

**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 June 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 August 10, 2012, respectively.

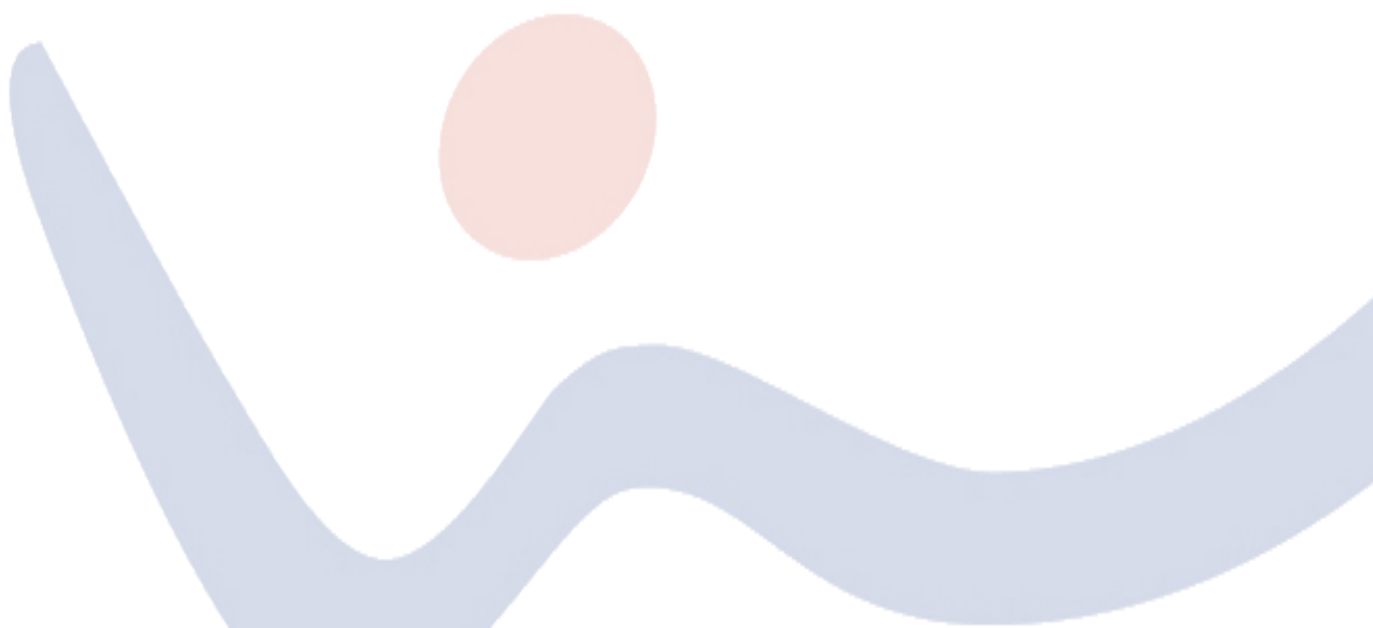
3. Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements of WIND Group as of June 30, 2013 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim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

Rome - August 7, 2013

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

WIND TELECOMUNICAZIONI GROUP

**Consolidated interim financial statements as of and
for the six-month period ended June 30, 2013**



WIND TELECOMUNICAZIONI GROUP

Report on operations at June 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.

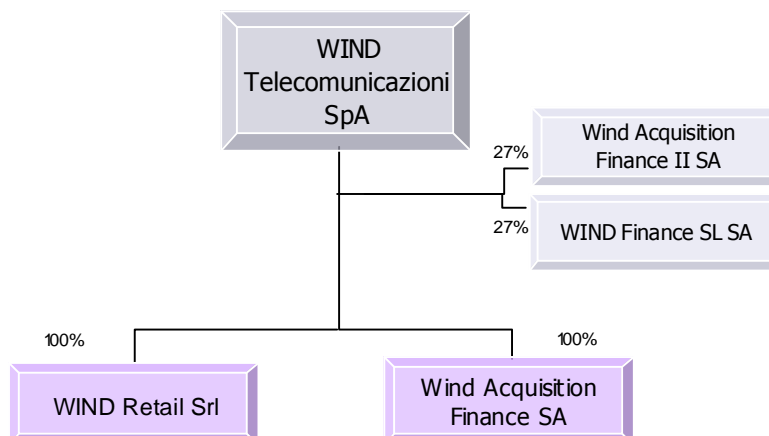
The following are the main offices of the Parent WIND Telecomunicazioni SpA:

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 June 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
	Cornelis Hendrik Van Dalen

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.

⁽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 JUNE 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 June 30, 2013, prepared in accordance with the IFRS endorsed by the European Union.

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

Operational data	At June 30, 2013	At June 30 2012
Mobile customers (millions of SIM Cards)	22.3	21.2
Mobile ARPU (euro/month)	12.4	14.9
Fixed-line customers (millions of lines)	3.0	3.2
Fixed-line ARPU (euro/month)	31.2	31.8
Mobile network coverage ⁽¹⁾	99.83%	99.79%
Employees (headcount)	6,960	6,933

⁽¹⁾ As a percentage of the Italian population.

Income statement figures (millions of euro)	2013 6 months	2012 6 months
Revenue	2,495	2,729
EBITDA ⁽¹⁾	936	1,012
Operating income	305	462
Net finance expense	(426)	(455)
Loss for the year attributable to the owners of the parent	(173)	(78)

⁽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 June 30, 2013	At December 31, 2012
Total assets	14,336	14,523
Equity attributable to		
owners of the parent	1,058	1,200
non-controlling interests	0.1	0.1
Total liabilities	13,278	13,323
Net financial indebtedness	9,254	9,151

Total **revenue** in the six months ended June 30, 2013, reached €2,495 million decreasing 9% 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 and to a shift of sales towards high-range terminals. The *Telephone services* are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 4.7% thanks to an increase in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

EBITDA amounted to €936 million in the first six months of 2013, a decrease of €76 million compared to the corresponding period of 2012.

Operating income for the first six months of 2013 amounted to €305 million, a decrease of €157 million compared with the first six 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 six months of 2013 amounted to €426 million, a decrease of €29 million compared with the first six months of 2012. The decrease is mostly due to the increase in finance income as a result of lower gains on the measurement of embedded derivatives at fair value and the decrease in interest from bank loans resulting from the early repayments of €500 million made April, 13 2012 and of €575 million made April, 29 2013.

Loss for the first six months of 2013 attributable to owners of the Parent closes at €173 million, compared to a loss of €78 million for the first six months of 2012.

Net financial indebtedness totaled € 9,254 million at June 30, 2013, an increase of €103 million over December 31, 2012. The following table sets out the components of net financial indebtedness at June 30, 2013 and the changes which have occurred since December 31, 2012.

<i>(millions of euro)</i>	June 30, 2013	December 31, 2012	Change amount	%
FINANCIAL LIABILITIES				
Non-current financial liabilities				
Bonds	6,438	5,818	620	10.7%
Financing from banks	2,283	2,836	(553)	(19.5)%
Financing from other lenders	441	342	99	28.9%
Derivative financial instruments	109	160	(51)	(31.9)%
Current financial liabilities				
Bonds	186	179	7	3.9%
Financing from banks	169	124	45	36.3%
Financing from other lenders	76	159	(83)	(52.2)%
Derivative financial instruments	23	4	19	n.m.
TOTAL GROSS FINANCIAL INDEBTEDNESS (A)	9,725	9,622	103	1.1%
FINANCIAL ASSETS				
Non-current financial assets				
Derivative financial instruments	178	113	65	57.1%
Financial receivables	47	55	(8)	(14.5)%
Current financial assets				
Derivative financial instruments	-	-	-	n.m.
Financial receivables	174	173	1	0.6%
Cash and cash equivalents	73	131	(58)	(44.3)%
TOTAL FINANCIAL ASSETS (B)	472	471	1	0.1%
NET FINANCIAL INDEBTEDNESS (A-B)	9,254	9,151	103	1.1%

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 €16 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 3% over the previous year. The value of the Internet access market in 2013 is estimated in approximately €4.1 billion, with the broadband segment accounting for the whole market.

The mobile network telecommunications services market in the first quarter 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 "bundle" offers which include voice, SMSs, data and devices through "flat" offers. Operators continued to propose discounts on charges and the government concessionary tax and incentives on the renewal of devices, with the aim of retaining customers. Reductions for customers with MNP continued to be the main lever for winning new customers, but in the second quarter offers were also developed for customers who have been loyal for more than 12 months. 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. In addition, at the end of June all the operators launched a number of proposals as they do every year, proposing reductions on rechargeable voice and data bundles for the summer period with different formulae directed towards reductions on existing packages rather than refunds in August on the top-up made the previous month.

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 traffic volumes included in the plans. 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. In the second quarter operators concentrated their attention on changes in terms of smartphones, proposing for example the new Blackberrys, Samsungs and HTC's.

On the Business market various offers for navigating 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 Business market, the Consumer offer has been enriched with options and plans for navigating from smartphones, internet keys and tablets. The new offers concentrate on an increase in traffic volumes for certain profiles and on navigation from tablets and internet keys with bundles inclusive of traffic, introducing promotions for in-mobility navigation from smartphones and tablets, also with rechargeable plans without limits, and bundles, with internet and smartphone traffic included in the price.

