1,207)	(1,324)	(261)
Profit/(Loss) before tax		**(184,755)**	**38,952**	**(59,213)**	**32,817**
Income tax	12	(74,565)	(127,321)	(27,405)	(43,259)
Loss from continuing operations		**(259,320)**	**(88,369)**	**(86,618)**	**(10,442)**
Loss for the period		**(259,320)**	**(88,369)**	**(86,618)**	**(10,442)**
Non-controlling interests		(24)	(63)	(25)	(21)
Loss for the period attributable to the owners of the parent		**(259,296)**	**(88,306)**	**(86,593)**	**(10,421)**
Earnings per share (in euro) – basic and diluted:	18				
Earning per share from Continuing operations		(1.77)	(0.60)	(0.59)	(0.07)
Earning per share from Discontinued operations		-	-	-	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)	Note	2013 9 months	2012 9 months	2013 III quarter	2012 III quarter
Loss for the period		**(259,320)**	**(88,369)**	**(86,618)**	**(10,442)**
Other comprehensive income					
Cash flow hedges		52,590	38,296	31,156	(3,839)
Income tax relating to components of other comprehensive income		6,366	(2,718)	(2,790)	1,575
Other comprehensive income for the period, net of tax	17	**58,956**	**35,578**	**28,366**	**(2,264)**
Total comprehensive income for the period		**(200,364)**	**(52,791)**	**(58,252)**	**(12,706)**
Total comprehensive income attributable to:					
Owners of the parent		(200,340)	(52,728)	(58,227)	(12,685)
Non-controlling interests		(24)	(63)	(25)	(21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of euro)	Note	At September 30, 2013	At December 31, 2012*
Assets			
Property, plant and equipment	13	3,380,058	3,599,279
Intangible assets	14	8,651,625	8,740,122
Financial assets	15	155,172	187,615
Deferred tax assets	16	246,244	219,647
Total non-current assets		**12,433,099**	**12,746,663**
Inventories		41,523	24,118
Trade receivables		1,131,553	1,195,981
Financial assets	15	174,475	173,322
Current tax assets		29,289	8,070
Other receivables		197,905	244,511
Cash and cash equivalents		40,239	130,543
Total current assets		**1,614,984**	**1,776,545**
TOTAL ASSETS		**14,048,083**	**14,523,208**
Equity and Liabilities			
Equity			
Issued capital		147,100	147,100
Share premium reserve		751,887	751,887
Other reserves		(33,613)	(92,569)
Retained earnings		134,503	393,799
Equity attributable to owners of the parent	17	**999,877**	**1,200,217**
Non-controlling interests		**104**	**128**
Total equity	17	**999,981**	**1,200,345**
Liabilities			
Financial liabilities	20	9,177,456	9,155,589
Employee benefits		53,946	53,764
Provisions	19	130,421	149,048
Other non-current liabilities		144,559	142,800
Deferred tax liabilities	16	710,086	703,251
Total non-current liabilities		**10,216,468**	**10,204,452**
Financial liabilities	20	393,282	466,524
Trade payables		1,497,778	1,789,616
Other payables		881,666	845,944
Tax payables		58,908	16,327
Total current liabilities		**2,831,634**	**3,118,411**
Total liabilities		**13,048,102**	**13,322,863**
TOTAL EQUITY AND LIABILITIES		**14,048,083**	**14,523,208**

* Following the application of Amendments to IAS 19, from January 1, 2013 (retrospectively), the data, reported on December 31, 2012 for comparative purposes, have been restated as required by IAS 1; further details may be found in paragraph "Amendments to IAS 19 - Employee Benefits" in section 2.2 "Accounting standards and interpretations".

CONSOLIDATED CASH FLOW STATEMENT

(thousands of euro)	2013 9 months	2012 9 months
Cash flows from operating activities		
Loss from continuing operations	**(259,320)**	**(88,369)**
Adjustments to reconcile the loss for the period with the cash flows from/ (used in) operating activities		
Depreciation, amortization and (reversal of impairment losses)/impairment losses on non-current assets	948,426	840,305
Net changes in provisions and employee benefits	(19,694)	(16,173)
(Gains)/losses on disposal of non-current assets	2,330	(2,734)
Changes in current assets	47,694	74,845
Changes in current liabilities	(174,649)	(3,138)
Net cash flows from operating activities	**544,787**	**804,736**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(327,535)	(411,691)
Proceeds from sale of property, plant and equipment	751	6,477
Acquisition of intangible assets	(169,257)	(246,324)
Net cash flows used in investing activities	**(496,041)**	**(651,538)**
Cash flows from financing activities		
Changes in loans	(139,050)	(464,680)
Net cash flows used in financing activities	**(139,050)**	**(464,680)**
Net cash flows for the period	**(90,304)**	**(311,482)**
Cash and cash equivalents at the beginning of the period	130,543	395,276
Cash and cash equivalents at the end of the period	**40,239**	**83,794**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

(thousands of euro)	2013 9 months	2012 9 months
Income tax paid	(51,135)	(60,509)
Interest paid on loans/bonds	(568,693)	(602,894)
Interest paid on hedging derivative instruments	(58,058)	(61,912)
Interest received on hedging derivative instruments	13,445	11,774

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(thousands of euro)	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 December 31, 2011 (Reported amounts)	**147,100**	**751,887**	**(129,576)**	**517,595**	**1,287,006**	**218**	**1,287,224**
IAS 19 revised adoption effect	**-**	**-**	3,391	**-**	**3,391**	**-**	**3,391**
Balances at January 1, 2012	**147,100**	**751,887**	**(126,185)**	**517,595**	**1,290,397**	**218**	**1,290,615**
Total comprehensive income for period	**-**	**-**	**35,578**	**(88,306)**	**(52,728)**	**(63)**	**(52,791)**
- Profit for the period	-	-	-	(88,306)	**(88,306)**	(63)	**(88,369)**
- Cash flow hedges	-	-	35,578	-	**35,578**	-	**35,578**
Transactions with equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balances at September 30, 2012	**147,100**	**751,887**	**(90,607)**	**429,289**	**1,237,669**	**155**	**1,237,824**
Balances at December 31, 2012 (Reported amounts)	**147,100**	**751,887**	**(95,861)**	**393,799**	**1,196,925**	**128**	**1,197,053**
IAS 19 revised adoption effect	**-**	**-**	3,292	**-**	**3,292**	**-**	**3,292**
Balances at January 1, 2013	**147,100**	**751,887**	**(92,569)**	**393,799**	**1,200,217**	**128**	**1,200,345**
Total comprehensive income for the period	**-**	**-**	**58,956**	**(259,296)**	**(200,340)**	**(24)**	**(200,364)**
- Loss for the period	-	-	-	(259,296)	**(259,296)**	(24)	**(259,320)**
- Cash flow hedges	-	-	58,956	-	**58,956**	-	**58,956**
Transactions with equity holders	**-**	**-**	**-**	**-**	**-**	-	**-**
Balances at September 30, 2013	**147,100**	**751,887**	**(33,613)**	**134,503**	**999,877**	**104**	**999,981**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE WIND TELECOMUNICAZIONI GROUP AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2013

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*".

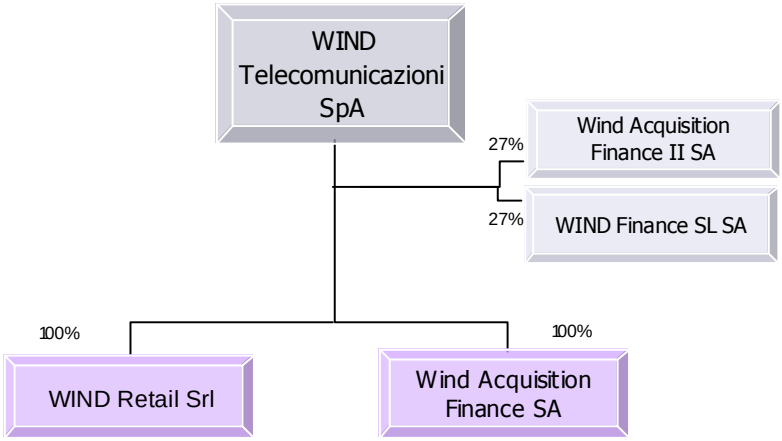
The following are the main offices of the Parent, WIND Telecomunicazioni SpA ("WIND" or the "Parent").

