WIND TELECOMUNICAZIONI GROUP

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

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

WIND TELECOMUNICAZIONI SPA

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Wind Telecomunicazioni SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Wind Telecomunicazioni SpA and its subsidiaries ("Wind Group"), which comprise the consolidated statement of financial position as of 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flows statement and statement of changes in consolidated equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of Wind Telecomunicazioni SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree n° 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Wind Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

Report on compliance with other laws and regulations

Opinion on the consistency with the consolidated financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) n° 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of Wind Telecomunicazioni SpA, with the consolidated financial statements of the Wind Group as of 31 December 2015. In our opinion, the report on operations is consistent with the consolidated financial statements of the Wind Group as of 31 December 2015.

Rome, 9 March 2016

PricewaterhouseCoopers SpA

Signed by

Scott Cunningham
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

WIND TELECOMUNICAZIONI GROUP

Report on operations at December 31, 2015

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THE WIND TELECOMUNICAZIONI GROUP

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

The Group markets its mobile services through "WIND" brand and it provides voice, network access, international roaming and value added services, or "VAS," as well as mobile Internet services, to its mobile subscribers, through (i) the Global System for Mobile Communications ("GSM") and General Packet Radio Services allowing continuous connection to the Internet ("GPRS") (which are known as "second generation" or "2G" technologies), and (ii) universal mobile telecommunications systems, which are designed to provide a wide range of voice, high speed data and multimedia services ("UMTS") and high-speed downlink packet access ("HSDPA") technology (which are known as "third generation" or "3G and 4G" technologies). In line with the Italian telecommunications market, the majority of WIND mobile subscribers are pre-paid subscribers.

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

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

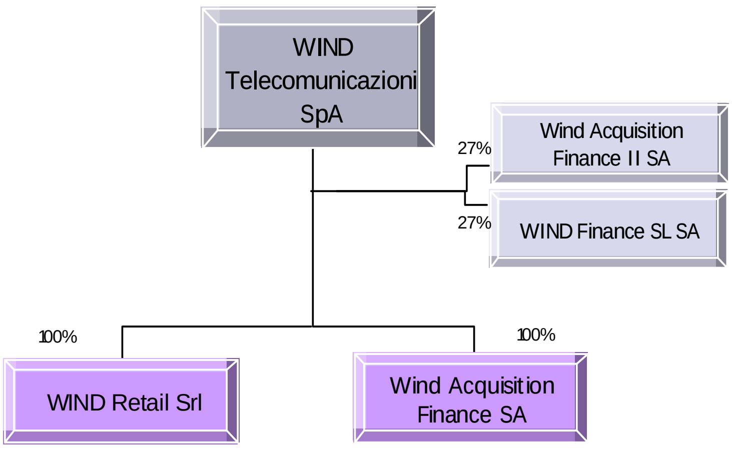
Registered office	Via Cesare Giulio Viola, 48 - 00148 Rome - Italy
Secondary office	Via Lorenteggio, 257 - 20152 Milan - Italy

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

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

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

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



BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA

Board of Directors [1]

Chairman	Andrew Mark Davies
Directors	Maximo Ibarra, CEO
	Vincenzo Nesci
	Albert Hollema
	Alexander Dean Lemke

Board of Statutory Auditors [2]

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

(1) The shareholders' meeting of WIND dated April 18, 2014 appointed the new Board of Directors for a two- year term until the date of the shareholders' meeting convened for the approval of the Company's financial statements as at December 31, 2015. The Board of Directors of WIND convened on April 18, 2014 confirmed Mr. Maximo Ibarra as Chief Executive Officer of the Company. The Board of Directors held on July 30, 2015 appointed, by way of co-optation, Mr. Alexander Dean Lemke as a new board member in replacement of the resigned WIND Director Mr. Felix Saratovsky.

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

WIND GROUP HIGHLIGHTS AT DECEMBER 31, 2015

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

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

Operational data	**At December 31, 2015**	**At December 31, 2014**
Mobile customers (millions of SIM Cards)	21 .1	21 .6
Mobile ARPU (euro/month)	11 .3	11 .3
Fixed-line customers (millions of lines)	2 .8	2 .8
Fixed-line ARPU (euro/month)	27 .9	29 .4
Mobile network coverage(1)	99.86%	99,86%
Employees (headcount)	6,814	6,894

(1) As a percentage of the Italian population.

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

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

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

THE ITALIAN TELECOMMUNICATIONS SERVICES MARKET

Industry overview

Italy is Europe's fourth largest telecommunications services market by revenue. The estimated value of the Italian mobile market for 2015 amounts to approximately €13 billion, less than for 2014 due to a contraction in voice services only partially offset by an increase in internet and contents services. The Italian fixed-line market (Voice and VAS) for 2015 is estimated to be worth approximately €6 billion, a decrease over 2014 mainly as the result of a drop in voice traffic revenues. The value of the internet access industry for 2015 is estimated to be approximately €4.6 billion, with the broadband segment accounting for the whole market.

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

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

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

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

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

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

In 2015 the fixed network telecommunications services market continued to be characterized by voice and ADSL bundle offers, increasingly based on optic fiber. The offer for ultra-broadband navigation grew to include an increasingly wide range of access services to digital contents, in particular video/streaming, and innovative ICT services.
Operators continued to promote voice and data plans, reducing charges and activation and including calls to mobile phones or solutions for mobile navigation. In particular, the offer for the residential market evolved with triple-play packages which include access to internet TV contents and quadruple play and which add mobile network services to the previous ones. Partnerships between digital content providers and fixed network operators were the subject of press releases throughout the year and offers grew after the spring.
The offer for Business customers saw the introduction of a number of changes as part of Cloud services, in particular in the areas of unified communications and collaboration, electronic billing and basic storage. In addition to these services, in order to retain and attract business customers and in particular SMEs with technological services complementing connectivity, operators arranged new partnerships and launched new ICT market-place, customer care and customer engagement web services and business intelligence and smart city solutions, the latter geared towards large-scale organizations.

Mobile telecommunications

The Italian mobile telephone market is the fourth largest European market by revenue after the United Kingdom, France and Germany. There are four infrastructure operators in Italy which offer mobile telephone services to the approximately 86 million SIMs registered at December 31, 2015, equal to a penetration rate of approximately 141% of the Italian population. The penetration figure is distorted by the widespread use of more than one SIM card by many customers. It is estimated that approximately 78% of Italian mobile customers subscribe to prepaid mobile telephone services, which have low customer acquisition costs.
Excluding MVNOs, at December 31, 2015 WIND had an estimated market share of 24.7% while Telecom Italia, Vodafone and H3G had shares of 35.0%, 28.5% and 11.8% respectively.

Fixed telephone services market

Voice

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

Internet

At December 31, 2015 access to broadband internet had reached a penetration of 73% of the total of fixed lines in Italy. Broadband services in Italy have grown swiftly over the past few years to reach approximately 14.2 million connections or approximately 23% of the country’s population. Despite the recent considerable rise in broadband, Italy still lags behind other European countries.

COMMERCIAL AND OPERATING PERFORMANCE

Mobile Telephony

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

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

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

Consumer offer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In April, WIND launched *WIND Magnum*, the innovative No Tax offer on subscription with two SIMs, as always unlimited minutes and SMSs and the choice between 2, 4, 8 o 14 gigabytes to be shared across smartphones and tablets to meet the needs of customer navigation; the Alcatel 3G Pixi3 Tablet (8 inches) is included.
In addition, there are exclusive and beneficial offers for customers who choose *WIND Magnum*: for the home, *Powered Infostrada Magnum* offers Real ADSL at up to 20 megabytes and telephone calls at 0 cents per minute to all national fixed and mobile numbers and fixed numbers in Western Europe, the USA and Canada at a cost of €17.95 per month.

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

Business voice offer
WIND provides a wide range of voice services to its corporate customers, to small and medium businesses (SMEs) and to professionals (the SOHO market), with specific offers to suit each market segment.
WIND offers services tailored to the specific requirements of large-scale businesses which often request offers on a competitive basis. Larger companies are increasingly gearing themselves towards offers in prepaid mode so that they can further increase control over their telecommunication expenses. WIND has an offer based on a business's budget based on "all inclusive" monthly charges: customers establish their telephone spending at a company level by identifying traffic packages shared by all of their SIMs, thus keeping control of their budget at both a global and single SIM level. Faced with the increasing interest in mobile applications (apps) designed to take certain business processes into mobility, WIND has additionally launched *Enterprise Mobility Services* through strategic partnerships and vertical system integrator agreements.
For the population of professionals, self-employed workers and small/medium businesses, through the pull sales channel (WIND Retail, Dealer, Franchising, large retail chains (GDOs)), and for small and medium businesses through the push sales channel, WIND Business is present on the market with a new positioning based on three pillars:

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

As regards *Best Assistance*, since November 9 all WIND Business customers have the *WIND Smart Assistance* advanced technical assistance service at their disposal free of charge; this is an effective, immediate and free service for the remote configuration and handling of devices and applications.
For *Smart Offer*, the *GIGA Boost* promo on data services was launched on October 12 for the push channel and on November 9 for the pull channel; this reduces internet tariff plan prices by 50% if coupled with *WIND Business* voice services.
From November 9 *WIND Business* customers who are frequent travelers for work purposes and who select the *All Inclusive Unlimited Premium* and *All Inclusive Top Mondo* offers have 3 GB and 2 GB respectively of internet traffic included abroad in the countries included in their individual tariff plans.

From October 12, *WIND Business* customers who subscribe to an *All Inclusive* offer at a WIND store may select the *VAT Registrant Special Edition*, which includes certain “top of the range” smartphones with an initial down payment of only €99.90. Moreover, for all *All Inclusive Partita IVA* activations made between November 9, 2015 and January 10, 2016 customers receive a Sky Online Cinema or Entertainment ticket valid for 6 months or a Sky Online ticket for all the matches of their favorite football team (with a choice between Juventus, Roma, Lazio, Inter, Milan, Fiorentina, Napoli and Genoa) through to the end of the Serie A season.
As far as *Smart Innovation* is concerned, the *All Inclusive* portfolio also offers the *Mobile POS* innovative service, developed in collaboration with BNL and BNL Positivity, at advantageous and exclusive conditions; this provides professionals and SMEs with the possibility of having card payments made on national and international circuits accepted anywhere.
Since November 9, the digital service offer available at WIND stores has also been enhanced by the new *Spotonway* service which allows *WIND Business* customers to create their own digital loyalty program so that WIND may get to know their customers’ needs and habits better and increase their business. The new *Digitali Cre@sito, Pec Smart, Mobile POS, WIND Smart Control, Windlex and 4Mobility* services complete the mobile offer for businesses, guaranteeing an innovative commercial proposition that stays close to the needs of WIND’s business clientele. The Cre@sito service provides customers with the possibility of creating a website on their own through a user-friendly interface and have a level II dominion and a mailbox. Pec Smart is a certified electronic mail service, mandatory by law for professionals and businesses, which has legal value equivalent to a registered letter with return receipt.
WIND Smart Control is an innovative Mobile Device Management solution of WIND Business created for all small and medium-sized businesses needing to make the smartphones and tablets used by their employees safe and to configure and monitor these devices in a simple, rapid and effective way. This service has a cost of only €2 a month.
Thanks to the partnership with 4Mobility, new services have been available since March 2015 that provide an optimal management of working activities in mobility: organizing the day’s work in the best possible manner and recording this by way of reports, photos and videos; managing contacts and planning visits and having digital catalogues, products and documents in mobility; digitalizing and managing expense notes in the simplest way, creating them and transferring them in real time.
In order to extend its portfolio of offers and services dedicated to SMEs, WIND has signed a partnership agreement of significant importance with Microsoft in order to be able to offer its customers Office 365, the productivity suite in Microsoft’s Cloud. With Office 365 businesses have at their disposal all the tools needed to work in mobility in the best way possible and everywhere on any device (smartphone, tablet, laptop, PC, Mac), so that they can handle, modify and share documents in real time while operating with the utmost safety.

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

Innovative Services

WIND continued with its proposal offer of digital contents such as apps, games, music, films, e-books and digital magazines which customers can download from Google Play Store and Windows Phone Store using their telephone account as a means of payment without the need for a credit card. The partnership with Google has been further strengthened by the inclusion of an amount of €3 a month in the *All Inclusive Young* offer that can be spent in the store and by a number of promotional initiatives that enabled customers to download contents at an advantageous price. There are now 40 cities where the Mobile Ticketing service is active, including Florence, Genoa, Padua and Milan, and in the latter case it was also possible to buy a ticket for the Expo Fair. WIND promoted the first "WIND Ticket Day", which enabled all WIND customers to obtain a free ticket for use on public transport in the cities where the service was active, for the whole of September 16, when children went back to school. The initiative received highly positive feedback on the social channels and was reported by the country's main local and national press, providing a significant contribution to spreading awareness of the service. The initiative was also repeated in the city of Florence on the visit of the Pope.

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

International Roaming

WIND customers can use their mobile telephone services, including SMS, MMS and data services (GPRS, EDGE, 3G, HSDPA) where available, in other countries through roaming facilities guaranteed by agreements with 496 international operators in 219 different countries, of which 207 covered by terrestrial roaming, 12 by satellite and 22 by LTE.

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

Sales and distribution

As part of its strategy, which sees distribution as an increasingly crucial factor for its growth, WIND continues to improve the quality of its distribution channels and strengthen its sales network. WIND markets its mobile products and services, including SIM cards, scratch cards and handsets, through a series of exclusive sales points, which at December 31, 2015 consisted of 153 owned stores and 481 franchised sales points working exclusively with the WIND brand. The non-exclusive sales network consists of 949 WIND dealers, 631 sales points in electronic store chains and 4,133 other sales points in the smaller Italian towns which are run by SPAL SpA, the largest WIND distributor in terms of sales points.

From the www.wind.it website, optimized for navigation from both desktops and mobiles, customers can activate offers and services, buy telephones, smartphones and tablets and opt for the exclusive "*All Digital*" offers, which are only available online and are designed precisely for people having a strong preference for using digital channels. In addition, customers can make top-ups online from all mobile phones, paying by credit card or PayPal or by charging their Infostrada or WIND telephone account by making a simple click. The website has been enhanced with the possibility of viewing WIND coverage maps online, integrated by Google Maps. In this way local 2G, 3G and 4G local coverage can be checked.

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

Fixed Telephony and Internet

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

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

In response to the current trend on the market, WIND has concentrated its efforts on achieving growth in the number of subscribers to direct voice services (unbundling) and broadband internet services.

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

The new “ADSL Vera” service has also been extended to the recently opened unbundling sites; this enables the customer’s line to be stabilized at the maximum supported speed up to a peak of 20 Mega when downloading, thus providing customers with the best possible performance and ensuring a line that is always stable. The plan started up in January 2015 for expanding the Direct Access Network continues, and this will lead to the unbundled coverage of over 70% of the lines, further strengthening WIND’s positioning as an alternative operator to Telecom Italia in the fixed sector.

Voice services

WIND’s fixed network voice customer base could count on 2.8 million subscribers at December 31, 2015, a decrease of 2.4% over December 31, 2014; the direct customers voice component increase by 0.9% over the previous year.

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

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

[1] Including Virtual LLU.

Internet and data

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

The following table sets out the key internet access figures.

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

Package and converging services

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

In order to make WIND's positioning in the sphere of integrated services more exclusive, the push has continued on the *Powered Infostrada* offer which is addressed to all WIND's prepaid mobile customers subscribing to a WIND *All Inclusive*, *NOI* or *Call Your Country* offer, who are offered a choice of one of the fixed-line telephone products *Absolute* or *All Inclusive Unlimited* at a special price. In November the *Powered Infostrada* offer was enhanced by an exclusive promotion which in addition to guaranteeing an exceptionally competitive price for WIND customers subscribing to an ADSL offer, adds 20 gigabyte of internet traffic a year to the data bundle for use on their smartphones; the *Internet Everywhere* promotion continues, directed at customers who want to navigate from home with ADSL and in mobility with an internet key or a tablet thanks to the *Super Tablet* offer under which customers can obtain a tablet at a cost starting from €3 a month with 1 gigabyte of traffic included. In addition, in order to further strengthen the ADSL offer, all new Infostrada customers (consumer and micro) can choose one of the three Sky Online packages free of charge: Your Favorite Team, Entertainment or Cinema. The free viewing period lasts for 6 months.

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

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

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

Voice and business data offer

WIND provides PSTN, ISDN and VoIP fixed-line network voice services, data services, VAS and connectivity services to large business users, capitalizing on the experience gained with ENEL and using a dedicated call center. In this segment WIND is also able to tailor its offer to the specific needs expressed by the customer and to the requirements set in tenders. The offers for businesses also include flat solutions with tariffs based on the number of users, which enable customers to keep complete control over their spending.

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

In addition, WIND is also extending its offer for the large business market by means of Cloud services, broadening its commercial proposal with ICT and managed services solutions on both fixed and mobile networks. WIND has a partnership with the Enterprise division of Google which enables it to propose collaboration and communication solutions to businesses based on Google Apps Cloud. WIND has prepared an offer, *WIND Cloud per Aziende*, consisting of a rich catalog of IaaS services and, in particular for medium-sized businesses, pre-configured bundles of data center and connectivity services which are capable of satisfying the needs of these customers and are available in an extremely short period of time.

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

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

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

The *Absolute ADSL Business* and *All Inclusive Business Unlimited* plans have become even more advantageous as a result of the "*Super*" versions: integrated solutions combining fixed-line, ADSL, mobile telephony and data.

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

For SMEs, WIND offers a wide range of dual-play (voice + internet) products with tariff plans based on VoIP technology having unlimited traffic to national fixed and mobile numbers and to the international fixed network (Western Europe, USA and Canada) and unlimited ADSL up to 20 MB with a minimum guaranteed band of 300 kps and a static IP address. The offer is available in a 2 line version (*All Inclusive Aziende Smart*) and in a 3 to 8 line version (*All Inclusive Aziende*). The VoIP offer becomes even more beneficial thanks to *Super All Inclusive Aziende* if combined with the *Unlimited Subscription* and *Rechargeable* mobile plans using up to a maximum of 10 SIM cards, and with *Super Internet* if combined with the new data offers. *WIND Smart Office* is also available, the new offer which includes a virtual switchboard thought up for small and medium businesses and based on VoiP technology. *WIND Smart Office* is available in two profiles: Small, which enables customers to activate up to 10 fixed and mobile extensions with 3 simultaneous calls, and Large, for businesses that need to have up to 100 extensions, of which up to 25 fixed, with 6 simultaneous calls. And with Super Smart Office customers can use discounts on connectivity if they also activate mobile offers.

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

Sale and distribution of fixed network services

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

In terms of performance, the most important sales channel is the retail channel (monobrand and multibrand stores), which through the integrated offers continues to increase in importance. Following this are the 159 call centers and the web, while the activities of the outbound call centers are by now residual and are mostly used for acquiring customers in very specific segments.

Interconnection services

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

Customer care service

WIND's customer service activities are coordinated by its Customer Management Department, which is organized to support the various needs: rechargeable customers (mobile), subscription customers (fixed telephony, mobile telephony and internet) and business customers. In order to provide a tailored service for certain particularly important customer segments such as the ethnic communities, WIND also provides its customer assistance service in other languages. Call centers dedicated to residential customers are located throughout the country.

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

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

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

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

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

A success factor for the initiatives carried out by CRM, which gained even further importance in 2015, is the ability to know how to capture customers on a timely basis during their lifecycle and in particular in the presence of certain specific consumption behavior. This has been possible by making analysis and campaign management tools more sophisticated and evolved.

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

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

The MyWind app, with around 10 million downloads, is the preferred digital point of contact with WIND customers owning a smartphone or tablet. The 4.0 version has seen detailed graphical and functional revision and a considerable improvement of the user experience, encountering considerable success with customers who have confirmed MyWind as the app with the highest rating in the store market.

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

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

Marketing and Branding

Advertising Offline

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

Advertising Online

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

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

Online investments supporting the ethnic target offers also continued, undergoing a strong push in October, as well as tactical campaigns in support of promotions reserved for customers topping up online. Although adapted to the various reference targets, the tone of voice and communication format of the online advertising activities ensured continuity with offline advertising in order to maximize business investments in communication.

Corporate Advertising and Special Projects

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

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

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

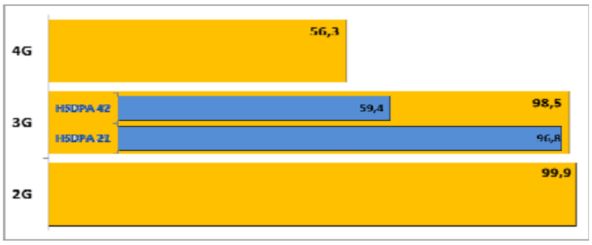
At its ninth edition, the WIND Music Awards returned on June 4 in the magnificent scenario of the Verona Arena, and the ceremony was broadcast live in prime time on RAI 1, achieving a share of 26.3%. As a means of reaffirming WIND's closeness to music and of promoting the *All Inclusive Music* offer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

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

NETWORK

WIND has developed an integrated network infrastructure providing high capacity transmission capabilities and extensive coverage throughout Italy both for fixed and mobile services. As of December 31, 2015, WIND fixed access network covered with ADSL broadband+ direct services the 64.5%of the Italian population while the mobile network population coverage reached the 99,9%; in particular WIND UMTS/HSPA and LTE are available respectively to the 98.5% and the 56.3% of the Italian population.

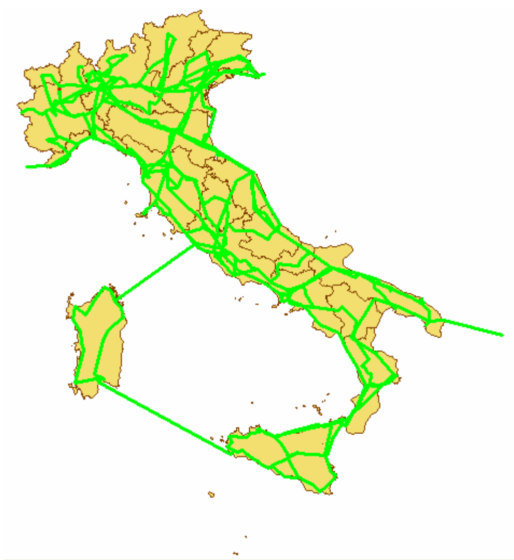
The chart shows Wind Mobile coverage at December 31 2015:



WIND's mobile and fixed - line access networks are supported by 22,300 kilometers of fiber optic cables backbone in Italy and5,091 kilometers of fiber optic cables MANs. WIND's network uses a common transport, core and system platform, which is referred to as the "intelligent network," for both WIND's mobile and fixed-line access networks. WIND's transport and routing network has been upgraded to provide a uniform and scalable IP network platform, which provides additional capacity.

The geographic scope of its network and the integrated nature of its operations allow WIND to offer its subscribers mobile, fixed-line and Internet product bundles and VAS. As of December 31, 2015, WIND also had 496 roaming agreements with other Italian and international telecommunications operators around the world.

Fixed-Line Network



WIND's fixed-line network consists of an extensive fiber optic transport network with over 22,300 kilometers of transmission backbone, 5,091 kilometers of fiber optic cable MANs linking all capitals of Italian provinces and other major cities in Italy and a radio transmission network with approximately 16,193 radio links in operation.

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

As of December 31, 2015, WIND fixed access network has 1,636 LLU sites for direct subscriber connections with a capacity of approximately 3.37 million lines, and had interconnections with 613 SGUs, which allows it to provide carrier selection access for indirect subscribers throughout Italy, as well as WLR services. In Milan FTTH service is active and it will be extended to other cities leveraging on a Metroweb agreement.

In 2015 WIND have done investments on fiber activating the ultra-broadband services for almost the 10% of the population, using mainly Fiber to the Cabinet and Fiber to the Home technologies. Furthermore in 2015 the migration of voice traffic interconnection with other national operators in IP technology has been essentially completed, WIND Internet network access is implemented by an all IP network, with over 50 POPs (Point of Presence), for direct (xDSL) and indirect Internet access services, as well as virtual private network (xDSL, Fiber Optics). The IP nodes access network consist of 53 BRAS for consumer services and 75 Edge Routers for Business application, located in PoP to ensure optimal coverage of the national territory.

Mobile Network

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

In 2015 WIND has completed a massive roll-out of the UMTS refarming at 900MHz, changing the use of part of its spectrum previously used for the GSM service (one block of 5MHz), in order to foster and enhance the indoor coverage of the 3G services, due to the better propagation of the low spectrum frequencies.

WIND has put in place an intensive plan to deploy the latest mobile generation network based on LTE (long term evolution) named also "4G" technology to provide wideband mobile connections.

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

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

*Shared with UMTS/LTE

RESEARCH AND DEVELOPMENT ACTIVITIES

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

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

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

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

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

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

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

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

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

The issues of greatest attention are the following:

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

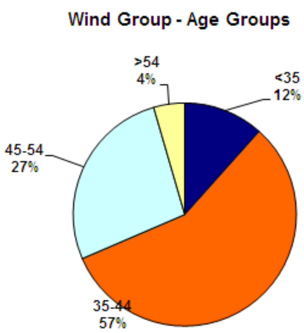
HUMAN RESOURCES

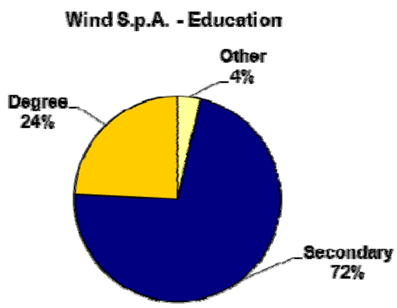
At December 31, 2015, the Group had a workforce of 6,814 employees structured as follows.

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

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

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





Average age: **42**

Graduates excluding call centers: **26%**

Women account for 47% of employees.

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

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

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

The following table shows the personnel distribution by department

Departments	31/12/2015	31/12/2014
Network	35%	34%
Information Technology	11%	6%
Customer Care	17%	23%
Marketing & Vendite	25%	25%
Staff	12%	12%
Totale	**100%**	**100%**

Organization

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

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

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

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

Development

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

Training

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

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

The online Model 231 training project involved a total of 545 employees during the year; 98% of the business population had received training on the general module by the end of 2015, and 97% of the target population had undergone the training phase which concentrates on the risk areas of the model specific to the business, again online, and is directed at middle and senior managers.

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

Industrial relations

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

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

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

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

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

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

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

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

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

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

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

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

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

REGULATORY FRAMEWORK AT DECEMBER 31, 2015

Fixed-line market

Antitrust activity

Proceeding I761

On the basis of a report made by WIND in 2012, allocated the number I761, on April 4, 2013 the AGCM initiated an inquiry into a possible agreement on wholesale accessory technical services provided to the fixed-line telephone network, whose initial purpose was to ascertain the existence of violations of article 101 of the TFUE (an agreement between the technical companies which provide wholesale accessory technical services to Telecom Italia's fixed-line telephone network). On July 10, 2013 the proceeding was also extended by the Italian Antitrust Authority to Telecom Italia (TI) for the influence the latter exercised on the work of the technical companies. The proceeding was subsequently extended by the Antitrust Authority to December 31, 2015 to enable a series of further examinations to be carried out. The final hearing was held before the Authority on October 6, 2015.

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

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

Proceeding A428C

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

Telecom Italia’s Reference Offers

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

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

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

In February 2015, by way of Resolution 17/15/CIR, AGCOM initiated a public consultation on the approval of Telecom Italia's reference offer for 2014 for dedicated capacity transmission services (terminating circuits and interconnection flows). An assessment was also made in this consultation of all the issues of a technical and procedural nature as well as of the economic conditions of cost orientation services, such as one-off contributions and interconnection flows, on the other hand leaving the setting of the fees for terminating services to the approval of the relative market analysis in progress. The final decision of the 2014 terminating OR was adopted by AGCOM by way of Decision 167/15/CIR.

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

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

In March 2014, Telecom Italia notified appeals for the cancellation of Resolutions 746/13/CONS and 747/13/CONS, for the most part disputing the approach taken by the Authority for calculating the WACC, the parameter indicating the remuneration of the capital employed on which, among other things, the LLU price is based. WIND filed an appearance in defense of AGCOM in both cases. Fastweb too, for other reasons, also appealed against said resolutions for 2013. BT on the other hand only appealed against Resolution 746/13/CONS, concerning the determination of the price for the 2013 WBA.

The BT appeal has not been notified but WIND has decided that it will intervene in this proceeding.

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

By way of a sentence issued on February 18, 2015, the Lazio TAR dismissed the appeals made by Telecom Italia, Fastweb and BT to have Resolution 746/13/CONS annulled (approval of the Telecom Italia Offer for 2013 relating to Bitstream services). By way of a sentence issued on March 9, 2015, the Lazio TAR dismissed the appeals made by Telecom Italia and Fastweb to have Resolution 747/13/CONS annulled (approval of the Telecom Italia Offer for 2013 for LLU access services).

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

On June 9, 2015 and June 11, 2015 respectively Telecom Italia and Fastweb also notified WIND that they had filed an appeal with the Council of State for the overturning or annulment of the TAR's sentence dismissing the appeal filed to have Resolution 747/13/CONS (LLU 2013) annulled. WIND filed an appearance on June 24, 2015 and following the hearing held on September 24, 2015 the judge reserved his decision. We are therefore waiting for the ruling of the Council of State.

BT filed an appeal with the Council of State for the overturning or annulment of the TAR's sentence dismissing the appeal filed to have Resolution 746/13/CONS (WBA 2013) annulled. On June 6, 2015 WIND notified BT that it had filed an appearance. The hearing was held on September 24, 2015 and the judge reserved his final decision. We are therefore waiting for the ruling of the Council of State. In addition, in November 2014 Telecom Italia appealed against Resolutions 67-68-69-70/14/CIR relating to the price for WLR for 2013, NGAN access for 2013, NGA Bitstream and VULA for 2013 and dedicated capacity transmission services for 2013. WIND filed an appearance in all the cases in support of AGCOM's position. Fastweb also appealed against Resolution 67/14/CIR and WIND filed an appearance. The dates for the hearings have not yet been set.

FTTCab and Subloop unbundling technical workgroup

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

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

On the basis of the matters which emerged from the workgroup the Authority published Resolution 155/14/CONS (against which appeals have been filed by Telecom Italia and Fastweb based on reasons additional to those used for the main appeals filed with the Lazio TAR for the cancellation of Resolutions 747/13/CONS and 746/13/CONS, which, as stated, were dismissed by the Lazio TAR in sentences dated February 18, 2015 and March 9, 2015), in which a modularity principle is recognized de facto for the OLOs which will only enter the infrastructurization process at a later date: the multioperator cabinet must be produced by providing for a base module for 1 OLO and additional upper cabinet modules for 1 OLO. All the modules, base and upper cabinet, will have an autonomous access door. Each operator will to be able to access its part autonomously. The OLOs which through Telecom Italia have produced an adjacent cabinet will in future have to provide access to the other OLOs interested in installing their own upper cabinet without placing any obstacles in the way, albeit within the limits of technical feasibility and network integrity. A transitional procedure was planned for 2014 alone which was applicable to the cabins for which Telecom Italia had already start up preparation work. The full operational procedure began in 2015. The matters being looked into by the workgroup are continuing with the establishment of a requisite for Multi-Operator Vectoring (MOV). A first paper containing MOV specifications has been sent to the Authority for manufacturing companies.

In July 2015, in a press release on the draft resolution on an analysis of the markets for wholesale access to Telecom Italia's fixed network, the Authority announced that it had established rules for the use of vectoring in MOV mode (Multi-Operator Vectoring) in the case of access to the cabinet. The European Commission has welcomed the Authority's intention to establish a process aiming to spread MOV in Italy, based on technical requirements approved by the Authority, and has noted that any symmetrical obligations that result from this must conform to article 5 of the access decree. The Commission has asked the Authority to comply with that provision in drawing up the future agreements for the realization of MOV in Italy, whose scope of application, according to the Commission, must be notified in accordance with article 7 of the framework directive. In Resolution 623/15/CONS, the Authority established that effective the date of publication of its technical specifications for MOV, Telecom Italia and the operators that intend to adopt vectoring transmission systems must comply with the technical and procedural requirements contained in these.