Finally, operators continued to develop innovative services ranging from M-payment for small transactions to M-ticketing for public transport, 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 half of 2013 fixed network telecommunications services market continued to concentrate on the promotion of voice and ADSL profiles, with reductions in fees, for a limited period and only occasionally with reductions "for ever". In addition, the ultra-broadband internet offer for families and businesses began to develop in a significant manner: the coverage of fiber services (FttC and FttH) modality), which had already reached 2.4 million residential units in 31 towns and cities in March, was extended further.

In the residential market operators reiterated their ADSL and voice promotions, proposing increasing discounts on activation charges and fees, and for certain tariff plans also included telephone traffic for calls abroad (Europe, USA, Canada). The profiles including internet navigation were promoted by the leading operators by adding contents, products and services such as "Cloud".

The offer made by operators for the Business market concentrated on the voice-internet (ADSL or fiber) 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, of both an infrastructure and SaaS (Software as a Service) nature. Certain operators also proposed bundles for businesses including telephone traffic for calls abroad.

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 92.7 million SIMs registered at June 30, 2013, equal to a penetration rate of approximately 155% 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 June 30, 2013 WIND had an estimated market share of 24.1%, while Telecom Italia and Vodafone had shares of 34.2% and 31.4% respectively and H3G 10.3%.

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 has been liberalized.

In addition to Telecom Italia and WIND, the main players on this market are Fastweb, BT Italia, Vodafone/Teletu and Tiscali.

Internet

By June, 2013, broadband internet access had reached a penetration level of 64% 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 June 30, 2013 WIND had 22 million mobile telephone customers, a rise of 4.2% over June 30, 2012, thus further increasing its market share (calculated by excluding MVNO operators) by 1.1% percentage points to reach 24.1% compared to 23.0% in the first half of 2012.

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

Mobile telephony	2013 6 M	2012 6 M	Change
Customer base (millions of SIM cards)	22.3	21.2	5%
Revenues (millions of euros) ⁽¹⁾	1,777	1,967	(10%)
Voice traffic (billions of minutes)	29.7	26.2	13%
ARPU (euros/month)	12.4	14.9	(17%)
Data ARPU as a % of total ARPU	33.4%	25.7%	

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, precisely 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.

With the arrival of the summer WIND has completely renewed its rechargeable offer, simplifying it by having only two types of option, *Noi* which includes only voice traffic, and *All Inclusive*. WIND has additionally introduced the possibility for all customers, old and new alike, to tailor their offer, thanks to a range of extra options which enable the bundle selected to be increased by adding extra minutes, extra SMSs and extra internet. For customers who select an *All Inclusive* bundle an option is also available to purchase a smartphone with payment on an installment basis.

In June WIND launched its summer campaign characterized by the *All Inclusive Fresh* offer, an all-inclusive solution costing only 6 euros a month which can be activated in the summer but which is valid for all seasons, and Summer Passes, which for the summer period alone allows customers to add calls to everyone or to add internet to the *All Inclusive* options by only paying an activation fee.

In the first half of the year WIND updated its offers for post-payment customers making the *All Inclusive subscription* plans more innovative and advantageous, such as for example by using the Powered 2 GB service, to provide even more internet traffic at the fastest speed possible.

An important innovation was the introduction 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 has been renewed: 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 the use of 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 towards 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.

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 strengthened its *All Inclusive* offers for smartphones, for which it has provided the possibility of adding internet traffic at a special price, and has completed its portfolio of "data only" offers with a new proposal designed for customers who navigate from tablets. In addition, to improve customer experience, starting from April WIND has enabled customers with data offers to check their remaining traffic through all contact channels (web, customer care, SMS and the My Wind app).
Three tariff plans are available for the sphere 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 addition, since April 2013 WIND has also been offering the new BlackBerry Z10.

Innovative services

In the first half 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 the second quarter of 2013, after exceeding the significant goal of one million downloads in little more than one year, the MyWIND app was enriched with new functions. In particular, 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.

Recently, 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.

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 471 international operators in 205 different countries. "Ad hoc" offers have been conceived to develop roaming data traffic through the use of new daily or weekly options which enable them to avoid the well-known "bill shock" problem and also to use smartphones aboard without changing their usage habits.

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 June 30, 2013 consisted of 166 WIND-owned stores and 504 franchised sales points working exclusively with the WIND brand. The non-exclusive sales network consists of 1,055 WIND dealers, 905 sales points in electronic store chains and 5,820 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 telephonic 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: WINDBusinessShop.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 June 30, 2013, a decrease of 5% over June 30, 2012; the direct customers voice component rose by 2% over the previous period.

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

Fixed line	2013 6 M	2012 6 M	Change
Customer base (thousands of lines)	3.0	3.2	(5%)
of which LLU (thousands) ⁽¹⁾	2,449	2,509	(2%)
Revenues (millions of euros)	667	699	(5%)
Voice traffic (billions of minutes)	8.5	9.6	(12%)
ARPU (euros/month)	31.2	31.8	(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 June 30, 2012 WIND had 2.2 million broadband internet customers and 0.03 million narrowband subscribers.

The following table sets out the main internet access indicators:

Internet and data services	2013 6 M	2012 6 M	Change
Internet customer base ('000)	2,238	2,296	(3%)
of which narrowband ('000)	26	60	(56%)
of which broadband ('000)	2,211	2,236	(1%)
of which LLU ('000)	1,863	1,870	0%
of which shared access ('000)	12	17	(26%)

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, WIND has launched three new All Inclusive offers, All Inclusive, All Inclusive L and All Inclusive XL, which run alongside the Absolute ADSL offer and which for a pre-determined monthly payment envisage a fixed voice line with different associated tariff plans which depend on the package selected by the customer and unlimited broadband connectivity. 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, in June the *All Inclusive Double* offer was strengthened further: all new Infostrada customers who subscribe to an *All Inclusive L* or *XL* can have prepaid *All Inclusive WIND* for only €1 a month on a permanent basis instead of €8. Again from June, the convergence *Internet Everywhere* promotion addressed to customers who want to navigate from home with ADSL and in mobility with an internet key or a tablet becomes even more convenient: for all new Infostrada customers 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 pull channel for Business customers.

From April 2013, on the pull channel (stores) the *All Inclusive Affari* offers also provide for unlimited calls to WIND mobile numbers as well as those between the fixed and mobile numbers of the customer's own telephone account included since November 2012.

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 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 February 2013 WIND renewed 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 with between one and four fixed lines (analogue or 2 ISDN). The whole *All Inclusive Business* portfolio is available under WIND network coverage on Active Line and Non-active Line.

The offers available for the push channel (agents and agencies) are the same as those offered by the pull channel. In order to respond to all the needs of business customers calling for a single solution for their telephony and ADSL connectivity requirements, WIND has launched three offers, *All Inclusive Business*, *All Inclusive Business L* and *All Inclusive Business XL*. These plans offer unlimited ADSL connectivity, unlimited calls between colleagues and a cap on the number of traffic minutes included, different or rising, to satisfy all needs.

In June 2013 on the push channel (agents and agencies) the *All Inclusive Business* offers have also been enriched by including unlimited calls to WIND mobile numbers.

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 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 XL* plans and mobile, at an even more advantageous price for both components.

To complete the offer a navigation pack known as the *Internet Pack* is proposed on an installment sale basis; this consists of a Wi-Fi router and an internet key or, with the same sales formula, *Internet & Video Pack* which in addition to the Wi-Fi router and internet key also contains an IP video camera to enable customers to navigate and video control their professional environment.

For SMEs, WIND offers a wide range of off-the-shelf dual-play (voice + internet) products with tariff plans based on VoIP technology: *One Company* offers from 2 to 8 voice lines, with ADSL internet access, while the offer *Infostrada Impresa*, subsequently renamed *WIND Impresa*, offers from a minimum of 6 to a maximum of 60 voice lines, with SHDSL access. In addition, together with the *WIND Impresa* offer customers may subscribe to a service for the leasing, management and maintenance of telephone switchboards.

With the *WIND Business One Office* convergence offers WIND is aiming at the self-employed market and in particular professional firms with one or two fixed lines (analogue or ISDN) and at least one SIM card where there is the need for the firm to communicate with staff from both fixed and mobile telephones, through voice and internet services.

The *One Office* portfolio envisages a fixed offer, *WIND Business Evo*, which consists of a flat bundle on voice and data and tariff plans addressed to professionals with limited telephony needs: *WIND Business ADSL Evo* and *WIND Business ADSL Plus* with telephony on a usage basis and ADSL flat, respectively at 20 Mbps and 8 Mbps.

This type of customer is also proposed the *Internet Pack* and the *Internet & Video Pack* with the same installment sale basis formula. The *One Office* offer therefore consists of five fixed tariff plans (one for ISDN), which taken together with certain of the existing mobile tariff plans form the *WIND Business* convergence offer.

Convergence enables customers to obtain a series of benefits, including discounts on charges and free of charge "business" calls, regarding both the fixed and mobile telephony component.