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 while WIND Acquisition Holdings Finance SpA holds 7.76%.

The consolidated interim financial statements as of and for the nine-month period ended September 30, 2013 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, 2013.



During the nine-month period ended September 31, 2013 the Group earned a loss before tax of €184,755 thousand (profit of €38,952 thousand for the nine-month period ended September 30, 2012) and a loss for the period from continuing operation of €259,320 thousand (€88,369 thousand for the corresponding period). This result reflects the decline in operating income due to increased competitive pressure and higher depreciation and amortization.

The WIND Group will continue to consolidate its performance and its competitive position in 2013, notwithstanding the challenging economic environment and the unfavourable regulatory development. The efficiency and cost optimization processes will be further supported by the integration with the VimpelCom Group, mainly through the deployment of achievable synergies.

During 2013 WIND 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 while continuing to build upon the commercial success experienced during the course of 2012 in the mobile, fixed-line voice and internet segments as well as continuing to develop its convergent business model.

The growth prospects of the Group in 2013 will be supported and sustained by the necessary financial investments which will be in line with the investments made in 2012.

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, 2013 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, 2012.

The consolidated financial statements as of and for the year ended December 31, 2012 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 nine months ended September 30, 2013.

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, 2012.

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, 2012.

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 thousands of euro.
For the purposes of comparison, balances in the statement of financial position and income statement and the detailed tables in the notes have been reclassified where necessary. These reclassifications, for which details may be found in note 6, do not affect the Group's loss for the period or equity. Moreover, in order to ensure better representation, on "Income tax paid" in the Additional Information on the cash flow statement, an amount of €27,386 thousand have been included with reference to nine months of 2012.
These consolidated financial statements were approved by the Parent's Board of Directors on October 31, 2013.

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, 2013 and thereafter.

Accounting standards, amendments and interpretations adopted from 1 January 2013

The following is a brief description of the new standards and interpretations applicable and adopted by the Group in the preparation of the consolidated interim financial statements at September 30, 2013.

- *Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income*

  The amendment requiring companies to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. The application of this amendment did not have any significant effects on the measurement of items in the Group's financial statements.

- *IFRS 13 – Fair Value Measurement*

The accounting standard clarifying the determination of the fair value for the purpose of the financial statements and applying to all IFRSs permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The application of this new standard did not have any significant effects on the Group's financial statement.

- *Amendments to IFRS 7 – Offsetting Financial Assets and Financial Liabilities*

The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. The application of these amendments had no significant effect on the disclosures presented in this Interim report nor on the measurement of the related items.

- *Amendments to IAS 19 - Employee Benefits*

The amendment modifies the requirements for recognising defined benefit plans and termination benefits. The main changes concerning defined benefit plans regard the recognition of the entire plan deficit or surplus in the balance sheet, the introduction of net interest expense and the classification of net interest expense arising from defined benefit plans.

In accordante with the transitional rules included in paragraph 173 of IAS 19, the Group applied this amendment to IAS 19 retrospectively from 1 January 2013, adjusting the opening balance sheet at 1 January 2012 and 31 December 2012 as well as the income statement for 2012 as if the amendment had always been applied.

In more detail the Group has calculated the following retrospective effects resulting from the adoption of the amendment to IAS 19:

(thousands of euro)	At January 31, 2012		
Effects on the Balance Sheet	**Published values**	**Effects resulting from the application of IAS 19**	**Restated values**
Employee benefits	58,108	(4,677)	53,431
Deferred tax liabilities	739,404	1,286	740,690
Total equity	1,287,224	3,391	1,290,615

(thousands of euro)	At December 31, 2012		
Effects on the Balance Sheet	**Published values**	**Effects resulting from the application of IAS 19**	**Restated values**
Employee benefits	58,305	(4,541)	53,764
Deferred tax liabilities	702,002	1,249	703,251
Total equity	1,197,053	3,292	1,200,345

- *Annual Improvements to IFRSs – 2009-2011 Cycle*

The changes affected the IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 in this regard it should be noted that the adoption of the related amendments did not have any effect in presentation, recognition and measurement of items of the Group's financial statement.

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, 2013.

STANDARD/INTERPRETATION	EU endorsement
IFRS 10 – Consolidated Financial Statements	January 1, 2014
IFRS 11 – Joint Arrangements	January 1, 2014
IFRS 12 - Disclosure of Interests in Other Entities	January 1, 2014
IAS 27 – Separate Financial Statements	January 1, 2014
IAS 28 – Investments in Associates and Joint Ventures	January 1, 2014
Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities	January 1, 2014
Amendments to IFRS 10, IFRS 11 and IFRS 12 - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2014

Accounting standards, amendments and interpretations 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
IFRS 9 – *Financial Instruments*	January 1, 2015
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	January 1, 2014
IFRIC 21 – Levies	January 1, 2014
Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendments to IAS 39 – Recognition and Measurement entitled Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014

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, 2013 include the financial statements of WIND Telecomunicazioni SpA and those entities over which the company exercises control, both directly or indirectly, from the date of acquisition to the date when such control ceases. Control may be

exercised through direct or indirect ownership of shares with majority voting rights, or by exercising a dominant influence expressed as the direct or indirect power, based on contractual agreements or statutory provisions, to determine the financial and operational policies of the entity and obtain the related benefits, regardless of any equity relationships. The existence of potential voting rights that are exercisable or convertible at the reporting date is also considered when determining whether there is control or not.
There are no changes in the scope of consolidation compared to the consolidated interim financial statements as of and for the three-month period ended September 30, 2012.

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

4 REVENUE

The following table provides an analysis of ***Revenue*** for the nine months and for the third quarter of 2013 compared with the corresponding periods of 2012.

(thousands of euro)	2013	2012	Change		2013	2012	Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Revenue from sales	**182,174**	**131,532**	**50,642**	**38.5%**	**51,368**	**50,898**	**470**	**0.9%**
- Telephone services	3,040,767	3,206,974	(166,207)	(5.2)%	1,012,081	1,077,430	(65,349)	(6.1)%
- Interconnection traffic	300,984	484,732	(183,748)	(37.9)%	100,191	114,196	(14,005)	(12.3)%
- International roaming	35,203	35,278	(75)	(0.2)%	15,469	15,758	(289)	(1.8)%
- Judicial authority services	4,597	5,412	(815)	(15.1)%	1,433	1,657	(224)	(13.5)%
- Other revenue from services	86,095	88,624	(2,529)	(2.9)%	25,373	27,439	(2,066)	(7.5)%
Revenue from services	**3,467,646**	**3,821,020**	**(353,374)**	**(9.2)%**	**1,154,547**	**1,236,480**	**(81,933)**	**(6.6)%**
Total	**3,649,820**	**3,952,552**	**(302,732)**	**(7.7)%**	**1,205,915**	**1,287,378**	**(81,463)**	**(6.3)%**

The item shows a decrease for the nine months and for the third quarter of 2013 of 7.7% and 6.3%. This effect is mainly due to a decrease in revenue from *interconnection traffic*, which the effect was partially offset by the increase in the *revenue from sales* respectively for the nine months and for the third quarter of 2013.

The *Telephone services* are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 5.2% thanks to an increase in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

The increase in the *revenue from sales* is due to the increase in the sale of mobile telephone handsets and to a shift of sales towards high-range terminals.

The *interconnection traffic* revenue decrease mainly due to the effect of the reduction of unit tariffs set by AGCOM.