Replicability testing of Telecom Italia's offers

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

As part of this proceeding initiated by way of Resolution 537/13/CONS, in November 2013 AGCOM initiated a review aimed at assessing the procedures and timing of the price testing proceeding and the tools to be used for checking the economic replicability of the retail offers of the significant market power (SMP) operator, namely Telecom Italia. WIND sent AGCOM its positioning on January 20, 2014 and was subsequently heard by the Authority. Furthermore, on May 21, 2014, AGCOM asked fixed-line operators to provide the costs of certain network components as part of the process for updating the replicability models pursuant to Resolution 499/10/CONS.

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

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

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

<u>Market analysis – Fixed Access</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fact-finding enquiry into digital platforms and electronic communication services

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

<u>Market analysis – Fixed Access: Leased lines: Terminating Segments Market 6</u>

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

Fixed termination

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

Telecom Italia filed an appeal against Resolution 187/13/CONS with the Lazio regional administrative court (TAR) in the attempt to obtain an OLO termination price lower than that established by AGCOM. On the other hand Fastweb appealed against this resolution to try to obtain a higher price. At the substantive hearing on April 23, 2014 the TAR dismissed the appeals of both Telecom Italia and Fastweb. Fastweb filed an appeal against the TAR's sentence, notifying WIND of this on October 14, 2014. Telecom Italia also appealed against this sentence. WIND filed an appearance in support of AGCOM. The hearing was held before the Council of State on January 22, 2015. Both appeals were dismissed by Council of State in a ruling dated September 30, 2015.

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

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

Migration and pure number portability procedure

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

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

During March 2015, AGCOM provided operators with preliminary information on the investigations carried out by the AGCOM workgroup relating to monitoring the phenomenon of fixed customer network migration. AGCOM has asked market operators to provide their observations on this information and the findings. AGCOM's assessment process is still in progress. In addition, in October 2015, by way of Resolution 119/15/CIR, AGCOM submitted for consultation a revision of the timing underlying the pure number portability procedure for fixed lines. The consultation is in progress.

Decisions and public consultations of the European Commission and of BEREC

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

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

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

<u>Mobile market</u>

Antitrust activity - Proceeding I757

In September 2012, on the basis of a report made by the mobile service provider BIP Mobile, the AGCM initiated proceeding I757 against Telecom Italia, Vodafone and WIND relating to an alleged horizontal agreement restricting competition designed to hinder access to the BIP Mobile market. On January 23, 2013 and June 27, 2013, the AGCM sent two information requests to which WIND provided its replies. In January 2014, the AGCM then accused Telecom Italia and WIND alone of reaching a vertical agreement. WIND therefore presented its commitments on April 4, 2014, and the subsequent public consultation (market test) – which saw the participation of two interveners – fully confirmed the ability of the measures proposed by WIND to effectively dispel all concerns regarding competition issues.

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

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

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

On May 20, 2015, the Authority acknowledged WIND's commitment compliance report and concluded that WIND was compliant with the commitments undertaken and made mandatory in the provision, bringing proceeding I757 to a close.

Market Analysis - Mobile Termination

Resolution 621/11/CONS of January 4, 2012 i) identified 4 distinct markets (one for each of the networks of the 4 mobile operators), ii) noted that there are no MVNOs with infrastructural ranges of their own numbering at the time of the monitoring, iii) confirmed the notification of Significant Market Powers (SMPs) for the 4 MNOs, each on its own reference market, iv) confirmed the following requirements for the 4 SMPs: Access and use of specific network resources (public OR), Transparency (public OR), Non-discrimination (public OR), Regulatory accounting and Price control (defined on the basis of the BU LRIC cost model adopted with Resolution 60/11/CONS) and v) calculated the termination prices by using the BULRIC model adopted by way of Resolution 60/11/CONS, which includes a reasonable remuneration rate of 10.4% for the capital employed (WACC) (this was 12.4% in 667/08/CONS). On September 30, 2015, by way of Resolution 497/15/CONS, after a review of the proposed decision by the European Commission the Authority published its final decision on the analysis of mobile termination market for the period 2014-2017, initiated by way of Resolution 16/15/CONS, setting the mobile termination amount applicable to traffic originated by customers of EU/EEA operators until 2017.

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

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

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

Market Analysis: Messenger services – SMS termination

In March 2013, following the positive opinion issued by the European Commission on AGCOM's proposed decision not to regulate that market, AGCOM published its final decision (Resolution 185/13/CONS) which confirms the non-regulation of the wholesale SMS termination services market. BIP Mobile filed an appeal against Resolution 185/13/CONS with the Lazio TAR. The substantive hearing was held on March 26, 2014 and the court dismissed the appeal. AGCOM's commitment to monitor the performance of the market remains. In the recent Decision 497/15/CONS on mobile termination relating to the period 2014-2017, AGCOM reaffirmed the conclusions it had already reached in Resolution 185/13/CONS.

Roaming Regulation

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

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

In July 2013, at the end of the relative public consultation, BEREC published the guidelines for the implementation of Decoupling and LBO structural solutions. The new caps for voice, SMS and data prescribed by Roaming Regulation 531/12 became effective on July 1, 2014.

In the meantime, in reply to the proposal on roaming contained in the draft regulation "Connected Continent" issued by the European Commission on September 11, 2013 and the first reading adopted by the European Parliament on April 4, 2014, BEREC has continued with its market analysis to identify fair use criteria for the possible future introduction of Roam Like at Home (RLAH) at both a retail and wholesale level. In this respect in November 2014 WIND provided its contribution to the "Preliminary Analysis of a 'Roam Like at Home' scenario based on the proposal of the European Parliament adopted on 3 April 2014". On December 17, 2014, BEREC published its paper "Analysis of the impacts of 'Roam Like at Home' (RLAH)" in which it emphasizes the difficulty of introducing 'RLAH' in a fair manner in light of the significant changes in several market parameters in the various European countries and stresses that current regulations already require the rules to be reviewed in the middle of 2016.

On March 4, 2015 the Council of Europe issued a proposal for the gradual introduction of “Roam Like at Home” for discussion with the European Parliament and the Commission, which provides for a transitional period in which a surcharge is permitted, albeit limited, for roaming services regulated by RIII in the EU. After various meetings between the European Commission, the European Council and the European Parliament, on June 30, 2015, by way of a press release, the European Commission announced that an overall agreement had been reached for the introduction of Roaming Like at Home from June 15, 2017, limited to “fair use” traffic volumes. Beyond those volumes (yet to be established) a surcharge may be applied. A transitional regime will begin on April 30, 2016 in which the maximum price which may be charged for regulated roaming services will be equal to the domestic charge plus a surcharge of the present wholesale cap prescribed by the Roaming III regulations.

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

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

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

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

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

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

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

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

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

Audio-visual media sector

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

Frequencies

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

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

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

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

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

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

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

Other Issues

National Numbering Plan and SMS/MMS Aliases

On February 20, 2015, following Public Consultation 62/14/CIR, AGCOM published Resolution 8/15/CIR on the adoption of the new numbering plan in the telecommunications sector and implementing discipline, which amends and supplements the previous numbering plan contained in Resolution 52/12/CIR. Following the publication of the resolution, the proceedings of the “Workgroup on numbering plan issues” picked up again.

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

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

Data banks for all the internet access networks

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

Universal Service

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

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

In May 2014, the Lazio TAR upheld Vodafone’s appeals concerning the revised contribution of the Universal Service for 1999/2000/2002/2003 which had been confirmed by AGCOM, with the support of an opinion provided by the AGCM; the court annulled the relative resolutions in the parts relating to Vodafone’s share of the contributions for the years in question. AGCOM and Telecom Italia have filed appeals with the Council of State against the sentence issued by the TAR. In its sentence of July 7, 2015, the Council of State dismissed the appeals of Telecom Italia and AGCOM and on September 25, 2015 Telecom filed an appeal with the Supreme Court against the ruling of the Council of State.

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

In March 2015, WIND, AGCOM and Vodafone filed an appeal with the Council of State requesting the annulment of the sentence issued by the Lazio TAR. With a sentence of October 2, 2015 the Council of State partially upheld the appeals filed by WIND, Vodafone and AGCOM. The Council of State confirmed the annulment of the new calculation criteria set by the resolution limited to the period 2004-2007 while recognized the validity of the resolution from 2008.

Copyright

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

Main new consumer protection regulations

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

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

On June 13, 2014 the changes to the Consumers' Code, introduced by Legislative Decree no. 21/2014, became effective; these relate to remote contracts and contracts entered outside commercial premises. Given the changes introduced by Legislative Decree no. 21/2014, the Authority put a new regulation out for consultation (Resolution 645/14/CONS – Regulation on provisions protecting users regarding contracts for the supply of electronic communications goods and services). WIND provided its reply to the consultation in February 2015. A positioning common to the main operators was also submitted via AssTel.

The consultation ended with the adoption of Resolution 519/15/CONS on the "Regulation on provisions protecting users regarding contracts for the supply of electronic communications services" and Resolution 520/15/CONS by way of which certain orientations for the market for the termination by telephone of contracts for the supply of electronic communication services were approved. It was AGCOM's intention to use this approach to strengthen the protection provided to users of electronic communications by Legislative Decree no. 259/2003 and in general by the amended Consumers' Code by intervening on the information requirements prescribed for operators, in particular in the case of contracts entered into by remote means or outside commercial premises, and on the means of communicating the reformulated tariffs. Following requests made by the operators, the Authority has recognized an extension to July 1, 2016 regarding the duration of contracts (article 5) and the date from which these will be effective.

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

By way of Resolution 712/13/CONS, AGCOM set up three research projects that will be carried out by the Ugo Bordoni Foundation, including “A price comparison between electronic communications services”. The aim of the project is to create an AGCOM website comparing offers for electronic communications services which are provided by operators and may be accepted by customers by entering contracts. In March 2014, AGCOM initiated technical discussions envisaging the participation of the operators and the Ugo Bordoni Foundation. The Authority left these technical discussions, setting up a subsequent public consultation for the revision of regulatory provisions on transparency and the comparison of the economic conditions of the electronic communication services offer (Resolution 181/15/CONS detailed further below).

By way of Resolution 414/14/CONS, a public consultation was initiated on changes to Resolution 244/08/CSP on “Further provisions on quality and fixed workstation internet access service charters to supplement Resolution 131/06/CSP”. Resolution 656/14/CONS on “Amendments and additions to Resolution 244/08/CSP on quality and fixed workstation internet access service charters” was published in December 2014.

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

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

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

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

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

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

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

Privacy

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

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

The above decree additionally amended article 122 of the Privacy Code by introducing an opt-in regime for e-cookies, separating these into "technical cookies" (e.g. session monitoring, computer authentication, etc.) which are needed to supply the service and are not subject to the regime and "non-technical cookies" (e.g. monitoring websites visited, collection of the user's data, etc.) which are used for marketing purposes and which, being especially critical as far as privacy is concerned, require the prior and informed consent of the customer/user. Through Provision no. 229/2014, the Privacy Guarantor identified simplified means for making privacy disclosures and acquiring consent for the use of cookies, following which internal and inter-operator workgroups were set up designed to satisfy the requirements of the Authority's prescriptions within the term for adaptation of one year.

The inter-operator workgroup created for setting up a data base of defaulters in the telecommunications sphere picked up activities again in 2013; this is being used to complement Creditworthiness Information Systems (SICs) as a means of combating default in the electronic communications sphere. A public consultation on a draft provision of the Privacy Guarantor was initiated in April 2014 designed to acquire contributions and suggestions on the matter, and these were provided to Asstel in May 2014. The workshop with the Guarantor started up again, also attended by the consumers' associations for personal data protection. On October 8, 2015 a provision was adopted, published in the Official Journal on November 4, 2015, for setting up a data bank for intentional default by customers in the telephone sector (S.I.Mo.I.Tel.), on which WIND is currently working.

By way of a provision published in the Official Gazette on January 3, 2014, a public consultation was initiated which is addressed to all operators working in the mobile remote payment field with the aim of collecting comments and observations on the subject. In this respect a document has been sent to the Privacy Guarantor that includes the observations agreed at the inter-operator workgroup, following which the Authority published a provision regarding the mobile remote payment service and value added services (VAS).

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

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

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

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

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

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

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

Disputes with operators before AGCOM

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

In July 2014, Telecom Italia initiated two disputes with AGCOM against WIND, still pending, concerning alleged inadequate supply and maintenance work and the economic conditions for the collection service for calls to Telecom Italia's non-geographic numbers originating on WIND's fixed line network. As far as the allegedly inadequate supply and maintenance work is concerned, at the end of July 2015, by way of Determination 6/DRS/15, AGCOM dismissed the dispute due to its lack of jurisdiction on the matter. The dispute on the economic conditions for the collection service for calls to Telecom Italia's non-geographic numbers was the subject of a settlement agreement between the parties; the proceeding will accordingly shortly be dismissed by AGCOM due to the waiving by Telecom Italia of all the arguments and claims stated in its application to initiate the dispute.

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

CONSOLIDATED FINANCIAL AND PERFORMANCE DATA

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

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

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

	2015	**2014**
Capital expenditure *(millions of euro)*	787	784

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

Earnings Performance

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

(millions of euro)	2015	2014	Change amount	Change %
Revenue	4,304	4,393	(89)	(2.0)%
Other revenue	124	240	(116)	(48.3)%
Total revenue	**4,428**	**4,633**	**(205)**	**(4.4)%**
Purchases and services	(2,290)	(2,338)	48	2.1%
Other operating costs	(154)	(178)	24	13.5%
Personnel expenses	(294)	(313)	19	6.1%
Restructuring costs	(19)	0	(19)	n.m.
Operating income before depreciation and amortization, reversal of impairment losses/impairment losses on non-current assets and gains/losses on disposal of non-current assets	**1,671**	**1,804**	**(133)**	**(7.4)%**
Depreciation and amortization	(1,177)	(1,214)	37	3.0%
Reversal of impairment losses/(impairment losses) on non-current assets	(31)	(13)	(18)	100.0%
Gains (losses) on disposal of non-current assets	482	(4)	486	n.m.
Operating Income	**945**	**573**	**372**	**64,9%**
Finance income	157	68	89	n.m.
Finance expense	(667)	(1,414)	747	54.6%
Foreign exchange gains (losses)	(16)	(39)	23	n.m.
Profit/(Loss) before tax	**419**	**(812)**	**1,231**	**n.m.**
Income tax	9	103	(94)	(91.3)%
Loss for the year	**428**	**(709)**	**1,137**	**n.m.**
Non-controlling interests	0	0	0	0.0%
Loss for the year attributable to the owners of the parent	**428**	**(709)**	**1,137**	**n.m.**

Revenue

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

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

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

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

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

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

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

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

Operating costs

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

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

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

The change in purchases and services is mainly attributable to:

- a decrease of € 106 million in Lease mainly due to the sale finalized on March 26, 2015 of 90% of Galata SpA, a company formed on February 18, 2015 to which the "Tower Development" business unit consisting of 7,337 towers was contributed together with the relative Lease contracts as well as a decrease in WLR, ULL and Bitstream volumes;
- a decrease of €47 million in *Interconnection traffic* costs mainly due to a general decline in international termination tariffs and to a decrease in the volume of SMS and MMS traffic;

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

Personnel expenses decreased by €19 million (6,1%) over 2014. The change in the period compared with prior year is mainly due to the effects of the agreement with the unions of July 29, 2014 providing for the use of solidarity contracts for a period of 18 months (starting in September 2014) as well as the decrease in average number of employees during 2015, mainly due to the sale finalized on March 26, 2015 of 90% of Galata SpA. These effects have been partially offset by the increase in the contractual minimum from April 2014 as required by the National Labor Contract (CCNL), effective until December 31, 2014 and the higher estimated charge relating to the compensation plan for the long-term retention and incentive of management.

EBITDA

Operating income before depreciation and amortization, reversal of impairment losses/impairment losses on non-current assets and gains/losses on disposal of non-current assets (EBITDA) amounted to €1,671 million in 2015, representing a decrease of €133 million over 2014.

Operating income

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

Finance income and expense

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

Result for the year attributable to owners of the Parent

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

Statement of financial position highlights

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

(millions of euro)	At December 31, 2015	At December 31, 2014	Change Amount	%
Non-current assets				
Property, plant and equipment	2,855	3,273	(418)	(12.8)%
Intangible assets	8,038	8,283	(245)	(3.0)%
Financial assets measured at cost	2	15	(13)	(86.7)%
Investments accounted for using the equity method	77	0	77	n.m
Total non-current assets	**10,972**	**11,571**	**(599)**	**(5.2)%**
Net working capital				
Inventories	30	23	7	30.4%
Trade receivables	996	949	47	5.0%
Trade payables	(1,609)	(1,661)	52	3.1%
Tax assets and liabilities	(318)	(342)	24	7.0%
Other assets	224	273	(49)	(17,9)%
Other liabilities	(787)	(813)	26	3.2%
Total net working capital	**(1,464)**	**(1,571)**	**107**	**6.8%**
Employee benefits	(66)	(60)	(6)	(10.0)%
Provisions	(118)	(176)	58	33.0%
Net invested capital	**9,324**	**9,765**	**(441)**	**(4.5)%**
Equity attributable to owners of the Parent	547	111	436	n.m.
Non-controlling interests	0	0	0	0.0%
Total equity	**547**	**111**	**436**	**n.m.**
Net financial indebtedness	**8,777**	**9,654**	**(877)**	**(9.1)%**
Total net financing	**9,324**	**9,765**	**(441)**	**(4.5)%**

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

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

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

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

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

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

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

Cash flow statement

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

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

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

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

Financing activities used cash of €654 million during 2015, mainly as the effect of:

- the repayment of balance of the tranche at March 30, 2015 by an amount of €1,782 million;
- the issue on March 30 2015 of a new bond Senior Secured Notes for a total amount of €775 million and maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro

(Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020, currently in circulation, for €375 million with a coupon of 4%;

- the renegotiation on March 12, 2015 of new senior facilities maturing in 2018 (€700 million);
- the repayment of €100 million of the revolving tranche of the Senior Facility Agreement;
- the payment of €19 million of fees, mainly related to refinancing operation finalized on March 30 2015;
- the repayment of €20 million, of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt of November 26, 2010;
- the repayment of €162 million of the payable due to the Ministry of Economic Development granted in 2011 as the result of the allocation of the mobile frequency use rights.

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

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

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

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

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

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

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

WIND Retail Srl

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

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

Statement of financial position figures *(millions of euro)*	**At December 31, 2015**	**At December 31, 2014**
Total assets	83	68
Equity	36	34
Total liabilities	47	34

WIND Acquisition Finance SA

Income statement figures *(millions of euro)*	**2015**	**2014**
Revenue	0	0
EBITDA[1]	(2)	(1)
Operating income	(2)	(1)
Net finance expense	185	(477)
Profit/(Loss) before tax	183	(515)
Profit/(Loss) for the year	129	(365)

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

Statement of financial position figures *(millions of euro)*	**At December 31, 2015**	**At December 31, 2014**
Total assets	10,213	8,789
Equity	(133)	(245)
Total liabilities	10,347	9,034

SUBSEQUENT EVENTS

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

RISK MANAGEMENT

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

RELATED PARTY TRANSACTIONS

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

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

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

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

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

OUTLOOK

The solid commercial performance and ongoing cost structure optimization process has enabled the WIND Group to maintain its competitive position during 2015, despite the weak market and the continuing challenging macroeconomic environment which, however, displays weak signals of recovery. The efficiency and cost optimization processes are further enhanced by the integration with the VimpelCom Group, mainly through the achievement of synergies. During the first three months of 2015, the Group completed the sale of 90% of the shares of its fully owned tower subsidiary Galata S.p.A. to Cellnex Telecom (formerly named Abertis). The proceeds of the transaction have been used to repay debt and reduce leverage. In August VimpelCom and CK Hutchison Holdings Ltd., the parent company of 3 Italia, entered into an agreement to form a 50/50 joint venture that will own and operate their telecommunications businesses in Italy. The joint venture, which is subject to regulatory and antitrust approvals by the relevant European and Italian bodies, will give rise to a leading fully integrated convergent telecommunications operator in Italy.

In 2016, the Group will continue to explore and develop the most promising opportunities arising from the combination of new technologies and new needs expressed by the market, with a particular focus on digital channels in terms of new services, customer interaction and process efficiencies, as well as increasing its focus on the B2B segment of the market. The Group will continue to consolidate its position in the mobile, fixed-line voice and internet segments as well as developing its convergent business model, with a further strong push on efficiency and on the optimization of its cost structure.

PROPOSED ALLOCATION OF THE RESULT OF THE PARENT WIND TELECOMUNICAZIONI SPA

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MSC-Server: a 3G core network element.

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

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

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

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

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

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

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

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

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

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

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

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

SME: small and medium-sized enterprises.

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

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

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

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

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

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

Unbundling: see LLU.

VAS: Value Added Services.

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

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

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

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

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

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

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

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

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

WIND GROUP

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

FINANCIAL STATEMENTS AND NOTES THERETO

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(millions of euro)	Note	At December 31, 2015	At December 31, 2014
Assets			
Property, plant and equipment	4	2,855	3,273
Intangible assets	5	8,038	8,283
Financial assets	6	2,097	1,420
Investments accounted for using the equity method	7	77	-
Deferred tax assets	8	251	308
Total non-current assets		**13,318**	**13,284**
Inventories	9	30	23
Trade receivables	10	996	949
Financial assets	6	23	23
Current tax assets	11	18	7
Other receivables	12	220	269
Cash and cash equivalents	13	282	203
Total current assets		**1,569**	**1,474**
TOTAL ASSETS		**14,887**	**14,758**
Equity and Liabilities			
Equity			
Issued capital		147	147
Share premium reserve		752	752
Other reserves		16	8
Retained earnings		(368)	(796)
Equity attributable to owners of the parent	14	**547**	**111**
Non-controlling interests		**-**	**-**
Total equity	14	**547**	**111**
Liabilities			
Financial liabilities	16	10,970	10,867
Employee benefits	18	66	60
Provisions	19	118	176
Other non-current liabilities	20	138	160
Deferred tax liabilities	8	544	634
Total non-current liabilities		**11,836**	**11,897**
Financial liabilities	16	203	413
Trade payables	21	1,609	1,661
Other payables	22	649	653
Tax payables	23	43	23
Total current liabilities		**2,504**	**2,750**
Total liabilities		**14,340**	**14,647**
TOTAL EQUITY AND LIABILITIES		**14,887**	**14,758**

CONSOLIDATED INCOME STATEMENT

(millions of euro)	Note	2015 12 months	2014 12 months
Revenue	24	4,304	4,393
Other revenue	25	124	240
Total revenue		**4,428**	**4,633**
Purchases and services	26	(2,290)	(2,338)
Other operating costs	27	(154)	(178)
Personnel expenses	28	(294)	(313)
Restructuring costs	29	(19)	-
Operating income before depreciation and amortization, reversal of impairment losses/impairment losses on non-current assets and gains/losses on disposal of non-current assets		**1,671**	**1,804**
Depreciation and amortization	30	(1,177)	(1,214)
Reversal of impairment losses/(impairment losses) on non-current assets	31	(31)	(13)
Gains /(Losses) on disposal of non-current assets	32	482	(4)
Operating income		**945**	**573**
Finance income	33	157	68
Finance expense	34	(667)	(1,414)
Foreign exchange losses, net	35	(16)	(39)
Profit/(Loss) before tax		**419**	**(812)**
Income taxes	36	9	103
Profit/(Loss) for the year		**428**	**(709)**
Non-controlling interests		-	-
Loss for the year attributable to the owners of the parent		**428**	**(709)**
Earnings per share (in euro) – basic and diluted:	15		
Earnings per share from Continuing operations		2.93	(4.85)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(millions of euro)	Note	2015 12 months	2014 12 months
Profit / (Loss) for the year		**428**	**(709)**
Other comprehensive income that will be reclassified subsequently to profit or loss			
Gains/(losses) on cash flow hedging instruments		7	56
Income tax relating to components of Other comprehensive income that will be reclassified subsequently to profit or loss		7	(18)
Total Other comprehensive income that will be reclassified subsequently to profit or loss	14	**14**	**38**
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Gains/(losses) on remeasurement of defined benefit plans		(8)	(7)
Income tax relating to components of Other comprehensive income that will not be reclassified subsequently to profit or loss		2	2
Total Other comprehensive income that will not be reclassified subsequently to profit or loss	14	**(6)**	**(5)**
Total Other comprehensive income for the year, net of tax		**8**	**33**
Total comprehensive income for the year	14	**436**	**(676)**
Total comprehensive income attributable to:			
Owners of the parent		436	(676)
Non-controlling interests		-	-

CONSOLIDATED CASH FLOW STATEMENT

(millions of euro)	Notes	2015 12 months	2014 12 months
Cash flows from operating activities			
Profit / (Loss) for the year		**428**	**(709)**
Adjustments to reconcile the loss for the year with the cash flows from / (used in) operating activities			
Depreciation, amortization and (reversal of impairment losses)/impairment losses on non-current assets		1,208	1,227
Net changes in provisions and employee benefits		(44)	(98)
Losses on disposal of non-current assets		9	4
Gain from sale of subsidiaries		(491)	-
Impairment on investments		13	-
Changes in current assets		(68)	(16)
Changes in current liabilities		(180)	375
Net cash flows from operating activities	39	**875**	**783**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(559)	(555)
Proceeds from sale of property, plant and equipment		-	-
Acquisition of intangible assets		(221)	(201)
Proceeds from sale of subsidiaries		669	-
Inflows/(outflows) from loan granted		(31)	(775)
Net cash flows used in investing activities	39	**(142)**	**(1,531)**
Cash flows from financing activities			
Changes in loans		(654)	810
Net cash flows from / (used in) financing activities	39	**(654)**	**810**
Net cash flows for the year		**79**	**62**
Cash and cash equivalents at the beginning of the year		203	141
Cash and cash equivalents at the end of the year	**39**	**282**	**203**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

(millions of euro)	2015 12 months	2014 12 months
Income taxes paid	(78)	(207)
Interest paid on loans/bonds	(659)	(777)
Interest (paid) / received on hedging derivative instruments	63	(21)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(millions of euro)	Issued capital	Share premium reserve	Other reserves	Retained earnings/(losses carried forward)	**Equity attributable to the owners of the parent**	**Non-controlling interests**	**Shareholders' Equity**
	Equity attributable to the owners of the parent						
Balances at January 1, 2014	**147**	**752**	**(25)**	**(87)**	**787**	**-**	**787**
Total comprehensive income for year	**-**	**-**	**33**	**(709)**	**(676)**	**-**	**(676)**
- Loss for the year	-	-	-	(709)	(709)	-	**(709)**
- Cash flow hedges	-	-	38	-	38	-	**38**
- Remeasurement of defined benefit plans	-	-	(5)		(5)	-	**(5)**
Transactions with equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balances at December 31, 2014	**147**	**752**	**8**	**(796)**	**111**	**-**	**111**
Total comprehensive income for the year	**-**	**-**	**8**	**428**	**436**	**-**	**436**
- Profit for the year	-	-	-	428	428	-	**428**
- Cash flow hedges	-	-	14	-	14	-	**14**
- Remeasurement of defined benefit plans			(6)	-	(6)	-	**(6)**
Transactions with equity holders	-	-	**-**	**-**	**-**	-	**-**
Balances at December 31, 2015	**147**	**752**	**16**	**(368)**	**547**	**-**	**547**

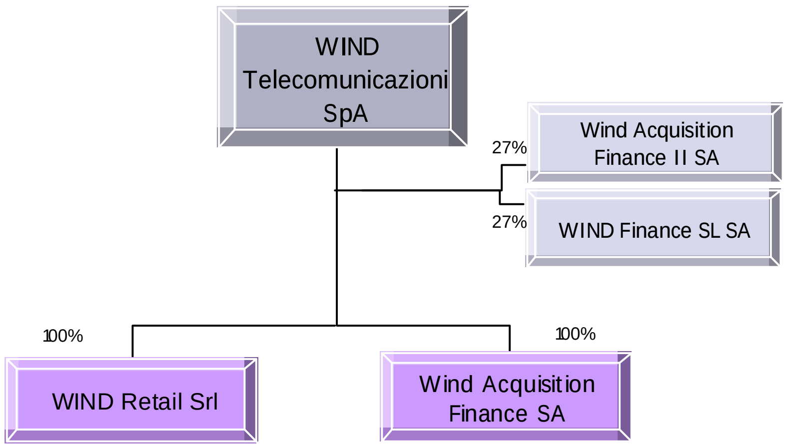
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE WIND TELECOMUNICAZIONI GROUP AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

1 INTRODUCTION

WIND Telecomunicazioni SpA ("WIND", the "Parent" or the "Company") is a joint stock company having its registered office in Via Cesare Giulio Viola, 48, Rome (Italy), and 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 financial statements as of and for the year ended December 31, 2014 Vimpelcom BV Amsterdam holds 92.24% of Wind Telecom SpA. Vimpelcom BV Amsterdam is controlled by Vimpelcom Ltd which is listed on the NASDAQ market. In August VimpelCom and CK Hutchison Holdings Ltd., the parent company of 3 Italia, entered into an agreement to form a 50/50 joint venture that will own and operate their telecommunications businesses in Italy. The joint venture is subject to regulatory and antitrust approvals by the relevant European and Italian bodies.

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 diagram outlines the structure of the WIND Group at December 31, 2015.



The Group closed 2015 with a profit before tax of €419 million (loss of €812 million in 2014) and a profit for the year from continuing operation of €428 million (loss of €709 million in 2014). This result reflects the increase in operating income mainly due to the gain on the sale of Galata SpA and to lower negative net finance expense mainly due to the refinancing operations completed in 2014 and in March 2015 which offset the negative effect of the competitive pressure on revenues.

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

On March 30, 2015, the subsidiary Wind Acquisition Finance SA issued the Senior Secured Notes for a total amount of 775 million of euro and maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020 (issued on July 2014) for €375 million with a coupon of 4%. The Group used the cash obtained from new bond issues and the renegotiation of new senior facilities maturing in 2019 (700 million euro), and a part of the consideration from the sale of Galata SpA (500 million euro), to refinance the previous Senior Facility Agreement.

The solid commercial performance and ongoing cost structure optimization process has enabled the WIND Group to maintain its competitive position during 2015, despite the weak market and the continuing challenging macroeconomic environment which, however, displays weak signals of recovery. The efficiency and cost optimization processes are further enhanced by the integration with the VimpelCom Group, mainly through the achievement of synergies. During the first three months of 2015, the Group completed the sale of 90% of the shares of its fully owned tower subsidiary Galata S.p.A. to Cellnex Telecom (formerly named Abertis). The proceeds of the transaction have been used to repay debt and reduce leverage. In August VimpelCom and CK Hutchison Holdings Ltd., the parent company of 3 Italia, entered into an agreement to form a 50/50 joint venture that will own and operate their telecommunications businesses in Italy. The joint venture, which is subject to regulatory and antitrust approvals by the relevant European and Italian bodies, will give rise to a leading fully integrated convergent telecommunications operator in Italy.

In 2016, the Group will continue to explore and develop the most promising opportunities arising from the combination of new technologies and new needs expressed by the market, with a particular focus on digital channels in terms of new services, customer interaction and process efficiencies, as well as increasing its focus on the B2B segment of the market. The Group will continue to consolidate its position in the mobile, fixed-line voice and internet segments as well as developing its convergent business model, with a further strong push on efficiency and on the optimization of its cost structure.

2 GENERAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of WIND Telecomunicazioni SpA at December 31, 2015 have been prepared on a going concern basis and in accordance with the IFRS endorsed by the European Union.