As far as internet access services are concerned, WIND offers a complete range of value added services, some of which such as IP Static, II level Dominion and the Evolution Mail and Messaging services are included in the ADSL offer, while others are optional and chargeable. Among the main chargeable services is the Certified Electronic Mail service.

In addition WIND provides customers with a dedicated national toll-free number.

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 whose 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. Additionally at the beginning the year WIND activated evolved means of self care which deploy web and smartphone technologies such as the My Wind app and the IVR self care functions.

Through its website www.WIND.it WIND provides full information about the WIND, Infostrada and Business offers and those of the Group, consistent with its values of clarity, simplicity and transparency.

By means of customer reserved areas WIND provides an integrated billing system with the possibility to pay bills, amend and manage the offer, activate services, top-up SIM cards and configure telephones.

The functionalities to be found in the E-Care Web areas are also available on smartphones and tablets thanks to the MyWIND app and the Mobile Start.wind.it portal.

Considerable attention continues to be given to the social networks, which have led to a significant rise in WIND customers who interact with the Group's Facebook and Twitter profiles. WIND is dedicating increasing attention to managing customers through these channels, succeeding in the second quarter in achieving a notable improvement in its performance in terms of the number of problems handled and the speed of its response, reaching levels of excellence in the Italian communications market and beyond.

Through a segmentation and analysis of customer needs, the Customer Relationship Management (CRM) function identifies the targeted commercial steps that need to be taken on the basis of a customer's specific needs, 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 through the use of telephone contact (inbound or outbound), hard copy (messages and communications with bills) or digital (customer area or email) channels.

The constant evolution of loyalty programs, enriched by new partnerships spread throughout the country, has led to an increase in the enjoyment of benefits and services by subscription customers. Planning promotional activities dedicated to customers who receive the newsletter enables customer relationships to be consolidated using low cost but more effective communication tools.

Marketing and Branding

The multibrand strand strategy that WIND initiated last year was consolidated in the first 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.

Consistent with this, the return of Aldo, Giovanni and Giacomo to the television screen in January sees the testimonial trio of Infostrada and WIND acting in a series of situations dedicated to the two brands alternatively. And it is precisely with Infostrada that the new TV format "Painters" has begun; for the first time this links the trio to the fixed telephony name and brings the comical mimicry of the testimonials to the fore, placing the product at the heart of the commercials and creating amusing and paradoxical situations. The format continued with a series of creative subjects supporting the WIND brand until the end of June.

WIND's new institutional campaign began in April. People, who have always represented the Group's most important strategic value, are at the center of this communication, through which WIND endeavors to reinforce its closeness to Italy and the Italians at this present time of economic crisis. The campaign shows how WIND's customers and employees have parallel lives by using scenes from everyday life which intermingle with each other to create snapshots of the daily reality.

WIND launched its television Summer Campaign on 10 June by choosing the same format as its institutional campaign.

Matilde and Giulio become the stars of WIND's summer consisting of "*offers thought up for you, by people like me*".

TV continues to be the main medium for investment, 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 the use of synergy. In particular important investments on the digital and social media have continued in 2013, consistent with the market trend.

With the launch of the Summer Campaign, posters throughout the country associate Matilde with All Inclusive Big. The aim of these is to display the transparency of the WIND offer, concentrating people's attention on the four seasons Real minute and real price.

WIND's attention to the ethnic target was confirmed during the same period with action dedicated specifically to the issue of newspapers in foreign languages.

WIND additionally sponsors concerts and sports events and in particular the Wind Music Awards were presented again this year. The 7th edition of this event, which celebrates and honors the best in Italian music, was held at the

Foro Italico, Centrale Live in Rome and for the first time was broadcast live by RAI 1. One of the new items this year was the online competition "Wind Music Awards Next Generation" which allowed one of the emerging artists on the Italian music scene to perform on the WIND MUSIC AWARDS 2013 stage. The winner of the contest was presented with an award on stage by a fan whose name was extracted from the web voters.

In the first half of 2013 WIND Business launched a new advertising campaign format to communicate its closeness to the world of the small professional in an original manner, keeping a "fil rouge" with the successful campaigns dedicated to the consumer market. The narration perspective was therefore shifted to behind the television cameras, to behind the scenes of the consumer spots of Aldo, Giovanni and Giacomo, so that the testimonials of *WIND's All Inclusive Business* solutions became the workers for whom the telephone is a working tool that they simply cannot do without. The new format was on air from January to May 2013.

Since June, WINDBusiness's communication has been aligned to the format of the institutional campaign to show how WIND's customers and employees have parallel lives. With its new claim "offers thought up for you, by people like me", WIND places people at the center of communications.

At the same time as the national campaigns, Wind Business also supported 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 June 30, 2013, WIND mobile network covered 99.83% of the Italian population while WIND UMTS/HSPA network covered 95.54% of the Italian population.

WIND 21/5.8 Mbps HSPA service covered approximately 79.8% of the Italian population, for remaining population WIND offers 7.2/1.4 Mbps service.

Fixed-line networks are supported by 21,643 kilometers of fiber optic cable backbone in Italy and 4,789 kilometers of fiber optic cable MANs as of June 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 471 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 21,643 kilometers of transmission backbone, 4,789 kilometers of fiber optic cable MANs linking all capitals of Italian provinces and other major cities in Italy, a radio transmission network with approximately 16,125 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 June 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 for indirect 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 June 30, 2013.

GSM/GPRS	Unit
Radiating sites	13,728
BSC (Base Station Controllers)	321
MSC (Mobile Switching Centers)	53
HLR (Home Location Register)	10
SGSN (Service GPRS Support Node)	11
GGSN (Gateway GPRS Support Node)*	8
UMTS	
Node B	12,117
RNC (Radio Network Controller)	61
MSC-Server	15
MGW (mediagateway)	20
SGSN (Service GPRS Support Node)	14 (11 SGSN dual access)

* shared with UMTS core network

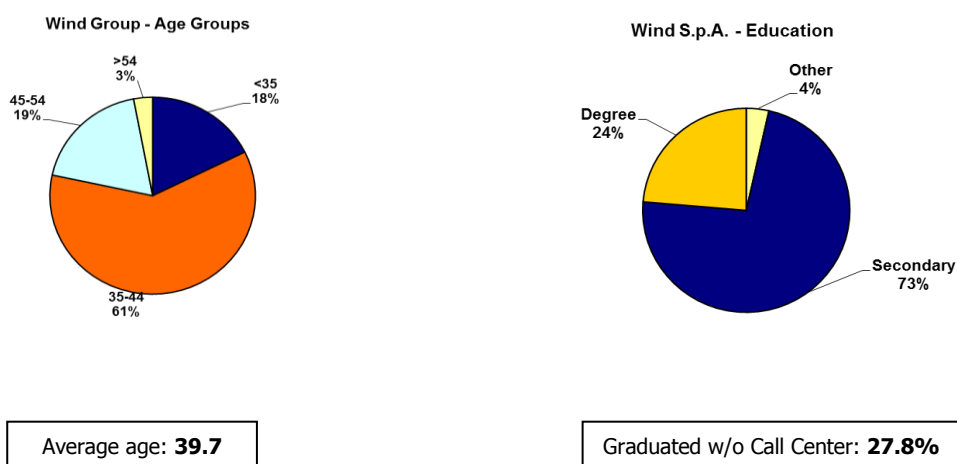
HUMAN RESOURCES

At June 30, 2013, the Group had a workforce of 6,960 employees structured as follows.

	No. of employees at		Average No. of employees in	
	06/30/2013	06/30/2012	2013 - 6M	2012 - 6M
Senior Managers	141	148	141	148
Middle Managers	595	575	596	577
Office Staff	6,224	6,210	6,211	6,216
Total WIND Group	6,960	6,933	6,948	6,941

During 2013, WIND Telecomunicazioni SpA and WIND Retail Srl hired a total of 111 employees and 48 employees left.

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



Female presence is at 47%.

In terms of geographical allocation of personnel WIND sees over 70% of personnel distributed among the offices in Milan, Rome, Naples and Ivrea.

Sites	06/30/2013	06/30/2012
Milano*	12.3%	12.6%
Ivrea	9.3%	9.4%
Roma	33.8%	33.7%
Napoli*	17.7%	17.8%
Altro	26.9%	26.4%
Totale	100.0%	100.0%

(*) Rho site is included in Milano and Pozzuoli site is included in Napoli

The following table shows the personnel distribution by department:

Departments	06/30/2013	06/30/2012
Network	32.0%	34.5%
Information Technology	5.9%	5.8%
Customer Care	26.8%	25.8%
Marketing & Vendite	23.8%	23.1%
Staff	11.5%	10.7%
Totale	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.

Development

The new WIND selection process for young graduates continued as an extension of the activities carried out in the first quarter through the internal use of the assessment center methods which were previously managed by outside suppliers and the use of new online tools.

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 new values and the organizational conduct associated with these values will be assessed as part of the annual performance appraisal.