5 OTHER REVENUE

Other revenue amounts in total to €95,836 thousand in the nine months of 2013 and to €44,318 thousand in the third quarter of 2013 (a decrease of €9,727 thousand and of €2,596 thousand over the corresponding periods of 2012) and refers principally to the revisions of estimates made in previous years.

6 PURCHASES AND SERVICES

The following table provides an analysis of ***Purchases and services*** for the nine months and for the third quarter of 2013 compared with the corresponding periods of 2012.

(thousands of euro)	2013	2012	Change		2013	2012	Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Interconnection traffic	502,706	658,682	(155,976)	(23.7)%	173,216	187,304	(14,088)	(7.5)%
Customer acquisition costs	184,574	190,879	(6,305)	(3.3)%	57,198	64,299	(7,101)	(11.0)%
Lease of civil/technical sites and use of third party assets	186,444	194,982	(8,538)	(4.4)%	57,999	65,053	(7,054)	(10.8)%
Purchases of raw materials, consumables, supplies and goods	217,679	164,873	52,806	32.0%	65,168	65,974	(806)	(1.2)%
Rental of local network and circuits	329,370	383,069	(53,699)	(14.0)%	106,525	127,602	(21,077)	(16.5)%
Advertising and promotional services	109,089	144,529	(35,440)	(24.5)%	29,464	34,235	(4,771)	(13.9)%
Outsourcing costs for other services	105,702	103,080	2,622	2.5%	34,839	33,030	1,809	5.5%
Maintenance and repair	72,570	75,952	(3,382)	(4.5)%	23,137	25,361	(2,224)	(8.8)%
Power consumption and other utilities	95,986	91,767	4,219	4.6%	36,088	33,635	2,453	7.3%
National and international roaming	33,335	26,655	6,680	25.1%	15,433	12,325	3,108	25.2%
Consultancies and professional services	25,096	28,363	(3,267)	(11.5)%	8,533	8,246	287	3.5%
Change in inventories	(17,405)	(9,259)	(8,146)	88.0%	(7,439)	(5,613)	(1,826)	32.5%
Other services	85,311	78,740	6,571	8.3%	31,089	21,746	9,343	43.0%
Total purchases and services	**1,930,457**	**2,132,312**	**(201,855)**	**(9.5)%**	**631,250**	**673,197**	**(41,947)**	**(6.2)%**

In order to simplify the structure of the information reported in the notes to a minimum, have been identified in the table ***Purchases and services*** some items that, given the nature and the amount can be grouped. In particular "Lease of local access network" and "Lease of telecommunication circuits" have been grouped in *Rental of local network and circuits*; "Lease of civil and technical sites" and "Other leases and use of third party assets" have been grouped in *Lease of civil/technical sites and use of third party assets;* "Other services", "Transport and logistics" and "Bank and postal charges" have been grouped in *Other services*.

In order to ensure better comparison of the items in the two periods under comparison, reclassifications have been made to the balances at September 30, 2012 with the following effects: lower Maintenance and repair, Purchases of raw materials, consumables, supplies and goods, Lease of civil/technical sites and use of third party assets, and Consultancies and professional services by €8,321thousand, €2,117 thousand, €1,834 thousand and €275 thousand, respectively; and higher Power consumption and other utilities, and Advertising and promotional services by €10,155 thousand and €2,392 thousand, respectively.

The change in this item is essentially due to the combined effect of the following increases and decreases compared to the nine-months period ended September 30, 2012:

- a decrease of €155,976 thousand in *Interconnection traffic* costs mainly due to a fall in termination tariffs, only partially offset by an increase in the volume of traffic directed to the mobile network and in VAS SMS traffic;
- a decrease of €53,699 thousand in *Lease of local access network and circuits* costs mainly as the result of a price effect on lease of local access network;
- a decrease of €35,440 thousand in the cost of *Advertising and promotional services* mainly due to the improvement in advertising strategy in terms of efficiency acquisition of advertising media such as TV, radio, billboards and internet and to the reduction of costs of image rights;
- net increase of €44,660 thousand in Purchases of raw materials, consumables, supplies and goods and Change in inventories mainly due to an increase in the sale of mobile telephone handsets and in the unit purchase prices charged by suppliers compared to the previous period as the result of a shift of sales towards high-range terminals.

7 OTHER OPERATING COSTS

The following table provides an analysis of ***Other operating costs*** for the nine months and for the third quarter of 2013 compared with the corresponding periods of 2012.

(thousands of euro)	2013	2012	Change		2013	2012	Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Impairment losses on trade receivables and current assets	87,323	81,054	6,269	7.7%	28,185	25,825	2,360	9.1%
Accruals to provision for risks and costs	6,303	5,598	705	12.6%	1,759	846	913	107.9%
Annual license and frequency fees	23,033	23,468	(435)	(1.9)%	6,117	7,767	(1,650)	(21.2)%
Other operating costs	12,346	12,667	(321)	(2.5)%	3,414	3,780	(366)	(9.7)%
Total other operating costs	**129,005**	**122,787**	**6,218**	**5.1%**	**39,475**	**38,218**	**1,257**	**3.3%**

It should be noted that in order to simplify the structure of the information reported in the notes to a minimum, have been identified in the table ***Othe Operating costs*** some items that, given the nature and the amount can be grouped. In particular: "Gifts" have been included in *Other operating costs*; " Accruals for risks " and " Accruals for costs " have been grouped in *Accruals to provision for risks and costs*.

8 PERSONNEL EXPENSES

The following table provides an analysis of ***Personnel expenses*** for the nine months and for the third quarter of 2013 compared with the corresponding periods of 2012.

(thousands of euro)	2013 9 months	2012 9 months	Change Amount	Change %	2013 III quarter	2012 III quarter	Change Amount	Change %
Wages and salaries	204,789	212,157	(7,368)	(3.5)%	61,635	67,712	(6,077)	(9.0)%
Social security charges	57,790	58,945	(1,155)	(2.0)%	17,092	17,783	(691)	(3.9)%
Other personnel expenses	9,326	10,102	(776)	(7.7)%	2,902	3,150	(248)	(7.9)%
Post-employment benefits	14,503	15,362	(859)	(5.6)%	4,513	4,715	(202)	(4.3)%
(Costs capitalized for internal works)	(43,567)	(42,845)	(722)	1.7%	(14,123)	(13,263)	(860)	6.5%
Total personnel expenses	**242,841**	**253,721**	**(10,880)**	**(4.3)%**	**72,019**	**80,097**	**(8,078)**	**(10.1)%**

The noted decrease over the nine months of 2012 is essentially due to the effect of the agreement with trade unions, reached on October 10, 2012, to revise the main economic and legislative schemes in personnel costs in the period from 2013 to 2017.

An agreement for the renewal of the National Labor Contract (CCNL) was reached at the beginning of February 2013, subsequently approved by the workers' assemblies; on an economic level this establishes an increase in the contractual minima from April. The new CCNL is effective from December 31, 2014.

9 DEPRECIATION AND AMORTIZATION

The following table provides an analysis of ***Depreciation and amortization*** for the nine months and for the third quarter of 2013 compared with the corresponding periods of 2012.

(thousands of euro)	2013 9 months	2012 9 months	Change Amount	Change %	2013 III quarter	2012 III quarter	Change Amount	Change %
Depreciation of property, plant and equipment								
- Plant and machinery	528,177	498,939	29,238	5.9%	176,045	169,573	6,472	3.8%
- Industrial and commercial equipment	9,019	7,705	1,314	17.1%	3,040	2,680	360	13.4%
- Other assets	18,453	17,699	754	4.3%	5,925	6,018	(93)	(1.5)%
Amortization of intangible assets with finite lives								
- Industrial patents and similar rights	89,823	83,728	6,095	7.3%	29,964	28,864	1,100	3.8%
- Concessions, licenses, trademarks and similar rights	143,607	84,628	58,979	69.7%	47,869	28,175	19,694	69.9%
- Other intangible assets	157,562	151,881	5,681	3.7%	52,596	53,410	(814)	(1.5)%
Total depreciation and amortization	**946,641**	**844,580**	**102,061**	**12.1%**	**315,439**	**288,720**	**26,719**	**9.3%**

Depreciation and amortization rose by €102,061 thousand over the first nine months of 2012. Of this €31,306 thousand relates to property, plant and equipment, due to the additional investments made in network development over the past few years, and €70,755 thousand to intangible assets, mainly as the rights of use for the frequencies in the 800 and 2600 MHz bands were exercised from the start of the quarter.