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

During the year no exceptional events occurred such as to require the waivers provided for by IAS 1.

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

For presentation purposes, the current/non-current distinction has been used for the statement of financial position, while expenses are analyzed in the income statement using a classification based on their nature. The indirect method has been selected to present the cash flow statement.

For the purposes of comparison, balances in the statement of financial position have been reclassified where necessary. These reclassifications, for which details may be found in note 39, do not affect the Group's profit for the year or equity.

These consolidated financial statements were approved by the Parent's Board of Directors on February 12, 2016.

2.2 Basis of consolidation

These consolidated financial statements 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.

The financial statements used in the consolidation process are those prepared by the individual Group entities as of and for the year ended December 31, 2015 (the reporting date for these consolidated financial statements) in accordance with the IFRS used by the Parent in drawing up these statements and approved by the respective Boards of Directors.

The consolidation procedures used are as follows:

- the assets and liabilities and income and expenses of consolidated subsidiaries are included on a line-by-line basis, allocating to non-controlling interests, where applicable, the share of equity and profit or loss for the year that is attributable to them. The resulting balances are presented separately in consolidated equity and the consolidated income statement;
- the purchase method of accounting is used to account for business combinations in which the control of an entity is acquired. The cost of an acquisition is measured as the fair value of the assets acquired, liabilities

incurred or assumed and equity instruments issued at the acquisition date. Any excess of the cost of acquisition over the fair value of the assets and liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss after first verifying that the fair values attributed to the acquired assets and liabilities and the cost of the acquisition have been measured correctly;

- business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination are considered business combinations involving entities under common control. In the absence of an accounting standard guiding the accounting treatment of these operations the Group applies IAS 8, consolidating the carrying amounts of the transferred entity and reporting any gains arising from the transfer directly in equity;
- the purchase of investments from minority holders in entities where control is already exercised is not considered a purchase but an equity transaction. Therefore, the difference between the cost incurred for the acquisition and the respective share of the accounting equity acquired is recognized directly in equity;
- unrealized gains and losses arising from transactions carried out between companies consolidated on a line-by-line basis and the respective tax effects are eliminated if material, as are corresponding balances of receivables and payables, income and expense, and finance income and expense;
- gains and losses arising from the sale of investments in consolidated subsidiaries are recognized in income as the difference between the selling price and the corresponding portion of the consolidated equity sold.

The following table provides a summary of the Group's investments showing the criteria used for consolidation and measurement.

	Registered office	Share/quota capital	% holding		Basis of consolidation / measurement	
		Euros	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Subsidiaries						
WIND Retail Srl	Italy	1,026,957	100	100	Line by line	Line by line
Wind Acquisition Finance SA	Luxembourg	60,031,000	100	100	Line by line	Line by line
WIND Finance SL SA	Luxembourg	31,000	27	27	Line by line	Line by line
Wind Acquisition Finance II SA	Luxembourg	31,000	27	27	Line by line	Line by line
Associates						
Galata SpA	Italy	1,000,000	10	-	Equity	N/A
Others						
Wind Team Consortium	Italy	disposal	-	33.33	N/A	Cost
SPAL TLC SpA	Italy	disposal	-	33	N/A	Cost
Mix Srl	Italy	99,000	9.75	9.75	Cost	Cost
Consel	Italy	51,000	1	1	Cost	Cost
Janna Scarl	Italy	13,717,365	17	17	Cost	Cost
QXN	Italy	500,000	10	10	Cost	Cost
Dono per...Scarl	Italy	30.000	33.33	-	Cost	N/A

There are no changes in the scope of consolidation compared to the consolidated financial statements as of and for the year ended December 31, 2014, except what described in note 3 relating to the constitution and sale of Galata SpA.

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

2.3 Summary of main accounting policies

The principal accounting policies adopted in preparing these consolidated financial statements are set out below.

- ***Property, plant and equipment***

Property, plant and equipment are stated at purchase cost or production cost, net of accumulated depreciation and any impairment losses. Cost includes expenditure directly attributable to bringing the asset to the location and condition necessary for use and any dismantling and removal costs which may be incurred as a result of contractual obligations which require the asset to be returned to its original state and condition. Costs incurred for ordinary and cyclical repairs and maintenance are taken directly to profit or loss in the period in which they are incurred. Costs incurred for the expansion, modernization or improvement of the structural elements of owned or leased assets are capitalized to the extent that they have the requisites to be separately identified as an asset or part of an asset, in accordance with the “component approach”. Under this approach each asset is treated separately if it has an autonomously determinable useful life and carrying amount. Depreciation is charged systematically, on a straight-line-basis from the date the asset is available and ready for use over its estimated useful life.

The useful lives of property, plant and equipment and their residual values are reviewed and updated, where necessary, at least at each year end. Land is not depreciated. When a depreciable asset is composed of identifiable separate components whose useful lives vary significantly from those of other components of the asset, depreciation is calculated for each component separately, applying the “component approach”.

The useful lives estimated by the Group for the various categories of property, plant and equipment are as follows.

Plant and machinery	5-20 years
Planning and development costs of the fixed line and mobile telephone network	Residual term of license
Equipment	4 years
Other assets	5-10 years

Gains or losses arising from the sale or retirement of assets are determined as the difference between the selling price and the carrying amount of the asset sold or retired and are recognized in profit or loss under “Gains/(losses) on disposal of non-current assets”.

Finance leases are leases that substantially transfer all the risks and rewards incidental to the ownership of assets to the Group. Property, plant and equipment acquired under finance leases are recognized as assets at their fair value or, if lower, at the present value of the minimum lease payments, including any amounts to be paid for exercising a purchase option. The corresponding liability due to the lessor is recognized as part of financial liabilities.

An asset acquired under a finance lease is depreciated over the shorter of the lease term and its useful life.

Lease arrangements in which the lessor substantially retains the risks and rewards incidental to ownership of the assets are classified as operating leases. Lease payments under operating leases are recognized as an expense in profit or loss on a straight-line basis over the lease term.

- ***Intangible assets***

Intangible assets are identifiable non-monetary assets without physical substance which can be controlled and which are capable of generating future economic benefits. Intangible assets are stated at purchase and/or production cost including any expenses that are directly attributable to preparing the asset for its intended use, net of accumulated amortization in the case of assets being amortized and any impairment losses. Amortization begins when an asset becomes available for use and is charged systematically on the basis of the residual possibility of utilization of the asset, meaning on the basis of its estimated useful life.

➢ *Industrial patents and intellectual property rights, concessions, licenses, trademarks and similar rights*

Costs for the purchase of industrial patents and intellectual property rights, concessions, licenses, trademarks and similar rights are capitalized. Amortization is charged on a straight-line basis such as to write off the cost incurred for the acquisition of a right over the shorter of the period of its expected use and the term of the underlying agreement, starting from the date on which the acquired right may be exercised. Trademarks are not amortized as they are considered to have an indefinite useful life.

➢ *Software*

Costs relating to the development and maintenance of software programs are expensed as incurred. Unique and identifiable costs directly related to the production of software products which are controlled by the Group and which are expected to generate future economic benefits for a period exceeding one year are accounted for as intangible assets. Direct costs – where identifiable and measurable – include the cost of employees who develop the software, together with a share of overheads as appropriate. Amortization is charged over the useful life of the software which is estimated at 5 years.

➢ *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the interest acquired in the fair value at the acquisition date of the assets and liabilities of the entity or business acquired. Goodwill relating to investments accounted for using the equity method is included in the carrying amount of the investment. Goodwill is not systematically amortized but is rather subject to periodic tests to ensure that the carrying amount in the statement of financial position is recoverable ("impairment test"). Impairment tests are carried out annually or more frequently when events or changes in circumstances occur that could lead to an impairment loss on the cash generating units ("CGUs") to which the goodwill has been allocated. An impairment loss is recognized whenever the recoverable amount of goodwill is lower than its carrying amount. The recoverable amount is the higher of the fair value of the CGU less costs to sell and its value in use, which is represented by the present value of the cash flows expected to be derived from the CGU during operations and from its disposal at the end of its useful life. The method for calculating value in use is described in the paragraph below "Impairment losses". Once an impairment loss has been recognized on goodwill it cannot be reversed.

Whenever an impairment loss resulting from the above tests exceeds the carrying amount of the goodwill allocated to a specific CGU, the residual amount is allocated to the assets of that particular CGU in proportion to their carrying amounts. The carrying amount of an asset under this allocation is not reduced below the higher of its fair value less costs to sell and its value in use as described above.

- *Customer list*

The customer list as an intangible asset consists of the list of customers identified on allocating the goodwill arising on acquisitions carried out by the Group. Amortization is charged on the basis of the respective estimated useful lives, which range from 5 to 15 years.

- *Customer Acquisition Costs*

These consist mainly of the cost of commissions paid to the sales network, which in line with sector practice are capitalized as intangible assets from 2010, in accordance with the principles of reference, and amortized over the minimum contract term.

- ***Impairment losses***

At each reporting date, property, plant and equipment and intangible assets with finite lives are assessed to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset concerned is estimated and any impairment loss is recognized in profit or loss. Intangible assets with indefinite useful lives are tested for impairment annually or more frequently when events or changes in circumstances occur that could lead to an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which is represented by the present value of its estimated future cash flows. In determining an asset's value in use the estimated future cash flows are discounted using a pre-tax rate that reflects the market's current assessment of the cost of money for the investment period and the specific risk profile of the asset. If an asset does not generate independent cash flows, its recoverable amount is determined in relation to the cash-generating unit (CGU) to which it belongs. An impairment loss is recognized in the profit or loss when the carrying amount of an asset or the CGU to which it is allocated exceeds its recoverable amount. If the reasons for previously recognizing an impairment loss cease to exist, the carrying amount of an asset other than goodwill is increased to the carrying amount of the asset that would have been determined (net of amortization or depreciation) if no impairment loss had been recognized on the asset, with the reversal being recognized in profit or loss.

- ***Investments***

Investments in non-consolidated subsidiaries are stated at cost. Investments in companies where the Group exercises a significant influence ("associates"), which is presumed to exist when the Group holds between 20% and 50%, are accounted for using the equity method.

The equity method is as follows:

- the Group's share of the profit or loss of an investee is recognized in profit or loss from the date when significant influence or control begins up to the date when that significant influence or control ceases. Where the investee accounted for using the equity method has a deficit as the result of losses, its carrying amount is reduced to zero and any excess attributable to the Group, in the event that it has legal or constructive obligations on behalf of the investee or in any case to cover the losses, is recognized in a specific provision. Equity changes in investees accounted for using the equity method that do not result from profit or loss are recognized directly in consolidated equity reserves;

- unrealized gains and losses generated from transactions between the Parent or its subsidiaries and its investees accounted for using the equity method are eliminated on consolidation for the portion pertaining to the Group; unrealized losses are eliminated unless they represent an impairment loss.

Investments in other companies are measured at fair value with any changes in fair value being recognized in profit or loss. If the fair value cannot be reliably determined an investment is measured at cost. Cost is adjusted for impairment losses if necessary, as described in the paragraph "Impairment losses". If the reasons for an impairment loss no longer exist, the carrying amount of the investment is reversed up to the extent of the loss with the related effect recognized in profit or loss. Any risk arising from losses exceeding the carrying amounts of investments is accrued in a specific provision under liabilities to the extent of the Group's legal or constructive obligations on behalf of the investee or in any case to the extent that it is required to cover the losses. Investments held for sale or to be wound up in the short term are classified as current assets and stated at the lower of their carrying amount and fair value less costs to sell.

- ***Financial instruments***

Financial instruments consist of financial assets and liabilities whose classification is determined on their initial recognition and on the basis of the purpose for which they were purchased. Purchases and sales of financial instruments are recognized at settlement date.

- *Financial assets*

Financial assets are initially recognized at fair value and classified in one of the following four categories and subsequently measured as described below:

i) Financial assets at fair value through profit or loss: this category includes financial assets purchased primarily for sale in the short term, those designated as such upon initial recognition, provided that the assumptions exist for such classification or the fair value option may be exercised, and financial derivatives except for the effective portion of those designated as cash flow hedges. These assets are measured at fair value; any change in the period is recognized in profit or loss as financial income or expense. Financial instruments included in this category are classified as current assets if they are held for trading or expected to be disposed of within twelve months from the reporting date. Derivatives are treated as assets or liabilities depending on whether their fair value is positive or negative; positive and negative fair values arising from transactions with the same counterparty are offset if this is contractually provided for.

ii) Loans and receivables: these are non-derivative financial instruments, mostly relating to trade receivables, which are not quoted on an active market and which are expected to generate fixed or determinable repayments. They are included as current assets unless they are contractually due over more than twelve months after the reporting date in which case they are classified as non-current assets. These assets are measured at amortized cost using the effective interest method. If there is objective evidence of factors which indicate an impairment loss, the asset is reduced to the discounted value of future cash flows. The impairment loss is recognized in profit or loss. If in future years the factors which caused the impairment loss cease to exist, the carrying amount of the asset is reinstated up to the amount that would have been obtained in case of application of amortized cost.

iii) Held-to-maturity investments: these are fixed maturity non-derivative financial instruments having fixed or determinable payments which the Group has the intention and ability to hold until maturity. These assets are measured at amortized cost using the effective interest method, adjusted as necessary for impairment losses. In the case of impairment the policies used for financial receivables will be applied.

iv) Available-for-sale financial assets: these are non-derivative financial instruments which are either specifically included in this category or included there because they cannot be classified in the other categories. These assets are measured at fair value and any related gain or loss is recognized directly in an equity reserve and subsequently recognized in profit or loss only when the asset is actually sold or, if there are cumulative negative changes, when it is expected that the losses recognized in equity cannot be recovered in the future. For debt securities, if in a future period the fair value increases due to the objective consequence of events occurring after the impairment loss has been recognized in profit or loss, the original value of the instrument is reinstated with the corresponding gain recognized in profit or loss. Additionally, the yields from debt securities arising from the use of the amortized cost method are recognized in profit or loss in the same manner as foreign exchange differences, whereas foreign exchange differences relating to available-for-sale equity instruments are recognized in the specific equity reserve. The classification as current or non-current assets is the consequence of strategic decisions regarding the estimated period of ownership of the asset and its effective marketability, with those which are expected to be realized within twelve months from the reporting date being classified as current assets.

Financial assets are derecognized when the right to receive cash flows from them ceases and the Group has effectively transferred all risks and rewards related to the instrument and its control.

➢ *Financial liabilities*

Financial liabilities consisting of loans, trade payables and other obligations are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method. When there is a change in expected cash flows which can be reliably estimated, the value of the loans is recalculated to reflect such change based on the present value of expected cash flows and the originally determined internal rate of return. Financial liabilities are classified as current liabilities except where the Group has an unconditional right to defer payment until at least twelve months after the reporting date.
Financial liabilities are derecognized when settled and the Group has transferred all the related costs and risks relating to the instrument.

➢ *Derivative financial instruments*

At the date of signing of the contract the instrument is initially recognized at fair value, with subsequent changes in fair value being recognized as a financial component of income. Where instead it has been decided to use hedge accounting, meaning in those situations in which the hedging relationship is identified, subsequent changes in fair value are accounted for in accordance with the following specific criteria. The relationship between each derivative qualifying as a hedging instrument and the hedged item is documented to include the risk management objective, the hedging strategy and the means by which the hedging instrument's effectiveness will be assessed. An assessment of the effectiveness of each hedge is made when each derivative financial instrument becomes active and throughout the hedge term.

In the case of a fair value hedge, i.e. the hedge refers to changes in the fair value of a recognized asset or liability, the changes in the fair value of the hedging instrument and those of the hedged item are both recognized in profit or loss. If the hedge is not fully effective, meaning that these changes are different, the non-effective portion is treated as finance income or expense for the year in the income statement.

For a cash flow hedge, the fair value changes of the derivative are subsequently recognized, limited to the effective portion, in a specific equity reserve (the "cash flow hedge reserve"). A hedge is normally considered highly effective if from the beginning and throughout its life the changes in the expected cash flows for the hedged item are substantially offset by the changes in the fair value of the hedging instrument. When the economic effects deriving from the hedged item are realized, the reserve is reclassified to the income statement together with the economic effects of the hedged item. Whenever the hedge is not highly effective, the non-effective portion of the change in fair value of the hedging instrument is immediately recognized as a financial component of the profit or loss for the year. Cash flow hedges also include hedges of the currency risk for transactions carried out in US dollars. These obligations are translated at the year-end exchange rate and any resulting exchange gains and losses are offset in the income statement against the change in the fair value of the hedging instrument.

When hedged forecast cash flows are no longer considered highly probable during the term of a derivative, the portion of the "cash flow hedge reserve" relating to that instrument is reclassified as a financial component of the profit or loss for the year. If instead the derivative is sold or no longer qualifies as an effective hedging instrument, the "cash flow hedge reserve" recognized to date remains as a component of equity and is reclassified to profit or loss for the year in accordance with the criteria of classification described above when the originally hedged transaction takes place.

- ***Determination the fair value***

Quotations at the reporting date are used to determine the fair value of financial assets and financial liabilities listed on active markets. In the absence of an active market, fair value is determined by referring to prices supplied by third-party operators and by using valuation models based primarily on objective financial variables and, where possible, prices in recent transactions and market prices for similar financial instruments. The Group use unobservable inputs to determinate the fair value of embedded derivatives.

- ***Sales of receivables***

The Group carries out sales of receivables under factoring arrangements in accordance with Law 52/1991. These sales are characterized by the transfer of substantially all the risks and rewards of ownership of the receivables to third parties, meeting IFRS requirements for derecognition. Specific servicing contracts, through which the buyer confers a mandate to WIND Telecomunicazioni SpA. for the collection and management of the receivables, leave the current Company/customer relationship unaffected.

- ***Taxation***

Income taxes are recognized on the basis of taxable profit for the year and the applicable laws and regulations, using tax rates prevailing at the reporting date.

Deferred taxes are calculated on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements at the tax rates that are expected to apply for the years when the temporary differences will be realized or settled and tax losses carried forward will be reversed, based on tax laws that have been enacted or substantively enacted by the reporting date. An exception to this rule regards the initial recognition of goodwill and temporary differences connected with investments in subsidiaries when the Group is able to control the timing of the reversal of the temporary differences or when it is probable that the differences will not reverse.

Current and deferred taxes are recognized in profit or loss, except for those arising from items taken directly to equity; in such cases the tax effect is recognized directly in the specific equity item.

Tax assets and liabilities, including those regarding deferred taxation, are offset when they relate to income taxes levied by the same taxation authority on the same taxable entity and when the entity has a legally enforceable right to offset these balances and intends to exercise that right. In addition, current tax assets and liabilities are offset in the case that different taxable entities have the legally enforceable right to do so and when they intend to settle these balances on a net basis.

The Group's tax position and its presentation in the financial statements reflect the effects of the election made in 2006 and renewed in 2009 and in 2012 by the Italian parent Wind Telecom SpA to take part in the national tax consolidation procedure.

For the regulations on electing the tax consolidation procedure to apply, the parent that elected for consolidation is required to determine a single overall tax base for corporate income tax (IRES) purposes consisting of the sum of the taxable profit or tax loss of the Parent and those of its subsidiaries taking part in the procedure, and to settle a liability by making a single tax payment or to recognize a single tax credit for repayment or to be carried forward.

Therefore, it follows that a receivable or payable with the Parent is found in the financial statements on transferring a tax loss or taxable profit, respectively, in the place of the respective tax receivables or payables accrued by the Group companies taking part in the procedure.

- ***Inventories***

Inventories are stated at the lower of purchase cost or production cost and net estimated realizable value. Cost is determined using the weighted average cost method for fungible goods or goods held for resale. When necessary, provisions are made for slow-moving and obsolete inventories.

- ***Cash and cash equivalents***

Cash and cash equivalents are recognized at fair value and consist of short-term highly liquid investments (generally not exceeding three months) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

- ***Provisions***

Provisions are recognized for a loss or expense of a specific nature that is certain or probable to arise but for which the timing or amount cannot be precisely determined. Provisions are only recognized when the Group has a present legal or constructive obligation arising from past events that will result in a future outflow of resources, and when it is probable that this outflow of resources will be required to settle the obligation. The amount provided represents the best estimate of the present value of the outlay required to meet the obligation. The interest rate used in determining the present value of the liability reflects current market rates and takes into account the specific risk of each liability.

Risks, for which the likelihood of a liability arising is just possible, are disclosed in the notes under "Contingent assets and liabilities" and no provision is made.

- ***Employee benefits***

➢ *Short-term employee benefits*

Short-term employee benefits are recognized in profit or loss in the period when an employee renders the related service.

➢ *Post-employment benefits*

Post-employment benefits may be divided into two categories: 1) defined contribution plans and 2) defined benefit plans. Contributions to defined contribution plans are charged to profit or loss when incurred, based on their nominal value. For defined benefit plans, since benefits are determinable only after the termination of employment, costs are recognized in profit or loss based on actuarial calculations.

Defined benefit plans, which include the Italian post-employment benefits (TFR) which are due in accordance with the provisions of article 2120 of the Italian Civil Code and which are accrued up to December 31, 2006, are based on an employee's working life and the remuneration received during service. The related liability is projected forward to calculate the probable amount payable at the termination date and is then discounted using the Projected Unit Credit Method, taking into account time before the actual payment of the benefit. The measurement of the liability recognized in the statement of financial position is carried out by third party actuaries, based on actuarial assumptions which relate mainly to: the discount rate, which must reflect market yields on the high quality corporate bonds having a term consistent with the expected term of the obligation and employee turnover.

As a consequence of the introduction of Law no. 296 of December 27, 2006 (the 2007 Finance Act) and subsequent decrees and regulations, the post-employment benefits accruing from January 1, 2007 are considered to be part of defined contribution plans and recognized in the same manner as other defined contribution plans, if the amounts are transferred to treasury funds of the national social security organization (INPS), or from June 30, 2007 or the date of employee election, if earlier, if transferred to private pension plans. The post-employment benefits accrued up to these dates remain defined benefit plans, with the related actuarial calculations.

At each reporting date, actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Group's obligation at year end, which arise from changes in the actuarial assumptions referred to above, are recognized in among other components of the Consolidate Statement of Comprehensive Income as provided in the amendment IAS 19 adopted by the Group from January 2013.

➢ *Termination benefits and redundancy incentive schemes*

Benefits due to employees on the termination of employment contracts are treated as a liability when the Group is demonstrably committed to terminating these contracts for a single employee or group of employees before the normal retirement date or to granting termination benefits in order to facilitate voluntary resignations of surplus employees following a formal proposal. These benefits do not create future economic advantages to the Group and the related costs are therefore immediately recognized in profit or loss.

- ***Translation of items in non-euro currencies***

Transactions in foreign currencies are translated into euros at the exchange rate prevailing at the date of the transaction. Exchange gains and losses arising on the settlement of transactions and those arising on the translation at year-end exchange rates of monetary assets and liabilities are recognized in profit or loss.

With reference to foreign transactions whose currency risk is covered with derivatives, further details are provided in the note *Financial instruments*.

- ***Revenue recognition***

Revenue is recognized at the fair value of the consideration received, net of rebates and discounts. Revenue from the sale of goods is recognized when the Group transfers the risks and rewards of ownership of the goods. Revenue from services is recognized in profit or loss by reference to the stage of completion and only when the outcome can be reliably estimated.

More specifically, the criteria followed by the Group in recognizing core-business revenue are as follows:

- revenue arising from post-paid traffic, interconnection and roaming is recognized on the basis of the actual usage of each subscriber and telephone operator. Such revenue includes amounts paid for access to and usage of the Group network by customers and other domestic and international telephone operators;
- revenue from the sale of prepaid cards and recharging is recognized on the basis of the prepaid traffic actually used by subscribers during the year. The unused portion of traffic at period end is recognized as "Other payables - Prepaid traffic to be used";
- revenue from the sale of mobile phones and fixed-line phones and related accessories is recognized at the time of sale;
- one-off revenue from fixed and mobile (prepaid or subscription) activation and/or substitution, activation of new services and tariff plans is recognized for the full amount at the moment of activation to the extent of the related costs, or deferred over the minimum contractual term. In the case of promotions with a cumulative plan still open at year end, the activation fee is recognized on an accrual basis so as to match the revenue with the period in which the service may be used;
- one-off fees received for the granting of rights to use owned fiber optic cables are recognized at the time of the transfer of the underlying right and, therefore, of the related risks and rewards.

- ***Grants***

Grants are recognized when a formal decision of the disbursing government institution, in case of government grants, has been taken, with recognition being matched to the costs to which they relate. Grants related to income are taken to "Other revenue" in the Consolidated Income Statement, while grants related to Property, plant and equipment are recognized as deferred income in the Consolidated Statement of Financial Position and taken to the Consolidated Income Statement on a straight-line basis over the useful life of the asset to which the grant directly relates.

- ***Finance income and expense***

Finance income and expense is recognized on an accruals basis using the effective interest method, meaning at the interest rate that renders all cash inflows and outflows linked to a specific transaction financially equivalent.

Finance expenses that are directly attributable to the acquisition, construction or production of qualifying assets (as defined under IAS 23 – Borrowing Costs), which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized and amortized over the useful life of the class of assets to which they refer.

Finance income and expense primarily includes:

- Income/expense on cash deposits in banks and on loans and bonds;
- the effect of change of fair value of derivatives not designated as hedges and other assets when fair value assessment is required under IFRS;
- the non-effective portion of hedges not fully effective.

- ***Research and development costs and advertising expenses***

Research and development costs, as well as advertising expenses are charged directly to the consolidated income statement in the year in which they are incurred except for development costs related to intangible assets - software.

- ***Earnings per share***

- *Basic*

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to owners of the parent, both from continuing and discontinued operations, by the weighted average number of ordinary shares of the parent outstanding during the year.

- *Diluted*

Diluted earnings per share are calculated by dividing the profit or loss for the year attributable to owners of the parent by the weighted average number of ordinary shares of the parent outstanding during the year where, compared to basic earnings per share, the weighted average number of shares outstanding is adjusted for the effects of all dilutive potential shares, while the profit or loss for the year is adjusted for the effects of such conversion net of taxation. Diluted earnings per share are not calculated when there are losses as any dilutive effect would improve earnings per share.

- ***New accounting standards and interpretations***

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

Accounting standards, amendments and interpretations adopted from January 1, 2015

The following is a brief description of the new standards and interpretations adopted by the Group in the preparation of the consolidated financial statements at December 31, 2015.

- *Annual Improvements to IFRSs 2011 – 2013 Cycle*

The main amendments included in the Annual Improvements to IFRSs - 2011-2013 Cycle adopted by the European Union on December 18, 2014 and effective from January 1, 2015 are as follows: i) the amendment to IAS 40 -

Investment Property; ii) the amendment to IFRS 3 - Business Combinations (that clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself) and iii) the amendment to IFRS 13 - Fair Value Measurement (that clarifies the scope of certain exceptions to the principle of measuring financial assets and liabilities on a net portfolio exposure basis).
The adoption of these amendments had no effect on the separate financial statements for the year ended December 31, 2015.

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 December 31, 2015.

STANDARD / INTERPRETATION	EFFECTIVE DATE
Annual Improvements to IFRSs 2010 – 2012 Cycle	February 1, 2015*
Amendments to IAS 19 – *Defined benefit Plans: Employee Contributions*	February 1, 2015*
Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendments to IAS 16 and IAS 41: Bearer Plants	January 1, 2016
Amendments to IAS 1: *Disclosure Initiative*	January 1, 2016
Annual Improvements to IFRSs 2012 – 2014 Cycle	January 1, 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	January 1, 2016

(*) standard effective for the preparation of the financial statements at December 31, 2016

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
Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception*	January 1, 2016
IFRS 14 – *Regulatory Deferral Accounts*	January 1, 2016
IFRS 9 – *Financial Instruments*	January 1, 2018
IFRS 15 – *Revenue from Contracts with Customers*	January 1, 2018
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016 (to be amended)

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.

2.4 Use of estimates

The preparation of these consolidated financial statements required management to apply accounting policies and methodologies based on complex, subjective judgments, estimates based on past experience and assumptions determined from time to time to be reasonable and realistic based on the related circumstances. The use of these estimates and assumptions affects the amounts reported in the statement of financial position, the income statement and the cash flow statement as well as the notes. The final amounts for items for which estimates and assumptions were made in the consolidated financial statements may differ from those reported in these financial statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

In this respect, the situation caused by the persisting difficulties of the economic and financial environment in the Eurozone led to the need to make assumptions regarding future performance which are characterised by significant levels of uncertainty; as a consequence, therefore, it cannot be excluded that results may arise in the future which differ from estimates, and which therefore might require adjustments, even significant, to be made to the carrying amount of assets and liabilities, which at the present moment can clearly neither be estimated nor predicted. The main items affected by these situations of uncertainty are non-current assets (tangible and intangible assets), deferred tax assets, provisions, contingent liabilities and impairment provisions.

The estimates and underlying assumptions are reviewed periodically and continuously by the Group. If the items considered in this process perform differently, then the actual results could differ from the estimates, which would accordingly require adjustment. The effects of any changes in estimate are recognised in profit or loss in the period in which the adjustment is made if it only affects that period, or in the period of the adjustment and future periods if it affects both current and future periods.

The accounting principles requiring a higher degree of subjective judgment in making estimates and for which changes in the underlying conditions could significantly affect the consolidated financial statements are briefly described below.

- Goodwill: goodwill is tested for impairment at least on an annual basis to determine whether any impairment losses have arisen that should be recognized in profit or loss. More specifically, the test is performed by allocating the goodwill to a cash generating unit (CGU) and subsequently estimating the unit's fair value. Should the fair value of the net capital employed be lower than the carrying amount of the CGU, an impairment loss is recognized on the allocated goodwill. The allocation of goodwill to cash generating units and the determination of the fair value of a CGU require estimates to be made that are based on factors that may vary over time and that could as a result have an impact on the measurements made by management which might be significant.
- Impairment losses on non-current assets: non-current assets are reviewed to determine whether there are any indications that the carrying amount of these assets may not be recoverable and that they have suffered an impairment loss that needs to be recognized. In order to determine whether any such elements exist it is necessary to make subjective measurements, based on information obtained within the Group and in the market and also on past experience. When a potential impairment loss emerges it is estimated by the Group using appropriate valuation techniques. The identification of the elements that may determine a

potential impairment loss and the estimates used to measure such loss depend on factors which may vary over time, thereby affecting estimates and measurements.

- Depreciation of non-current assets: the cost of property, plant and equipment is depreciated on a straight-line basis over the useful lives of the assets. The useful life of property, plant and equipment is determined when the assets are purchased and is based on the past experience of similar assets, market conditions and forecasts concerning future events which may affect them, amongst which are changes in technology. The actual useful lives may therefore differ from the estimates of these. The Group regularly reviews technological and business sector changes, dismantling costs and recoverable amounts in order to update residual useful lives. Such regular updating may entail a change of the depreciation period and consequently a change in the depreciation charged in future years.
- Deferred tax assets: the recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognize deferred tax assets depends on factors which may vary over time and which may lead to significant effects on the measurement of this item.
- Contingent liabilities and provisions: the accruals related to legal, arbitration and fiscal disputes are the result of a complex estimation process based upon the probability of an unfavorable outcome. The definition of such provisions entails making estimates based on currently known factors which may vary over time and which could actually turn out to be significantly different from those referred to in preparing the notes to these financial statements.

2.5 Risk management

Credit risk

The Group's credit risk is principally associated with trade receivables which at December 31, 2015 amounted to €996 million. The Group minimizes credit risk through a preventive credit check process which ensures that all customers requesting new products and services or additions to existing services are reliable and solvent, also by using a preference for contracts which provide for the use of automatic payment methods with the aim of reducing the underlying credit risk. This check is carried out in the customer acceptance phase through the use of internal and external information.