Training

A total of 10,780 man-days of training were given in the first half 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 during the first six months of the year have involved over 530 people for a total of 1,926 man-days of training, to arrive at 70% of the target set for

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 people will be involved in these training activities, which have been scheduled until March 2014. In addition due to the fact that WIND operates in an international context language training will be continued; group English courses will begin in September 2013 and these will involve around 450 people at the Group's offices in Rome, Rho, Ivrea, Pozzuoli and Venice.

To support the use of training as a strategic lever an agreement was signed in May 2013 which will allow 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 for a new project 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.

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.

REGULATORY FRAMEWORK AT JUNE 30, 2013

Fixed-line market

Antitrust activity

On May 9, 2013 the Italian antitrust authority AGCM completed proceeding A428 "WIND-Fastweb/Telecom Italia conduct" concluding that the conduct of Telecom Italia had been illegal and ordering the company to pay a fine of €103,794,000.

This proceeding, which was initiated on June 23, 2010, saw the rejection of the commitments proposed by Telecom Italia on April 20, 2012 and the continuation of the investigation until December 2012, when the results of the inquiries were published. This was followed by a final hearing before the authority's council on February 6, 2013 and, after a series of adjournments, by the conclusion of the proceeding with the decision that the conduct was illegal.

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 the AGCM made an information request to which WIND provided its reply, after which the AGCM sent WIND a request for further details. As of the present moment WIND has set up a working group to prepare its response to this.

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 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.

The proceeding concerning the A426 inquiry "Tender for the allocation of fixed telephony and IP connectivity services" was completed with the acceptance of the commitments proposed by Telecom Italia, which were published on July 9, 2012, thereby bringing this proceeding to an end.

The publication in October 2012 of the means by which Telecom Italia will implement the commitments it presented as part of the A426 proceeding brought this to a final conclusion.

In September 2012 the AGCM published the new procedure for presenting commitments; this confirms the need for a timely presentation to avoid transforming the scheme into a means of extending the timescale of the proceeding.

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. 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 643/12/CONS published on January 11, 2013 approved the economic conditions for Telecom Italia's 2012 WLR offer for following a series of detailed investigations into the conditions of the fixed market;
- 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;
- Resolution 10/13/CIR published on March 20, 2013 approved the economic conditions for Telecom Italia's Bitstream NGA and VULA offer for 2012;
- Resolution 9/13/CIR published on March 20, 2013 approved the economic conditions for Telecom Italia's NGAN Infrastructure offer for 2012;
- Resolution 33/13/CIR published on June 11, 2013 initiated the proceeding to assess Telecom Italia's dedicated capacity transmission services offer for 2013; WIND participated in the proceeding and provided its assessments on July 10, 2013;
- Resolution 34/13/CIR published on June 11, 2013 initiated the proceeding to assess Telecom Italia's End to End offer for 2013. WIND participated in the proceeding and provided its assessments on July 10, 2013;
- Resolution 35/13/CIR published on June 14, 2013 initiated the proceeding to assess Telecom Italia's NGA passive infrastructure offer for 2013; WIND participated in the proceeding and provided its assessments on July 12, 2013;
- Resolution 36/13/CIR published on June 14, 2013 initiated the proceeding to assess Telecom Italia's NGA passive infrastructure offer for 2013; WIND participated in the proceeding and provided its assessments on July 12, 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.

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 Resolution 179/10/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 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

The main European consultations initiated in 2012 at which WIND took part were as follows: i) public consultation on the BEREC report on broadband promotion; ii) high level principles for non-discrimination; iii) special tariff services;

iv) effects of fixed-mobile replacement in the definition of the markets; v) medium-term BEREC strategy, vi) "Guidelines on the application of Article 3 of the Roaming Regulation - WHOLESale ROAMING ACCESS", and vii) decision on the means of implementing Decoupling and Local Break Out (LBO).

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 strangeness of the first implementation of such a radical potential amendment to the roaming services market.

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 (Neelie 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 RSPG published a new text on Licensed Shared Access which was issued for a public consultation open to all stakeholders.

Mobile market

Market Analysis - Mobile Termination

Resolution 621/11/CONS is effective as 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.

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 AGCOM 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 half of 2013. The results of this will be made known at the end of that period.

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.

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.

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.

Universal Service

AGCOM has established the net cost of the universal service for 2005 and the relative fees to be paid by operators with Resolution 139/12/CIR.

AGCOM put out for public consultation the net cost of the universal service for 2006 with Resolution 21/13/CIR: AGCOM's proposal leads to a nil net cost. The proceeding is expected to be concluded by the end of the third quarter of 2013.

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.

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.

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.

MAIN PENDING LEGAL PROCEEDINGS AT JUNE 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 June 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.

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 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.

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.

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. The merit discussion hearing occurred on May 14, 2013 and we are still waiting for the final ruling.

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. We expect that the investigation will be 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.

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

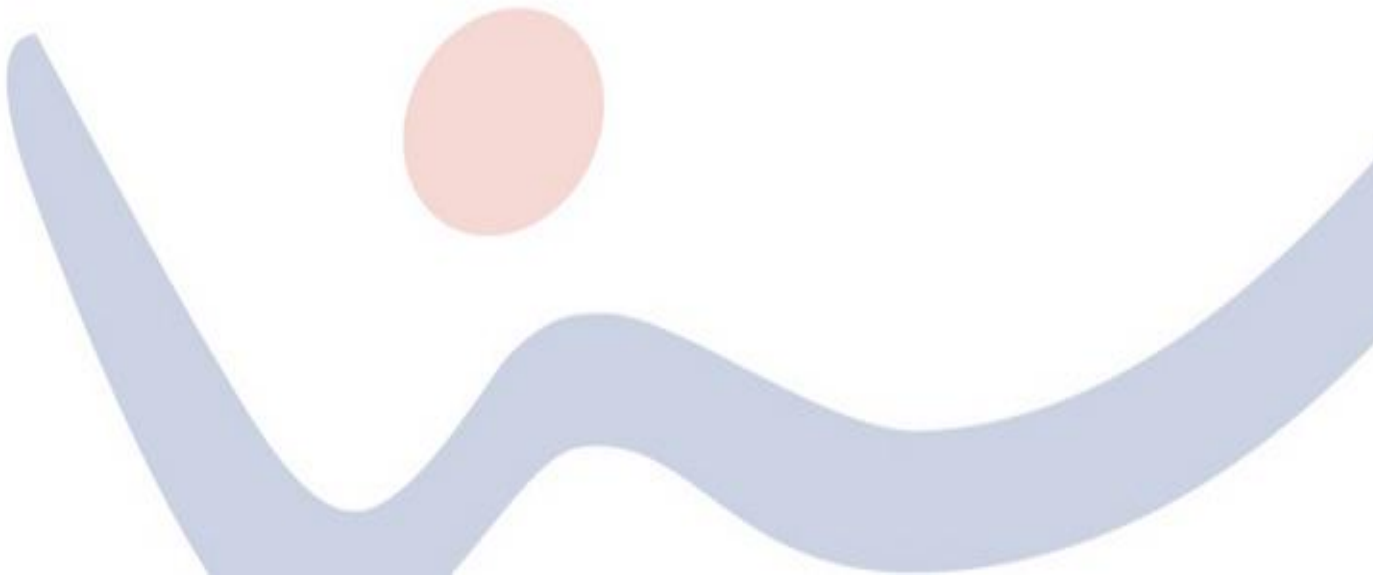
The ongoing cost structure optimization process reasonably allow to believe that the Group will continue to consolidate its performance and its competitive position during 2013, despite the continuing challenging macroeconomic environment and the unfavourable regulatory developments. The efficiency and 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 six-month period ended June 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 Cornelis Hendrik Van Dalen

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.

⁽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.

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CONSOLIDATED INCOME STATEMENT