10 REVERSAL OF IMPAIRMENT LOSSES / (IMPAIRMENT LOSSES) ON NON-CURRENT ASSETS

The following table provides an analysis of ***Reversal of impairment losses / (impairment losses) on non-current assets*** for the nine months and for the third quarter of 2013 compared with the corresponding periods of 2012.

(thousands of euro)	2013 9 months	2012 9 months	Change Amount	Change %	2013 III quarter	2012 III quarter	Change Amount	Change %
Reversal of impairment losses / (Impairment losses) on property, plant and equipment	(1,790)	4,289	(6,079)	n.m.	(1,745)	14	(1,759)	n.m.
Impairment losses on intangible assets	-	(14)	14	n.m.	-	(14)	14	n.m.
Total	**(1,790)**	**4,275**	**(6,065)**	**n.m.**	**(1,745)**	**-**	**(1,745)**	**n.m.**

The balance for the nine months of 2013 includes the effects of impairment losses and reversals of property, plant and equipment and the effect of the operation to replace transmission equipment which more details may be found in the note 13.

11 FINANCE INCOME AND EXPENSE

Financial management generated a negative net finance expense of €671,479 thousand in the first nine months of 2013 (€671,565 thousand in the first nine months of 2012); net finance expense of €245,701 thousand in the third quarter of 2013 (€216,522 thousand in the third quarter of 2012).

The following table provides an analysis of ***Finance income*** for the nine months and for the third quarter of 2013 compared with the corresponding periods of 2012.

(thousands of euro)	2013 9 months	2012 9 months	Change Amount	Change %	2013 III quarter	2012 III quarter	Change Amount	Change %
Interest on bank deposits	397	1,529	(1,132)	(74.0)%	83	181	(98)	(54.1)%
Cash flow hedge reversed from equity	983	72	911	1265.3%	960	(167)	1,127	(674.9)%
Fair value measurement of derivatives	32,495	4,773	27,722	580.8%	(546)	3,755	(4,301)	(114.5)%
Other	3,878	5,938	(2,060)	(34.7)%	1,293	1,832	(539)	(29.4)%
Total finance income	**37,753**	**12,312**	**25,441**	**206.6%**	**1,790**	**5,601**	**(3,811)**	**(68.0)%**

The increase in this item is mainly due to higher income arising from the fair value measurement of the embedded derivatives on the bonds amounting to €31,664 thousand at September 30, 2013 (€4,733 thousand at 30 September 2012).

Other financial income consists of the interest arising on the receivable from the parent Wind Telecom SpA under the intercompany agreement entered in November 2010, for which details may be found in note 15.

The following table provides an analysis of ***Finance expense*** for the nine months and for the third quarter of 2013 compared with the corresponding periods of 2012.

(thousands of euro)	2013 9 months	2012 9 months	Change Amount	Change %	2013 III quarter	2012 III quarter	Change Amount	Change %
Interest expense on:								
Bond issues	(454,343)	(427,822)	(26,521)	6.2%	(158,666)	(147,906)	(10,760)	7.3%
Bank loans	(135,190)	(196,513)	61,323	(31.2)%	(37,689)	(51,906)	14,217	(27.4)%
Discounted provisions	(1,433)	(1,843)	410	(22.2)%	(477)	(614)	137	(22.3)%
Cash flow hedges, reversed from equity	(64,245)	(90,981)	26,736	(29.4)%	(28,678)	(32,005)	3,327	(10.4)%
Fair value measurement of derivatives	(8,430)	-	(8,430)	n.m.	(8,430)	-	(8,430)	n.m.
Other	(45,591)	(45,245)	(346)	0.8%	(13,551)	(14,983)	1,432	(9.6)%
(Finance expense capitalized)	-	78,527	(78,527)	(100.0)%	-	25,291	(25,291)	(100.0)%
Total finance expense	**(709,232)**	**(683,877)**	**(25,355)**	**3.7%**	**(247,491)**	**(222,123)**	**(25,368)**	**11.4%**

Finance expense consists mostly of accrued interest on financial liabilities outstanding at September 30, 2013, for which further details may be found in note 20 and the effects of hedge accounting for derivatives under which a portion of the cash flow hedge reserve was reclassified to the income statement by €64,245 thousand (€90,981 thousand at September 30, 2012).

The decrease in the bank loan interest is due to the early repayment of €500 million on April 13, 2012 and of €575 million on April 29, 2013, of the Senior Facility Agreement.

Interest expense on Bond issues increase during the period over the first nine months of 2012, due to the additional placement completed on April 13, 2012, of the Senior Secured Notes 2018 of €200 million and USD400 million and further issue, completed on April 29, 2013, of the Floating Rate Senior Secured 2019 of €150 million and the Fixed Rate Senior Secured 2020 of USD550 million.

Capitalized borrowing costs at September 30, 2013 relate to the interest incurred on loans used by the Group specifically for the purchase of the frequencies in the 800 MHz and 2600 MHz band, occurred in 2011. As the frequencies entered use during the quarter ended March 31, 2013 the related borrowing costs can no longer be capitalized. More details may be found in notes 14 and 20.

12 INCOME TAX

The following table provides an analysis of ***Income tax*** for the nine months and for the third quarter of 2013 compared with the corresponding periods of 2012.

(thousands of euro)	2013	2012	Change		2013	2012	Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Current tax	(114,577)	(163,534)	48,957	(29.94)%	(48,546)	(52,443)	3,897	(7.4)%
Previous years income taxes	(4,153)	(1,330)	(2,823)	212.26%	(5,765)	(1,330)	(4,435)	333.5%
Deferred tax	44,165	37,543	6,622	17.6%	26,906	10,514	16,392	155.9%
Total income tax	**(74,565)**	**(127,321)**	**52,756**	**(41.4)%**	**(27,405)**	**(43,259)**	**15,854**	**(36.6)%**

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

- current income taxes expense of €114,577 thousand (of which €76,052 thousand for IRES tax and €38,525 thousand for IRAP tax) charged on the consolidated taxable income for the period;
- previous years income taxes of €4,153 thousand;
- net deferred tax income of €44,165 thousand, arising from an increase of €28,162 thousand in deferred tax assets and from the release of deferred tax liabilities of €16,003 thousand.

13 PROPERTY, PLANT AND EQUIPMENT

The following table sets out the changes in ***Property, Plant and Equipment*** during the first nine months of 2013.

(thousands of euro)	At December 31, 2012	Additions	Depreciation	Reversal of impairment losses/ Impairment losses	Disposals	Others	At September 30, 2013
Land and buildings	552	-	-	-	-	-	552
Plant and machinery	3,250,717	248,523	(528,177)	(10,365)	(3,072)	158,672	3,116,298
Equipment	25,860	5,602	(9,019)	-	(7)	1,137	23,573
Other	60,505	3,380	(18,453)	-	(2)	5,626	51,056
Assets under construction	261,645	91,062	-	-	-	(164,128)	188,579
Total	**3,599,279**	**348,567**	**(555,649)**	**(10,365)**	**(3,081)**	**1,307**	**3,380,058**

The cost, accumulated impairment losses and accumulated depreciation at September 30, 2013 can be summarized as follows.