The Group additionally exercises timely post-customer acquisition measures for the purpose of credit collection such as the following:

- sending reminders to customers;
- employing measures for the collection of overdue receivables, separated by strategy, portfolio and customer profiles;
- measuring and monitoring the debt status through reporting tools.

As a general rule, the Group has a limited level of credit concentration as the consequence of diversifying its product and services portfolio to its customers. In particular, a small concentration of credit may be found in the business that WIND Telecomunicazioni SpA carries out with dealers and domestic and international operators.

WIND Telecomunicazioni SpA is also assisted by sureties issued by primary banks as collateral for the obligations resulting from supplies and receivables from dealers.

In relation to the exposure of financial counterparties' credit risk, Wind complies with Vimpelcom Group Treasury Policy, reviewing and amending, in accordance with the holding company, the credit limits set for each national and international banking group.
These credit limits take into consideration the sum of the following components (NFA or, Net Financial Assets): i) availability of balances in bank or postal current accounts; ii) deposits or short term financial investments; iii) positive mark to market arising on derivatives used for hedging; iv) bank guarantees issued in favour of the company.

The Group had a positive net balance in its current accounts of €282 million at December 31, 2015. The Group's credit risk exposure from derivative contracts is represented by their realizable value or fair value, if positive.
The positive fair value of the entire portfolio at December 31, 2014 was €916 million (details of this may be found in note 17).

Liquidity risk

Liquidity risk arises mostly from the cash flows generated by debt servicing, in terms of both interest and principal, and from all of the Group's payment obligations that result from business activities.
Specifically the debt managed by the Group is composed of:

- a floating rate long-term loan agreement (the Senior Facility Agreement) entered on November 24, 2010 by the Parent WIND Telecomunicazioni SpA and renegotiated on March 12, 2015, for whose effects may be found in note 16, denominated in euros, with full repayment at maturity in 2019 and with total nominal value of 700 million euro to which is added €400 million of unused revolving credit facility at December 31, 2015;
- the bonds issued by the subsidiary Wind Acquisition Finance SA follow:

(millions of euro)	Issue date	Currency	Notional amount	Maturity	Interest rate
Senior Notes 2021 €	04/23/2014	EUR	1,750	04/23/2021	7.00%
Senior Notes 2021 $	04/23/2014	USD	2,800	04/23/2021	7.375%
Senior Secured Notes 2020 €	07/10/2014	EUR	2,475	07/15/2020	4.00%
Senior Secured Notes 2020 $	07/10/2014	USD	1,900	07/15/2020	4.75%
Senior Secured Floating Rate Notes 2020 €	07/10/2014	EUR	575	07/15/2020	Eur3M+4.00%
Senior Secured Floating Rate Notes 2020 €	03/30/2015	EUR	400	07/15/2020	Eur3M+4.125%
Senior Secured Floating Rate Notes 2019 €	04/29/2013	EUR	150	04/30/2019	Eur3M+5.25%
Senior Secured Fixed Rate Notes 2020 $	04/29/2013	USD	550	04/30/2020	6.50%

  The bonds are subject to mandatory repayment in the following scenario: i) in case of a change of control, all bondholders will be entitled to request the total or partial repurchase of the bonds they hold at a price equal to 101% of the notional amount plus the interest accrued at the repurchase date, and ii) in case of asset sales, any proceeds not reinvested in the form envisaged by the offering memorandum and which exceed the amount of €25 million must be used to make a *pari-passu* repurchase offer to bondholders and debtholders at a price of 100% of the notional amount plus the interest accrued at the repurchase date;
- other amortizing loans in euros of the Parent granted by: i) financial institutions, against the repayment plan of the fair value of the derivatives extinguished in 2010 since they were hedging loans repaid as part of the refinancing of the Company's debt; and ii) Terna against the capitalization of expenditure for the backbone right of way.

The repayment flows expected in accordance with the described above agreements, with exclusive reference to the amounts used, translating US dollar tranches at the hedge agreement exchange rate, where applicable, are as follows.

(millions of euro)	2016	2017	2018	2019	2020	2021	2022/ 2035	Total
Senior Facility Agreement	-	-	-	700	-	-	-	700
Annuity	17	-	-	-	-	-	-	17
Terna	1	1	1	2	2	2	120	129
Senior Notes 2021								
Senior Notes Euro	-	-	-	-	-	1,750	-	1,750
Senior Notes USD	-	-	-	-	-	2,030	-	2,030
Senior Secured Notes 2020								
Senior Secured Notes Euro	-	-	-	-	2,475	-	-	2,475
Senior Secured Notes USD	-	-	-	-	1,413	-	-	1,413
Senior Secured Floating Rate Notes					975	-	-	975
Senior Secured Floating Rate Notes 2019	-	-	-	150	-	-	-	150
Senior Secured Fixed Rate Notes 2020	-	-	-	-	420	-	-	420
Total	**18**	**1**	**1**	**852**	**5,285**	**3,782**	**120**	**10,059**

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

The tranches of bonds that are denominated in US dollars are hedged by cross currency swaps. As concerns liquidity risk, these cross currency swaps will lead to an exchange of principal on maturity.

The following tables set forth the contractual due dates for financial liabilities, including those for interest payments, which are representative of the respective effects on the income statement calculated as of December 31, 2015 and 2014.

(millions of euro)	Carrying amount at December 31, 2015	Total Contractual cash flows	2016	2017	2018	2019	2020	2021	2022/ 2035
Non-derivative financial liabilities									
Bank loans	679	(825)	(30)	(30)	(30)	(735)	-	-	
Bonds	10,293	(13,178)	(575)	(575)	(575)	(721)	(6,247)	(4,485)	
Loans from others	147	(201)	(31)	(13)	(13)	(12)	(12)	(12)	(108)
Net derivative financial liabilities	(916)								
Outflows		(5,002)	(237)	(218)	(212)	(212)	(2,031)	(2,092)	-
Inflows		6,445	306	306	306	305	2,548	2,674	-
Total	**10,203**	**(12,761)**	**(567)**	**(530)**	**(524)**	**(1,375)**	**(5,742)**	**(3,915)**	**(108)**

(millions of euro)	Carrying amount at December 31, 2014	Total Contractual cash flows	2015	2016	2017	2018	2019	2020	2021	2022/ 2035
Non-derivative financial liabilities										
Bank loans	1,888	(2,314)	(186)	(86)	(85)	(259)	(1,698)	-		
Bonds	8,986	(12,111)	(516)	(514)	(513)	(513)	(659)	(5,185)	(4,211)	
Loans from others	333	(525)	(120)	(115)	(13)	(13)	(12)	(12)	(12)	(228)
Net derivative financial liabilities	(331)									
Outflows		(5,257)	(240)	(240)	(221)	(215)	(215)	(2,034)	(2,092)	
Inflows		6,069	278	277	276	276	276	2,286	2,400	
Total	**10,876**	**(14,138)**	**(784)**	**(678)**	**(556)**	**(724)**	**(2,308)**	**(4,945)**	**(3,915)**	**(228)**

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low based on liquidity in the markets the Group has access to, and recent history of refinancings. The Group believes that access to sources of funding is sufficiently available and the Group's policy is to diversify the funding sources where possible.

Market risk

The Group's strategy for managing interest rate and currency risks is aimed at both managing and controlling such financial risks. More specifically, this strategy is aimed at eliminating currency risk and optimizing debt cost wherever possible, taking into account the interests of the Group's stakeholders.

Managing market risk for the WIND Group refers to financial liabilities from the time they actually arise or from when there is a high probability that they will arise.

More specifically, the following market risks are monitored and managed:

- Cash flow risk - this is the risk that movements in the yield curve could have an impact on the income statement in terms of greater finance expense.
- Fair value risk - this is the risk that movements in the yield curve could have an impact on the fair value of debt.
- Currency risk - this is the risk that the fair value of financial instruments in currencies other than the euro or their cash flows, or the amounts payable or receivable generated in the ordinary course of operations other than in euros, could be negatively affected by fluctuations in exchange rates.

The main objectives that the Group intends to reach are: i) to defend the strategic plan scenario from the effects of exposure to currency, interest rate and inflation risks, identifying an optimum combination of the fixed rate, floating rate and inflation components for financial liabilities; ii) to reduce the cost of debt; and iii) to manage derivatives in compliance with the Group's approved strategies, taking into consideration the different effects that derivative transactions could have on the income statement and the statement of financial position.

At December 31, 2015 the interest rate risk was hedged to a level of approximately 82%, with a maximum hedge term of less than five years. At December 31, 2015, outstanding derivative contracts hedging interest rate risk amounted to €1,370 million.

The outstanding balance of the long-term loans (excluding Terna) at December 31, 2015 amounted to €9,930 million (liabilities in foreign currencies are translated at the rates provided in the relevant CCS) with the following fixed to floating ratio at that date.

(millions of euro)	Outstanding at 12.31.2015	% at 12.31.2015
At fixed rate	8,046	81%
At floating rate	1,884	19%

The currency risk resulting from the bonds issued by the subsidiary Wind Acquisition Finance SA has been fully hedged by cross currency swap transactions having a total notional of USD 5,250 million.

All derivative agreements were entered into at market rates, without any up-front payments or receipts (a zero cost basis) and with a credit margin being applied.

It is estimated that an increase of 100 basis points in the euro interest rate yield curve (all other variables remaining constant) would lead to an increase in borrowing costs, with regard to the unhedged portion of floating rate debt and the ineffective portion of hedging instrument, of approximately €9 million and in the cash flow reserve of approximately €167 million.

Fair value hierarchy

IFRS 13 requires financial instruments recognised in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value. The following levels are used in this hierarchy:

- Level 1 – quoted prices in active markets for the assets or liabilities being measured;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) in the market;
- Level 3 – inputs that are not based on observable market data.

The following table provides an analysis of financial assets and liabilities measured at fair value by hierarchy at December 31, 2015.

(millions of euro)	Note	Level 1	Level 2	Level 3	Total
Assets at *fair value*					
Derivative financial instruments	17	-	970	15	985
Total assets		**-**	**970**	**15**	**985**
Liabilities at *fair value*					
Derivative financial instruments	17	-	54	-	54
Total liabilities		**-**	**54**	**-**	**54**

In 2015 there were no transfers either from Level 1 to Level 2 or vice versa or from Level 3 to other levels or vice versa.

3 ACQUISITIONS AND DISPOSALS

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

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

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

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

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

The sale of the investment in Galata SpA led to the recognition of a gain of €490 million, after selling costs and the effects arising from the recognition of the residual 10% of the investment, for which details may be found in note 7.

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

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

In addition, the investment in SPAL TLC SpA was disposed on July 15, 2015; this was carried at €13 million at December 31, 2014.

4 PROPERTY, PLANT AND EQUIPMENT

The following table sets out the changes in ***Property, Plant and Equipment*** at December 31, 2015.

(millions of euro)	Carrying amount at December 31, 2014	Additions	Depreciation	Impairment	Disposals	Change in scope of conoslidation	Others	Carrying amount at December 31, 2015
Land and buildings	1	-	-	-	-	-	-	1
Plant and machinery	3,023	454	(686)	(4)	(9)	(234)	134	2,678
Equipment	22	7	(11)	-	-	-	1	19
Other	49	10	(19)	-	-	-	8	48
Assets under construction	178	95	-	(24)	-	-	(140)	109
Total	**3,273**	**566**	**(716)**	**(28)**	**(9)**	**(234)**	**3**	**2,855**

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

(millions of euro)	At December 31, 2015			
	Cost	Accumulated impairment losses	Accumulated depreciation	Carrying amount
Land and buildings	1	-	-	1
Plant and machinery	10,703	81	7,944	2,678
Equipment	162	-	143	19
Other	505	-	457	48
Assets under construction	133	24	-	109
Total	**11,504**	**105**	**8,544**	**2,855**

The cost, accumulated impairment losses and accumulated depreciation at January 1, 2015 can be summarized as follows.

(millions of euro)	At January 1, 2015			
	Cost	Accumulated impairment losses	Accumulated depreciation	Carrying amount
Land and buildings	1	-	-	1
Plant and machinery	11,256	101	8,132	3,023
Equipment	159	-	137	22
Other	519	-	470	49
Assets under construction	179	1	-	178
Total	**12,114**	**102**	**8,739**	**3,273**

Plant and machinery presents a net decrease by €345 million over the previous year essentially due to the sale finalized on March 26, 2015 of 90% of Galata SpA, for which further details may be found in note 3. The main investment in the year relates to the purchases and operations of radio links and high frequency equipment for the expansion of the mobile access network, exchanges and electronic installations and plant and machinery under construction (mostly LTE technologies).

As part of the plan for the development of the Group's production structure, disposals have been made of equipment, infrastructure and transmission systems having a carrying amount of €9 million which are no longer usable; these relate mostly to radio links and high frequency equipment.

At December 31, 2015, transmission equipment, telephone systems and commutation switchboards owned by the

Parent and having a carrying amount of €99 million were held by customers for use (€122 million at December 31, 2014), while transmission equipment for direct access through “unbundling of the local loop” having a carrying amount of €4 million (€8 million at December 31, 2014) was held on deposit by Telecom Italia SpA.

Plant and machinery additionally includes the expenditure incurred to acquire the exclusive rights for the use of cable ducts and optic fiber for a total of €74 million at December 31, 2015 (€79 million at December 31, 2014).

At December 31, 2015, *Equipment* decreased over the balance at the end of the previous year by an amount of €3 million as the result of the depreciation charge for the year only partially offset by the increased investments. Commercial equipment having a carrying amount of €14 million at December 31, 2015 was with third parties, mostly authorized dealers, for use at that date (€15 million at December 31, 2014).

The balance of *Assets under construction* at December 31, 2015 consists mainly of plant and machinery being completed and tested. The balance fell during the year due to reclassifications following the finalization of construction which were only partially offset by new investments, and to the write-down by €24 million of plant and machinery under construction for which does not believe recovery is possible.

5 INTANGIBLE ASSETS

The following table sets out the changes in ***Intangible assets*** at December 31, 2015.

(millions of euro)	Carrying amount at December 31, 2014	Additions	Amortization	Reversal of impairment losses/ Impairment losses	Others	Carrying amount at December 31, 2015
Industrial patents and intellectual property rights	260	108	(112)	-	18	274
Concessions, licenses, trademarks and similar rights	3,970	-	(191)	-	-	3,779
Other intangible assets	412	77	(158)	-	16	347
Goodwill	3,605	-	-	(1)	-	3,604
Assets under development	36	36	-	(2)	(36)	34
Total	**8,283**	**221**	**(461)**	**(3)**	**(2)**	**8,038**

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

(millions of euro))	At December 31, 2015			
	Cost	Accumulated impairment losses	Accumulated amortization	Carrying amount
Industrial patents and intellectual property rights	1,848	13	1,561	274
Concessions, licenses, trademarks and similar rights	5,779	1	1,999	3,779
Other intangible assets	1,895	-	1,548	347
Goodwill	3,609	5	-	3,604
Assets under development	36	-	-	34
Total	**13,167**	**21**	**5,108**	**8,038**

The cost, accumulated impairment losses and accumulated amortization at January 1, 2015 can be summarized as follows.

(millions of euro))	At January 1, 2015			
	Cost	**Accumulated impairment losses**	**Accumulated amortization**	**Carrying amount**
Industrial patents and intellectual property rights	1,892	13	1,620	259
Concessions, licenses, trademarks and similar rights	5,779	1	1,808	3,970
Other intangible assets	1,803	-	1,391	412
Goodwill	3,609	3	-	3,606
Assets under development	36	-	-	36
Total	**13,119**	**17**	**4,819**	**8,283**

Industrial patents and intellectual property rights consist of the cost for the outright purchase of application software licenses or the right to use such licenses for an unlimited period and the capitalized costs relating to the time spent by the Parent personnel in designing, developing and implementing information systems, which at December 31, 2015 amounted to €14 million (€12 million at December 31, 2014).

Concessions, licenses, trademarks and similar rights include individual licenses for the installation of networks and concessions to operate in the regulated activities of the telecommunications sector granted to the Group's companies by the relevant authorities, as detailed below.

Individual licenses or General Authorizations or Use of frequencies	**Date of issue**	**Date of expiry (*)**
WIND Telecomunicazioni SpA		
Installation of network and provision of voice telephony services on the Italian national territory (**)	February 1998	February 2018
Installation and provision of public telecommunications networks on the Italian national territory	April 1998	April 2018
Provision of public digital mobile communications services using DCS 1800 technology, including the possibility of operating in frequencies in the 900 MHz band using GSM technology pursuant to article 6, paragraph 6(c) of Presidential Decree no. 318 of September 19, 1997	June 1998	June 2018
Installation and provision of public telecommunications networks on the Italian national territory issued to Infostrada SpA now merged	April 1999	April 2019
Provision of third generation mobile communications services adopting the UMTS standard (IMT-2000 family) and the installation of the related network on the Italian national territory pursuant to article 6, paragraph 6(c) of Presidential Decree no. 318 of September 19, 1997	January 2001 (***)	December 2029
Use of frequencies for broadband point-multipoint radio networks in the 24.5-26.5 GHz band for the geographical area corresponding to the specified Italian region/autonomous province (****)	July 2002	July 2022
Use of frequencies for providing terrestrial publicly available broadband mobile services in the 800 and 2600 MHz bands.	February 2012 (*****)	December 2029

(*) Individual licenses are renewable in compliance with the regulations prevailing at the time of the renewal upon submission of an application at least 60 days prior to the expiry date (article 25, paragraph 6, of Decree no. 259/03)

(**) The Parent has two licenses for network installation and the provision of fixed line telephony services following the merger of Infostrada SpA

(***) The terrm of the license came into effect on January 1, 2002

(***) A total of 21 individual point-multipoint licenses have been assigned

(****) The terrm of the license came into effect on January 1, 2013

Concessions, licenses, trademarks and similar rights for €1,300 million refer to trademarks which have an indefinite useful life.

Similar rights consist of rights of way and the right to use assets owned by third parties for a predetermined period of time and are initially recognized at their one-off purchase price, including any accessory costs. This item relates for the most part to the costs incurred by Infostrada SpA, now merged, for the purchase in 1998 of the right of way on the Italian railway network and the purchase of the right to use the existing optic fiber on the network and, commencing in 2014, to the capitalization of expenditure for the backbone rights of way of TERNA/TELAT, with a net value of €118 million at December 31, 2015.

Other intangible assets mainly relate to the residual value of the customer list, amounting to €263 million, identified upon allocating the goodwill at December 31, 2006 that arose from the merger of the former parent Wind Acquisition Finance SpA and to the customer acquisition costs amounting to €78 million.

Assets under development consist of the internal and external costs incurred for the purchase or development of intangible assets for which the respective ownership right has not yet been fully acquired at the end of the year or which relate to incomplete projects, and down payments made to suppliers for the purchase of intangible assets. More specifically, intangible assets under development relate to the costs incurred for the design, development and implementation of information systems or specific modules thereof.

Goodwill pertains to the subsidiary WIND Retail Srl for €24 million and to the parent WIND Telecomunicazioni SpA for €3,580 million. The decrease of €1 million is due to the impairment loss during the year of the share of the goodwill allocated to the points of sales which form part of the rationalization of the subsidiary WIND Retail's commercial network approved in 2014 and already partially implemented.

The carrying amount of goodwill recognized and of intangible assets with indefinite useful lives at December 31, 2015 was tested for impairment. The test was carried out by comparing the carrying amount with the recoverable amount. More specifically, the recoverable amount was calculated on the basis of the discounted cash flows resulting from the 2015-2019 business plan. A growth rate of 1% was assumed for the years not covered by this plan. An interest rate of 8.24% was used to discount the cash flows, being the weighted average cost of capital, net of the tax effect, calculated using the capital asset pricing model. Sensitivity was performed simulating, compared to the base assumptions, cash flows reduction by estimating a growth rate of 0.5% for the years not covered by the plan. In all cases the recoverable amount of the net assets continue to be higher than their carrying amount.

6 FINANCIAL ASSETS

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

(millions of euro)	At December 31, 2015			At December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets measured at cost	2	-	**2**	15	-	**15**
Derivative financial instruments	985	-	**985**	412	-	**412**
Financial receivables	1,110	23	**1,133**	993	23	**1,016**
Total	**2,097**	**23**	**2,120**	**1,420**	**23**	**1,443**

The *Financial assets measured at cost.* consist of non-controlling interests in companies and consortia as set out in the following table.

(millions of euro)		At December 31, 2015	At December 31, 2014
Company / consortium	**% of investment**		
Janna Scarl	17.00%	2	2
SPAL TLC	33.00%	-	13
Total financial assets measured at cost		**2**	**15**

The change over December 31, 2014 is mainly due to the disposal on July 15, 2015 of the investment in SPAL TLC SpA with a carrying amount of €13 million at December 31, 2014.

The item *Derivative financial instruments* includes the positive fair value of derivative financial instruments, detailed as follows: i) embedded derivatives on Bond issues amounting to €15 million (€6 million at December 31, 2014); and ii) cross currency swap hedging derivatives on financial liabilities amounting to €970 million (€406 million at December 31, 2014). Additional details on the composition of the item balance and respective changes are to be found in note 17.

The *Financial receivables,* amounting €1,133 million at December 31, 2015 mainly include:

- for €1,122 million the loans granted by WIND to the parent WIND Acquisition Holdings Finance SpA resulting from the two intercompany agreements signed on April 23, 2014 and August 4, 2014 respectively (of which €20 million relating accrued interest). In particular, the first one, with a nominal value of €1,057 million including capitalized interests at December 31, 2015 has an annual fixed interest rate of 9% and repayment date in April 2024. The second loan with a nominal value up to €75 million (with reimbursement in August 2024 and annual fixed interest rate of 8.5%) was disbursed for €45 million at December 31, 2015, including capitalized interests;
- the residual value of the transaction costs for the unused portion of bank loans (revolving tranches for which further details may be found in note 16) equal to €6 million (€7 million at December 31, 2014), which are charged to income statement on a straight-line basis over the term of the agreement.

The following table sets out the due dates for financial receivables.

(millions of euro)	At December 31, 2015				At December 31, 2014			
Financial receivables	**<1 year**	**1<x<5 years**	**>5 years**	**Total**	**<1 year**	**1<x<5 years**	**>5 years**	**Total**
Guarantee deposits	3	1	1	**5**	2	2	-	**4**
Receivables due from parents	20	-	1,102	**1,122**	17	-	980	**997**
Others	-	6	-	**7**	4	11	-	**15**
Total	**23**	**7**	**1,103**	**1,133**	**23**	**13**	**980**	**1,016**

The fair value is approximately the same as the carrying amount for *Financial assets* at December 31, 2015 and 2014.

7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The balance on ***investments accounted for using the equity method*** of €77 million at December 31, 2015 regards the investment in Galata SpA for which details may be found in note 3.

8 DEFERRED TAX ASSETS AND LIABILITIES

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

(millions of euro)	At December 31, 2014	Decrease	Increase	At December 31, 2015
Allowance for doubtful accounts (taxed)	69	50	27	46
Provisions for risks and charges (taxed)	26	12	13	27
Measurement of financial assets/liabilities	163	33	-	130
Amortization and depreciation of non-current assets	50	16	13	47
Revenues	-	-	1	1
Deferred tax assets	**308**	**111**	**54**	**251**
Employee benefits	2	-	-	2
Accelerated depreciation and amortization	12	2	-	10
Fair value of Property, plant, and equipment	57	31	-	26
Depreciation of PPA	563	60	2	505
Revenues	-	-	1	1
Deferred tax liabilities	**634**	**93**	**3**	**544**

The increase in 2015 in *deferred tax assets* is explained mainly by a decrease in measurement of financial liabilities and provision for doubtful accounts. The decrease in *deferred tax liabilities* is mainly due to a decrease in depreciation of PPA. The reduction of the items is partly attributable to the adjustment of the IRES from 27.5% to 24% for the temporary differences will reversed after December 31, 2016.

The following table provides an analysis of ***Deferred tax assets*** and ***Deferred tax liabilities*** at December 31, 2015 and 2014, between those falling due within 12 months and those falling due after 12 months.

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	49	63
-after 12 months	202	245
Total	**251**	**308**

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	37	36
-after 12 months	507	598
Total	**544**	**634**

Deferred tax assets have been recognized by considering the probability of their recoverability and the extent to which the directors believe there is a reasonable certainty that sufficient profits will be generated in future years against which the losses may be used within the time limits imposed by prevailing tax laws and regulations.

Deferred tax assets were not recognized in respect of temporary differences carried forward indefinitely totalling €249 million (€197 million at December 31, 2014), arising from non-deductible finance expenses within the limits imposed by law, due to the lack of reasonable certainty of their recoverability. In addition, even if transferred to the tax consolidation, consistent with the terms of the agreement, no receivables due from the indirect parent Wind Telecom SpA have been recognized. In fact, on the basis of this agreement, if the excess interest expense is transferred to the national consolidation, the transferring company obtains the right to remuneration corresponding to the theoretical tax benefit transferred, only if, and to the extent to which, the company which has transferred this excess interest expense transfers to the consolidation the excess gross operating profit (GOP) not utilized in the tax period for the deduction of interest expense pursuant to article 96, paragraphs 1, 2 and 7 of the Consolidated Income Tax Law (TUIR).

9 INVENTORIES

The following table provides an analysis of ***Inventories*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Finished goods	30	24
Write-downs	-	(1)
Total	**30**	**23**

"Finished goods" consist principally of mobile phone handsets, kits and the related accessories. The change in 2015 is essentially due to an increase in inventories of mobile telephone terminals, kits and related accessories and stocks consisting of products which are technologically advanced which have a higher unit value over previous year.

10 TRADE RECEIVABLES

The following table provides an analysis of ***Trade receivables*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Due from final customers	1,036	927
Due from telephone operators	197	174
Due from authorized dealers	106	118
Due from related parties	2	3
Other trade receivables	34	34
(Allowance for doubtful accounts)	(379)	(307)
Total	**996**	**949**

The balance of net trade receivables at December 31, 2015 has increased by a total of €47 million over that at December 31, 2014 mostly due to the increase in receivables due from final customers (€109 million) only partially offset by an increase in the allowance for doubtful account (€72 million).

Receivables due from final customers arise principally from the supply of fixed and mobile telephony services to customers with subscription contracts and increase over 2014 mainly due to the increase in sales relating the offer *Telefono incluso. Receivables due from telephone operators* mainly relate to interconnection and roaming services. *Receivables due from authorized dealers* relate to sales of radio mobile and fixed-line handsets and related accessories, as well as rechargeable telephone cards and top-ups.

Receivables due from related parties consists of the receivables due from VimpelCom Group's companies. Further details may be found in notes 6 and 37.

The following table provides an analysis, at December 31, 2015 and 2014 of trade receivables and the respective allowance for doubtful accounts, by due date.

(millions of euro)	Gross amount	At December 31, 2015 (Allowance for doubtful accounts)	Gross amount	At December 31, 2014 (Allowance for doubtful accounts)
unexpired	678	(17)	636	(14)
expired from:				
-0-30 days	79	(2)	63	(1)
-31-120 days	41	(3)	52	(3)
-121-150 days	19	(1)	26	(1)
-beyond 150 days	558	(356)	479	(288)
Total	**1,375**	**(379)**	**1,256**	**(307)**

The following table provides an analysis of trade receivables at December 31, 2015 and 2014, net of the allowance for doubtful accounts, between those falling due within 12 months and those falling due after 12 months.

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	988	905
-after 12 months	8	44
Total	**996**	**949**

The following table sets out changes in the allowance for doubtful accounts during the year ended December 31, 2015.

(millions of euro)	At December 31, 2014	Accrual	(Utilizations)	At December 31, 2015
Allowance for doubtful accounts	**307**	103	(31)	**379**

11 CURRENT TAX ASSETS

The balance on ***current tax assets*** of €18 million at December 31, 2015 (€7 million at December 31, 2014) mostly regards receivables for current tax assets arising from taxes paid in previous years to which is added the residual part of advance payments of IRAP tax made during the year.

12 OTHER RECEIVABLES

The following table sets out the details of ***Other receivables*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Trade prepayments	53	92
Other receivables due from third parties	73	98
Tax receivables	7	9
Advances to suppliers	40	42
Other receivables due from parents	48	30
Other receivables due from related parties	1	2
Other receivables due from associates	1	-
(Allowance for doubtful accounts)	(3)	(4)
Total	**220**	**269**

The following table provides an analysis, at December 31, 2015 and 2014, of other receivables and the respective allowance for doubtful accounts by due date.

(millions of euro)	At December 31, 2015 Gross balance	At December 31, 2015 (Allowance for doubtful accounts)	At December 31, 2014 Gross balance	At December 31, 2014 (Allowance for doubtful accounts)
- unexpired	174	-	224	-
- expired from:				
- 0-30 days	2	-	1	-
- 31-120 days	1	-	3	-
- 121-150 days	-	-	2	-
- beyond 150 days	46	(3)	43	(4)
Total	**223**	**(3)**	**273**	**(4)**

The following table provides an analysis of other receivables at December 31, 2015 and 2014, net of the allowance for doubtful accounts, between those falling due within 12 months and those falling due after 12 months.

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	190	240
-after 12 months	30	29
Total	**220**	**269**

Trade prepayments relate mainly to lease installments for civil and technical sites and lease installments for telephone network circuits. The decrease over 2014 is mainly due to the sale finalized on March 26, 2015 of 90% of Galata SpA, for which further details may be found in note 3.

Other receivables due from third parties relate mainly to receivables from non-commercial third parties.

Other receivables due from parents at December 31, 2015, include the amounts due from Wind Telecom SpA, Wind Acquisition Holdings Finance SpA, Vimpelcom Ltd and Vimpelcom Amsterdam BV. The increase over December 31, 2014 is mainly due to the transfer by the Parent Company of a receivable of €13 million due from the indirect parent Wind Telecom SpA under the national tax consolidation procedure (a payable of approximately €12 million at December 31, 2014). *Other receivables due from related parties* at December 31, 2015 mainly consist of the receivables due from VimpelCom Group's companies. Further details may be found in note 6 and 37.

The following table provides an analysis of *Tax receivables* at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
VAT	4	6
Other tax receivables	3	3
Total	**7**	**9**

The following table sets out changes in the allowance for doubtful accounts for other receivables for the year ended December 31, 2015.

(millions of euro)	At December 31, 2014	Accrual	(Utilizations)	At December 31, 2015
Allowance for doubtful accounts	**4**	-	(1)	**3**

13 CASH AND CASH EQUIVALENTS

The following table sets out an analysis of ***Cash and cash equivalents*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Bank deposits and checks	282	203
Cash on hand and stamps	-	-
Total	**282**	**203**

Cash and cash equivalents represent the surplus of cash generated by operations, changed mainly due to the ordinary cash inflows and outflows during the year. Further details may be found in note 39 to the cash flow statement.

14 SHAREHOLDERS' EQUITY

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

(millions of euro)	At December 31, 2015	At December 31, 2014
Issued Capital	**147**	**147**
Share premium reserve	**752**	**752**
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	**(352)**	**(788)**
- Reserve for remeasurements of employee defined benefit plans (IAS19)	(6)	(1)
- Cash flow reserve	(40)	(54)
- Legal reserve	29	29
- Sundry reserves and retained earnings (accumulated losses), including profit (loss) for the year	(335)	(762)
Equity attributable to the owners of the parent	**547**	**111**
Non-controlling interests	**-**	**-**
Total Equity	**547**	**111**

The share capital of the parent WIND Telecomunicazioni SpA at December 31, 2015 consisted of 146,100,000 ordinary shares with no nominal value, fully subscribed and paid up by the sole shareholder WIND Acquisition Holdings Finance SpA. During the year there were no changes in the number of Parent shares.

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.

The following table present the reconciliation between the consolidated result of the year and the consolidated shareholders' equity and the related balances of the Parent.