<i>(thousands of euro)</i>	Note	2013 6 months	2012 6 months	2013 II quarter	2012 II quarter
Revenue	4	2,443,905	2,665,174	1,236,460	1,352,096
Other revenue	5	51,518	63,841	29,471	30,717
Total revenue		2,495,423	2,729,015	1,265,931	1,382,813
Purchases and services	6	(1,299,207)	(1,459,115)	(660,264)	(733,790)
Other operating costs	7	(89,530)	(84,569)	(47,112)	(41,761)
Personnel expenses	8	(170,822)	(173,624)	(83,580)	(82,796)
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		935,864	1,011,707	474,975	524,466
Depreciation and amortization	9	(631,202)	(555,860)	(318,552)	(284,730)
Reversal of impairment losses/(impairment losses) on non-current assets	10	(45)	4,275	(411)	4,140
Gains/(losses) on disposal of non-current assets		163	2,002	7	948
Operating income		304,780	462,124	156,019	244,824
Finance income	11	35,963	6,711	18,790	2,216
Finance expense	11	(461,741)	(461,754)	(237,118)	(237,439)
Foreign exchange gains/(losses), net		(4,544)	(946)	(5,129)	(720)
Profit/(Loss) before tax		(125,542)	6,135	(67,438)	8,881
Income tax	12	(47,160)	(84,062)	(25,938)	(46,402)
Loss from continuing operations		(172,702)	(77,927)	(93,376)	(37,521)
Profit/(Loss) for the period		(172,702)	(77,927)	(93,376)	(37,521)
Non-controlling interests		1	(42)	25	(9)
Loss for the period attributable to the owners of the parent		(172,703)	(77,885)	(93,401)	(37,512)
Earnings per share (in euro) – basic and diluted:	18				
Earning per share from Continuing operations		(1.18)	(0.53)	(0.64)	(0.26)
Earning per share from Discontinued operations		-	-	-	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of euro)</i>	Note	2013 6 months	2012 6 months	2013 II quarter	2012 II quarter
Loss for the period		(172,702)	(77,927)	(93,376)	(37,521)
Other comprehensive income					
Cash flow hedges		21,434	42,135	(43,445)	49,528
Income tax relating to components of other comprehensive income		9,156	(4,293)	21,674	(9,952)
Other comprehensive income for the period, net of tax	17	30,590	37,842	(21,771)	39,576
Total comprehensive income for the period		(142,112)	(40,085)	(115,147)	2,055
Total comprehensive income attributable to:					
<i>Owners of the parent</i>		(142,113)	(40,043)	(115,172)	2,064
<i>Non-controlling interests</i>		1	(42)	25	(9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of euro)</i>	Note	At June 30, 2013	At December 31, 2012*
Assets			
Property, plant and equipment	13	3,454,079	3,599,279
Intangible assets	14	8,742,057	8,740,122
Financial assets	15	243,371	187,615
Deferred tax assets	16	232,677	219,647
Total non-current assets		12,672,184	12,746,663
Inventories		34,084	24,118
Trade receivables		1,130,723	1,195,981
Financial assets	15	175,797	173,322
Current tax assets		8,089	8,070
Other receivables		242,639	244,511
Cash and cash equivalents		72,907	130,543
Total current assets		1,664,239	1,776,545
TOTAL ASSETS		14,336,423	14,523,208
Equity and Liabilities			
Equity			
Issued capital		147,100	147,100
Share premium reserve		751,887	751,887
Other reserves		(61,979)	(92,569)
Retained earnings		221,096	393,799
Equity attributable to owners of the parent	17	1,058,104	1,200,217
Non-controlling interests		129	128
Total equity	17	1,058,233	1,200,345
Liabilities			
Financial liabilities	20	9,270,913	9,155,589
Employee benefits		53,915	53,764
Provisions	19	137,319	149,048
Other non-current liabilities		141,649	142,800
Deferred tax liabilities	16	689,856	703,251
Total non-current liabilities		10,293,652	10,204,452
Financial liabilities	20	454,390	466,524
Trade payables		1,585,685	1,789,616
Other payables		900,273	845,944
Tax payables		44,190	16,327
Total current liabilities		2,984,538	3,118,411
Total liabilities		13,278,190	13,322,863
TOTAL EQUITY AND LIABILITIES		14,336,423	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

<i>(thousands of euro)</i>	2013	2012
	6 months	6 months
Cash flows from operating activities		
Loss from continuing operations	(172,702)	(77,927)
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	631,242	551,586
Net changes in provisions and employee benefits	(16,119)	(15,878)
(Gains)/losses on disposal of non-current assets	(163)	(2,002)
Changes in current assets	45,224	40,907
Changes in current liabilities	(117,091)	19,559
Net cash flows from operating activities	370,391	516,245
Cash flows from investing activities		
Acquisition of property, plant and equipment	(216,885)	(253,965)
Proceeds from sale of property, plant and equipment	1,288	3,712
Acquisition of intangible assets	(128,366)	(181,969)
Net cash flows used in investing activities	(343,963)	(432,222)
Cash flows from financing activities		
Changes in loans	(84,064)	(336,252)
Net cash flows used in financing activities	(84,064)	(336,252)
Net cash flows for the period	(57,636)	(252,229)
Cash and cash equivalents at the beginning of the period	130,543	395,276
Cash and cash equivalents at the end of the period	72,907	143,047

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

<i>(thousands of euro)</i>	2013	2012
	6 months	6 months
Income tax paid	(18,391)	(18,258)
Interest paid on loans/bonds	(369,019)	(381,285)
Interest paid on hedging derivative instruments	(31,943)	(31,249)
Interest received on hedging derivative instruments	5,965	10,115

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>(thousands of euro)</i>	Equity attributable to the owners of the parent				Equity attributable to the owners of the parent	Non-controlling interests	Equity
	Issued capital	Share premium reserve	Other reserves	Retained earnings/(losses carried forward)			
Balances at 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	-	-	37,842	(77,885)	(40,043)	(42)	(40,085)
- Profit for the period	-	-	-	(77,885)	(77,885)	(42)	(77,927)
- Cash flow hedges	-	-	37,842	-	37,842	-	37,842
Transactions with equity holders	-	-	-	-	-	-	-
Balances at June 30, 2012	147,100	751,887	(88,343)	439,710	1,250,354	176	1,250,530
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	-	-	30,590	(172,703)	(142,113)	1	(142,112)
- Loss for the period	-	-	-	(172,703)	(172,703)	1	(172,702)
- Cash flow hedges	-	-	30,590	-	30,590	-	30,590
Transactions with equity holders	-	-	-	-	-	-	-
Balances at June 30, 2013	147,100	751,887	(61,979)	221,096	1,058,104	129	1,058,233

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE WIND TELECOMUNICAZIONI GROUP AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 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").

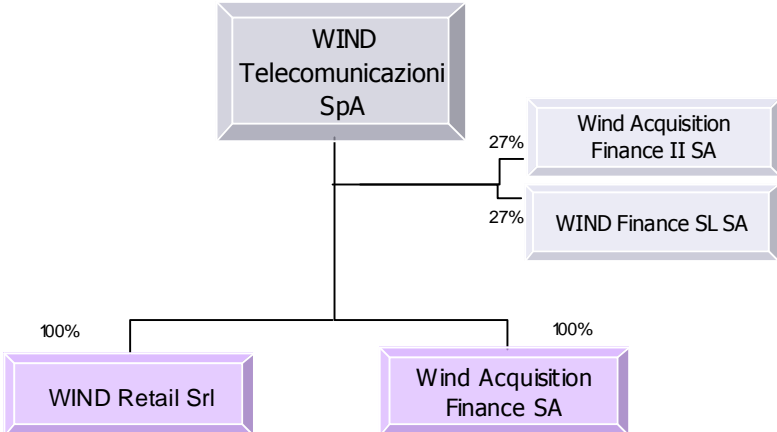
Registered office	Via Cesare Giulio Viola, 48 - 00148 Rome - Italy
Secondary office	Via Lorenteggio, 257 - 20152 Milan - Italy

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 six-month period ended June 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 June 30, 2013.



During the six-month period ended March 31, 2013 the Group earned a loss before tax of €125,542 thousand (profit of €6,135 thousand for the six-month period ended June 30, 2012) and a loss for the period from continuing operation of €172,702 thousand (€77,927 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 six-month period ended June 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 six months ended June 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 €18,258 thousand have been included with reference to six months of 2012.

These consolidated financial statements were approved by the Parent's Board of Directors on August 2, 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 June 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 accordance 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:

<i>(thousands of euro)</i>			
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

<i>(thousands of euro)</i>			
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 June 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 – <i>Financial Instruments</i>	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 six-month period ended June 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 June 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 six months and for the second quarter of 2013 compared with the corresponding periods of 2012.

<i>(thousands of euro)</i>	2012		2011		Change		2012		2011		Change	
	6 months	6 months	Amount	%	II quarter	II quarter	Amount	%				
Revenue from sales	130,806	80,634	50,172	62.2%	73,342	50,120	23,222	46.3%				
- Telephone services	2,028,686	2,129,544	(100,858)	(4.7)%	1,016,486	1,069,964	(53,478)	(5.0)%				
- Interconnection traffic	200,793	370,536	(169,743)	(45.8)%	100,818	186,104	(85,286)	(45.8)%				
- International roaming	19,734	19,520	214	1.1%	11,723	11,357	366	3.2%				
- Judicial authority services	3,164	3,755	(591)	(15.7)%	1,469	1,999	(530)	(26.5)%				
- Other revenue from services	60,722	61,185	(463)	(0.8)%	32,622	32,552	70	0.2%				
Revenue from services	2,313,099	2,584,540	(271,441)	(10.5)%	1,163,118	1,301,976	(138,858)	(10.7)%				
Total	2,443,905	2,665,174	(221,269)	(8.3)%	1,236,460	1,352,096	(115,636)	(8.6)%				

The item shows a decrease for the six months and for the second quarter of 2013 of 8.3% and 8.6%. This effect is mainly due to a decrease in revenue from *interconnection traffic* of 45.8%, which the effect was partially offset by the increase in the *revenue from sales* of 62.2% and 46.3% respectively for the six months and for the second quarter of 2013.

The *Telephone services* are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 4.7% 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 general reduction of unit tariffs set by AGCOM.

5 OTHER REVENUE

Other revenue amounts in total to €51,518 thousand in the six months of 2013 and to €29,471 thousand in the second quarter of 2013 (a decrease of €12,323 thousand and of €1,246 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 six months and for the second quarter of 2013 compared with the corresponding periods of 2012.