(thousands of euro)	At September 30, 2013			
	Cost	Accumulated impairment losses	Accumulated depreciation	Carrying amount
Land and buildings	552	-	-	552
Plant and machinery	10,819,833	99,097	7,604,438	3,116,298
Equipment	148,055	29	124,453	23,573
Other	499,175	163	447,956	51,056
Assets under construction	189,221	642	-	188,579
Total	**11,656,836**	**99,931**	**8,176,847**	**3,380,058**

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

In connection with an operation to replace transmission equipment being carried out to render the network more efficient and to obtain benefits from synergies, the net carrying amount of replaced equipment of €8,567 thousand was written off and investments have been recognized by €21,032 thousand resulting from the recognition as an increase in the market value of the equipment received as a replacement. In this regard, the value of equipment received as a replacement totally offsets the impairment loss on the equipment replaced, while the remaining €12,465 thousand was suspended in other non-current liabilities and will be released in profit or loss over the useful life of assets.

14 INTANGIBLE ASSETS

The following table sets out the changes in ***Intangible assets*** during the first nine months of 2013.

(thousands of euro)	At December 31, 2012	Additions	Amortization	Reversal of impairment losses/ Impairment losses	Others	At September 30, 2013
Industrial patents and intellectual property rights	299,043	65,775	(89,823)	13	11,831	286,839
Concessions, licenses, trademarks and similar rights	2,979,072	135,273	(143,607)	-	1,249,888	4,220,626
Other intangible assets	566,180	80,355	(157,562)	-	29,765	518,738
Goodwill	3,607,469	-	-	-	-	3,607,469
Assets under development	1,288,358	23,127	-	-	(1,293,532)	17,953
Total	**8,740,122**	**304,530**	**(390,992)**	**13**	**(2,048)**	**8,651,625**

The cost, accumulated impairment losses and accumulated amortization at September 30, 2013 can be summarized as follows.

(thousands of euro))	At September 30, 2013			
	Cost	Accumulated impairment losses	Accumulated amortization	Carrying amount
Industrial patents and intellectual property rights	1,805,961	12,212	1,506,910	286,839
Concessions, licenses, trademarks and similar rights	5,790,038	1,002	1,568,410	4,220,626
Other intangible assets	1,672,924	-	1,154,186	518,738
Goodwill	3,609,387	1,918	-	3,607,469
Assets under development	17,953	-	-	17,953
Total	**12,896,263**	**15,132**	**4,229,506**	**8,651,625**

The increase in Concessions, licenses, trademarks, and similar rights arisies from the capitalization of expenditure for the backbone rights of way following the revision of the relative agreements with TERNA/TELAT, which defers the

expiry date to 2035. This expenditure has been calculated by discounting the non-cancelable cash flows specified in the agreements.

In addition, the frequencies in the 800 and 2600 MHz bands entered use during the first quarter of 2013 with the corresponding reclassification of an amount of €1,249,923 thousand (including the capitalization of borrowing costs relating to the purchase of frequencies).

No impairment tests were carried out on these assets at September 30, 2013 given the absence of impairment indicators.

15 FINANCIAL ASSETS

The following table sets out ***Financial assets*** at September 30, 2013 and at December 31, 2012.

(thousands of euro)	At September 30, 2013			At December 31, 2012		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets measured at cost	16,359	-	**16,359**	16,359	-	**16,359**
Derivative financial instruments	93,007	-	**93,007**	113,212	-	**113,212**
Financial receivables	45,806	174,475	**220,281**	58,044	173,322	**231,366**
Total	**155,172**	**174,475**	**329,647**	**187,615**	**173,322**	**360,937**

At September 30, 2013 the item consists mainly of:

- financial assets of €16,359 thousand measured at cost which consist of investments in non-controlling interests;
- the positive fair value of derivative financial instruments of €93,007 thousand and which the composition is described in note 21;
- financial receivables of €220,281 thousand mainly including:
  - the loan of €159,811 thousand grated by WIND to the indirect parent Wind Telecom SpA (Intercompany Loan Agreement) with a single lump-sum repayment on December 30, 2013 and with interest being capitalized and charged at an annual Euribor+2.625% rate;
  - fees of €40,192 thousand (€48,624 thousand at December 31, 2012) of which €10,605 thousand in current assets, (€11,266 thousand at December 31, 2012) recognized for hedging derivatives arranged in the previous years, which are being amortized over the terms of these instruments;
  - the residual value of the transaction costs for the unused portion of bank loans equal to €8,402 thousand (€10,436 thousand at December 31, 2012) which are charged to profit or loss on a straight-line basis over the term of the agreement.

16 DEFERRED TAX ASSETS AND LIABILITIES

The following tables provide the variation of ***Deferred tax assets*** and ***Deferred tax liabilities*** by origin at September 30, 2013 and at December 31, 2012.

(thousands of euro)	At December 31, 2012	Decrease	Increase	At September 30, 2013
Provision for bad debts (taxed)	141,636	2,174	22,000	161,462
Provisions for risks (taxed)	29,558	9,054	6,012	26,516
Measurement of financial assets/liabilities	3,375	-	8,208	11,583
Amortization and depreciation of non-current assets	45,078	5,103	6,708	46,683
Deferred tax assets	**219,647**	**16,331**	**42,928**	**246,244**
Employee benefits	3,449	-	-	3,449
Accelerated depreciation and amortization	13,523	372	-	13,151
Losses on bad debt	-	-	30,121	30,121
Property, plant, and equipment at fair value	84,060	8,124	-	75,936
Depreciation of PPA	602,218	16,372	1,583	587,429
Measurement of financial assets/liabilities	1	1	-	-
Deferred tax liabilities	**703,251**	**24,869**	**31,704**	**710,086**

Deferred tax assets at September 30, 2013 and December 31, 2012 which relate to items recognized directly in other components of profit or loss relate entirely to the transactions on derivatives hedging cash flows, as described in further detail in note 17.

17 EQUITY

The following table summarizes the main changes in ***Equity*** for the first nine months of 2013 and for the corresponding period in 2012.

(thousands of euro)	Equity attributable to the owners of the parent						
	Issued capital	Share premium reserve	Other reserves	Retained earnings/(losses carried forward)	Equity attributable to the owners of the parent	Non-controlling interests	**Equity**
Balances at December 31, 2011 (Reported amounts)	**147,100**	**751,887**	**(129,576)**	**517,595**	**1,287,006**	**218**	**1,287,224**
IAS 19 revised adoption effect	**-**	**-**	3,391	**-**	**3,391**	**-**	**3,391**
Balances at January 1, 2012	**147,100**	**751,887**	**(126,185)**	**517,595**	**1,290,397**	**218**	**1,290,615**
Total comprehensive income for period	**-**	**-**	**35,578**	**(88,306)**	**(52,728)**	**(63)**	**(52,791)**
- Profit for the period	-	-	-	(88,306)	**(88,306)**	(63)	**(88,369)**
- Cash flow hedges	-	-	35,578	-	**35,578**	-	**35,578**
Transactions with equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balances at September 30, 2012	**147,100**	**751,887**	**(90,607)**	**429,289**	**1,237,669**	**155**	**1,237,824**
Balances at December 31, 2012 (Reported amounts)	**147,100**	**751,887**	**(95,861)**	**393,799**	**1,196,925**	**128**	**1,197,053**
IAS 19 revised adoption effect	**-**	**-**	3,292	**-**	**3,292**	**-**	**3,292**
Balances at January 1, 2013	**147,100**	**751,887**	**(92,569)**	**393,799**	**1,200,217**	**128**	**1,200,345**
Total comprehensive income for the period	**-**	**-**	**58,956**	**(259,296)**	**(200,340)**	**(24)**	**(200,364)**
- Loss for the period	-	-	-	(259,296)	**(259,296)**	(24)	**(259,320)**
- Cash flow hedges	-	-	58,956	-	**58,956**	-	**58,956**
Transactions with equity holders	**-**	**-**	**-**	**-**	**-**	-	**-**
Balances at September 30, 2013	**147,100**	**751,887**	**(33,613)**	**134,503**	**999,877**	**104**	**999,981**

Changes in the Group's equity during the period mainly arose from the following the increase in the cash flow hedge reserve, as well as the loss for the period, as the effect of the income and the expense recognized among other components of the Consolidated Statement of Comprehensive Income for the period that relate entirely to the transactions on hedging derivatives on cash flows, as described in further detail in note 21. The following table shows the changes in the cash flow hedge reserve.