(millions of euro)	Result for the year 2015	Result for the year 2014	Equity at December, 31 2015	Equity at December, 31 2014
Equity and Result for the year of WIND Telecomunicazioni SpA	**297**	**(349)**	**743**	**422**
Equity and Result for the year of consolidated entities net of the shares attributable to Non-controlling interests	**131**	**(364)**	**(98)**	**(212)**
Consolidation adjustments:				
elimination of carryng amount of investments			(93)	(93)
other consolidation adjustments	0	4	(5)	(6)
Equity and Result for the year attributable to owners of the parent	**428**	**(709)**	**547**	**111**
Equity and Result for the year attributable to Non-controlling interests	0	0	0	0
Equity and Result for the year in the Consolidated Financial Statements	**428**	**(709)**	**547**	**111**

The resolution adopted by the parent's shareholders on March 6, 2015 resolving the approval of the annual financial statements as of and for the year ended December 31, 2014 allocated the loss for the year of €349 million to losses carried forward.

Changes in the Group's equity during the year, as well as the profit for the year, mainly arose from the following:

- the increase in the cash flow hedge reserves as the effect of the income and the expense recognized among other components of the Consolidated Statement of Comprehensive Income for the year that relate to the transactions on hedging derivatives on cash flows, as described in further detail in note 17. The following table shows the changes in the cash flow hedge reserve;

(millions of euro)	Interst rate risk Gross reserve	Interst rate risk Tax effect	Interst rate risk Total	Foreign currency risk Gross reserve	Foreign currency risk Tax effect	Foreign currency risk Total	Cash Flow Hedge Reserve
At December 31, 2014	**(67)**	**-**	**(67)**	**20**	**(6)**	**14**	**(54)**
Changes in fair value	20	-	20	61	(18)	43	63
Reverse to income statement	10	-	10	(84)	25	(59)	(49)
At December 31, 2015	**(37)**	**-**	**(37)**	**(3)**	**1**	**(2)**	**(40)**

- the decrease in the actuarial reserves as the effect of the income and the expense recognized among other components of the Consolidated Statement of Comprehensive Income for the year that relate to the remeasurements of employee defined benefit plans.

WIND sources itself with the capital necessary to fund its requirements for business development and operations; the sources of funds are found in a balanced mix of equity and debt capital. Debt capital is structured according to different maturities and currencies to ensure an adequate diversification of the sources of funding and an efficient access to external sources of financing.

15 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 year of the number of outstanding shares, since there were no diluting effects at December 31, 2015 or December 31, 2014.

The data underlying the calculation are as follows.

(millions of euro)	At December 31, 2015	At December 31, 2014
Profit / (Loss) from continuing operations	428	(709)
Weighted average number of shares outstanding during the year (units)	146,100,000	146,100,000
Profit / (Loss) per share from continuing operations – basic and diluted (in Euro)	2.93	(4.85)

16 FINANCIAL LIABILITIES

The following table sets out an analysis of ***Financial liabilities*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015			At December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Bonds issues	10,135	158	**10,293**	8,843	142	**8,985**
Bank loans	671	8	**679**	1,722	166	**1,888**
Loans from others	128	19	**147**	228	105	**333**
Derivative financial instruments	36	18	**54**	74	-	**74**
Total financial liabilities	**10,970**	**203**	**11,173**	**10,867**	**413**	**11,280**

On March 30, 2015, the subsidiary Wind Acquisition Finance SA issued the Senior Secured Notes for a total amount of €775 million and maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020, currently in circulation, for € 375 million with a coupon of 4%.

The Group used the cash obtained from new bond issues and the renegotiation of new senior facilities maturing in 2019 (700 million euro), and a part of the consideration from the sale of Galata SpA (500 million euro), to refinance the current Senior Facility Agreement, with the repayment of balance of the tranches at March 30, 2015 by an amount of €1,782 million.

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

The change in the balances in *Loans from others* results essentially from: i) the full repayment of €162 million made by the Parent on April 29, 2015, of the payable due to the Ministry of Economic Development granted in 2011 as the result of the allocation of the mobile frequency use rights, and ii) the repayment during the period of €20 million relating to the principal of loan from other banks against the deferred repayment plan of the fair value of the derivative instruments that were repaid with the refinancing of the Group's debt of November 26, 2010.

An analysis of the *derivative financial instruments* balance and of the respective changes is found in note 17.

The following table sets out an analysis of *Financial liabilities* at December, 2015 and 2014 by due date.

(millions of euro)	At December 31, 2015				At December 31, 2014			
	<1 year	1<x<5 years	>5 years	Total	<1 year	1<x<5 years	>5 years	Total
Bonds issues	158	5,814	4,321	**10,293**	142	147	8,696	**8,985**
Bank loans	8	671	-	**679**	166	1,722	-	**1,888**
Loans from others	19	5	123	**147**	105	103	125	**333**
Derivative financial instruments	18	36	-	**54**	-	50	24	**74**
Total financial liabilities	**203**	**6,526**	**4,444**	**11,173**	**413**	**2,022**	**8,845**	**11,280**

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

(millions of euro)	At December 31, 2015					
	<5%	5%<x<7.5%	7.5%<x<10%	10%<x<12.5%	12.5%<x<15%	Total
Euro	3,480	2,615	19	129	-	6,243
US dollars	1,778	506	2,592	-	-	4,876
Total	**5,258**	**3,121**	**2,611**	**129**	**-**	**11,119**

The following table provides a comparison between the carrying amount and fair value of non-current *Financial liabilities* at December 31, 2015 and 2014. The fair value is approximately the same as the carrying amount for current *Financial liabilities*.

(millions of euro)	At December 31, 2015		At December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds issues	10,135	9,881	8,843	8,516
Bank loans	671	692	1,722	1,758
Loans from others	128	128	228	228
Derivative financial instruments	36	36	74	74
Total	**10,970**	**10,737**	**10,867**	**10,576**

Current *Financial liabilities* at December 31, 2015 consist exclusively of the portions of bank loans and bonds for which payment is due by the end of the following financial year, referring to both principal and accrued interest.
An analysis of the *derivative financial instruments* balance and of the respective changes is found in note 17.

Bonds

The following table sets out the main information relating to outstanding *Bonds* at December 31, 2015.

(millions of euro)	Carrying amount at December 31, 2015	Carrying amount at December 31, 2014	Nominal amount at December 31, 2015	Issue price	Currency	Due date	Interest rate	Price
Senior Secured Floating Rate Notes 2020 €	399	-	400	100%	EUR	07/15/2020	Euribor 3M+4.125%	99.3%
Senior Secured Notes tap 2020 €	383	-	375	100%	USD	07/15/2020	4.00%	99.8%
Senior Secured Floating Rate Notes 2019 €	149	149	150	100%	EUR	04/30/2019	Euribor 3M+5.25%	99.8%
Senior Secured Fixed Rate Notes 2020 $	506	452	506	100%	USD	04/30/2020	6.50%	104.8%
Senior Notes 2021 €	1,755	1,752	1,750	100%	EUR	04/23/2021	7.00%	99.1%
Senior Notes 2021 $	2,611	2,333	2,579	100%	USD	04/23/2021	7.38%	94.4%
Senior Secured Notes 2020 €	2,124	2,122	2,100	100%	EUR	07/15/2020	4.00%	99.8%
Senior Secured Notes 2020 $	1,792	1,605	1,750	100%	USD	07/15/2020	4.75%	98.4%
Floating Rate Senior Secured Notes 2020 €	574	572	575	100%	EUR	07/15/2020	Euribor 3M+4%	99.1%
Total	**10,293**	**8,985**	**10,185**					

The changes in balances over December 31, 2014 are mainly due to the effects of the refinancing operation completed in March 2015, for which details may be found above.

As required by the Group's risk management policies, for which details may be found in note 2.5 in order to fully eliminate any currency risks arising from issues denominated in US dollars, the Group has entered into hedging arrangements based on cross currency swaps for a notional amount of €3,863 million, which at December 31, 2015 had a positive fair value of €970 million. In addition, the Group has entered into hedging arrangements based on *Interest rate swap plain vanilla* for a notional amount of €670 million, which at December 31, 2015 had a negative fair value of €31 million. The hedges extend to 2020.

Bank loans

The following table sets out the main information relating to outstanding *Bank loans* at December 31, 2015.

(millions of euro)	Carrying amount at December 31, 2015	Carrying amount at December 31, 2014	Nominal amount at December 31, 2015	Usable amount	Currency	Due date	Interest rate
Senior Facility Agreement							
- Term Loan B1	679	-	700	700	EUR	11/26/2019	Euribor+4.25
- RCF R1	-	-	-	400	EUR	11/26/2019	Euribor+4.25
- Tranche A3	-	3			EUR	11/26/2018	Euribor+4.25
- Tranche A4	-	169			EUR	11/26/2018	Euribor+4.25
- Tranche B3	-	1,089	-		EUR	11/26/2019	Euribor+4.50
- Tranche B4	-	483	-		EUR	11/26/2019	Euribor+4.75
- Revolving	-	100			EUR	01/19/2015	Euribor+4.25
Scoperti c/c bancari	-	42	-				
Altri ratei passivi	-	2	-				
Totale	**679**	**1,888**	**700**	**1,100**			

The changes in balances over December 31, 2014 are mainly due to the effects of the operation renegotiation on March 12 , 2015 of new senior facilities maturing in 2019 (700 million euro) and the repayment of balance of the tranches at March 30, 2015 by an amount of €1,782 million.

With the aim of reducing its bank loan exposure to fluctuations in interest rates and foreign exchange rates, the Group has entered into transactions which qualify as hedges for a notional amount of €700 million, whose fair value at December 31, 2015, is negative for €23 million. The hedges extend to September 2017 and consist of plain vanilla interest rate swaps.

Loans from others

This item, having a balance of €147 million (€333 million at December 31, 2014), mainly consists of:

- the loan of €128 million (€131 million at December 31, 2014) against the capitalization of backbone rights, details of which may be found in note 5;
- payable to banks of €19 million, maturing in 2016, (€37 million, of which €20 million is the current portion at December 31, 2014) 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.

The change in the item over 2014 is mainly due to the full repayment of €162 million made by the Parent on April 29, 2015, of the payable due to the Ministry of Economic Development granted in 2011 as the result of the allocation of the mobile frequency use right.

17 DERIVATIVE FINANCIAL INSTRUMENTS

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

(millions of euro)	At December 31, 2015		At December 31, 2014	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
- Exchange rate risk	682	-	265	-
- Interest rate risk	-	54	-	74
Total cash flow hedges	**682**	**54**	**265**	**74**
- Exchange rate risk	288	-	141	-
Total fair value hedges	**288**	-	**141**	-
- Embedded derivatives on Bonds	15	-	6	-
Total Derivatives Non Hedge Accounting	**15**	**-**	**6**	**-**
Total	**985**	**54**	**412**	**74**

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

(millions of euro)	At December 31, 2015		At December 31, 2014	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
Current	-	18	-	-
Non current	985	36	412	74
Total derivatives	**985**	**54**	**412**	**74**

The Group used the following types of hedge accounting at December 31, 2015:

- cash flow hedges accounting used to hedge the risk on future foreign currency cash flows and floating interest rate cash flows;
- fair value hedge accounting used to hedge the exchange rate risk on fair value of hedged financial liabilities denominated in US dollars.

The fair value of financial instruments listed on active markets was determined as the market quotation at the reporting date. In the absence of an active market, fair value was determined by referring to prices provided by external operators and using valuation models based mostly on objective financial variables, as well as by taking into account, where possible, the prices used in recent transactions and the quotations of similar financial instruments.

The following were outstanding at December 31, 2015:

- cross currency swaps hedging the interest rate and currency risks relating to the tranches of bonds denominated in US dollars, for which reference should be made to note 16, having a notional amount of €3,863 million (€3,863 million at December 31, 2014) and having a positive fair value of €970 million (positive fair value of €405 million at December 31, 2014);
- plain vanilla interest rate swaps hedging the interest rate risk of bank loans and of bonds, having a notional amount of €1,370 million (€1,370 million at December 31, 2014) and a negative fair value of €54 million (negative fair value of €74 million at December 31, 2014);
- embedded derivatives of €15 million (€6 million at December 31, 2014) relating to the fair value of the early repayment options provided for on issue of the bonds, for which details may be found in note 16.

18 EMPLOYEE BENEFITS

The following table sets out the changes in ***Employee benefits*** at December 31, 2015.

(millions of euro)	At December 31, 2014	Accrual	(Utilization)	Other changes	At December 31, 2015
Post-employment benefits	**60**	20	(3)	(11)	**66**

There is an increase during the year of €8 million (decrease of €7 million during 2014) in the Parent Company's employee benefits due to the change in the actuarial variables.

Other changes during the year consist also of the decrease arising from the sale of 90% of Galata SpA, for which further details may be found in note 3, and of the transfer of the post-employment benefits accrued during the year to supplementary pension funds or to the Treasury fund held by the Italian social security organization INPS (€17 million).

The main actuarial assumptions underlying the calculation of the post-employment benefits are the following.

Average inflation rate	Discount rate	Increase in wages and salaries	Employee turnover rate
2,00%	2,32%	N/A	0,5%– 6%

The effects recognized in income statement are as follows.

(millions of euro)	At December 31, 2015	At December 31, 2014
Current service costs	19	19
Finance expense	1	2
Total	**20**	**21**
Actual return on plan assets	N/A	N/A

Through its defined benefit obligation the Group is exposed to a number of risks, the most significant of which are detailed below.

- *Interest rate risk.* The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to actuarial calculation. A decrease in those yields will increase plan liabilities.
- *Life and employee service expectancy.* The present value of the defined benefit plan liability is calculated by reference to the best estimate of life and employee service expectancy. An increase in life or employee service expectancy of the plan participants will increase the plan's liability.

19 PROVISIONS FOR RISKS AND CHARGES

The following table sets out changes in ***Provisions for risks and charges*** during the year ended December 31, 2015.

(millions of euro)	At December 31, 2014	Increases	(Utilization)	(Release)	Scope of consolidation	At December 31, 2015
Litigation	83	10	(20)	(44)	-	**29**
Personnel restructuring	-	14	(4)	-	-	10
Universal service contribution (Presidential Decree no. 318/1997)	17	-		(12)	-	**5**
Product assistance	1	1	(1)	-	-	**1**
Dismantling and removal	38	-	-	-	(14)	**23**
Other provisions	37	22	(9)	-	-	**50**
Total	**176**	**47**	**(35)**	**(56)**	**(14)**	**118**

The timing of payments in respect of non-current provisions is, with few exceptions, not contractually fixed and cannot be estimated with certainty.

Litigation

The provision at the respective dates is based on estimates using the best information available of the total charge that the Group expects to incur upon settlement of all outstanding legal proceedings (for details on the main proceedings in progress, please refers to paragraph on main pending legal proceedings in note 40).

Personnel restructuring

The provision consists of the costs which the Parent expects to incur in future years as a consequence of implementing the business's restructuring and reorganization plan drawn up with the objective of optimizing the cost structure. The utilization of the restructuring provision in the amount of €4 million is mainly due to leaving incentives formalized .

Universal service contribution

Article 3, paragraph 6, of Presidential Decree no. 318 of September 19, 1997 regarding the "Implementation of European Union Directives" establishes a mechanism designed to distribute the net cost of providing universal service throughout the country whenever the related obligations represent an unfair cost for the entity or entities assigned the responsibility for supplying the service. Following the latest resolutions adopted by AGCOM and in light of the progress being made in the procedure for certain pending litigation the decision was taken to reduce the provision by €12 million.

Dismantling and removal

The item consists of the estimate of the dismantling and removal costs which may be incurred as a result of contractual obligations which require the asset to be returned to its original state and condition. The decrease over 2014 is mainly due to the sale finalized on March 26, 2015 of 90% of Galata SpA, for which further details may be found in note 3.

Other provisions

This item consists of the measurement of certain liabilities arising from obligations assumed by the Group for which an estimate is made at the date of these financial statements of the amount to be settled upon due date. The balance at December 31, 2015 includes €16 million for liabilities for termination benefits arising from agency contracts in existence at the reporting date and €15 million relating to compensation plan for the long-term retention and incentive of management.

20 OTHER LIABILITIES

Other non-current liabilities at December 31, 2015 and 2014 amount to €138 million and €160 million, respectively. At December 31, 2014 this item mainly includes:

- an amount of €81 million relating to the deferral of the positive economic effect resulting from the operation for the replacement of transmission apparatus from 2011 to 2015, which will be recognized in the income statement over the useful life of the assets;
- an amount of €34 million relating to a capital contribution recognized on the allocation of the frequencies (for which details may be found in note 5) as a discount of 3% for the total amount of the tender for the commitment made to produce over 50% of the new networks using apparatus having environmental eco-sustainable features. The amount will be released to the income statement in Other Revenue when there is the reasonable certainty that the envisaged conditions will be met, and is consistent with the depreciation of the apparatus having eco-sustainable features which will be purchased and put into use for the development of the network;
- a capital grant of €11 million given to the Parent Company for its participation in certain regional projects for the realization of investments supporting local development. This amount will be released to the income statement over the useful lives of the assets involved.

21 TRADE PAYABLES

The following table provides details of ***Trade payables*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Due to telephone operators	398	457
Due to agents and authorized dealers	58	54
Due to parents	-	3
Due to associates	32	-
Due to related companies	48	33
Other trade payables	1,073	1,114
Total	**1,609**	**1,661**

The change in this item over the year is principally due to the effect of normal settlements during the course of the year.

Trade payables *due to telephone operators* mainly relate to interconnection and roaming services.

Payables *due to agents* and *due to authorized dealers* relate to commissions to agents and authorized dealers.

Trade payables *due to related companies* refers principally to: i) the payable due by the Parent Company to Vimpelcom International Services for trading and signature services of agreements relating to the economic conditions of international roaming provided in 2014 and ii) the payable arising from transactions with telephone operators belonging to the VimpelCom group. Over 2014 the payable to SPAL TLC SpA have been reclassified to payable due to agents and authorized dealers. Further details may be found in notes 6 and 37. Amounts *due to associates* mainly refer to balances payable to Galata SpA arising from the service agreement entered into as part of the agreement with Cellnex Telecom, for which details may be found in note 3.

Other trade payables mainly relate to payables to suppliers for the purchase of goods and services.

The following table provides an analysis of trade payables by due date.

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	1,609	1,529
-after 12 months	-	132
Total	**1,609**	**1,661**

22 OTHER PAYABLES

The following table provides an analysis of ***Other payables*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Payables to social security organizations	21	23
Tax payables	153	164
Payables to personnel	22	28
Payables to government bodies by grants	10	12
Other amounts payable to parents	169	168
Prepaid traffic to be used	155	158
Deferred income	20	19
Other payables	99	81
Total	**649**	**653**

The following table provides an analysis by due date.

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	643	627
-after 12 months	6	26
Total	**649**	**653**

Payables to social security organizations relate principally to the employer's and employees' portions of social security contributions for December and the employer's portion accrued on deferred remuneration (mostly accrued vacation and other permitted leaves that have been accrued but not yet taken). This item also includes the amounts payable to the Italian social security organization INPS for the accrued post-employment benefits (TFR) yet to be paid which employees had elected to transfer to the Treasury fund in accordance with Law no. 296 of December 27, 2006, the "2007 Finance Act", and subsequent decrees and regulations.

The following table sets out details of *Tax payables* at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Government license fee	24	26
Withholding tax	11	11
VAT	91	79
Other	27	48
Total	**153**	**164**

Other tax payables include a balance of €26 million, of which €21 million in the current term and 5 million in the no current term, (€46 million at December 31 2014) due to the tax authorities arising from the settlement of the assessment raised by the Tax Revenue Office concerning the payment of withholding tax on the interest arising in prior years under the Senior Facility Agreement of May 26, 2005. The payment plan for this liability envisages twelve quarterly instalments due from May 22, 2014 to February 22, 2017 with interest charged at 1%.

Payables to personnel consist mostly of liabilities for accrued vacation and other accrued leaves still to be taken at the end of the year. *Payables to personnel* decreased compared to December 31, 2013 mainly due a decrease in deferred compensations following 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.

Payables to government bodies for grants represent amounts due for licenses and concessions provided by the relevant bodies.

Amounts *due to parents* mainly relate to i): the liability to the direct parent Wind Acquisition Holdings Finance SpA which arose in 2014 as part of the refinancing of the Group (for €142 million); ii) the Parent Company's liability to the parent Wind Telecom SpA for the provision of services (IT, marketing, personnel, purchasing, etc.), for which details may be found in note 37; iii) the balance due to the indirect parent Wind Telecom SpA as the result of the transfer by Group companies of IRES corporate income tax payables of €1.7 million under the national tax consolidation procedure (€12 million at December 31, 2014).

Prepaid traffic to be used consists of the unused portion of prepaid traffic, sold by the Parent via rechargeable telephone cards and top-ups, which had not yet been utilized at the end of the year.

Deferred income refers to income for billings made contractually in advance in prior years and in 2015 for lease and installation fees relating to the utilization of broadband capacity ('initial capacity'), which will be recognized in later years.

Other payables mainly consist of amounts due to supplementary pension funds, amounts payable for bank commissions and guarantee deposits received from customers, liabilities for amounts received in respect of receivables sold and other residual items.

23 TAX PAYABLES

The balances at December 31, 2015 and 2014 of €43 million and €23 million, respectively, represent the amounts due by the Group companies for income taxes for the year, net of advance payments for the corresponding tax periods.

Receivable and payable items for IRES are included in receivables and payables from and to the parent, as Group companies have elected to take part in the national tax consolidation procedure of Wind Telecom SpA.

24 REVENUE

The following table provides the breakdown of ***Revenue*** for 2015 and 2014.

(millions of euro)	2015	2014	Change	
	12 months	12 months	Amount	%
Revenue from sales	**296**	**220**	**76**	**34.5%**
- Telephone services	3,465	3,641	(176)	(4.8)%
- Interconnection traffic	380	381	(1)	(0.3)%
- International roaming	39	36	3	8.3%
- Judicial authority services	6	6	-	0.0%
- Other revenue from services	118	109	9	8.3%
Revenue from services	**4,008**	**4,173**	**(165)**	**(4.0)%**
Total	**4,304**	**4,393**	**(89)**	**(2.0)%**

The item shows a decrease in 2015 compared with 2014 of 2%. This effect is mainly due to a decrease in revenue from *Telephone services*, only partially offset by an increase in *Revenue from sales*.

The *Telephone services* are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 4.8% in the first nine months of 2015 compared with 2014, thanks to the substantial maintenance in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

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

25 OTHER REVENUE

Other revenue amounts in total to €124 million in the year 2015 (a decrease of €116 million over the year 2014) and refers principally to release to income statement of capital contribution, penalties and to the effects related to the settlement of disputes and related commercial agreements with some suppliers.

The decrease compared to 2014 is mainly due to lower effects due to the settlement of disputes.

26 PURCHASES AND SERVICES

The following table provides the breakdown of ***Purchases and services*** for 2015 and 2014.

(millions of euro)	2015	2014	Change	
	12 months	12 months	Amount	12 months
Interconnection traffic	561	608	(47)	(7.7)%
Customer acquisition costs	168	193	(25)	(13.0)%
Lease of civil/technical sites and use of third party assets	186	247	(61)	(24.7)%
Purchases of raw materials, consumables, supplies and goods	295	222	73	32.9%
Rental of local network and circuits	382	427	(45)	(10.5)%
Advertising and promotional services	84	96	(12)	(12.5)%
Outsourcing costs for other services	250	123	127	103.3%
Maintenance and repair	52	86	(34)	(39.5)%
Utilities	106	130	(24)	(18.5)%
National and international roaming	28	30	(2)	(6.7)%
Consultancies and professional services	43	37	6	16.2%
Change in inventories	(7)	4	(11)	(275.0)%
Other services	142	135	7	5.2%
Total purchases and services	**2,290**	**2,338**	**(48)**	**(2.1)%**

The change in this item is essentially due to the combined effect of the following increases and decreases compared to the year ended December 31, 2014:

- a decrease of €61 million in *Lease of civil/technical sites and use of third party assets* and of €24 million in *Utilities* mainly due to the sale finalized on March 26, 2015 of 90% of Galata SpA, a company formed on February 18, 2015 to which the “Tower Development” business unit consisting of 7,337 towers was contributed and with the relative Lease contracts, for which further details may be found in note 3;
- a decrease of €47 million in *Interconnection traffic* costs mainly due to a general decline in international termination tariffs and to a decrease in the volume of SMS and MMS traffic;
- a decrease of €45 million in *Rental of local network and circuits* mainly due to a decrease in WLR, ULL and Bitstream volumes;
- a decrease of €34 million in *Maintenance and Repair* costs as the result of optimizing network maintenance and informatic systems;
- a decrease of €25 million in the *Customer Acquisition Cost* mainly due to a decrease of commissions for new activations and commissions for the sale of scratch cards;
- an increase of €127 million in Outsourcing costs for other services mainly arising from the service contract with Galata SpA entered into as part of the agreement with Cellnex Telecom, for which further details may be found in note 3;

- net increase of €62 million in Purchases of raw materials, consumables, supplies and goods and change in inventories mainly due to an increase in the unit purchase prices charged by suppliers compared to the previous year as the result of a shift on sales towards high-range terminals.

The item *consultancies and professional services* includes remuneration for statutory auditors of Group companies, equal to €221 thousand, and the remuneration for the external audit activities on financial statements, equal to €1,820 thousand (total compensation for the audit to separate and consolidate financial statements at December 31, 2015 is equal to €1,055 thousand). The ordinary shareholders'meeting of March 6, 2015 did not deliberate remuneration to the Directors of the Parent.

27 OTHER OPERATING COSTS

The following table provides the breakdown of ***Other operating costs*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Impairment losses on trade receivables and current assets	102	111	(9)	(8,1)%
Accruals to provision for risks and charges	(3)	11	(14)	(127,3)%
Annual license and frequency fees	38	34	4	11,8%
Other operating costs	17	22	(5)	(22,7)%
Total other operating costs	**154**	**178**	**(24)**	**(13,5) %**

The decrease in the allocation for risks and charges over 2014 was affected by the release of €12 million from the universal service contribution provision, for which details may be found in note 19, while the decrease in the write-down of trade receivables during 2015 is essentially due to the fall in revenues.

28 PERSONNEL EXPENSES

The following table provides the breakdown of ***Personnel expenses*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Wages and salaries	262	276	(14)	(5,1)%
Social security charges	71	73	(2)	(2,7)%
Other personnel expenses	12	13	(1)	(7,7)%
Post-employment benefits	19	20	(1)	(5,0)%
(Costs capitalized for internal works)	(70)	(69)	(1)	1,4%
Total personnel expenses	**294**	**313**	**(19)**	**(6,1) %**

The change over the previous year is mainly due to the effects arising from the trade union agreement of July 29, 2014, which required solidarity contracts to be introduced for a period of 18 months (starting from September 2014) as well as for a reduction of 89 in the average number of employees during 2015, mainly as the effect of the sale of 90% of Galata SpA finalized on March 26, 2015, for which details may be found in note 3. These effects were partially offset by increases in the contractual minima from April 2014, as prescribed by the National Labor Contract effective until December 31, 2014.

The number of employees at year end was as follows.

	At December 31, 2015	At December 31, 2014
Senior management	120	124
Middle management	630	621
Employees	6,064	6,149
Total	**6,814**	**6,894**

The average number of employees during the year was as follows.

	2015 12 months	2014 12 months
Senior management	122	127
Middle management	626	623
Employees	6,117	6,204
Total	**6,865**	**6,954**

29 RESTRUCTURING COSTS

This item, which amounted to €19 million in the year ended December 31, 2015, is mainly an estimate of the costs that the Parent expects to pay for implementing the business's restructuring and reorganization plan, drawn up with the objective of optimizing the cost structure and it is attributable to provision for personnel restructuring for €14 million and to other provision for onerous contracts for €5 million.

30 DEPRECIATION AND AMORTIZATION

The following table provides the breakdown of ***Depreciation and amortization*** for 2015 and 2014.

(millions of euro)	2015	2014	Change	
	12 months	12 months	Amount	%
Depreciation of property, plant and equipment				
- Plant and machinery	686	692	(6)	(0.9)%
- Industrial and commercial equipment	11	11	-	0.0%
- Other assets	19	21	(2)	(9.5)%
Amortization of intangible assets with finite lives				
- Industrial patents and similar rights	112	114	(2)	(1.8)%
- Concessions, licenses, trademarks and similar rights	191	191	-	0.0%
- Other intangible assets	158	185	(27)	(14.6)%
Total depreciation and amortization	**1.177**	**1.214**	**(37)**	**(3.0)%**

Depreciation and amortization decrease by €37 million over 2014. Of this €8 million relates to property, plant and equipment, mainly due to the sale of 90% of Galata SpA, for which further details may be found in note 3; and €29 million to *Other intangible assets* mainly due to the decreasing trend of the capitalization of customer acquisition cost.

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

The following table provides the breakdown of ***Reversal of impairment losses / (impairment losses) on non-current assets*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Reversal of impairment losses / (Impairment losses) on property, plant and equipment	(28)	(12)	(16)	133,3%
Reversal of impairment losses / (Impairment losses) on intangible assets	(3)	(1)	(2)	200,0%
Total	**(31)**	**(13)**	**(18)**	**138,5%**

The item mainly relates to the write-down by €26 million of assets under construction or development for which does not believe recovery is possible; of this amount €24 million regards property, plant and equipment and €2 million intangible assets.

32 GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS

The following table provides the breakdown of ***Gains/(losses) on disposal of non-current assets*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Gains on disposal of property, plant and equipment	491	-	491	n.m.
Losses on disposal of property, plant and equipment	(9)	(4)	(5)	125,0%
Total	**482**	**(4)**	**486**	**n.m.**

The change over the previous year is due to refers principally to the gain of €490 million arising from the sale of 90% of Galata SpA for which details may be found in note 3.

33 FINANCE INCOME

The following table provides the breakdown of ***Finance income*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Income from derivative financial instruments no hedge accounting	62	7	55	n.m.
Other	95	61	34	55,7%
Total finance income	**157**	**68**	**89**	**130,9%**

The increase in this item is mainly due to the effects arising from the positive ineffectiveness recorded on hedging derivatives by €55 million and the fair value measurement of the embedded derivatives on the bonds that led to the recognition of income of €7 million in 2015, compared to the income of €4 million and loss of €61 million in 2014.

Other financial income at December 31, 2015 consists mainly of the interest of €95 million arising on the receivable from the parent Wind Acquisitions Holdings Finance SpA (€61 million at December 31, 2014) under the intercompany agreements entered in April 23, 2014 and in August 4, 2014, for which details may be found in note 6.

34 FINANCE EXPENSE

The following table provides the breakdown of ***Finance expense*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Interest expense on:				
Bond issues	(575)	(1,015)	440	(43.3)%
Bank loans	(105)	(163)	58	(35.6)%
Discounted provisions	(1)	(2)	1	(50.0)%
Hedge accounting effect	86	(152)	238	(156.6)%
Impairment losses on financial assets	(18)	-	(18)	n.m.
Expenses from derivative financial instruments no hedge accounting	(13)	(61)	48	(78.7)%
Other	(41)	(21)	(20)	95.2%
Total finance expense	**(667)**	**(1,414)**	**747**	**(52.8)%**

Finance expense consists mostly of accrued interest on financial liabilities outstanding at December 31, 2015, for which further details may be found in note 16 and the positive effect of hedge accounting for derivatives by €86 million (negative effect of €152 million at December 31, 2014) and the negative ineffectiveness recorded on hedging derivatives by €13 million.

Interest expense on bond issues decreased in the year over 2014 as the result of operations to refinance bond arrangements set up in 2014 (details of this may be found in the notes to the consolidated financial statements for the year ended December 31, 2014). These led to a reduction in the effective interest rate on the debt and the issue on March 30, 2015 of Senior Secured Notes due 2020 for a total of €775 million through a combination of Floating Rate Notes of €400 million issued at Euribor plus a spread of 4.125% and a tap issue of Senior Secured Notes 2020 of €375 million having a coupon of 4%, already in circulation.