<i>(thousands of euro)</i>	2013		2012		Change		2013		2012		Change	
	6 months	6 months	Amount	%	II quarter	II quarter	Amount	%				
Interconnection traffic	329,490	471,378	(141,888)	(30.1)%	168,675	234,598	(65,923)	(28.1)%				
Customer acquisition costs	127,376	126,580	796	0.6%	64,255	58,242	6,013	10.3%				
Lease of civil/technical sites and use of third party assets	128,445	129,929	(1,484)	(1.1)%	63,073	65,000	(1,927)	(3.0)%				
Purchases of raw materials, consumables, supplies and goods	152,511	98,899	53,612	54.2%	79,373	62,701	16,672	26.6%				
Rental of local network and circuits	222,845	255,467	(32,622)	(12.8)%	109,596	127,341	(17,745)	(13.9)%				
Advertising and promotional services	79,625	110,294	(30,669)	(27.8)%	40,610	50,841	(10,231)	(20.1)%				
Outsourcing costs for other services	70,863	70,050	813	1.2%	35,295	34,261	1,034	3.0%				
Maintenance and repair	49,433	50,591	(1,158)	(2.3)%	22,762	28,490	(5,728)	(20.1)%				
Power consumption and other utilities	59,898	58,132	1,766	3.0%	29,081	31,136	(2,055)	(6.6)%				
National and international roaming	17,902	14,330	3,572	24.9%	10,295	7,226	3,069	42.5%				
Consultancies and professional services	16,563	20,117	(3,554)	(17.7)%	9,434	10,407	(973)	(9.3)%				
Change in inventories	(9,966)	(3,646)	(6,320)	173.3%	(612)	(4,500)	3,888	(86.4)%				
Other services	54,222	56,994	(2,772)	(4.9)%	28,427	28,047	380	1.4%				
Total purchases and services	1,299,207	1,459,115	(159,908)	(11.0)%	660,264	733,790	(73,526)	(10.0)%				

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 June 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 €6,167 thousand, €1,680 thousand, €1,351 thousand and €182 thousand, respectively; and higher Power consumption and other utilities, and Advertising and promotional services by €7,518 thousand and €1,862 thousand, respectively.

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

- a decrease of €141,888 thousand in *Interconnection traffic* costs mainly due to a general 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 €32,622 thousand in *Lease of local access network and circuits* costs mainly as the result of a price effect on lease of local access network decrease in the relative customer base and the rationalize the use of the sites;
- a decrease of €30,669 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;
- net increase of €47,292 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 six months and for the second quarter of 2013 compared with the corresponding periods of 2012.

<i>(thousands of euro)</i>	2013		2012		Change		2013		2012		Change	
	6 months	6 months	Amount	%	II quarter	II quarter	Amount	%				
Impairment losses on trade receivables and current assets	59,138	55,229	3,909	7.1%	30,338	29,023	1,315	4.5%				
Accruals to provision for risks and costs	4,544	4,752	(208)	(4.4)%	2,964	1,439	1,525	106.0%				
Annual license and frequency fees	16,916	15,701	1,215	7.7%	8,769	7,055	1,714	24.3%				
Other operating costs	8,932	8,887	45	0.5%	5,041	4,244	797	18.8%				
Total other operating costs	89,530	84,569	4,961	5.9%	47,112	41,761	5,351	12.8%				

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 six months and for the second quarter of 2013 compared with the corresponding periods of 2012.

<i>(thousands of euro)</i>	2013		2012		2013		2012		Change	
	6 months	6 months	Amount	%	II quarter	II quarter	Amount	%	Amount	%
Wages and salaries	143,154	144,445	(1,291)	(0.9)%	70,015	71,409	(1,394)	(2.0)%		
Social security charges	40,698	41,162	(464)	(1.1)%	20,243	19,936	307	1.5%		
Other personnel expenses	6,424	6,952	(528)	(7.6)%	3,268	3,769	(501)	(13.3)%		
Post-employment benefits	9,990	10,647	(657)	(6.2)%	4,997	6,270	(1,273)	(20.3)%		
(Costs capitalized for internal works)	(29,444)	(29,582)	138	(0.5)%	(14,943)	(18,588)	3,645	(19.6)%		
Total personnel expenses	170,822	173,624	(2,802)	(1.6)%	83,580	82,796	784	0.9%		

The noted decrease over the six 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 six months and for the second quarter of 2013 compared with the corresponding periods of 2012.

<i>(thousands of euro)</i>	2013		2012		2013		2012		Change	
	6 months	6 months	Amount	%	II quarter	II quarter	Amount	%	Amount	%
Depreciation of property, plant and equipment										
- Plant and machinery	352,132	329,366	22,766	6,9%	179,045	167,906	11,139	6,6%		
- Industrial and commercial equipment	5,979	5,025	954	19,0%	3,023	2,589	434	16,8%		
- Other assets	12,528	11,681	847	7,3%	6,202	5,959	243	4,1%		
Amortization of intangible assets with finite lives										
- Industrial patents and similar rights	59,859	54,864	4,995	9,1%	30,159	28,224	1,935	6,9%		
- Concessions, licenses, trademarks and similar rights	95,738	56,453	39,285	69,6%	47,872	28,170	19,702	69,9%		
- Other intangible assets	104,966	98,471	6,495	6,6%	52,251	51,882	369	0,7%		
Total depreciation and amortization	631,202	555,860	75,342	13,6%	318,552	284,730	33,822	11,9%		

Depreciation and amortization rose by €75,342 thousand over the first six months of 2012. Of this €24,567 thousand relates to property, plant and equipment, due to the additional investments made in network development over the past few years, and €50,775 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 six months and for the second quarter of 2013 compared with the corresponding periods of 2012.

<i>(thousands of euro)</i>	2013		2012		Change		2013		2012		Change	
	6 months	6 months	Amount	%	II quarter	II quarter	Amount	%	II quarter	II quarter	Amount	%
Reversal of impairment losses / (Impairment losses) on property, plant and equipment	(45)	4,275	(4,320)	(101.1)%	(411)	4,140	(4,551)	(109.9)%	(411)	4,140	(4,551)	(109.9)%
Total	(45)	4,275	(4,320)	(101.1)%	(411)	4,140	(4,551)	(109.9)%	(411)	4,140	(4,551)	(109.9)%

The balance for the six 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 €425,778 thousand in the first six months of 2013 (€455,043 thousand in the first six months of 2012); net finance expense of €218,328 thousand in the second quarter of 2013 (€235,223 thousand in the second quarter of 2012).

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

<i>(thousands of euro)</i>	2013		2012		Change		2013		2012		Change	
	6 months	6 months	Amount	%	II quarter	II quarter	Amount	%	II quarter	II quarter	Amount	%
Interest on bank deposits	314	1,348	(1,034)	(76.7)%	231	353	(122)	(34.6)%	231	353	(122)	(34.6)%
Cash flow hedge reversed from equity	23	239	(216)	(90.4)%	(109)	76	(185)	n.m.	(109)	76	(185)	n.m.
Fair value measurement of derivatives	33,041	1,018	32,023	n.m.	17,385	(109)	17,494	n.m.	17,385	(109)	17,494	n.m.
Other	2,585	4,106	(1,521)	(37.0)%	1,283	1,896	(613)	(32.3)%	1,283	1,896	(613)	(32.3)%
Total finance income	35,963	6,711	29,252	435.9%	18,790	2,216	16,574	747.9%	18,790	2,216	16,574	747.9%

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 €31,441 thousand at June 30, 2013 (€1,018 thousand at 30 June 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 six months and for the second quarter of 2013 compared with the corresponding periods of 2012.

<i>(thousands of euro)</i>	2013		2012		Change		2013		2012		Change	
	6 months	6 months	Amount	II quarter	II quarter	II quarter	II quarter	Amount	%			
Interest expense on:												
Bond issues	(295,677)	(279,916)	(15,761)	5.6%	(150,182)	(144,000)	(6,182)	4.3%				
Bank loans	(97,501)	(144,607)	47,106	(32.6)%	(53,433)	(73,083)	19,650	(26.9)%				
Discounted provisions	(956)	(1,229)	273	(22.2)%	(478)	(195)	(283)	145.1%				
Cash flow hedges, reversed from equity	(35,567)	(58,976)	23,409	(39.7)%	(17,785)	(30,943)	13,158	(42.5)%				
Other	(32,040)	(30,262)	(1,778)	5.9%	(15,240)	(14,670)	(570)	3.9%				
(Finance expense capitalized)	-	53,236	(53,236)	(100.0)%	-	25,452	(25,452)	(100.0)%				
Total finance expense	(461,741)	(461,754)	13	(0.0)%	(237,118)	(237,439)	321	(0.1)%				

Finance expense consists mostly of accrued interest on financial liabilities outstanding at June 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 €35,567 thousand (€58,976 thousand at June 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 six 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 June 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 six months and for the second quarter of 2013 compared with the corresponding periods of 2012.