(thousands of euro)	Interst rate risk			Foreign currency risk			Cash Flow Hedge Reserve
	Gross reserve	**Tax effect**	**Total**	**Gross reserve**	**Tax effect**	**Total**	
At December 31, 2012	**(149,446)**	**-**	**(149,446)**	**(12,859)**	**3,703**	**(9,156)**	**(158,602)**
Changes in fair value	31,962	-	31,962	(91,619)	26,368	(65,251)	(33,289)
Reverse to income statement	42,747	-	42,747	69,500	(20,002)	49,498	92,245
At September 30, 2013	**(74,737)**	**-**	**(74,737)**	**(34,978)**	**10,069**	**(24,909)**	**(99,646)**

The share capital of the parent WIND Telecomunicazioni SpA at September 30, 2013 consisted of 146,100,000 ordinary shares with no nominal amount, 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.

18 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, 2013 or September 30, 2012.

19 PROVISIONS

The following table sets out changes in ***Provisions*** during the first nine months of 2013.

(thousands of euro)	At December 31, 2012	Increases	(Decreases)	At September 30, 2013
Litigation	34,740	5,433	(11,863)	28,310
Restructuring	4,102	-	(3,725)	377
Universal service contribution (Presidential Decree no. 318/1997)	16,683	-	-	16,683
Product assistance	2,072	870	(1,376)	1,566
Dismantling and removal	37,984	-	(656)	37,328
Other provisions	53,467	13,428	(20,738)	46,157
Total	**149,048**	**19,731**	**(38,358)**	**130,421**

This item decreased by €18,627 thousand at September 30, 2013, as the net of accruals made principally for certain and probable liabilities arising from the obligations undertaken by the Group and the amounts utilized during the period, due mainly to the termination benefits arising from agency contracts ended during the period, the settlement of disputes arising in previous years and resolved in the period and the payment in the period of an installment of the long-term incentive plan.

20 FINANCIAL LIABILITIES

The following table sets out an analysis of ***Financial liabilities*** at September 30, 2013 and changes with respect to December 31, 2012.

(thousands of euro)	At September 30, 2013			At December 31, 2012		
	Non-current	Current	Total	Non-current	Current	Total
Bonds issues	6,321,444	167,395	**6,488,839**	5,817,668	178,612	**5,996,280**
Bank loans	2,286,947	152,282	**2,439,229**	2,835,522	124,271	**2,959,793**
Loans from others	423,720	58,105	**481,825**	342,010	159,444	**501,454**
Derivative financial instruments	145,345	15,500	**160,845**	160,389	4,197	**164,586**
Total financial liabilities	**9,177,456**	**393,282**	**9,570,738**	**9,155,589**	**466,524**	**9,622,113**

The following tables provide the most important information regarding bank loans and bond issues outstanding at September 30, 2013.

(thousands of euro)	Carrying amount at September 30, 2013	Carrying amount at December 31, 2012	Nominal amount at September 30, 2013	Residual Commitment	Currency	Due date	Interest rate
Senior Facility Agreement							
- Tranche A1	36,492	97,634	37,281	37,281	EUR	11/26/2016	Euribor+4.00%
- Tranche A2	296,314	792,785	302,719	302,719	EUR	11/26/2016	Euribor+4.00%
- Tranche B1	1,294,547	1,288,668	1,333,882	1,333,882	EUR	11/26/2017	Euribor+4.25%
- Tranche B2	660,881	657,900	681,118	681,118	EUR	11/26/2017	Euribor+4.50%
- Revolving	149,992	99,994	150,000	400,000	EUR	11/26/2016	Euribor+4.00%
- Overdrafts	-	21,827	-				
- Other accrued interest	1,003	985	-				
Total	**2,439,229**	**2,959,793**	**2,505,000**	**2,755,000**			

(thousands of euro)	Carrying amount at September 30, 2013	Carrying amount at December 31, 2012	Nominal amount at September 30, 2013	Issue price	Currency	Due date	Interest rate	Price
Senior Notes 2017 €	1,233,030	1,263,071	1,250,000	96.3%	EUR	07/15/2017	11.75%	106.5%
Senior Notes 2017 $	1,485,555	1,564,331	1,478,634	97.5%	USD	07/15/2017	11.75%	106.5%
Senior Secured Notes 2018 €	1,770,848	1,734,800	1,750,000	99.3%	EUR	02/15/2018	7.38%	104.6%
Senior Secured Notes 2018 $	970,807	975,601	961,112	99.3%	USD	02/15/2018	7.25%	103.0%
Additional SSN 2018 €	186,116	180,042	200,000	90.1%	EUR	02/15/2018	7.38%	103.8%
Additional SSN 2018 $	279,289	278,435	295,727	92.2%	USD	02/15/2018	7.25%	103.8%
Senior Secured Notes 2019 €	149,793	-	150,000	100.0%	EUR	05/01/2019	Euribor 3M+5.25%	101.8%
Senior Secured Notes 2020 $	413,401	-	406,624	100.0%	USD	05/01/2020	6.50%	102.1%
Totale	**6,488,839**	**5,996,280**	**6,492,097**					

The change in the balances in financial liabilities results essentially from the following effects, as well as the effect of the change in the euro/USD exchange rate during the period on financial liabilities in foreign currency:

- the early repayment of €575 million of the installments of tranches A1 and A2 of the Senior Facility Agreement falling due in 2014 and 2015, made on April 29, 2013;
- the placement completed on April 29, 2013 of a Floating Rate Senior Secured Notes Euro-denominated of €150 million having a coupon of Euribor + 525 bps, maturing in 2019 and a Fixed Rate Senior Secured Notes US Dollar-denominated of USD550 million having a coupon of 6.5%, maturing in 2020;
- the early repayment on May 3, 2013 of €88,780 thousand, of the second installment and related interest of the payable due to the Ministry of Economic Development related to the allocation of the mobile frequency use rights, falling due in October 2013;
- the recognition of debt of €134 062 thousand against the capitalization of expenditure for the backbone rights of way, for which details may be found in note 14;

- the repayment during the period of €71,365 thousand 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;
- the increase of €50 million, with respect to December 31, 2012, relating the Revolving tranche of the Senior Facility Agreement.

The following table provides the breakdown of effective interest rates and lending currency, net of derivative financial instruments, of loans at September 30, 2013.

(thousands of euro)	At September 30, 2013					
	<5%	**5%<x<7.5%**	**7.5%<x<10%**	**10%<x<12.5%**	**12.5%<x<15%**	**Total**
Euro	286,492	2,637,718	1,783,425	320,178	1,233,028	6,260,841
US dollars	-	413,401	1,250,096	-	1,485,555	3,149,052
Total	**286,492**	**3,051,119**	**3,033,521**	**320,178**	**2,718,583**	**9,409,893**

The Senior Facility Agreement imposes certain covenants on the Group, with which the Group, at September 30, 2013 is fully in compliance.

An analysis of the *derivative financial instruments* balance and of the respective changes is found in note 21.

21 DERIVATIVE FINANCIAL INSTRUMENTS

The following table provides details of the outstanding ***Derivative financial instruments*** at September 30, 2013 and changes over December 31, 2012, analyzed by the type of risk hedged.

(thousands of euro)	At Septembere 30, 2013		At December 31, 2012	
	Fair Value (+)	**Fair Value (-)**	**Fair Value (+)**	**Fair Value (-)**
- Exchange rate risk	30,215	90,892	83,578	27,653
- Interest rate risk	48	69,953	-	136,933
Total cash flow hedges	**30,263**	**160,845**	**83,578**	**164,586**
- Embedded derivatives on Bonds	62,744	-	29,634	-
Total Derivatives Non Hedge Accounting	**62,744**	**-**	**29,634**	**-**
Total	**93,007**	**160,845**	**113,212**	**164,586**

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.