The change in *bank loan interest* is due to the refinancing operation of the Senior Facility Agreement completed in March 30, 2015 which led to: i) the decrease in the notional to €700 million through partial repayments, ii) the remodulation of the maturity from 2018 to 2019 and iii) the release of €34 million of suspended fees relating the tranches reimbursed. More details may be found in note 16.

The effects of the refinancing operations completed in April 2014 and July 2014 led to additional financial expense at December 31 2014 of €629 million relating to a redemption premium, the release of the residual fees included in amortized cost, the cost resulting from the extinction of the embedded derivatives, and the cost relating to hedging derivatives which have been closed. In addition, *Other interest* at December 31, 2014 consisted also of the positive effect of €31 million relating to the release of a financial provision recorded in 2013.

35 FOREIGN EXCHANGE GAINS/(LOSSES), NET

The following table provides the breakdown of ***Foreign exchange gains (losses) - net*** for 2015 and 2014.

(millions of euro)	2015	2014	Change	
	12 months	12 months	Amount	%
Realized gains	53	14	39	278.6%
Unrealized gains	1,530	509	1,021	200.6%
Foreign exchange gains	**1,583**	**523**	**1,060**	**202.7%**
Realized losses	69	17	52	305.9%
Unrealized losses	1,530	545	985	180.7%
Foreign exchange losses	**1,599**	**562**	**1,037**	**184.5%**
Total	**(16)**	**(39)**	**23**	**(59.0)%**

36 INCOME TAXES

The following table provides the breakdown of ***Income taxes*** for 2015 and 2014.

(millions of euro)	2015	2014	Change	
	12 months	12 months	Amount	%
Current tax	(75)	(86)	11	(12.79)%
Previous years income taxes	48	4	44	n.m.
Deferred tax	36	185	(149)	(80.5)%
Total income taxes	**9**	**103**	**(94)**	**(91.3)%**

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

- current income taxes expense of €75 million (of which €43 million for charge from tax consolidation procedure “IRES tax” and €32 million for IRAP tax) charged on the consolidated taxable income for 2014;
- adjustment on previous years income taxes of €48 million, of which €10 million for negative effect on deferred tax income;

- net deferred tax income of €36 million, arising from release of €44 million in deferred tax assets mainly relating to the changes in temporary differences arising from measurements of financial liabilities and from the release of deferred tax liabilities of €80 million, mainly relating to the changes in temporary differences arising from non-current assets.

The following table provides a reconciliation between the theoretical tax rate and the effective tax rate for 2015 and 2014.

(millions of euro)		**2015**		**2014**
Theoretical tax rate	27.50%		27.50%	
Profit before tax	**419**		**(812)**	
Theoretical tax assets relating to IRES		115		(223)
Non-deductible costs/non-taxable revenue		(55)		(3)
Non-recognized deferred tax assets		-		82
Effect of change in tax rates		(53)		-
Adjustments to previous years taxes		(48)		(7)
Actual IRES tax (current and deferred)		(41)		(151)
Effective IRES tax rate	(9.73)%		18.65%	
IRAP tax at Group level		32		48
Actual tax expense (benefit) recognized in profit or loss		(9)		(103)
Overall tax rate	(2.09)%		12.74%	

The above reconciliation between the theoretical and effective tax rates has been performed solely for IRES tax (corporate income taxes) purposes. The IRAP tax charge is included to reconcile with the overall *income taxes* expense in the financial statements.

37 RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

In reference to transactions with the parent Wind Acquisition Holdings Finance SpA, on April 23, 2014 and on August 4, 2014 two intercompany loans of up to €925 million (fully disbursed at December 31, 2014) and up to €75 (which €43.7 million disbursed at December 31, 2014) were signed, for which details may be found in note 6.

Transactions with the associate Galata SpA arise from the service agreement signed with the Parent Company for the provision of a wide range of services, for which details may be found in note 3.

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

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

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

(thousands of euro)	Year ended December 31, 2015							
	Revenue	Finance income / Foreign (exchange losses)	Expenses	Trade receiv.	Other receiv.	Financial receiv.	Trade payables	Other payables
ArmenijaTelefonKompani	14	-	3	1	-	-	30	-
DiGi(Malaysia)	9	-	2	6	-	-	4	-
DTAC/UCOM(Thailand)	8	-	22	1	-	-	6	-
GrameenPhone(Bangladesh)	79	-	40	29	-	-	45	-
KaR-Tel	91	-	7	7	-	-	35	-
Kievstar	744	-	23,202	658	78	-	9,456	-
MaritimCommunicationPartnerAS	-	-	263	-	-	-	72	-
MobitelLLCGeorgia	9	-	7	-	-	-	9	-
OrascomTelecomAlgeriaSpA	160	-	259	178	-	-	17	-
OrascomTelecomBangladeshLtd.	9	-	20	402	-	-	-	-
OrascomTelecomHoldingSAE	-	-	-	336	-	-	1,977	-
PakistanMobileCommunicationsLtd.	93	-	31	267	-	-	-	-
SKYMOBILELLC	1	-	1	-	-	-	2	-
TelenorMagyarorszagKFT	172	-	125	27	-	-	15	-
TelenorMobileCommunicationsAS	184	-	19	-	-	-	16	-
TelenorPakistan(Pakistan)	5	-	2	1	-	-	2	-
TelenorSerbia(Serbia)	59	-	43	49	-	-	49	-
Unitel	6	-	3	2	-	-	1	-
Vimpelcomltd	2,019	-	-	-	4,979	-	-	-
VimpelComLaoCo,Ltd	-	-	-	1	-	-	-	-
Vympel-Kommunikacii	1,104	-	7,856	-	-	-	1,423	-
WeatherCapitalSarl	1	-	-	369	-	-	-	-
WINDAcquisitionHoldingsFinanceSpA	44	94,552	-	-	2,103	1,122,262	-	141,985
WindTelecomSpA*	279	(634)	6,924	-	36,112	-	-	26,410
GalataSpA	1,248	-	142,764	-	1,441	-	31,814	90
WindAcquisitionHoldingsFinanceIISA	15	-	-	124	-	-	-	-
WindAcquisitionHoldingsFinanceSA	65	-	-	-	-	-	-	53
SPAL TLC SpA**	99,188	-	9,500	-	-	-	-	-
VimpelcomInternationalservices	-	-	15,443	-	938	-	35,097	-
TacomLLC(Tajikistan)	33	-	-	-	-	-	-	-
TelenorSverigeAB	15	-	1	-	-	-	10	-
WeatherCapitalSpecialPurposesISA	62	-	-	444	-	-	-	-
KlaroluxInvestmentsSarl	17	-	-	88	-	-	-	-
GlobalLuxembourgSARL	17	-	-	81	-	-	-	-
GlobalTelecomSARL	17	-	-	81	-	-	-	-
GlobalTelecomFinanceSCA	18	-	-	81	-	-	-	-
GlobalLuxembourgFinanceSCA	17	-	-	81	-	-	-	-
GlobalTelecomAcquisition	15	-	-	67	-	-	-	-
GlobalTelecomOneSarl	15	-	-	67	-	-	-	-
GlobalTelecomOscar	25	-	-	116	-	-	-	-
VimpelComAmsterdamB.V.	-	-	-	-	4,565	-	-	413
CosmoBulgariaMobileEAD	74	-	74	22	-	-	-	-
Totale	**105,931**	**93,918**	**206,611**	**3,586**	**50,216**	**1,122,262**	**80,080**	**168,951**

*receivables and payables to Wind Telecom SpA relate in the amount of €13,294 thousand and of €1,720 thousand respectively to the transfer by the Parent and by the subsidiary WIND Retail Srl of its corporate income tax (IRES) payables to Wind Telecom SpA following the choice to take part in the national tax consolidation procedure with Wind Telecom SpA.

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

Directors

The Directors of the Parent, identified as "Key Management Personnel", did not receive compensation for 2015, as it was not deliberated by the ordinary shareholders' meeting. There were no transactions with directors in 2015.

38 NET FINANCIAL INDEBTEDNESS

The following statement shows the Group's net financial indebtedness broken down into its principal components, as already described in notes 6, 16 and 17 to the financial components of the statement of financial position.

(millions of euro)	At December 31, 2015	At December 31, 2014
Bonds issues	10,135	8,844
Bank loans	671	1,722
Loans from other	128	228
Derivative financial instruments	36	74
Non-current financial liabilities	**10,970**	**10,868**
Bonds issues	158	142
Bank loans	8	166
Loans from others	19	105
Derivative financial instruments	18	0
Current financial liabilities	**203**	**413**
TOTAL GROSS FINANCIAL INDEBTEDNESS	**11,173**	**11,281**
Cash and cash equivalents	**(282)**	**(203)**
Financial receivables	(20)	(21)
Current financial assets	**(20)**	**(21)**
Derivative financial instruments	(985)	(412)
Financial receivables	(1,109)	(991)
Non-current financial assets	**(2,094)**	**(1,403)**
NET FINANCIAL INDEBTEDNESS	**8,777**	**9,654**

The net financial indebtedness does not include the guarantee deposits for an amount of €5 million and €4 million at December 31, 2015 and at December 31, 2014, respectively.

39 CASH FLOW STATEMENT

Cash flows from operating activities, amounting to €875 million in 2015, increased of €92 million over 2014 mostly as an effect of the changes in working capital relating to the settlement of current assets and liabilities.

Investing activities used total cash of €142 million in 2015, a decrease of €1,389 million over the previous year, mainly due to: i) the sale of Galata SpA, for which details may be found in note 3; ii) an increase of €24 million in investments in fixed assets, mainly in LTE technology; and iii) the disbursement of a loan of approximately €31 million to the parent Wind Acquisition Holdings Finance SpA (€938 million was disbursed as a loan to Wind

Acquisition Holdings Finance SpA in 2014, only partially offset by the settlement of the Parent Company's loan to the indirect parent Wind Telecom SpA in the amount of €163 million).

For the year ended December 31, 2015 financing activities used cash of €654 million, mainly as a consequence of:

- the repayment of balance of the tranche at March 30, 2015 by an amount of €1,782 million;
- the issue on March 30 2015 of a new bond Senior Secured Notes for a total amount of €775 million and maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020, currently in circulation, for €375 million with a coupon of 4%;
- the renegotiation on March 12, 2015 of new senior facilities maturing in 2019 (€700 million);
- the repayment of €100 million of the revolving tranche of the Senior Facility Agreement;
- the payment of €19 million of fees, mainly related to refinancing operation finalized on March 30 2015;
- the repayment of €20 million, of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt of November 26, 2010;
- the repayment of €162 million of the payable due to the Ministry of Economic Development granted in 2011 as the result of the allocation of the mobile frequency use rights.

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

During 2014 cash flow from investing activities totaling €810 million primarily as a result of the increase in proceeds from bond issue in an aggregate nominal amount of €7,845 million, partially offset by the early repayment of the non-current financial liabilities in an aggregate nominal amount of €6,466 million, the payment of €458 million of fees, mainly related to new Senior Notes 2021, 2020 and 2019, the repayment of €81 million, of the payable due to the Ministry of Economic Development related to the allocation of the mobile frequency use rights, the repayment of €52 million, of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt of November 26, 2010 and the increase in overdraft of €26 million.

Moreover, in order to ensure better comparison of the items in the two periods under comparison, reclassifications have been made to the balances of Additional Information of the Cash Flow Statement for December 31, 2014 with the following effects: higher *Interest paid on loans/bonds* of €22 million.

40 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 as at December 31, 2015, excluding those situations in which the cost arising from a negative outcome of the proceedings cannot be estimated or for which a negative outcome is not considered probable.

Proceedings with agents

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

Proceedings concerning Misleading Advertising and Unfair Commercial Practices

Under Legislative decree no.146/2007, the Italian Antitrust Authority (AGCM) has the power to initiate proceedings concerning unfair commercial practices and misleading advertising and issue fines of up to €5 million for each proceeding (amount redefined by Law no. 135/12 August 2012). During 2015, three proceedings that were opened by AGCM against WIND for unfair commercial practices were closed with the payment of fines totalling €1.2 million and orders to cease the alleged unfair practices. WIND appealed before TAR Lazio, the Administrative Court of Lazio, the fines. In relation to one of the closed proceedings AGCM challenged WIND for non-compliance with the order to stop the alleged underlying unfair practice, and has fined WIND for a further €350 thousand. WIND appealed before TAR Lazio also this latter AGCM fine decision and the related proceedings are ongoing.

Audit by the Italian Tax Authority

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

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

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

Contingent assets and liabilities

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

Proceedings Concerning Electromagnetic Radiation

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

Audit on dealers' fees

In 2001 WIND received a dispute notice from the tax authorities regarding the tax treatment adopted in 1999, 2000 and 2001 for certain fees paid to dealers. With respect to tax disputes on year 1999 and 2001 WIND obtained a positive outcome in the supreme court proceedings.. The case currently remain pending before the supreme court for the year 2000. The dispute can be quantified in approximately €4 million plus penalties and interest.

WIND/Crest One SpA

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

WIND-Antitrust Authority (A/357)

On August 3, 2007, the Italian Antitrust Authority closed proceeding no. A/357 by ruling against WIND and Telecom Italia for abuse of their dominant positions in the wholesale termination market due to the discriminatory application of economic and technical conditions for fixed-to-mobile on net (fixed-mobile calls originating and terminating on the WIND network) and intercom calls (the calls on the internal telephone lines of a business customer) in favour of their respective internal divisions and to the detriment of fixed-line competitors. On August 31, 2008, WIND was fined and paid a sum of €2 million and ordered to cease the discriminatory behaviour. All avenues of appeal seeking to annul the decision were exhausted on October 1, 2015, without any modification to the outcome.

Fastweb/WIND

On January 2, 2014, Fastweb served a claim on WIND based on the antitrust proceedings no. A/357 – which in August 2007 condemned WIND and Telecom Italia for abuse of their dominant positions in the wholesale termination market in favour of their respective internal commercial divisions and to the detriment of the competitors in the fixed market (i.e. internal-external discriminatory application of economic and technical conditions for fixed-to-mobile on net and intercom calls to the business clients). Amongst other issues, WIND has argued that the claim is time barred because it was filed outside of the statute of limitations. On December 10, 2015, the presiding judge decided to defer any deliberations on the merits of the Fastweb claim and referred to the panel of the tribunal to deliberate on WIND's time-bar argument. The next hearing in the case is scheduled for March 30, 2016.

Guarantees

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

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

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

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

A description is provided below of personal guarantees (sureties) issued mainly by banks and insurance companies on behalf of the Group and in favor of third parties in respect of commitments of various kinds. The total of these, amounting to €108 million at December 31, 2015 includes:

- sureties totaling €21 million issued by insurance companies, mainly relating to participation in tenders;
- sureties totaling €87 million issued by banks, relating to participation in tenders, of which €34 million in favor of the Minister for Economic Development for the participation in the tender procedure it had been awarded for the frequency use rights in the 800, 1800, 2000 and 2600 MHz bands, to sponsorships, property leases, operations regarding prize competitions, events and excavation licenses.

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

41 SUBSEQUENT EVENTS

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

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

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

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

WIND TELECOMUNICAZIONI SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Wind Telecomunicazioni SpA

Report on the financial statements

We have audited the accompanying financial statements of Wind Telecomunicazioni SpA, which comprise the statement of financial position as of 31 December 2015, the income statement, statement of comprehensive income, cash flow statement, and statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of Wind Telecomunicazioni SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree n° 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Wind Telecomunicazioni SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

Report on compliance with other laws and regulations

Opinion on the consistency of the report on operations with the financial statements

We have performed the procedures required under auditing standard (SA Italia) n° 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of Wind Telecomunicazioni SpA, with the financial statements of Wind Telecomunicazioni SpA as of 31 December 2015. In our opinion, the report on operations is consistent with the financial statements of Wind Telecomunicazioni SpA as of 31 December 2015.

Rome, 9 March 2016

PricewaterhouseCoopers SpA

Signed by

Scott Cunningham
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

WIND Telecomunicazioni SPA

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

FINANCIAL STATEMENTS AND NOTES THERETO

CONTENTS

STATEMENT OF FINANCIAL POSITION

(millions of euro)	Note	At December 31, 2015	At December 31, 2014
Assets			
Property, plant and equipment	4	2,853	3,271
Intangible assets	5	8,020	8,266
Financial assets	6	1,220	1,108
Investments accounted for using the equity method	7	77	-
Deferred tax assets	8	119	141
Total non-current assets		**12,289**	**12,786**
Inventories	9	25	19
Trade receivables	10	1,029	970
Financial assets	6	23	23
Current tax assets	11	6	1
Other receivables	12	226	273
Cash and cash equivalents	13	237	141
Total current assets		**1,546**	**1,427**
TOTAL ASSETS		**13,835**	**14,213**
Equity and Liabilities			
Equity			
Issued capital		147	147
Share premium reserve		752	752
Other reserves		21	(3)
Retained earnings		(177)	(474)
Total equity	14	**743**	**422**
Liabilities			
Financial liabilities	15	9,597	9,937
Employee benefits	17	66	59
Provisions	18	118	176
Other non-current liabilities	19	138	160
Deferred tax liabilities	8	544	634
Total non-current liabilities		**10,463**	**10,966**
Financial liabilities	15	358	515
Trade payables	20	1,612	1,659
Other payables	21	646	650
Tax payables	22	13	1
Total current liabilities		**2,629**	**2,825**
Total liabilities		**13,092**	**13,791**
TOTAL EQUITY AND LIABILITIES		**13,835**	**14,213**

INCOME STATEMENT

(millions of euro)	Note	2015 12 months	2014 12 months
Revenue	23	4,302	4,390
Other revenue	24	126	243
Total revenue		**4,428**	**4,633**
Purchases and services	25	(2,317)	(2,355)
Other operating costs	26	(154)	(178)
Personnel expenses	27	(279)	(299)
Restructuring costs	28	(19)	-
Operating income before depreciation and amortization, reversal of impairment losses/impairment losses on non-current assets and gains/losses on disposal of non-current assets		**1,659**	**1,801**
Depreciation and amortization	29	(1,172)	(1,214)
Reversal of impairment losses/(impairment losses) on non-current assets	30	(30)	(12)
Losses on disposal of non-current assets	31	484	(5)
Operating income		**941**	**570**
Finance income	32	107	68
Finance expense	33	(802)	(938)
Foreign exchange gains/(losses), net	34	(16)	(1)
Profit / (Loss) before tax		**230**	**(301)**
Income taxes	35	67	(48)
Profit / (Loss) for the year		**297**	**(349)**

STATEMENT OF COMPREHENSIVE INCOME

(millions of euro)	Note	2015 12 months	2014 12 months
Profit / (Loss) for the year		**297**	**(349)**
Other comprehensive income that will be reclassified subsequently to profit or loss			
Gains/(losses) on cash flow hedging instruments		30	(5)
Total Other comprehensive income that will be reclassified subsequently to profit or loss	14	**30**	**(5)**
Total Other comprehensive income that will be reclassified subsequently to profit or loss			
Gains/(losses) on remeasurement of defined benefit plans		(8)	(7)
Income tax relating to components of Other comprehensive income that will not be reclassified subsequently to profit or loss		2	2
Total Other comprehensive income that will not be reclassified subsequently to profit or loss	14	**(6)**	**(5)**
Total Other comprehensive income for the year, net of tax		**24**	**(10)**
Total comprehensive income for the year		**321**	**(359)**

CASH FLOW STATEMENT

(millions of euro)	2015 12 months	2014 12 months
Cash flows from operating activities		
Profit / (Loss) for the year	**297**	**(349)**
Adjustments to reconcile the loss for the year with the cash flows from / (used in) operating activities		
Depreciation, amortization and (reversal of impairment losses)/impairment losses on non-current assets	1,202	1,226
Net changes in provisions and employee benefits	(44)	(97)
Loss on disposal of non-current assets	7	4
Gain from sale of subsidiaries	(491)	-
Impairment on investments	13	-
Changes in current assets	(85)	79
Changes in current liabilities	(73)	(17)
Net cash flows from operating activities	**826**	**846**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(558)	(554)
Proceeds from sale of property, plant and equipment	-	-
Acquisition of intangible assets	(220)	(200)
Proceeds from sale of subsidiaries	669	-
Inflows/(outflows) from loan granted	(31)	(775)
Net cash flows used in investing activities	**(140)**	**(1,529)**
Cash flows from financing activities		
Changes in loans	(607)	698
Changes in current accounts with subsidiaries	17	-
Net cash flows from / (used in) financing activities	**(590)**	**698**
Net cash flows for the year	**96**	**15**
Cash and cash equivalents at the beginning of the year	141	126
Cash and cash equivalents at the end of the year	**237**	**141**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

(millions of euro)	2015 12 months	2014 12 months
Income taxes paid	(66)	(190)
Interest paid on loans/bonds	(610)	(710)
Interest (paid) / received on hedging derivative instruments	(29)	(41)

STATEMENT OF CHANGES IN EQUITY

(millions of euro)	Issued capital	Share premium reserve	Other reserves	Retained earnings/(losses carried forward)	**Shareholders' Equity**
	Equity				
Balances at January 31, 2014	**147**	**752**	**7**	**(124)**	**782**
Total comprehensive income for the year	**-**	**-**	**(10)**	**(349)**	**(359)**
- Loss for the year	-	-	-	(349)	**(349)**
- Cash flow hedges	-	-	(5)	-	**(5)**
- Remeasurement of defined benefit plans	-	-	(5)		**(5)**
Transactions with equity holders	**-**	**-**	**-**	**(1)**	**(1)**
- Other	-	-	-	(1)	**(1)**
Balances at December 31, 2014	**147**	**752**	**(3)**	**(474)**	**422**
Total comprehensive income for the year	**-**	**-**	**24**	**297**	**321**
- Profit for the year	-	-	-	297	**297**
- Cash flow hedges	-	-	30	-	**30**
- Remeasurement of defined benefit plans	-	-	(6)	-	**(6)**
Transactions with equity holders	-	-	-	-	**-**
Balances at December 31, 2015	**147**	**752**	**21**	**(177)**	**743**

NOTES TO THE FINANCIAL STATEMENTS OF THE WIND TELECOMUNICAZIONI SPA AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

1 INTRODUCTION

WIND Telecomunicazioni SpA ("WIND" or the "Company") is a joint stock company having its registered office in Via Cesare Giulio Viola, 48, Rome (Italy), and is controlled by Wind Telecom SpA through WIND Acquisition Holdings Finance SpA which wholly owns WIND Telecomunicazioni SpA. At the date of the present financial statements as of and for the year ended December 31, 2015 Vimpelcom Amsterdam BV holds 92.24% of Wind Telecom SpA. Vimpelcom BV Amsterdam is controlled by Vimpelcom Ltd which is listed on the NASDAQ market.
WIND Telecomunicazioni SpA operate in Italy in the fixed and mobile telecommunications sector under the brands *"Infostrada"* and "*Wind*" respectively.

The Company closed 2015 with a profit before tax of €230 million (a loss before tax of €301 million in 2014) and a profit for the year from continuing operation of €297 million (a loss of €349 million in 2014). This result reflects the increase in operating income mainly due to the gain on the sale of Galata SpA and to lower negative net finance expense mainly due to the refinancing operations completed in 2014 and in March 2015 which offset the negative effect of the competitive pressure on revenues.

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

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

On March 30, 2015 the Company received the disbursement of a new intercompany loan from the subsidiary Wind Acquisition Finance SA (of €775 million) in consequence the placement by the subsidiary of the Senior Secured Notes maturing in 2020, through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020 (issued on July 2014) for €375 million with a coupon of 4%. The Company used the cash obtained from new intercompany loan and the renegotiation of new senior facilities maturing in 2019 (700 million euro), and a part of the consideration from the sale of Galata SpA (500 million euro), to refinance the previous Senior Facility Agreement.
The solid commercial performance and ongoing cost structure optimization process has enabled the Company to maintain its competitive position during 2015, despite the weak market and the continuing challenging macroeconomic environment which, however, displays weak signals of recovery. The efficiency and cost optimization processes are further enhanced by the integration with the VimpelCom Group, mainly through the achievement of synergies. During the first three months of 2015, the Company completed the sale of 90% of the shares of its fully owned tower subsidiary Galata SpA to Cellnex Telecom (formerly named Abertis). The proceeds of the transaction

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

In 2016, the WIND will continue to explore and develop the most promising opportunities arising from the combination of new technologies and new needs expressed by the market, with a particular focus on digital channels in terms of new services, customer interaction and process efficiencies, as well as increasing its focus on the B2B segment of the market. WIND will continue to consolidate its position in the mobile, fixed-line voice and internet segments as well as developing its convergent business model, with a further strong push on efficiency and on the optimization of its cost structure.

2 GENERAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of WIND Telecomunicazioni SpA at December 31, 2015 have been prepared on a going concern basis and in accordance with the IFRS endorsed by the European Union.

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

During the year no exceptional events occurred such as to require the waivers provided for by IAS 1.

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

For presentation purposes, the current/non-current distinction has been used for the statement of financial position, while expenses are analyzed in the income statement using a classification based on their nature. The indirect method has been selected to present the cash flow statement.

For the purposes of comparison, balances in the statement of financial position have been reclassified where necessary. These reclassifications, for which details may be found in note 38, do not affect the Compnay's profit for the year or equity.

These financial statements were approved by the Company's Board of Directors on February 12, 2016.

2.2 Summary of main accounting policies

The principal accounting policies adopted in preparing these financial statements are set out below.

- ***Property, plant and equipment***

Property, plant and equipment are stated at purchase cost or production cost, net of accumulated depreciation and any impairment losses. Cost includes expenditure directly attributable to bringing the asset to the location and condition necessary for use and any dismantling and removal costs which may be incurred as a result of contractual obligations which require the asset to be returned to its original state and condition.

Costs incurred for ordinary and cyclical repairs and maintenance are taken directly to profit or loss in the period in which they are incurred. Costs incurred for the expansion, modernization or improvement of the structural elements of owned or leased assets are capitalized to the extent that they have the requisites to be separately identified as an asset or part of an asset, in accordance with the "component approach". Under this approach each asset is treated separately if it has an autonomously determinable useful life and carrying amount. Depreciation is charged systematically, on a straight-line-basis from the date the asset is available and ready for use over its estimated useful life.

The useful lives of property, plant and equipment and their residual values are reviewed and updated, where necessary, at least at each year end. Land is not depreciated. When a depreciable asset is composed of identifiable separate components whose useful lives vary significantly from those of other components of the asset, depreciation is calculated for each component separately, applying the "component approach".

The useful lives estimated by the Company for the various categories of property, plant and equipment are as follows.

Plant and machinery	5-20 years
Planning and development costs of the fixed line and mobile telephone network	Residual term of license
Equipment	4 years
Other assets	5-10 years

Gains or losses arising from the sale or retirement of assets are determined as the difference between the selling price and the carrying amount of the asset sold or retired and are recognized in profit or loss under "Gains/(losses) on disposal of non-current assets".

Finance leases are leases that substantially transfer all the risks and rewards incidental to the ownership of assets to the Company. Property, plant and equipment acquired under finance leases are recognized as assets at their fair value or, if lower, at the present value of the minimum lease payments, including any amounts to be paid for exercising a purchase option. The corresponding liability due to the lessor is recognized as part of financial liabilities.

An asset acquired under a finance lease is depreciated over the shorter of the lease term and its useful life.

Lease arrangements in which the lessor substantially retains the risks and rewards incidental to ownership of the assets are classified as operating leases. Lease payments under operating leases are recognized as an expense in profit or loss on a straight-line basis over the lease term.

- ***Intangible assets***

Intangible assets are identifiable non-monetary assets without physical substance which can be controlled and which are capable of generating future economic benefits. Intangible assets are stated at purchase and/or production cost including any expenses that are directly attributable to preparing the asset for its intended use, net of accumulated amortization in the case of assets being amortized and any impairment losses. Amortization begins when an asset becomes available for use and is charged systematically on the basis of the residual possibility of utilization of the asset, meaning on the basis of its estimated useful life.

- *Industrial patents and intellectual property rights, concessions, licenses, trademarks and similar rights*

Costs for the purchase of industrial patents and intellectual property rights, concessions, licenses, trademarks and similar rights are capitalized. Amortization is charged on a straight-line basis such as to write off the cost incurred for the acquisition of a right over the shorter of the period of its expected use and the term of the underlying agreement, starting from the date on which the acquired right may be exercised. Trademarks are not amortized as they are considered to have an indefinite useful life.

- *Software*

Costs relating to the development and maintenance of software programs are expensed as incurred. Unique and identifiable costs directly related to the production of software products which are controlled by the Company and which are expected to generate future economic benefits for a period exceeding one year are accounted for as intangible assets. Direct costs – where identifiable and measurable – include the cost of employees who develop the software, together with a share of overheads as appropriate. Amortization is charged over the useful life of the software which is estimated at 5 years.

- *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the interest acquired in the fair value at the acquisition date of the assets and liabilities of the entity or business acquired and is mainly relates to Infostrada SpA (2002), Wind Acquisition Finance SpA (2006), and goodwill arised as a result of acquisition of participation in Blu SpA (2002). Goodwill relating to investments accounted for using the equity method is included in the carrying amount of the investment. Goodwill is not systematically amortized but is rather subject to periodic tests to ensure that the carrying amount in the statement of financial position is recoverable ("impairment test"). Impairment tests are carried out annually or more frequently when events or changes in circumstances occur that could lead to an impairment loss on the cash generating units ("CGUs") to which the goodwill has been allocated. An impairment loss is recognized whenever the recoverable amount of goodwill is lower than its carrying amount. The recoverable amount is the higher of the fair value of the CGU less costs to sell and its value in use, which is represented by the present value of the cash flows expected to be derived from the CGU during operations and from its disposal at the end of its useful life. The method for calculating value in use is described in the paragraph below "Impairment losses". Once an impairment loss has been recognized on goodwill it cannot be reversed.

Whenever an impairment loss resulting from the above tests exceeds the carrying amount of the goodwill allocated to a specific CGU, the residual amount is allocated to the assets of that particular CGU in proportion to their carrying amounts. The carrying amount of an asset under this allocation is not reduced below the higher of its fair value less costs to sell and its value in use as described above.

- *Customer list*

The customer list as an intangible asset consists of the list of customers identified on allocating the goodwill arising on acquisitions carried out by the Company. Amortization is charged on the basis of the respective estimated useful lives, which range from 5 to 15 years.

➢ *Customer Acquisition Costs*

These consist mainly of the cost of commissions paid to the sales network, which in line with sector practice are capitalized as intangible assets from 2010, in accordance with the principles of reference, and amortized over the minimum contract term.

- ***Impairment losses***

At each reporting date, property, plant and equipment and intangible assets with finite lives are assessed to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset concerned is estimated and any impairment loss is recognized in profit or loss. Intangible assets with indefinite useful lives are tested for impairment annually or more frequently when events or changes in circumstances occur that could lead to an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which is represented by the present value of its estimated future cash flows. In determining an asset's value in use the estimated future cash flows are discounted using a pre-tax rate that reflects the market's current assessment of the cost of money for the investment period and the specific risk profile of the asset. If an asset does not generate independent cash flows, its recoverable amount is determined in relation to the cash-generating unit (CGU) to which it belongs. An impairment loss is recognized in the profit or loss when the carrying amount of an asset or the CGU to which it is allocated exceeds its recoverable amount. If the reasons for previously recognizing an impairment loss cease to exist, the carrying amount of an asset other than goodwill is increased to the carrying amount of the asset that would have been determined (net of amortization or depreciation) if no impairment loss had been recognized on the asset, with the reversal being recognized in profit or loss.

- ***Investments***

Investments in subsidiaries and associates are measured at cost. Investments in other companies are measured at fair value through profit or loss. If fair value cannot be reliably determined an investment is measured at cost.