<i>(thousands of euro)</i>	2013		2012		Change		2013		2012		Change	
	6 months	6 months	Amount	%	II quarter	II quarter	Amount	%				
Current tax	(66.031)	(111.091)	45.060	(40,56)%	(29.705)	(62.806)	33.101	(52,7)%				
Previous years income taxes	1.612	-	1.612	n.m.	.	.	.	n.m.				
Deferred tax	17.259	27.029	(9.770)	(36,1)%	3.767	16.404	(12.637)	(77,0)%				
Total income tax	(47.160)	(84.062)	36.902	(43,9)%	(25.938)	(46.402)	20.464	(44,1)%				

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

- current income taxes expense of €66,031 thousand (of which €41,009 thousand for IRES tax and €25,022 thousand for IRAP tax) charged on the consolidated taxable income for the period;
- previous years income taxes of €1,612 thousand;
- net deferred tax income of €17,259 thousand, arising from a increase of €7,226 thousand in deferred tax assets and from the release of deferred tax liabilities of €10,033 thousand.

13 PROPERTY, PLANT AND EQUIPMENT

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

<i>(thousands of euro)</i>							
	At December 31, 2012	Additions	Depreciation	Reversal of impairment losses/ Impairment losses	Disposals	Others	At June 30, 2013
Land and buildings	552	-	-	-	-	-	552
Plant and machinery	3,250,717	162,136	(352,132)	(3,459)	(1,117)	144,326	3,200,471
Equipment	25,860	3,375	(5,979)	-	(7)	1,136	24,385
Other	60,505	1,343	(12,528)	-	(1)	5,321	54,640
Assets under construction	261,645	62,048	-	-	-	(149,662)	174,031
Total	3,599,279	228,902	(370,639)	(3,459)	(1,125)	1,121	3,454,079

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

<i>(thousands of euro)</i>				
	Cost	At June 30, 2013 Accumulated impairment losses	Accumulated depreciation	Carrying amount
Land and buildings	552	-	-	552
Plant and machinery	10,737,366	92,419	7,444,476	3,200,471
Equipment	145,850	29	121,436	24,385
Other	497,356	164	442,552	54,640
Assets under construction	174,673	642	-	174,031
Total	11,555,797	93,254	8,008,464	3,454,079

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 €3,406 thousand was written off and investments have been recognized by €12,017 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 €8,611 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 six months of 2013.

<i>(thousands of euro)</i>	At December 31, 2012	Additions	Amortization	Reversal of impairment losses/ Impairment losses	Others	At June 30, 2013
Industrial patents and intellectual property rights	299,043	47,684	(59,859)	13	11,318	298,199
Concessions, licenses, trademarks and similar rights	2,979,072	135,237	(95,738)	-	1,249,923	4,268,494
Other intangible assets	566,180	48,549	(104,966)	-	30,629	540,392
Goodwill	3,607,469	-	-	-	-	3,607,469
Assets under development	1,288,358	32,133	-	-	(1,292,988)	27,503
Total	8,740,122	263,603	(260,563)	13	(1,118)	8,742,057

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

<i>(thousands of euro)</i>	At June 30, 2013			Carrying amount
	Cost	Accumulated impairment losses	Accumulated amortization	
Industrial patents and intellectual property rights	1,787,415	12,212	1,477,004	298,199
Concessions, licenses, trademarks and similar rights	5,790,037	1,002	1,520,541	4,268,494
Other intangible assets	1,641,982	-	1,101,590	540,392
Goodwill	3,609,387	1,918	-	3,607,469
Assets under development	27,503	-	-	27,503
Total	12,856,324	15,132	4,099,135	8,742,057

The increase in Concessions, licenses, trademarks, and similar rights arises 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 June 30, 2013 given the absence of impairment indicators.

15 FINANCIAL ASSETS

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

<i>(thousands of euro)</i>	At March 31, 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	177,543	16	177,559	113,212	-	113,212
Financial receivables	49,469	175,781	225,250	58,044	173,322	231,366
Total	243,371	175,797	419,168	187,615	173,322	360,937

At June 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 €177,559 thousand and which the composition is described in note 21;
- financial receivables of €225,250 thousand mainly including:
 - the loan of €158,639 thousand granted 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 €43,034 thousand (€48,624 thousand at December 31, 2012) of which €10,925 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 €9,081 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 June 30, 2013 and at December 31, 2012.

<i>(thousands of euro)</i>	At December 31, 2012	Decrease	Increase	At June 30, 2013
Provision for bad debts (taxed)	141,636	-	6,910	148,546
Provisions for risks (taxed)	29,558	7,091	4,418	26,885
Measurement of financial assets/liabilities	3,375	-	5,802	9,177
Amortization and depreciation of non-current assets	45,078	1,450	4,441	48,069
Deferred tax assets	219,647	8,541	21,571	232,677
Employee benefits	3,449	-	-	3,449
Accelerated depreciation and amortization	13,523	248	-	13,275
Derivative financial instruments	-	-	-	-
Property, plant, and equipment at fair value	84,060	3,431	-	80,629
Depreciation of PPA	602,218	10,771	1,056	592,503
Measurement of financial assets/liabilities	1	1	-	-
Deferred tax liabilities	703,251	14,451	1,056	689,856

Deferred tax assets at June 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 six months of 2013 and for the corresponding period in 2012.

<i>(thousands of euro)</i>	Equity attributable to the owners of the parent				Equity attributable to the owners of the parent	Non-controlling interests	Equity
	Issued capital	Share premium reserve	Other reserves	Retained earnings/(losses carried forward)			
Balances at 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	-	-	37,842	(77,885)	(40,043)	(42)	(40,085)
- Profit for the period	-	-	-	(77,885)	(77,885)	(42)	(77,927)
- Cash flow hedges	-	-	37,842	-	37,842	-	37,842
Transactions with equity holders	-	-	-	-	-	-	-
Balances at March 31, 2012	147,100	751,887	(88,343)	439,710	1,250,354	176	1,250,530
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	-	-	30,590	(172,703)	(142,113)	1	(142,112)
- Loss for the period	-	-	-	(172,703)	(172,703)	1	(172,702)
- Cash flow hedges	-	-	30,590	-	30,590	-	30,590
Transactions with equity holders	-	-	-	-	-	-	-
Balances at March 31, 2013	147,100	751,887	(61,979)	221,096	1,058,104	129	1,058,233

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.

<i>(thousands of euro)</i>	Interest rate risk			Foreign currency risk			Cash Flow Hedge Reserve
	Gross reserve	Tax effect	Total	Gross reserve	Tax effect	Total	
At December 31, 2012	(149,446)	-	(149,446)	(12,859)	3,703	(9,156)	(158,602)
Changes in fair value	17,660	-	17,660	21,463	(6,177)	15,286	32,946
Reverse to income statement	35,588	-	35,588	(53,277)	15,333	(37,944)	(2,356)
At June 30, 2013	(96,198)	-	(96,198)	(44,673)	12,859	(31,814)	(128,012)

The share capital of the parent WIND Telecomunicazioni SpA at June 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 June 30, 2013 or June 30, 2012.

19 PROVISIONS

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

<i>(thousands of euro)</i>	At December 31, 2012	Increases	(Decreases)	At June 30, 2013
Litigation	34,740	3,756	(6,488)	32,008
Restructuring	4,102	-	(3,193)	909
Universal service contribution (Presidential Decree no. 318/1997)	16,683	-	-	16,683
Product assistance	2,072	788	(1,065)	1,795
Dismantling and removal	37,984	-	(670)	37,314
Other provisions	53,467	10,449	(15,306)	48,610
Total	149,048	14,993	(26,722)	137,319

This item decreased by €11,729 thousand at June 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 settlement of disputes arising in previous years and resolved in the period, the payment in the period of an installment of the long-term incentive plan and the implementation of restructuring plans.

20 FINANCIAL LIABILITIES

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

<i>(thousands of euro)</i>	At June 30, 2013			At December 31, 2012		
	Non-current	Current	Total	Non-current	Current	Total
Bonds issues	6,437,936	185,998	6,623,934	5,817,668	178,612	5,996,280
Bank loans	2,283,360	169,137	2,452,497	2,835,522	124,271	2,959,793
Loans from others	440,431	75,945	516,376	342,010	159,444	501,454
Derivative financial instruments	109,186	23,310	132,496	160,389	4,197	164,586
Total financial liabilities	9,270,913	454,390	9,725,303	9,155,589	466,524	9,622,113

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

<i>(thousands of euro)</i>	Carrying amount at June 30, 2013	Carrying amount at December 31, 2012	Nominal amount at June 30, 2013	Residual Commitment	Currency	Due date	Interest rate
Senior Facility Agreement							
- Tranche A1	36,428	97,634	37,281	37,281	EUR	11/26/2016	Euribor+4.00%
- Tranche A2	295,811	792,785	302,719	302,719	EUR	11/26/2016	Euribor+4.00%
- Tranche B1	1,292,506	1,288,668	1,333,882	1,333,882	EUR	11/26/2017	Euribor+4.25%
- Tranche B2	659,845	657,900	681,118	681,118	EUR	11/26/2017	Euribor+4.50%
- Revolving	149,994	99,994	150,000	400,000	EUR	11/26/2016	Euribor+4.00%
- Overdrafts	17,146	21,827	-	-			
- Other accrued interest	767	985	-	-			
Total	2,452,497	2,959,793	2,505,000	2,755,000			