(thousands of euro)	At September 30, 2013		At December 31, 2012	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
Current	-	15,500	-	4,197
Non current	93,007	145,345	113,212	160,389
Total derivatives	**93,007**	**160,845**	**113,212**	**164,586**

The detail of variation in the cash flow hedge reserve for the period may be found in note 17.

22 NET FINANCIAL DEBT

The following statement shows the Group's net financial debt broken down into its principal components, as already described in notes 15, 20 and 21 to the financial components of the statement of financial position.

(thousands of euro)	At September 30, 2013	At December 31, 2012
Bonds issues	6,321,444	5,817,668
Bank loans	2,286,947	2,835,522
Loans from other	423,720	342,010
Derivative financial instruments	145,345	160,389
Non-current financial liabilities	**9,177,456**	**9,155,589**
Bonds issues	167,395	178,612
Bank loans	152,282	124,271
Loans from others	58,105	159,444
Derivative financial instruments	15,500	4,197
Current financial liabilities	**393,282**	**466,524**
TOTAL GROSS FINANCIAL DEBT	**9,570,738**	**9,622,113**
Cash and cash equivalents	**(40,239)**	**(130,543)**
Financial receivables	(172,661)	(172,607)
Current financial assets	**(172,661)**	**(172,607)**
Derivative financial instruments	(93,007)	(113,212)
Financial receivables	(43,493)	(54,590)
Non-current financial assets	**(136,500)**	**(167,802)**
NET FINANCIAL DEBT	**9,221,338**	**9,151,161**

The net financial debt does not include the guarantee deposits for an amount of €4,129 thousand and €4,169 thousand at September 31, 2013 and at December 31, 2012, respectively.

23 CASH FLOW STATEMENT

Cash flows from operating activities, amounting to €544.787 thousand in the first nine months of 2013, decreased of €259,949 thousand over the previous period of 2012, mostly as an effect of the changes in working capital relating to the settlement of current assets and liabilities.

Investing activities used cash during the first nine months of 2013 of a total of €496,041 thousand, representing an decrease of €155,497 thousand over the previous period of 2012 as the effect of the decrease of investment in fixed assets of €161,223 thousand mainly due to the rationalization in spending on 2G mobile technology and as well as in the fixed network with focus investment in 3G mobile technology.

During the first nine months of 2013, financing activities used cash of €139,050 thousand mainly as the effect of:

- the early repayment of €575 million of the installments of tranches A1 and A2 of the Senior Facility Agreement falling due in 2014 and 2015, made on April 29, 2013 by the Parent;
- the issue of a new bond on April 29, 2013 through the subsidiary Wind Acquisition Finance SA having an amount, net of fees paid, of €561 million (nominal amount of €150 million and USD550 million);
- the use of cash of €50 million in the first nine months of 2013, of the revolving tranche of the Senior Facility Agreement;
- the early repayment of €81,011 thousand, of the second installment of the payable due to the Ministry of Economic Development related to the allocation of the mobile frequency use rights, falling due in October 2013;
- the repayment of €71,365 thousand, of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt of November 26, 2010;
- the repayment of €1.175 thousand related to the loan against the capitalization of expenditure for the backbone rights of way.

In addition, financing activities at December 31, 2013 included the overdraft for an amount of €21,827 thousand.

During the first nine months of 2012 financing activities used cash of €464,680 thousand as the effect of the early repayments of €500 million attributable to Senior Facility Agreement, of €500 million attributable to Bridge Facility Agreement, and of €75 million payable to banks 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 on November 26, 2010, and also as the effect of the issue of a new bond of an amount, net of fees paid, of €451 million and the use of cash of €160 million of part of the revolving tranche of the Senior Facility Agreement.

24 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 refer to transactions with the indirect parent Wind Telecom SpA, the Parent receives services relating to IT, marketing, personnel, purchasing, etc; moreover, on November 29, 2010 the Parent granted Wind Telecom SpA a loan of €159,811 thousand, for which details may be found in note 15.

During the period ended September 30, 2013, Group companies did not hold treasury shares of WIND Telecomunicazioni SpA, either directly or through trustees, or hold shares of WIND Acquisition Holdings Finance SpA, or hold investments in the indirect parent Wind Telecom SpA.

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 period.

(thousands of euro)	Period ended September 30, 2013							
	Revenue	Finance income/ expense	Expenses	Trade receiv.	Other receiv.	Financial receiv.	Trade payables	Other payables
Armenija Telefon Kompani	10		1	4	-		4	-
Consorzio Wind Team	-		2	-	3		-	-
DiGi (Malaysia)	19		9	7	-		3	-
DTAC/UCOM (Thailand)	7		34	3	-		2	-
Globalive Wireless Management	1,076		-	85	3,166		6	80
GrameenPhone (Bangladesh)	94		48	93	-		98	-
KaR-Tel	56		2	16	-		-	-
Kievstar	531		9,389	-	-		3,036	-
Maritim Communication Partner AS (Norway)	-		216	-	-		192	-
Mobitel LLC Georgia	1		9	-	-		22	-
Summit Technology Solutions (STS)	-		12	-	-		6	-
Orascom Telecom Algeria SpA	153		49	223	-		-	-
Orascom Telecom Bangladesh Ltd. (Banglalink)	3		10	58	-		-	-
Orascom Telecom Holding SAE	-		243	25	4		1,982	-
Orascom Telecom Services Europe Company	-		-	183	-		-	-
Pakistan Mobile Communications Ltd.	40		2	18	-		-	-
Powercom (Pty) Ltd T/A leo	-		1	-	-		1	-
SKY MOBILE LLC	-		1	-	-		1	-
Sotelco Ltd.	-		-	2	-		-	-
Telenor Magyarorszag KFT (Hungary)	174		137	82	-		59	-
Telenor Mobile Communications AS (Norway)	69		26	-	-		39	-
Telenor Pakistan (Pakistan)	3		6	1	-		9	-
Telenor Serbia (Serbia)	171		99	98	-		802	-
Unitel	4		1	-	-		3	-
Vimpelcom ltd	648		-	-	1,534		-	-
VimpelCom Lao Co, Ltd	-		1	1	-		-	-
Vympel-Kommunikacii	843		100	296	-		22	-
Weather Capital Sarl	279		-	-	279		-	34
WIND Acquisition Holdings Finance SpA	33		-	-	1,637		273	-
Wind Telecom SpA*	209	3,478	7,878	-	19,253	159,811	12,765	329,064
Wind Acquisition Holdings Finance II SA	31		-	-	78		-	-
Wind Acquisition Holdings Finance SA	136		-	-	137		-	80
SPAL TLC S.p.A.	271,688		30,534	36,366	-		10,200	-
Vimpelcom International services	-		596	-	362		-	-
Tacom LLC (Tajikistan)	-	-	-	-	-	-	563	-
Weather Capital Special Purposes I SA	211		-	-	211		-	-
Klarolux Investments Sarl	31		-	-	31		-	-
Total	**276,520**	**3,478**	**49,406**	**37,561**	**26,695**	**159,811**	**30,088**	**329,258**

*payables to Wind Telecom SpA relate in the amount of €327,015 thousand and of €1,485 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 (€248,544 thousand).

25 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, 2013, 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 still pending at different judicial stages relating to the termination of agency agreements, in which the agents seek payment from WIND of certain indemnities provided for by Italian legislation; these include the termination indemnity, the collection indemnity, the indemnity in lieu of notice and the indemnities pursuant to article 1751 of the Italian Civil Code.