Cost is adjusted for impairment losses if necessary, as described in the paragraph "Impairment losses". If the reasons for an impairment loss no longer exist, the carrying amount of the investment is increased up to the extent of the loss with the related effect recognized in profit or loss. Any risk arising from losses exceeding the carrying amounts of investments is accrued in a specific provision to the extent of the Company's legal or constructive obligations on behalf of the investee or in any case to the extent that it is required to cover the losses. Investments held for sale or to be wound up in the short term are classified as current assets at the lower of their carrying amount and fair value less costs to sell.

- ***Financial instruments***

Financial instruments consist of financial assets and liabilities whose classification is determined on their initial recognition and on the basis of the purpose for which they were purchased. Purchases and sales of financial instruments are recognized at settlement date.

➢ *Financial assets*

Financial assets are initially recognized at fair value and classified in one of the following four categories and subsequently measured as described below:

i) Financial assets at fair value through profit or loss: this category includes financial assets purchased primarily for sale in the short term, those designated as such upon initial recognition, provided that the assumptions exist for such classification or the fair value option may be exercised, and financial derivatives except for the effective portion of those designated as cash flow hedges. These assets are measured at fair value; any change in the period is recognized in profit or loss as financial income or expense. Financial instruments included in this category are classified as current assets if they are held for trading or expected to be disposed of within twelve months from the reporting date. Derivatives are treated as assets or liabilities depending on whether their fair value is positive or negative; positive and negative fair values arising from transactions with the same counterparty are offset if this is contractually provided for.

ii) Loans and receivables: these are non-derivative financial instruments, mostly relating to trade receivables, which are not quoted on an active market and which are expected to generate fixed or determinable repayments. They are included as current assets unless they are contractually due over more than twelve months after the reporting date in which case they are classified as non-current assets. These assets are measured at amortized cost using the effective interest method. If there is objective evidence of factors which indicate an impairment loss, the asset is reduced to the discounted value of future cash flows. The impairment loss is recognized in profit or loss. If in future years the factors which caused the impairment loss cease to exist, the carrying amount of the asset is reinstated up to the amount that would have been obtained in case of application of amortized cost.

iii) Held-to-maturity investments: these are fixed maturity non-derivative financial instruments having fixed or determinable payments which the Company has the intention and ability to hold until maturity. These assets are measured at amortized cost using the effective interest method, adjusted as necessary for impairment losses. In the case of impairment the policies used for financial receivables will be applied.

iv) Available-for-sale financial assets: these are non-derivative financial instruments which are either specifically included in this category or included there because they cannot be classified in the other categories. These assets are measured at fair value and any related gain or loss is recognized directly in an equity reserve and subsequently recognized in profit or loss only when the asset is actually sold or, if there are cumulative negative changes, when it is expected that the losses recognized in equity cannot be recovered in the future. For debt securities, if in a future period the fair value increases due to the objective consequence of events occurring after the impairment loss has been recognized in profit or loss, the original value of the instrument is reinstated with the corresponding gain recognized in profit or loss. Additionally, the yields from debt securities arising from the use of the amortized cost method are recognized in profit or loss in the same manner as foreign exchange differences, whereas foreign exchange differences relating to available-for-sale equity instruments are recognized in the specific equity reserve. The classification as current or non-current assets is the consequence of strategic decisions regarding the estimated period of ownership of the asset and its effective marketability, with those which are expected to be realized within twelve months from the reporting date being classified as current assets.

Financial assets are derecognized when the right to receive cash flows from them ceases and the Company has effectively transferred all risks and rewards related to the instrument and its control.

➢ *Financial liabilities*

Financial liabilities consisting of loans, trade payables and other obligations are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method. When there is a change in expected cash flows which can be reliably estimated, the value of the loans is recalculated to reflect such change based on the present value of expected cash flows and the originally determined internal rate of return. Financial liabilities are classified as current liabilities except where the Company has an unconditional right to defer payment until at least twelve months after the reporting date.

Financial liabilities are derecognized when settled and the Company has transferred all the related costs and risks relating to the instrument.

➢ *Derivative financial instruments*

At the date of signing of the contract instrument is initially recognized at fair value, with subsequent changes in fair value being recognized as a financial component of income. Where instead it has been decided to use hedge accounting, meaning in those situations in which the hedging relationship is identified, subsequent changes in fair value are accounted for in accordance with the following specific criteria. The relationship between each derivative qualifying as a hedging instrument and the hedged item is documented to include the risk management objective, the hedging strategy and the means by which the hedging instrument's effectiveness will be assessed. An assessment of the effectiveness of each hedge is made when each derivative financial instrument becomes active and throughout the hedge term.

In the case of a fair value hedge, i.e. the hedge refers to changes in the fair value of a recognized asset or liability, the changes in the fair value of the hedging instrument and those of the hedged item are both recognized in profit or loss. If the hedge is not fully effective, meaning that these changes are different, the non-effective portion is treated as finance income or expense for the year in the income statement.

For a cash flow hedge, the fair value changes of the derivative are subsequently recognized, limited to the effective portion, in a specific equity reserve (the "cash flow hedge reserve"). A hedge is normally considered highly effective if from the beginning and throughout its life the changes in the expected cash flows for the hedged item are substantially offset by the changes in the fair value of the hedging instrument. When the economic effects deriving from the hedged item are realized, the reserve is reclassified to the income statement together with the economic effects of the hedged item. Whenever the hedge is not highly effective, the non-effective portion of the change in fair value of the hedging instrument is immediately recognized as a financial component of the profit or loss for the year. Cash flow hedges also include hedges of the currency risk for transactions carried out in US dollars. These obligations are translated at the year-end exchange rate and any resulting exchange gains and losses are offset in the income statement against the change in the fair value of the hedging instrument.

When hedged forecast cash flows are no longer considered highly probable during the term of a derivative, the portion of the "cash flow hedge reserve" relating to that instrument is reclassified as a financial component of the profit or loss for the year. If instead the derivative is sold or no longer qualifies as an effective hedging instrument, the "cash flow hedge reserve" recognized to date remains as a component of equity and is reclassified to profit or loss for the year in accordance with the criteria of classification described above when the originally hedged transaction takes place.

- ***Determination the fair value***

Quotations at the reporting date are used to determine the fair value of financial assets and financial liabilities listed on active markets. In the absence of an active market, fair value is determined by referring to prices supplied by third-party operators and by using valuation models based primarily on objective financial variables and, where possible, prices in recent transactions and market prices for similar financial instruments. The Company use unobservable inputs to determinate the fair value of embedded derivatives.

- ***Sales of receivables***

The Company carries out sales of receivables under factoring arrangements in accordance with Law 52/1991. These sales are characterized by the transfer of substantially all the risks and rewards of ownership of the receivables to third parties, meeting IFRS requirements for derecognition. Specific servicing contracts, through which the buyer confers a mandate to WIND Telecomunicazioni SpA. for the collection and management of the receivables, leave the current Company/customer relationship unaffected.

- ***Taxation***

Income taxes are recognized on the basis of taxable profit for the year and the applicable laws and regulations, using tax rates prevailing at the reporting date.

Deferred taxes are calculated on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the tax rates that are expected to apply for the years when the temporary differences will be realized or settled and tax losses carried forward will be reversed, based on tax laws that have been enacted or substantively enacted by the reporting date. An exception to this rule regards the initial recognition of goodwill and temporary differences connected with investments in subsidiaries when the Company is able to control the timing of the reversal of the temporary differences or when it is probable that the differences will not reverse.

Current and deferred taxes are recognized in profit or loss, except for those arising from items taken directly to equity; in such cases the tax effect is recognized directly in the specific equity item.

Tax assets and liabilities, including those regarding deferred taxation, are offset when they relate to income taxes levied by the same taxation authority on the same taxable entity and when the entity has a legally enforceable right to offset these balances and intends to exercise that right. In addition, current tax assets and liabilities are offset in the case that different taxable entities have the legally enforceable right to do so and when they intend to settle these balances on a net basis.

The Company's tax position and its presentation in the financial statements reflect the effects of the election made in 2006 and renewed in 2009 and in 2012 by the Italian parent Wind Telecom SpA to take part in the national tax consolidation procedure.

For the regulations on electing the tax consolidation procedure to apply, the Company that elected for consolidation is required to determine a single overall tax base for corporate income tax (IRES) purposes consisting of the sum of the taxable profit or tax loss of the Parent and those of its subsidiaries taking part in the procedure, and to settle a liability by making a single tax payment or to recognize a single tax credit for repayment or to be carried forward.
Therefore, it follows that a receivable or payable with the Parent is found in the financial statements on transferring a tax loss or taxable profit, respectively, in the place of the respective tax receivables or payables accrued by the Company.

- ***Inventories***

Inventories are stated at the lower of purchase cost or production cost and net estimated realizable value. Cost is determined using the weighted average cost method for fungible goods or goods held for resale. When necessary, provisions are made for slow-moving and obsolete inventories.

- ***Cash and cash equivalents***

Cash and cash equivalents are recognized at fair value and consist of short-term highly liquid investments (generally not exceeding three months) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

- ***Provisions***

Provisions are recognized for a loss or expense of a specific nature that is certain or probable to arise but for which the timing or amount cannot be precisely determined. Provisions are only recognized when the Company has a present legal or constructive obligation arising from past events that will result in a future outflow of resources, and when it is probable that this outflow of resources will be required to settle the obligation. The amount provided represents the best estimate of the present value of the outlay required to meet the obligation. The interest rate used in determining the present value of the liability reflects current market rates and takes into account the specific risk of each liability.
Risks, for which the likelihood of a liability arising is just possible, are disclosed in the notes under “Contingent assets and liabilities” and no provision is made.

- ***Employee benefits***

➢ *Short-term employee benefits*

Short-term employee benefits are recognized in profit or loss in the period when an employee renders the related service.

➢ *Post-employment benefits*

Post-employment benefits may be divided into two categories: 1) defined contribution plans and 2) defined benefit plans. Contributions to defined contribution plans are charged to profit or loss when incurred, based on their nominal value. For defined benefit plans, since benefits are determinable only after the termination of employment, costs are recognized in profit or loss based on actuarial calculations.
Defined benefit plans, which include the Italian post-employment benefits (TFR) which are due in accordance with the provisions of article 2120 of the Italian Civil Code and which are accrued up to December 31, 2006, are based on

an employee's working life and the remuneration received during service. The related liability is projected forward to calculate the probable amount payable at the termination date and is then discounted using the Projected Unit Credit Method, taking into account time before the actual payment of the benefit. The measurement of the liability recognized in the statement of financial position is carried out by third party actuaries, based on actuarial assumptions which relate mainly to: the discount rate, which must reflect market yields on the high quality corporate bonds having a term consistent with the expected term of the obligation and employee turnover.

As a consequence of the introduction of Law no. 296 of December 27, 2006 (the 2007 Finance Act) and subsequent decrees and regulations, the post-employment benefits accruing from January 1, 2007 are considered to be part of defined contribution plans and recognized in the same manner as other defined contribution plans, if the amounts are transferred to treasury funds of the national social security organization (INPS), or from June 30, 2007 or the date of employee election, if earlier, if transferred to private pension plans. The post-employment benefits accrued up to these dates remain defined benefit plans, with the related actuarial calculations.

At each reporting date, actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Company's obligation at year end, which arise from changes in the actuarial assumptions referred to above, are recognized in among other components of the Separate Statement of Comprehensive Income as provided in the amendment IAS 19 adopted by the Company from January 2013.

➢ *Termination benefits and redundancy incentive schemes*

Benefits due to employees on the termination of employment contracts are treated as a liability when the Company is demonstrably committed to terminating these contracts for a single employee or group of employees before the normal retirement date or to granting termination benefits in order to facilitate voluntary resignations of surplus employees following a formal proposal. These benefits do not create future economic advantages to the Company and the related costs are therefore immediately recognized in profit or loss.

- ***Translation of items in non-euro currencies***

Transactions in foreign currencies are translated into euros at the exchange rate prevailing at the date of the transaction. Exchange gains and losses arising on the settlement of transactions and those arising on the translation at year-end exchange rates of monetary assets and liabilities are recognized in profit or loss.

With reference to foreign transactions whose currency risk is covered with derivatives, further details are provided in the note *Financial instruments*.

- ***Revenue recognition***

Revenue is recognized at the fair value of the consideration received, net of rebates and discounts. Revenue from the sale of goods is recognized when the Company transfers the risks and rewards of ownership of the goods. Revenue from services is recognized in profit or loss by reference to the stage of completion and only when the outcome can be reliably estimated.

More specifically, the criteria followed by the Company in recognizing core-business revenue are as follows:

➢ revenue arising from post-paid traffic, interconnection and roaming is recognized on the basis of the actual usage of each subscriber and telephone operator. Such revenue includes amounts paid for access to and usage of the Company network by customers and other domestic and international telephone operators;

- revenue from the sale of prepaid cards and recharging is recognized on the basis of the prepaid traffic actually used by subscribers during the year. The unused portion of traffic at period end is recognized as "Other payables - Prepaid traffic to be used";
- revenue from the sale of mobile phones and fixed-line phones and related accessories is recognized at the time of sale;
- one-off revenue from fixed and mobile (prepaid or subscription) activation and/or substitution, activation of new services and tariff plans is recognized for the full amount at the moment of activation to the extent of the related costs, or deferred over the minimum contractual term. In the case of promotions with a cumulative plan still open at year end, the activation fee is recognized on an accrual basis so as to match the revenue with the period in which the service may be used;
- one-off fees received for the granting of rights to use owned fiber optic cables are recognized at the time of the transfer of the underlying right and, therefore, of the related risks and rewards.

- ***Grants***

Grants are recognized when a formal decision of the disbursing government institution, in case of government grants, has been taken, with recognition being matched to the costs to which they relate. Grants related to income are taken to "Other revenue" in the Separate Income Statement, while grants related to Property, plant and equipment are recognized as deferred income in the Separate Statement of Financial Position and taken to the Separate Income Statement on a straight-line basis over the useful life of the asset to which the grant directly relates.

- ***Finance income and expense***

Finance income and expense is recognized on an accruals basis using the effective interest method, meaning at the interest rate that renders all cash inflows and outflows linked to a specific transaction financially equivalent.

Finance expenses that are directly attributable to the acquisition, construction or production of qualifying assets (as defined under IAS 23 – Borrowing Costs), which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized and amortized over the useful life of the class of assets to which they refer.

Finance income and expense primarily includes:

- Income/expense on cash deposits in banks and on loans and bonds;
- the effect of change of fair value of derivatives not designated as hedges and other assets when fair value assessment is required under IFRS;
- the non-effective portion of hedges not fully effective.

- ***Research and development costs and advertising expenses***

Research and development costs, as well as advertising expenses are charged directly to the separate income statement in the year in which they are incurred except for development costs related to intangible assets - software.

- ***New accounting standards and interpretations***

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

Accounting standards, amendments and interpretations adopted from January 1, 2015

The following is a brief description of the new standards and interpretations adopted by the Company in the preparation of the financial statements at December 31, 2015.

- *Annual Improvements to IFRSs 2011 – 2013 Cycle*

The main amendments included in the Annual Improvements to IFRSs - 2011-2013 Cycle adopted by the European Union on December 18, 2014 and effective from January 1, 2015 are as follows: i) the amendment to IAS 40 - Investment Property; ii) the amendment to IFRS 3 - Business Combinations (that clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself) and iii) the amendment to IFRS 13 - Fair Value Measurement (that clarifies the scope of certain exceptions to the principle of measuring financial assets and liabilities on a net portfolio exposure basis).

The adoption of these amendments had no effect on the separate financial statements for the year ended December 31, 2015.

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

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

STANDARD / INTERPRETATION	EFFECTIVE DATE
Annual Improvements to IFRSs 2010 – 2012 Cycle	February 1, 2015*
Amendments to IAS 19 – *Defined benefit Plans: Employee Contributions*	February 1, 2015*
Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendments to IAS 16 and IAS 41: Bearer Plants	January 1, 2016
Amendments to IAS 1: *Disclosure Initiative*	January 1, 2016
Annual Improvements to IFRSs 2012 – 2014 Cycle	January 1, 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	January 1, 2016

(*) standard effective for the preparation of the financial statements at December 31, 2016

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
Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception*	January 1, 2016
IFRS 14 – *Regulatory Deferral Accounts*	January 1, 2016
IFRS 9 – *Financial Instruments*	January 1, 2018
IFRS 15 – *Revenue from Contracts with Customers*	January 1, 2018
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016 (to be amended)

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

2.3 Use of estimates

The preparation of these separate financial statements required management to apply accounting policies and methodologies based on complex, subjective judgments, estimates based on past experience and assumptions determined from time to time to be reasonable and realistic based on the related circumstances. The use of these estimates and assumptions affects the amounts reported in the statement of financial position, the income statement and the cash flow statement as well as the notes. The final amounts for items for which estimates and assumptions were made in the separate financial statements may differ from those reported in these financial statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

In this respect, the situation caused by the persisting difficulties of the economic and financial environment in the Eurozone led to the need to make assumptions regarding future performance which are characterized by significant levels of uncertainty; as a consequence, therefore, it cannot be excluded that results may arise in the future which differ from estimates, and which therefore might require adjustments, even significant, to be made to the carrying amount of assets and liabilities, which at the present moment can clearly neither be estimated nor predicted. The main items affected by these situations of uncertainty are non-current assets (tangible and intangible assets), deferred tax assets, provisions, contingent liabilities e impairment provisions.

The estimates and underlying assumptions are reviewed periodically and continuously by the Company. If the items considered in this process perform differently, then the actual results could differ from the estimates, which would accordingly require adjustment. The effects of any changes in estimate are recognized in profit or loss in the period in which the adjustment is made if it only affects that period, or in the period of the adjustment and future periods if it affects both current and future periods.

The accounting principles requiring a higher degree of subjective judgment in making estimates and for which changes in the underlying conditions could significantly affect the separate financial statements are briefly described below.

- Goodwill: goodwill is tested for impairment at least on an annual basis to determine whether any impairment losses have arisen that should be recognized in profit or loss. More specifically, the test is performed by allocating the goodwill to a cash generating unit (CGU) and subsequently estimating the unit's fair value. Should the fair value of the net capital employed be lower than the carrying amount of the CGU, an impairment loss is recognized on the allocated goodwill. The allocation of goodwill to cash generating units and the determination of the fair value of a CGU require estimates to be made that are based on factors that may vary over time and that could as a result have an impact on the measurements made by management which might be significant.
- Impairment losses on non-current assets: non-current assets are reviewed to determine whether there are any indications that the carrying amount of these assets may not be recoverable and that they have suffered an impairment loss that needs to be recognized. In order to determine whether any such elements exist it is necessary to make subjective measurements, based on information obtained within the Company and in the market and also on past experience. When a potential impairment loss emerges it is estimated by the Company using appropriate valuation techniques. The identification of the elements that may determine a potential impairment loss and the estimates used to measure such loss depend on factors which may vary over time, thereby affecting estimates and measurements.
- Depreciation of non-current assets: the cost of property, plant and equipment is depreciated on a straight-line basis over the useful lives of the assets. The useful life of property, plant and equipment is determined when the assets are purchased and is based on the past experience of similar assets, market conditions and forecasts concerning future events which may affect them, amongst which are changes in technology. The actual useful lives may therefore differ from the estimates of these. The Company regularly reviews technological and business sector changes, dismantling costs and recoverable amounts in order to update residual useful lives. Such regular updating may entail a change of the depreciation period and consequently a change in the depreciation charged in future years.
- Deferred tax assets: the recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognize deferred tax assets depends on factors which may vary over time and which may lead to significant effects on the measurement of this item.
- Contingent liabilities and provisions: the accruals related to legal, arbitration and fiscal disputes are the result of a complex estimation process based upon the probability of an unfavorable outcome. The definition of such provisions entails making estimates based on currently known factors which may vary over time and which could actually turn out to be significantly different from those referred to in preparing the notes to these financial statements.

2.4 Risk management

Credit risk

The WIND's credit risk is principally associated with trade receivables which at December 31, 2015 amounted to €1,029 million. The Company minimizes credit risk through a preventive credit check process which ensures that all customers requesting new products and services or additions to existing services are reliable and solvent, also by using a preference for contracts which provide for the use of automatic payment methods with the aim of reducing the underlying credit risk. This check is carried out in the customer acceptance phase through the use of internal and external information.

The Company additionally exercises timely post-customer acquisition measures for the purpose of credit collection such as the following:

- sending reminders to customers;
- employing measures for the collection of overdue receivables, separated by strategy, portfolio and customer profiles;
- measuring and monitoring the debt status through reporting tools.

As a general rule, the Company has a limited level of credit concentration as the consequence of diversifying its product and services portfolio to its customers. In particular, a small concentration of credit may be found in the business that WIND Telecomunicazioni SpA carries out with dealers and domestic and international operators.

WIND Telecomunicazioni SpA is also assisted by sureties issued by primary banks as collateral for the obligations resulting from supplies and receivables from dealers.

In relation to the exposure of financial counterparties' credit risk, Wind complies with Vimpelcom Group Treasury Policy, reviewing and amending, in accordance with the holding company, the credit limits set for each national and international banking group.

These credit limits take into consideration the sum of the following components (NFA or, Net Financial Assets): i) availability of balances in bank or postal current accounts; ii) deposits or short term financial investments; iii) positive mark to market arising on derivatives used for hedging; and iv) bank guarantees issued in favour of the company.

The Company had a positive net balance in its current accounts of €237 million at December 31, 2015. The WIND's credit risk exposure from derivative contracts is represented by their realizable value or fair value, if positive.

The negative fair value of the entire portfolio at December 31, 2015 was €54 million (details of this may be found in note 16).

Liquidity risk

Liquidity risk arises mostly from the cash flows generated by debt servicing, in terms of both interest and principal, and from all of the WIND's payment obligations that result from business activities.

Specifically the debt managed by the Group is composed of:

- a floating rate long-term loan agreement (the Senior Facility Agreement) entered on November 24, 2010 by the Company and renegotiated on March 12, 2015, for whose effects may be found in note 16, denominated in euros, with full repayment at maturity in 2019 and with total nominal value of 700 million euro to which is added €400 million of unused revolving credit facility at December 31, 2015;

- the intercompany loans denominated in Euro, issued by Luxembourg-based subsidiary Wind Acquisition Finance SA to WIND follow:

(millions of euro)	Issue date	Notional amount	Scadenza	Tasso di interesse
Loan Agreement 2021	04/23/2014	3,780	03/23/2021	6.8500%
Loan Agreement 2020	07/10/2014	4,088	06/15/2020	4.40%
Loan Agreement 2019	04/29/2013	150	03/30/2019	Eur3M+5.70%
Loan Agreement 2020	04/29/2013	420	03/30/2020	Eur6M+5.70%
Loan Agreement 2020	03/30/2015	400	06/15/2020	4.55%
Loan Agreement 2020	03/30/2015	375	06/15/2020	4.125%
Loan Agreement ST	10/27/2015	59	01/11/2016	0.84%
Loan Agreement ST	10/15/2015	31	01/11/2016	0.98%
Loan Agreement ST	12/15/2015	100	01/13/2016	0.86%

- other amortizing loans in euros of the Company granted by: i) financial institutions, against the repayment plan of the fair value of the derivatives extinguished in 2010 since they were hedging loans repaid as part of the refinancing of the Company's debt e ii) Terna against the capitalization of expenditure for the backbone right of way.

The repayment flows expected in accordance with the described above agreements, with exclusive reference to the amounts used, are as follows.

(millions of euro)	2016	2017	2018	2019	2020	2021	2022/2035	Total
Senior Facilities Agreement	-	-	-	700	-	-	-	700
Annuity	17	-	-	-	-	-	-	17
Terna	1	1	1	2	2	2	120	129
Intercompany Loan 2021	-	-	-	-	-	3,780	-	3,780
Intercompany Loan June 2020	-	-	-	-	4,863	-	-	4,863
Intercompany Loan 2019	-	-	-	150	-	-	-	150
Intercompany Loan March 2020	-	-	-	-	420	-	-	420
Intercompany Loan ST	190	-	-	-	-	-	-	190
Totale	**208**	**1**	**1**	**852**	**5,285**	**3,782**	**120**	**10,249**

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

The following tables set forth the contractual due dates for financial liabilities, including those for interest payments, which are representative of the respective effects on the income statement calculated as of December 31, 2015 and 2014.

(millions of euro)	Carrying amount at December 31, 2015	Total Contractual cash flows	2016	2017	2018	2019	2020	2021	2022/2035
Non-derivative financial liabilities									
Bank loans	(674)	(843)	(36)	(36)	(36)	(735)	-	-	-
Bonds	(9,080)	(11,950)	(703)	(509)	(509)	(653)	(5,666)	(3,910)	-
Loans from others	(147)	(201)	(31)	(13)	(13)	(12)	(12)	(12)	(108)
Net derivative financial liabilities	(54)								
Outflows		(59)	(31)	(13)	(6)	(6)	(3)	-	-
Inflows		-	-	-	-	-	-	-	-
Total	**(9,955)**	**(13,053)**	**(801)**	**(571)**	**(564)**	**(1,406)**	**(5,681)**	**(3,922)**	**(108)**

(millions of euro)	Carrying amount at December 31, 2014	Total Contractual cash flows	2015	2016	2017	2018	2019	2020	2021	2022/2035
Non-derivative financial liabilities										
Bank loans	(1,877)	(2,357)	(198)	(97)	(97)	(267)	(1,698)	-	-	-
Bonds	(8,168)	(11,455)	(619)	(480)	(476)	(476)	(620)	(4,874)	(3,910)	-
Loans from others	(333)	(405)	(120)	(115)	(13)	(13)	(12)	(12)	(12)	(108)
Net derivative financial liabilities	(74)									
Outflows		(92)	(31)	(31)	(13)	(6)	(7)	(4)	-	-
Inflows		8	2	2	1	1	2	-	-	-
Total	**(10,452)**	**(14,301)**	**(966)**	**(721)**	**(598)**	**(761)**	**(2,335)**	**(4,890)**	**(3,922)**	**(108)**

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low based on liquidity in the markets the Company has access to, and recent history of refinancings. The Company believes that access to sources of funding is sufficiently available and the Company's policy is to diversify the funding sources where possible.

Market risk

The Company's strategy for managing interest rate and currency risks is aimed at both managing and controlling such financial risks. More specifically, this strategy is aimed at eliminating currency risk and optimizing debt cost wherever possible, taking into account the interests of the Company's stakeholders.

Managing market risk for WIND refers to financial liabilities from the time they actually arise or from when there is a high probability that they will arise.

More specifically, the following market risks are monitored and managed:

- Cash flow risk - this is the risk that movements in the yield curve could have an impact on the income statement in terms of greater finance expense.
- Fair value risk - this is the risk that movements in the yield curve could have an impact on the fair value of debt.
- Currency risk - this is the risk that the fair value of financial instruments in currencies other than the euro or their cash flows, or the amounts payable or receivable generated in the ordinary course of operations other than in euros, could be negatively affected by fluctuations in exchange rates.

The main objectives that the Company intends to reach are: i) to defend the strategic plan scenario from the effects of exposure to currency, interest rate and inflation risks, identifying an optimum combination of the fixed rate, floating rate and inflation components for financial liabilities; ii) to reduce the cost of debt; iii) to manage derivatives in compliance with the Company's approved strategies, taking into consideration the different effects that derivative transactions could have on the income statement and the statement of financial position.

At December 31, 2015 the interest rate risk was hedged to a level of approximately 82%, with a maximum hedge term of less than five years. At December 31, 2015, outstanding derivative contracts hedging interest rate risk total €1,370 million.

The outstanding balance of the long-term loans (excluding Terna) at December 31, 2015 amounted to €9,930 million, with the following fixed to floating ratio at that date.

(millions of euro)	**Outstanding at 12.31.2015**	**% at 12.31.2015**
At fixed rate	9,630	97%
At floating rate	300	3%

All derivative agreements were entered into at market rates, without any up-front payments or receipts (a zero cost basis) and with a credit margin being applied.

It is estimated that an increase of 100 basis points in the euro interest rate yield curve (all other variables remaining constant) would lead to an increase in borrowing costs, with regard to the unhedged portion of floating rate debt, of approximately €4 million and in the cash flow reserve of approximately €24 million.

Fair value hierarchy

IFRS 13 requires financial instruments recognised in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value. The following levels are used in this hierarchy:

- Level 1 – quoted prices in active markets for the assets or liabilities being measured;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) in the market;
- Level 3 – inputs that are not based on observable market data.

The following table provides an analysis of financial assets and liabilities measured at fair value by hierarchy at December 31, 2015.

(millions of euro)	Note	Level 1	Level 2	Level 3	Total
Assets at *fair value*					
Derivative financial instruments	16	-		15	15
Total assets		**-**		**15**	**15**
Liabilities at *fair value*					
Derivative financial instruments	16	-	54	-	54
Total liabilities		**-**	**54**	**-**	**54**

In 2015 there were no transfers either from Level 1 to Level 2 or vice versa or from Level 3 to other levels or vice versa.

3 ACQUISITIONS AND DISPOSALS

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

The following table provides details, at February 18, 2015, of the net assets contributed by statement of financial position item.

(millions of euro)	Carrying amount
Assets	
Property, plant and equipment	239
Deferred tax assets	2
Other receivables	43
Liabilities	
Provisions	14
Employee benefits	1
Other payables	1
Net assets sold	**268**

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

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

The fair value of Galata SpA at the transaction's date was determined equal to €770 million. Consequently, the sale of the investment in Galata SpA led to the recognition of a gain of €490 million after selling costs and the effects arising from the recognition of the residual 10% of the investment in €77 million.

In addition, the investment in SPAL TLC SpA was disposed on July 15, 2015; this was carried at €13 million at December 31, 2014.

4 PROPERTY, PLANT AND EQUIPMENT

The following table sets out the changes in ***Property, Plant and Equipment*** at December 31, 2015.

(millions of euro)	At December 31, 2014	Additions	Depreciation	Reversal of impairment losses / Impairment losses	Disposals	Others	At December 31, 2015
Land and buildings	1	-	-	-	-	-	1
Plant and machinery	3,021	454	(681)	(4)	(249)	135	2,676
Equipment	22	7	(11)	-	-	1	19
Other	49	10	(19)	-	-	7	47
Assets under construction	178	95	-	(24)	-	(139)	110
Total	**3,271**	**566**	**(711)**	**(28)**	**(249)**	**4**	**2,853**

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

(millions of euro)	At December 31, 2015			
	Cost	Accumulated impairment losses	Accumulated depreciation	Carrying amount
Land and buildings	1	-	-	1
Plant and machinery	10,699	81	7,942	2,676
Equipment	161	-	142	19
Other	506	-	459	47
Assets under construction	134	24	-	110
Total	**11,501**	**105**	**8,543**	**2,853**

The cost, accumulated impairment losses and accumulated depreciation at January 1, 2015 can be summarized as follows.

(millions of euro)	At January 1, 2015			
	Cost	Accumulated impairment losses	Accumulated depreciation	Carrying amount
Land and buildings	1	-	-	1
Plant and machinery	11,251	100	8,129	3,021
Equipment	158	-	137	21
Other	519	-	470	49
Assets under construction	178	-	-	178
Total	**12,107**	**100**	**8,736**	**3,271**

Plant and machinery decreased by €345 million over the previous year essentially due to the disposals relating the contribution on February 18, 2015 of the business unit "Tower Development" consisting of 7,377 towers to Galata SpA, for which further details may be found in note 3. The main investment in the year relates to the purchases and operations of radio links and high frequency equipment for the expansion of the mobile access network, exchanges and electronic installations and plant and machinery under construction (mostly LTE technologies).

As part of the plan for the development of the Company's production structure, disposals have been made of equipment, infrastructure and transmission systems having a carrying amount of €9 million which are no longer usable

At December 31, 2015, transmission equipment, telephone systems and commutation switchboards owned by the

Company and having a carrying amount of €99 million were held by customers for use (€122 million at December 31, 2014), while transmission equipment for direct access through "unbundling of the local loop" having a carrying amount of €4 million (€8 million at December 31, 2014) was held on deposit by Telecom Italia SpA.