<i>(thousands of euro)</i>	Carrying amount at June 30, 2013	Carrying amount at December 31, 2012	Nominal amount at June 30, 2013	Issue price	Currency	Due date	Interest rate	Price
Senior Secured Notes 2017 €	1,267,102	1,263,071	1,250,000	96.3%	EUR	07/15/2017	11.75%	105.3%
Senior Secured Notes 2017 \$	1,589,170	1,564,331	1,537,397	97.5%	USD	07/15/2017	11.75%	106.1%
Senior Secured Notes 2018 €	1,737,019	1,734,800	1,750,000	99.3%	EUR	02/15/2018	7.38%	103.3%
Senior Secured Notes 2018 \$	991,006	975,601	999,308	99.3%	USD	02/15/2018	7.25%	104.1%
Additional SSN 2018 €	181,519	180,042	200,000	90.1%	EUR	02/15/2018	7.38%	102.1%
Additional SSN 2018 \$	284,619	278,435	307,479	92.2%	USD	02/15/2018	7.25%	103.9%
Senior Notes 2019 €	149,949	-	150,000	100.0%	EUR	05/01/2019	3M+5.25%	99.3%
Senior Notes 2020 \$	423,550	-	422,784	100.0%	USD	05/01/2020	6.50%	99.0%
Totale	6,623,934	5,996,280	6,616,968					

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 €134 563 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 €36 million relating to the principal of loan from other banks against the deferred repayment plan of the fair value of the derivative instruments that were repaid with the refinancing of the Group's debt of November 26, 2010;
- the increase of €50 millions, 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 June 30, 2013.

	At June 30, 2013					Total
	<5%	5%<x<7.5%	7.5%<x<10%	10%<x<12.5%	12.5%<x<15%	
Euro	319,634	2,645,913	1,755,831	315,982	1,267,102	6,304,462
US dollars	-	423,550	1,275,625	-	1,589,170	3,288,345
Total	319,634	3,069,463	3,031,456	315,982	2,856,272	9,592,807

The Senior Facility Agreement imposes certain covenants on the Group, with which the Group, at June 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 June 30, 2013 and changes over December 31, 2012, analyzed by the type of risk hedged.

	At June 30, 2013		At December 31, 2012	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
(thousands of euro)				
- Exchange rate risk	113,205	41,880	83,578	27,653
- Interest rate risk	1,833	90,616	-	136,933
Total cash flow hedges	115,038	132,496	83,578	164,586
- Embedded derivatives on Bonds	62,521	-	29,634	-
Total Derivatives Non Hedge Accounting	62,521	-	29,634	-
Total	177,559	132,496	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.

	At June 30, 2013		At December 31, 2012	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
(thousands of euro)				
Current	16	23.310	-	4.197
Non current	177.543	109.186	113.212	160.389
Total derivatives	177.559	132.496	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.

<i>(thousands of euro)</i>	At June 30, 2013	At December 31, 2012
Bonds issues	6,437,936	5,817,668
Bank loans	2,283,360	2,835,522
Loans from other	440,431	342,010
Derivative financial instruments	109,186	160,389
Non-current financial liabilities	9,270,913	9,155,589
Bonds issues	185,998	178,612
Bank loans	169,137	124,271
Loans from others	75,945	159,444
Derivative financial instruments	23,310	4,197
Current financial liabilities	454,390	466,524
TOTAL GROSS FINANCIAL DEBT	9,725,303	9,622,113
Cash and cash equivalents	(72,907)	(130,543)
Derivative financial instruments	(16)	-
Financial receivables	(173,958)	(172,607)
Current financial assets	(173,974)	(172,607)
Derivative financial instruments	(177,543)	(113,212)
Financial receivables	(47,128)	(54,590)
Non-current financial assets	(224,671)	(167,802)
NET FINANCIAL DEBT	9,253,751	9,151,161

The net financial debt does not include the guarantee deposits for an amount of €4,164 thousand and €4,169 thousand at March 31, 2013 and at December 31, 2012, respectively.

23 CASH FLOW STATEMENT

Cash flows from operating activities, amounting to €370,391 thousand in the first six months of 2013, decreased of €145,854 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 six months of 2013 of a total of €343,963 thousand, representing an decrease of €88,259 thousand over the previous period of 2012 as the effect of the decrease of investment in fixed assets of €90,683 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 six months of 2013, financing activities used cash of €84,064 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 €563 million (nominal amount of €150 million and USD550 million);
- the use of cash of €50 million in the first six 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 €36,070 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 €774 thousand related to the loan against the capitalization of expenditure for the backbone rights of way.

In addition, financing activities at June 30, 2013 include the overdraft for an amount of €17,146 thousand (€21,827 thousand at December 31, 2012).

During the first six months of 2012 financing activities used cash of €336,252 thousand as the effect of the early repayments of €500 million attributable to Senior Facility Agreement, of €250 million attributable to Bridge Facility Agreement, and of €37 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.

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 €158,639, for which details may be found in note 15.

During the period ended June 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.

	Period ended June 30, 2013							
	Revenue	Finance income/expense	Expenses	Trade receiv.	Other receiv.	Financial receiv.	Trade payables	Other payables
Armenija Telefon Kompani	4	-	1	4	-	-	8	-
Consorzio Wind Team	-	-	2	-	3	-	-	-
DiGi (Malaysia)	13	-	8	12	-	-	2	-
DTAC/UCOM (Thailand)	5	-	36	-	-	-	22	-
Globalive Wireless Management	737	-	-	59	2,929	-	5	-
GrameenPhone (Bangladesh)	63	-	30	188	-	-	87	-
KaR-Tel	25	-	2	2	-	-	23	-
Kievstar	212	-	4,684	-	-	-	3,394	-
Maritim Communication	-	-	-	-	-	-	-	-
Partner AS (Norway)	-	-	87	-	-	-	91	-
Mobitel LLC Georgia	-	-	6	-	-	-	17	-
Summit Technology Solutions (STS)	-	-	12	-	-	-	6	-
Orascom Telecom Algeria SpA	145	-	48	303	-	-	5	-
Orascom Telecom Bangladesh Ltd. (Banglalink)	2	-	5	56	-	-	-	-
Orascom Telecom Holding SAE	-	-	237	24	6	-	1,979	-
Orascom Telecom Services Europe Company	-	-	-	183	-	-	-	-
Pakistan Mobile Communications Ltd.	19	-	1	19	-	-	-	-
Powercom (Pty) Ltd T/A leo	-	-	1	-	-	-	-	-
SKY MOBILE LLC	-	-	-	2	-	-	1	-
Sotelco Ltd.	-	-	-	1	-	-	-	-
Telenor Magyarorszag KFT (Hungary)	93	-	75	98	-	-	65	-
Telenor Mobile Communications AS (Norway)	38	-	11	-	-	-	25	-
Telenor Pakistan (Pakistan)	2	-	5	2	-	-	10	-
Telenor Serbia (Serbia)	84	-	55	334	-	-	1,711	-
Unitel	3	-	-	-	-	-	6	-
Vimpelcom Ltd	470	-	-	-	1,344	-	-	-
VimpelCom Lao Co, Ltd	-	-	1	1	-	-	-	-
Vympel-Kommunikacii	492	-	66	5	-	-	990	-
Weather Capital Sarl	239	-	-	-	239	-	-	197
WIND Acquisition Holdings Finance SpA	22	-	-	-	1,611	-	273	-
Wind Telecom SpA*	139	2,306	5,360	-	18,948	158,639	10,696	352,482
Wind Acquisition Holdings Finance II SA	26	-	-	-	73	-	-	-
Wind Acquisition Holdings Finance SA	117	-	-	-	117	-	-	81
SPAL TLC S.p.A. **	183,226	-	20,455	37,751	-	-	4,585	-
Vimpelcom International services	-	-	89	-	308	-	136	-
WCSP1	181	-	-	-	181	-	-	-
KlaroLux	26	-	-	-	26	-	-	-
Total	186,383	2,306	31,277	39,044	25,785	158,639	24,137	352,760

*payables to Wind Telecom SpA relate in the amount of €350,531 thousand and of €1,470 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 (€166.410 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 June 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.

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 June 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 March 22, 2012 the Court of Rome declared Crest One's 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.

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. The merit discussion hearing occurred on May 14, 2013 and we are still waiting for the final ruling.

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

On September 13, 2012, the Italian Competition Authority (or the "ICA") 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. We expect that the investigation will be 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.

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 June 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 €365,789 thousand at June 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 €340,939 thousand issued by banks, relating to participation in tenders, of which €276,630 thousand in favor of the Minister for Economic Development for the participation in the tender procedure it had been awarded the frequency use rights in the 800, 1800, 2000 and 2600 MHz bands, to sponsorships, property leases, operations regarding prize competitions, events and excavation licenses.

The Parent has been under the management and coordination of 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 June 30, 2013 that would require adjustments or additional disclosures in the consolidated financial statements.