WIND/ITALGO SPA

Italgo SpA (formerly Delta SpA), initiated proceedings against WIND based upon an alleged breach by WIND of certain provisions of an agreement signed with Delta SpA for the provision of goods and services (the "Commercial Agreement"). Italgo SpA sought the termination of the Commercial Agreement and other related agreements, as well as the payment by WIND of a penalty of €3.3 million, a refund of €23 million (the price paid for Delta SpA shares) and additional damages (to be quantified during the proceedings) for the costs which Italgo SpA alleges to have incurred as a result of WIND's alleged breach of contract. Italgo SpA alternatively sought a reduction in the purchase price agreed by the parties to be settled by offsetting this amount against an amount of €9 million payable by Italgo SpA to WIND. On March 19, 2010, an injunction was issued by the Court in Rome ordering WIND to pay a total of €3 million. WIND has appealed this decision. On April 18, 2013 the Court of Rome issued a sentence ordering the payment in favour of WIND of €5.2 million as result of the off-setting of the amounts reciprocally claimed by the parties. On August 5, 2013 WIND and Italgo S.p.A. entered into a settlement in which renounced their reciprocal claims referred to the commercial agreement as object of the suit. Italgo S.p.A. also paid to WIND the amount of € 70.000,00 as a contribution for legal costs.

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). To date, in 2011 received a single fine of €90 thousand connected to a case initiated in 2009; during 2011, AGCM initiated other five actions against WIND in this regard (three of which already have been settled through agreed non-monetary undertakings, one has been closed with a fine of €200 thousand and one closed without any fine). In 2012 AGCM initiated three new proceedings (one settled with a fine of €70 thousand, currently suspended being pending the relative appeal before the Administrative Court of Lazio, one closed without any fine and one still pending). On April 18, 2013 AGCM initiated "*ex officio*" a

proceeding against WIND for alleged unfair commercial practices regarding lack of information on limits and conditions of usage of the commercial offers named "All inclusive" and "Unlimited". In the final defensive memory filed WIND confirmed to have adopted a conduct in line with the applicable law on commercial practices nevertheless undertaking to implement certain measures aimed at improving the transparency of information on such matter.

Contingent assets and liabilities

The WIND Group had the following contingent liabilities at September 30, 2013.

Proceedings Concerning Electromagnetic Radiation

Proceedings are still pending, in particular before the administrative courts, regarding the installation of base radio stations. These are mainly the result of current concerns about electromagnetic radiation. The claims are of an undeterminable monetary amount.

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. The dispute can be quantified in approximately €6 million plus penalties and interest.

WIND/Crest One SpA

Crest One SpA ("Crest One") has 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 (the amount of which damages is to be determined following the trial) pursuant to the payment of such value added tax by Crest One to WIND. The Court of Rome has rejected Crest One's claims. On September 9, 2013 Crest One challenged the decision of the Court of Rome submitting it to the Court of Appeal of Rome.

On March 22, 2012 the Court of Rome declared Crest One' bankruptcy. WIND has claims before the bankruptcy Court against Crest One for contractual breach for non-payment and incorrect application of the VAT regime by Crest One. Crest One appealed the payment and on June 12, 2013 the Court of Appeal of Rome rejected such application confirming Crest One's bankruptcy. The bankruptcy trustee has accepted WIND's for admission of €7.7 million as part of liabilities to be examined during bankruptcy. . On July 15, 2013 Crest One challenged the decision of the Court of Appeal of Rome initiating a proceeding in front of the Supreme Court for the revocation of the bankruptcy declaration. WIND will ritually file its counter-appeal.

WIND-Antitrust Authority (Proceeding no. A/357)

With a decision dated August 3, 2007, the Antitrust Authority closed proceeding no. A/357 by condemning 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 favor of their respective internal divisions and to the detriment of fixed-line competitors. WIND was fined a sum of €2 million and ordered to cease the discriminatory behaviour. WIND appealed against the decision by seeking the annulment before the Administrative Court of Lazio (the Lazio TAR). The Lazio TAR rejected WIND's appeal on January 29, 2008 and the related decision was published on April 7, 2008. On September 17, 2008, WIND filed an appeal before the State Council, seeking the annulment of the above Lazio TAR's decision, the hearing for which, following various delays, occurred on March 15, 2011.

On April 20, 2011, the State Council published the final ruling by rejecting the WIND's appeal. On June 4, 2012, WIND filed an appeal before the Court of Cassazione for the annulment of the above State Council's ruling. After the merit discussion hearing occurred on May 14, 2013, the Court of Cassazione issued the final ruling rejecting WIND's appeal.

WIND-Antitrust Authority (Proceeding no. I/757)

On September 13, 2012, the AGCM opened an anti-trust investigation in respect of three Italian MNOs (Telecom Italia, Vodafone and WIND) and carried out dawn raids on their premises. The investigation was started following a claim by an Italian MVNO, Bip Mobile. Bip Mobile claimed an alleged agreement between Telecom Italia, Vodafone and WIND which was aimed to prevent the entry of Bip Mobile into the Italian mobile market through collusive pressure on the multi-brand point of sales starting as of June, 2012. WIND is currently defending its conduct against Bip's Mobile's allegations and cooperating with ICA in accordance with usual legal and procedural steps. The investigation would have been completed by the end of September, 2013 which could result in an ICA decision of condemnation and fine of the MNOs or the dismissal of Bip Mobile's claim. WIND is waiting for the formal AGCM's decision of postponement.

Pursuant to Section 15 of Italian Law no. 287 of October 10, 1990, as amended, in the most serious cases, depending on the gravity and the duration of the infringement assessed, the ICA may decide to impose a fine up to 10% of the turnover of each undertaking over the previous fiscal year.

Guarantees

No Group company has pledged any guarantees, either directly or indirectly, in favor of parents or companies controlled by the latter.

The collateral pledged by Group companies at September 30, 2013 as a guarantee 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 banking syndicate party to the Senior Facility Agreement and other creditors specified in the relevant deed;

- a lien exists on the Parent's trademarks and intellectual property rights, as specified in the relevant deed, pledged in favor of the banking syndicate party to the Senior Facility Agreement and other creditors specified in the relevant deed;
- pledge over 6,200 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 the related share pledge agreement.

Finally, in order to provide a guarantee for its obligations, the Parent has pledged as 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 banking syndicate in accordance with the Senior Facility Agreement and the other lending parties specified in the supplemental deed related to the respective contract of guarantee; to the subscribers to the Senior Notes, expiring in 2017, issued on July 13, 2009 by Wind Acquisition Finance SA; to the subscribers to the Senior Secured Notes, expiring in 2018, issued on November 26, 2010 by Wind Acquisition Finance SA and to the lending parties specified in the deed of confirmation and extension of the deed of assignment of receivables by way of security; to the subscribers to the Additional Senior Secured Notes expiring in 2018 issued on April 13, 2012 by Wind Acquisition Finance SA and to the subscribers to the Senior Secured Fixed Rate Notes expiring on 2020 and the Senior Secured Floating Rate Notes expiring on 2019, issued by Wind Acquisition Finance S.A. on April 29 2013 as well as the lending parties specified in the deed of confirmation and extension of the deed of assignment of receivables by way of security. Moreover, the Parent has pledged as security its receivables arising from the Put and Call option dated May 26, 2005 as described in the relevant deed, to the banking syndicate in the Senior Facility Agreement and the other lending parties specified therein as a guarantee for and in favor of the subscribers of the aforementioned secured notes expiring in 2017, 2018, 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 €366,195 thousand at September 30, 2013 includes:

- sureties totaling €24,850 thousand issued by insurance companies, of which €14,459 thousand in favor of the Rome Tax Revenue Office as security against the Group's excess VAT receivable which was offset in 2009 as part of the special procedure envisaged by Presidential Decree no. 633 of October 26, 1972 and subsequent amendments;
- sureties totaling €341,345 thousand issued by banks, mainly relating to participation in tenders, of which €276,630 thousand in favor of the Minister for Economic Development for the participation in the tender procedure it had been awarded the frequency use rights in the 800, 1800, 2000 and 2600 MHz bands, to excavation licenses, property leases and operations regarding prize competitions.

The Parent has been under the management and coordination of Wind Telecom SpA since July 2007.

26 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, 2013 that would require adjustments or additional disclosures in the consolidated financial statements.