Plant and machinery additionally includes the expenditure incurred to acquire the exclusive rights for the use of cable ducts and optic fiber for a total of €74 million at December 31, 2015 (€79 million at December 31, 2014).

At December 31, 2015, *Equipment* decreased over the balance at the end of the previous year by an amount of €3 million mainly as the result of the depreciation charge for the year only partially offset by the increased investments. Commercial equipment having a carrying amount of €14 million at December 31, 2015 was with third parties, mostly authorized dealers, for use at that date (€15 million al December 31, 2014).

The balance of *Assets under construction* at December 31, 2015 consists mainly of plant and machinery being completed and tested. The balance fell during the year due to reclassifications following the finalization of construction which were only partially offset by new investments, and to the write-down by €24 million of plant and machinery under construction for which does not believe recovery is possible.

5 INTANGIBLE ASSETS

The following table sets out the changes in ***Intangible assets*** at December 31, 2015.

(millions of euro)	At December 31, 2014	Additions	Amortization	Reversal of impairment losses/ (Impairment losses)	Others	At December 31, 2015
Industrial patents and intellectual property rights	259	108	(111)	-	17	273
Concessions, licenses, trademarks and similar rights	3,980	-	(192)	-	-	3,788
Other intangible assets	412	77	(158)	-	15	346
Goodwill	3,580	-	-	-	-	3,580
Assets under development	35	35	-	(2)-	(35)	33
Total	**8,266**	**220**	**(461)**	**(2)**	**(3)**	**8,020**

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

(millions of euro))	At December 31, 2015			
	Cost	Accumulated impairment losses	Accumulated amortization	Carrying amount
Industrial patents and intellectual property rights	1,846	7	1,566	273
Concessions, licenses, trademarks and similar rights	5,790	1	2,001	3,788
Other intangible assets	1,894	-	1,548	346
Goodwill	3,580	-	-	3,580
Assets under development	35	2	-	33
Total	**13,145**	**10**	**5,115**	**8,020**

The cost, accumulated impairment losses and accumulated amortization at January 1, 2015 can be summarized as follows.

(millions of euro))	At January 1, 2015			
	Cost	**Accumulated impairment losses**	**Accumulated amortization**	**Carrying amount**
Industrial patents and intellectual property rights	1,891	7	1,625	259
Concessions, licenses, trademarks and similar rights	5,790	1	1,809	3,980
Other intangible assets	1,803	-	1,391	412
Goodwill	3,580	-	-	3,580
Assets under development	35	-	-	35
Total	**13,099**	**8**	**4,825**	**8,266**

Industrial patents and intellectual property rights consist of the cost for the outright purchase of application software licenses or the right to use such licenses for an unlimited period and the capitalized costs relating to the time spent by the Company personnel in designing, developing and implementing information systems, which at December 31, 2015 amounted to €14 million (€12 million at December 31, 2014).

Concessions, licenses, trademarks and similar rights include individual licenses for the installation of networks and concessions to operate in the regulated activities of the telecommunications sector granted to the company by the relevant authorities, as detailed below.

Individual licenses or General Authorizations or Use of frequencies	**Date of issue**	**Date of expiry (*)**
WIND Telecomunicazioni SpA		
Installation of network and provision of voice telephony services on the Italian national territory (**)	February 1998	February 2018
Installation and provision of public telecommunications networks on the Italian national territory	April 1998	April 2018
Provision of public digital mobile communications services using DCS 1800 technology, including the possibility of operating in frequencies in the 900 MHz band using GSM technology pursuant to article 6, paragraph 6(c) of Presidential Decree no. 318 of September 19, 1997	June 1998	June 2018
Installation and provision of public telecommunications networks on the Italian national territory issued to Infostrada SpA now merged	April 1999	April 2019
Provision of third generation mobile communications services adopting the UMTS standard (IMT-2000 family) and the installation of the related network on the Italian national territory pursuant to article 6, paragraph 6(c) of Presidential Decree no. 318 of September 19, 1997	January 2001 (***)	December 2029
Use of frequencies for broadband point-multipoint radio networks in the 24.5-26.5 GHz band for the geographical area corresponding to the specified Italian region/autonomous province (****)	July 2002	July 2022
Use of frequencies for providing terrestrial publicly available broadband mobile services in the 800 and 2600 MHz bands.	February 2012 (*****)	December 2029

(*) Individual licenses are renewable in compliance with the regulations prevailing at the time of the renewal upon submission of an application at least 60 days prior to the expiry date (article 25, paragraph 6, of Decree no. 259/03)

(**) The Company has two licenses for network installation and the provision of fixed line telephony services following the merger of Infostrada SpA

(***) The term of the license came into effect on January 1, 2002

(***) A total of 21 individual point-multipoint licenses have been assigned

(****) The terrm of the license came into effect on January 1, 2013

Concessions, licenses, trademarks and similar rights for €1,300 million refer to trademarks which have an indefinite useful life.

Similar rights consist of rights of way and the right to use assets owned by third parties for a predetermined period of time and are initially recognized at their one-off purchase price, including any accessory costs. This item relates for the most part to the costs incurred by Infostrada SpA, now merged, for the purchase in 1998 of the right of way on the Italian railway network and the purchase of the right to use the existing optic fiber on the network and, commencing in 2014, to the capitalization of expenditure for the backbone rights of way of TERNA/TELAT, with with a net value at December 31, 2015 of €118 million.

Other intangible assets mainly relate to the residual value of the customer list, amounting to €263 million, identified upon allocating the goodwill at December 31, 2006 that arose from the merger of the former parent Wind Acquisition Finance SpA and to the customer acquisition costs amounting to €78 million.

Assets under development consist of the internal and external costs incurred for the purchase or development of intangible assets for which the respective ownership right has not yet been fully acquired at the end of the year or which relate to incomplete projects, and downpayments made to suppliers for the purchase of intangible assets. More specifically, intangible assets under development relate to the costs incurred for the design, development and implementation of information systems or specific modules thereof.

The carrying amount of *goodwill* recognized and of intangible assets with indefinite useful lives at December 31, 2015 was tested for impairment but no impairment losses were identified. The test was carried out by comparing the carrying amount with recoverable amount. More specifically, the recoverable amount was calculated on the basis of the discounted cash flows resulting from the 2015-2019 business plan. A growth rate of 1% was assumed for the years not covered by this plan. An interest rate of 8.24% was used to discount the cash flows, being the weighted average cost of capital, net of the tax effect, calculated using the capital asset pricing model. Sensitivity was performed simulating, compared to the base assumptions, cash flows reduction by estimating a growth rate of 0.5% for the years not covered by the plan. In all cases the recoverable amount of the net assets continue to be higher than their carrying amount.

6 FINANCIAL ASSETS

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

(millions of euro)	At December 31, 2015			At December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets measured at cost	95	-	**95**	108	-	**108**
Derivative financial instruments	15	-	**15**	6	-	**6**
Financial receivables	1,110	23	**1,133**	994	23	**1,017**
Total	**1,220**	**23**	**1,243**	**1,108**	**23**	**1,131**

Financial assets measured at cost consist of investments in subsidiaries and non-controlling interests in consortia. The change over December 31, 2014 is mainly due to the disposal on July 15, 2015 of the investment in SPAL TLC SpA with a carrying amount of €13 million at December 31, 2014.

The following table sets out investments in subsidiaries at December 31, 2015.

(thousands of euro)

Name	Registered office	Share/quota capital as of 12/31/2015	Share/quota holders' equity as of 12/31/2015(*)	Profit (loss) for the year ended 12/31/2015(*)	Holding % as of December 31, 2015	Carrying amount as of 12/31/2015
WIND Retail Srl	Roma - Via Cesare Giulio Viola, 48	1,027	36	2	100%	31,103
Wind Acquisition Finance SA	Lussemburgo - 125 Avenue du X September, L-2551	60,031	(133)	129	100%	61,797
Wind Acquisition Finance II SA	Lussemburgo - Boulevard Grande Duchesse Charlotte, 65	31	(213)	(44)	27,0%	8
WIND Finance SL S.A.	Lussemburgo - 125 Avenue du X September, L-2551	31	78	(52)	27,0%	8

(*) as per the financial statements prepared by the companies' directors for the approval of the Share/quotaholders meetings, changed, where needed, to be compliant with the Company's measurement criteria used for the preparation of these separate financial statements.

Investments in Wind Acquisition Finance II SA and in WIND Finance SL SA are considered subsidiaries because they are special purpose entities.

The following table sets out non-controlling interests in companies and consortia at December 31, 2015.

(thousands of euro)

Name	Registered office	Share/quota capital as of 12/31/2015	Share/quota holders' equity as of 12/31/2015	Profit (loss) for the year ended 12/31/2015
Consel - Consorzio Elis per la formazione professionale superiore a r.l.	Roma - Via Sandro Sandri, 45	51	1%	1
QXN Società consortile per azioni	Roma - Via Bissolati n.76	500	10%	50
Consorzio Janna	Cagliari - Loc. Sa Illetta, Strada Statale 195 Km 2.3	13,717	17,0%	2,072
MIX srl	Milano - Via Caldera, 21	99	9,75%	10
Dono per ... S.c.a.r.l.	Roma - Via di Santa Maria in Via, 12	30	33,33%	10

The item *Derivative financial instruments* includes the positive fair value of embedded derivatives on Loan Agreement 2019, 2020 and 2021 amounting to €15 million (€6 million on Loan Agreement at December 31, 2014.

The *Financial receivables,* amounting €1,133 million at December 31, 2015 mainly include:

- for €1,122 million the loans granted by WIND to the parent WIND Acquisition Holdings Finance SpA resulting from the two intercompany agreements signed on April 23, 2014 and August 4, 2014 respectively (of which €20 million relating accrued interest). In particular, the first one, with a nominal value of €1,057 million including capitalized interests at December 31, 2015 has an annual fixed interest rate of 9% and repayment date in April 2024. The second loan with a nominal value up to €75 million (with reimbursement in August 2024 and annual fixed interest rate of 8.5%) was disbursed for €45 million at December 31, 2015, including capitalized interests;
- the residual value of the transaction costs for the unused portion of bank loans (revolving tranches for which further details may be found in note 15) equal to €6 million (€7 million at December 31, 2014), which are charged to income statement on a straight-line basis over the term of the agreement.

The following table sets out the due dates for financial receivables.

(millions of euro)			At December 31, 2015				At December 31, 2014	
Financial receivables	**<1 year**	**1<x<5 years**	**>5 years**	**Total**	**<1 year**	**1<x<5 years**	**>5 years**	**Total**
Guarantee deposits	3	1	1	**5**	2	2	-	**4**
Receivables due from parents	20	-	1,102	**1,122**	17	-	980	**997**
Others	-	6	-	**6**	4	12	-	**16**
Total	**23**	**7**	**1,103**	**1,133**	**23**	**14**	**980**	**1,017**

The fair value is approximately the same as the carrying amount for *Financial assets* at December 31, 2015 and 2014.

7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The balance on ***investments accounted for using the equity method*** of €77 million at December 31, 2015 regards the investment in Galata SpA for which details may be found in note 3.

8 DEFERRED TAX ASSETS AND LIABILITIES

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

(millions of euro)	At December 31, 2014	Decrease	Increase	At December 31, 2015
Allowance for doubtful accounts (taxed)	69	50	27	46
Provisions for risks and charges (taxed)	26	12	13	27
Amortization and depreciation of non-current assets	46	15	14	45
Revenue	-	-	1	1
Deferred tax assets	**141**	**77**	**55**	**119**
Employee benefits	2	-	-	2
Accelerated depreciation and amortization	12	2	-	10
Fair value of Property, plant, and equipment	57	30	-	27
Depreciation of PPA	563	60	2	505
Deferred tax liabilities	**634**	**92**	**2**	**544**

The change shown in 2014 in *deferred tax assets* and in *deferred tax liabilities* is mainly due to the decrease in *deferred tax assets* on allowance for doubtful accounts and to a decrease in deferred tax liabilities relating to depreciations and amortizations. The reduction of the items is partly attributable to the adjustment of the IRES from 27.5% to 24% for the temporary differences will reversed after December 31, 2016.

The following table provides an analysis of ***Deferred tax assets*** and ***Deferred tax liabilities*** at December 31, 2015 and 2014, between those falling due within 12 months and those falling due after 12 months.

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	19	30
-after 12 months	100	111
Total	**119**	**141**

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	37	36
-after 12 months	507	598
Total	**544**	**634**

Deferred tax assets have been recognized by considering the probability of their recoverability and the extent to which the directors believe there is a reasonable certainty that sufficient profits will be generated in future years against which the losses may be used within the time limits imposed by prevailing tax laws and regulations.

Deferred tax assets were not recognized in respect of temporary differences carried forward indefinitely totalling €249 million (€197 million at December 31, 2014), arising from non-deductible finance expenses within the limits imposed by law, due to the lack of reasonable certainty of their recoverability. In addition, even if transferred to the tax consolidation, consistent with the terms of the agreement, no receivables due from the indirect parent Wind Telecom SpA have been recognized. In fact, on the basis of this agreement, if the excess interest expense is transferred to the national consolidation, the transferring company obtains the right to remuneration corresponding to the theoretical tax benefit transferred, only if, and to the extent to which, the company which has transferred this excess interest expense transfers to the consolidation the excess gross operating profit (GOP) not utilized in the tax period for the deduction of interest expense pursuant to article 96, paragraphs 1, 2 and 7 of the Consolidated Income Tax Law (TUIR).

9 INVENTORIES

The following table provides an analysis of ***Inventories*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Finished goods	25	19
Write-downs	-	-
Total	**25**	**19**

"Finished goods" consist principally of mobile phone handsets, kits and the related accessories. The change in 2015 is essentially due to an increase in inventories of mobile telephone terminals, kits and related accessories and stocks consisting of products which are technologically advanced which have a higher unit value over previous year.

10 TRADE RECEIVABLES

The following table provides an analysis of ***Trade receivables*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Due from final customers	1,036	927
Due from telephone operators	197	174
Due from authorized dealers	106	118
Due from subsidiaries	34	21
Due from related parties	2	3
Other trade receivables	33	34
(Allowance for doubtful accounts)	(379)	(307)
Total	**1,029**	**970**

The balance of net trade receivables at December 31, 2015 has increased by a total of €59 million over that at December 31, 2014 mostly due to the increase in receivables due from final customers (€109 million) only partially offset by a increase in the allowance for doubtful account (€72 million).

Receivables due from final customers arise principally from the supply of fixed and mobile telephony services to customers with subscription contracts and increase over 2014 mainly due to the increase in sales relating the offer *Telefono incluso*. *Receivables due from telephone operators* mainly relate to interconnection and roaming services. *Receivables due from authorized dealers* relate to sales of radio mobile and fixed-line handsets and related accessories, as well as rechargeable telephone cards and top-ups.

The balance at December 31, 2015 of *Receivables from subsidiaries* consists of the receivables due from WIND Retail.

The balance at December 31, 2015 of *Receivables from related parties* consists of the receivables due from VimpelCom Group's companies. Further details may be found in notes 6 and 36.

The following table provides an analysis, at December 31, 2015 and 2014 of trade receivables and the respective allowance for doubtful accounts, by due date.

(millions of euro)	At December 31, 2015		At December 31, 2014	
	Gross amount	(Allowance for doubtful accounts)	Gross amount	(Allowance for doubtful accounts)
unexpired	712	(17)	658	(14)
expired from:				
- 0-30 days	78	(2)	63	(1)
- 31-120 days	42	(3)	52	(3)
- 121-150 days	18	(1)	26	(1)
- beyond 150 days	558	(356)	478	(288)
Total	**1,408**	**(379)**	**1,277**	**(307)**

The following table provides an analysis of trade receivables at December 31, 2015 and 2014, net of the allowance for doubtful accounts, between those falling due within 12 months and those falling due after 12 months.

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	952	926
-after 12 months	77	44
Total	**1,029**	**970**

The following table sets out changes in the allowance for doubtful accounts during the year ended December 31, 2015.

(millions of euro)	At December 31, 2014	Accrual	(Utilizations)	At December 31, 2015
Allowance for doubtful accounts	**307**	103	(31)	**379**

11 CURRENT TAX ASSETS

The balance of ***Current tax assets*** at December 31, 2015 amounting to €6 million (€1 million at December 31, 2014) mostly regards receivables for the residual part of advance payments of IRAP tax made during the year (mostly receivables for current tax assets arising from taxes paid in previous years at December 31, 2014).

12 OTHER RECEIVABLES

The following table sets out details of ***Other receivables*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Trade prepayments	52	91
Other receivables due from third parties	74	98
Tax receivables	7	9
Advances to suppliers	39	41
Other receivables due from parents	48	30
Other receivables due from related parties	1	1
Other receivables due from subsidiaries	7	7
Other receivables due from associates	1	-
(Allowance for doubtful accounts)	(3)	(4)
Total	**226**	**273**

The following table provides an analysis, at December 31, 2015 and 2014, of other receivables and the respective allowance for doubtful accounts by due date.

(millions of euro)	At December 31, 2015		At December 31, 2014	
	Gross amount	(Allowance for doubtful accounts)	Gross amount	(Allowance for doubtful accounts)
- unexpired	180	-	228	-
- expired from:				
- 0-30 days	2	-	1	-
- 31-120 days	1	-	3	-
- 121-150 days	-	-	2	-
- beyond 150 days	46	(3)	43	(4)
Total	**229**	**(3)**	**277**	**(4)**

The following table provides an analysis of other receivables at December 31, 2015 and 2014, net of the allowance for doubtful accounts, between those falling due within 12 months and those falling due after 12 months.

(millions of euro)	At December 31, 2015	At December 31, 2014
-within 12 months	196	244
-after 12 months	30	29
Total	**226**	**273**

Trade prepayments relate mainly to lease installments for civil and technical sites and lease installments for telephone network circuits. The decrease over 2014 is mainly due to the contribution on February 18, 2015 of the business unit "Tower Development" consisting of 7,377 towers together with the relevant functions, employees and related contracts, for which further details may be found in note 3.

Other receivables due from third parties relate mainly to receivables from non-commercial third parties.

Other receivables due from parents at December 31, 2015, include the amounts due from Wind Telecom SpA, Wind Acquisition Holdings Finance SpA, Vimpelcom Ltd and Vimpelcom Amsterdam BV. The increase over December 31, 2014 is mainly due to the transfer by the Company of a receivable of €13 million due from the indirect parent Wind Telecom SpA under the national tax consolidation procedure (a payable of approximately €11 million at December 31, 2014). *Other receivables due from related parties* at December 31, 2015 mainly consist of the receivables due from VimpelCom Group's companies. Further details may be found in notes 6 and 36.

Other receivables due from subsidiaries at December 31, 2015 also include the amounts due from WIND Retail, Wind Acquisition Finance SA and WIND Finance SL SA. Further details may be found in notes 6 and 36.

The following table provides an analysis of *Tax receivables* at December 31, 2015 and 2014.

(millions of euro)	**At December 31, 2015**	**At December 31, 2014**
VAT	4	6
Other tax receivables	3	3
Total	**7**	**9**

The following table sets out changes in the allowance for doubtful accounts for other receivables for the year ended December 31, 2015.

(millions of euro)	**At December 31, 2014**	**Accrual**	**(Utilizations)**	**At December 31, 2015**
Allowance for doubtful accounts	**4**	-	(1)	**3**

13 CASH AND CASH EQUIVALENTS

The following table sets out an analysis of ***Cash and cash equivalents*** at December 31, 2015 and 2014.

(millions of euro)	**At December 31, 2015**	**At December 31, 2014**
Bank deposits and checks	237	141
Cash on hand and stamps	-	-
Total	**237**	**141**

Cash and cash equivalents represent the surplus of cash generated by operations, changed mainly due to the ordinary cash inflows and outflows during the year. Further details may be found in note 38 to the cash flow statement.

14 SHAREHOLDERS' EQUITY

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

(million of euro)	At December 31, 2015	At December 31, 2014
Issued Capital	**147**	**147**
Share premium reserve	**752**	**752**
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	**(156)**	**(477)**
- Reserve for remeasurements of employee defined benefit plans (IAS19)	(6)	(1)
- Cash flow reserve	(36)	(66)
- Legal reserve	29	29
- Sundry reserves and retained earnings (accumulated losses), including profit (loss) for the year	(143)	(439)
Total Equity	**743**	**422**

The share capital of WIND Telecomunicazioni SpA at December 31, 2015 consisted of 146,100,000 ordinary shares with no nominal value, fully subscribed and paid up by the sole shareholder WIND Acquisition Holdings Finance SpA. During the year there were no changes in the number of Company shares.

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

The resolution adopted by the company's shareholders on March 6, 2015 resolving the approval of the annual financial statements as of and for the year ended December 31, 2014 allocated the loss for the year of €349 million to retained earnings

Changes in equity attributable to the owners of the Company during the year ended December 31, 2015 as well as the profit for the year, mainly arose from the following:

- the decrease in the actuarial reserves as the effect of the income and the expense recognized among other components of the Consolidated Statement of Comprehensive Income for the year that relate to the remeasurements of employee defined benefit plans;
- the decrease in the cash flow hedge reserve as the effect of the income and the expense recognized among other components of the Separate Statement of Comprehensive Income for 2015 that relate entirely to the transactions on hedging derivatives on cash flows, as described in further detail in note 16. The following table shows the changes in the cash flow hedge reserve.

(million of euro)	Interst rate risk			Foreign currency risk			Cash Flow Hedge Reserve
	Gross reserve	Tax effect	Total	Gross reserve	Tax effect	Total	
At December 31 ,2014	**(66)**	-	**(66)**	**-**	**-**	**-**	**(66)**
Changes in fair value	20	-	20	-	-	-	20
Reverse to income statement	10	-	10	-	-	-	10
At December 31, 2015	**(36)**	**-**	**(36)**	**-**	**-**	**-**	**(36)**

The following statement provides additional disclosure on equity and is prepared pursuant to article 2427, number 7-bis, showing the items in equity separately according to their source, possibility of utilization and distribution, in addition to their utilization in prior years.

Nature/description	Amount	Possibility of utilization	Amount available	Summary of the amounts utilized during the previous years (*)	
(million of euro)				for absorption of losses	for other reasons
Share capital	**147**	B	**-**	**-**	**-**
Share premium	752	A-B-C	752	(752)	-
Reserves:					
Other reserves	57	A-B-C	-	-	-
Cash Flow Hedge Reserve	(36)	B	-	-	-
Retained earnings	(474)	A-B-C	(652)	-	-
Total	**446**		**100**		
Amount not distributable (**)			36 (**)		
Remaining amount distributable			**64**		

Key:
A: for share capital increases
B: to cover losses
C: for distribution to shareholders

* These amounts relate to utilizations made starting from 2007, after the reverse merger of the former parent Wind Acquisition Finance SpA

** Non-distributable amount relating to the negative CFH reserve (€36 million)

WIND sources itself with the capital necessary to fund its requirements for business development and operations; the sources of funds are found in a balanced mix of equity and debt capital. Debt capital is structured according to different maturities and currencies to ensure an adequate diversification of the sources of funding and an efficient access to external sources of financing.

15 FINANCIAL LIABILITIES

The following table sets out an analysis of ***Financial liabilities*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015			At December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Financing from subsidiaries	8,767	313	**9,080**	7,924	244	**8,168**
Bank loans	666	8	**674**	1,711	166	**1,877**
Loans from others	128	19	**147**	228	105	**333**
Derivative financial instruments	36	18	**54**	74	-	**74**
Total financial liabilities	**9,597**	**358**	**9,955**	**9,937**	**515**	**10,452**

WIND Telecomunicazioni SpA on March 30, 2015, received the disbursement of a new intercompany loan from the subsidiary Wind Acquisition Finance SA (of €775 million) in consequence the placement by the subsidiary of a Senior Secured Notes due 2020 through a combination of floating rate bonds Euribor plus 4.125% of 400 million euro (Floating Rate Notes) and a tap issue of bonds Senior Secured Notes 2020, currently in circulation, for € 375 million with a coupon of 4%.

The Company used the cash obtained from new bond issues and the renegotiation of new senior facilities maturing in 2019 (700 million euro), and a part of the consideration from the sale of Galata SpA (500 million euro), to refinance the current Senior Facility Agreement, with the repayment of balance of the tranches at March 30, 2015 by an amount of €1,782 million.
The renegotiated Senior Facility Agreement contains new financial covenants which the Group must test if the amount drawn down from the Revolving Credit Facility ("RCF") exceeds 35% of the total. No amounts had been drawn down from the RCF at December 31, 2015.

The change in the balances in *other financial liabilities* results essentially from: i) the full repayment of €162 million made by the Company on April 29, 2015, of the payable due to the Ministry of Economic Development granted in 2011 as the result of the allocation of the mobile frequency use rights, and ii) the repayment during the period of €20 million relating to the principal of loan from other banks against the deferred repayment plan of the fair value of the derivative instruments that were repaid with the refinancing of the Group's debt of November 26, 2010.

An analysis of the *derivative financial instruments* balance and of the respective changes is found in note 16.

The following table sets out an analysis of *Financial liabilities* at December 31, 2015 and 2014 by due date.

(millions of euro)	At December 31, 2015				At December 31, 2014			
	<1 year	1<x<5 years	>5 years	Total	<1 year	1<x<5 years	>5 years	Total
Financing from subsidiaries	313	5,166	3,601	**9,080**	244	149	7,775	**8,168**
Bank loans	8	666	-	**674**	166	1,711	-	**1,877**
Loans from others	19	5	123	**147**	105	103	125	**333**
Derivative financial instruments	18	36	-	**54**	-	50	24	**74**
Total financial liabilities	**358**	**5,873**	**3,724**	**9,955**	**515**	**2,013**	**7,924**	**10,452**

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

(millions of euro)	At December 31, 2015					
	<5%	5%<x<7.5%	7.5%<x<10%	10%<x<12,5%	12.5%<x<15%	Total
Euro	997	5,102	3,673	129	-	9,901
Total	**997**	**5,102**	**3,673**	**129**	**-**	**9,901**

The following table provides a comparison between the carrying amount and fair value of non-current *Financial liabilities* at December 31, 2015 and 2014. The fair value is approximately the same as the carrying amount for current *Financial liabilities*.

(millions of euro)	At December 31, 2015		At December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financing from subsidiaries	8,767	9,089	7,924	8,334
Bank loans	666	692	1,711	1,758
Loans from others	128	128	228	228
Derivative financial instruments	36	36	74	74
Total	**9,597**	**9,945**	**9,937**	**10,394**

Current *Financial liabilities* at December 31, 2015 consist exclusively of the portions of bank loans, financing from subsidiaries and loans from others for which payment is due by the end of the following financial year, referring to both principal and accrued interest.

An analysis of the *derivative financial instruments* balance and of the respective changes is found in note 16.

Bank loans

The following table sets out the main information relating to outstanding *Bank loans* at December 31, 2015.

(millions of euro)	Carrying amount at December 31, 2015	Carrying amount at December 31, 2014	Nominal amount at December 31, 2015	Usable amount	Currency	Due date	Interest rate
Senior Facility Agreement							
- Term Loan B1	674	-	700	700	EUR	11/26/2019	Euribor+4.25
- RCF R1	-	-	-	400	EUR	11/26/2019	Euribor+4.25
- Tranche A3	-	3	-		EUR	11/26/2018	Euribor+4.25
- Tranche A4	-	168	-		EUR	11/26/2018	Euribor+4.25
- Tranche B3	-	1,083	-		EUR	11/26/2019	Euribor+4.50
- Tranche B4	-	480	-		EUR	11/26/2019	Euribor+4.75
- Revolving	-	100	-		EUR	01/19/2015	Euribor+4.25
Overdrafts	-	42	-				
Other accrued interest	0	1	-				
Total	**674**	**1,877**	**700**	**1,100**			

The changes in balances over December 31, 2014 are mainly due to the effects of the operation renegotiation on March 12 , 2015 of new senior facilities maturing in 2019 (700 million euro) and the repayment of balance of the tranches at March 30, 2015 by an amount of €1,782 million.

With the aim of reducing its bank loan exposure to fluctuations in interest rates and foreign exchange rates, the Company has entered into transactions which qualify as hedges for a notional amount of €700 million, whose fair value at December 31, 2015, including delayed hedging transactions, is negative for €23 million. The hedges extend to September 2017 and consist of *plain vanilla interest rate swaps*.

Financing from subsidiaries

The following table sets out the main information relating to outstanding *Financing from subsidiaries* at December 31, 2015.

(millions of euro)	Carrying amount at December 31, 2015	Carrying amount at December 31, 2014	Nominal amount at December 31, 2015	Residual Commitment	Currency	Due date	Interest rate
Loan Agreement 2020 Purple III	397	-	400	400	EUR	06/15/2020	4.55%
Loan Agreement 2020 C	374	-	375	375	EUR	06/15/2020	4.13%
Loan Agreement 2020 A	540	535	575	575	EUR	06/15/2020	4.40%
Loan Agreement 2020 B	3,299	3,256	3,513	3,513	EUR	06/15/2020	4.40%
Loan Agreement 2021	3,673	3,646	3,780	3,780	EUR	03/23/2021	6.85%
ICL 2016 Depo I	31	-	31	31	EUR	01/11/2016	0.98%
ICL 2016 Depo II	59	-	59	59	EUR	01/11/2016	0.84%
ICL 2016 Depo II	100	-	100	100	EUR	01/13/2016	0.85%
ICL 2015 Depo I	-	40			EUR	01/12/2015	1.27%
ICL 2015 Depo II	-	50			EUR	01/12/2015	1.39%
ICL 2015 Depo III	-	50			EUR	01/12/2015	1.06%
Loan Agreement 2019	149	149	150	150	EUR	03/30/2019	5.57%
Loan Agreement 2020	423	424	420	420	EUR	03/30/2020	5.73%
Totale	**9,045**	**8,150**	**8,528**	**8,528**			

The changes in balances over December 31, 2014 are mainly due to the effects of the refinancing operation completed in March 2015 by the Company and the subsidiary Wind Acquisition Finance SA, for which details may be found above.

An amount of €35 million at December 31, 2015 refers to the sight current accounts with subsidiaries on which interest is charged on a quarterly basis at market rates.

The current portion of financing from subsidiaries at December 31, 2015 also includes €190 million related to the short-term deposits from the subsidiary Wind Acquisition Finance SA, (the short-term Loan Agreements) with maturity date January 2016. The short-term deposits from the subsidiary Wind Acquisition Finance SA were repaid on January 11, 2015 and had a carrying amount at December 31, 2014 of €140 million.

With the aim of reducing its financing from subsidiaries exposure to fluctuations in interest rates and foreign exchange rates, the Company has entered transactions which qualify as hedges for a notional amount of €670,000 million, whose fair value at December 31, 2015 is negative for €31 million. The hedges extend to 2020 and consist of *plain vanilla interest rate swaps*.

Loans from others

This item, having a balance of €147 million (€333 million at December 31, 2014), mainly consists of:

- the loan of €128 million (€131 million at December 31, 2014) against the capitalization of backbone rights, details of which may be found in note 5;
- payable to banks of €19 million, maturing in 2016, (€37 million, of which €20 million is the current portion at December 31, 2014) against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Company's debt.

The change in the item over 2014 is mainly due to the full repayment of €162 million made by the Company on April 29, 2015, of the payable due to the Ministry of Economic Development granted in 2011 as the result of the allocation of the mobile frequency use right.

16 DERIVATIVE FINANCIAL INSTRUMENTS

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

(millions of euro)	At December 31, 2015		At December 31, 2014	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
- Exchange rate risk	-	-	-	-
- Interest rate risk	-	54	-	74
Total cash flow hedges	**-**	**54**	**-**	**74**
- Embedded derivatives on Loan Agreements	15	-	6	-
Total Derivatives Non Hedge Accounting	**15**	**-**	**6**	**-**
Total	**15**	**54**	**6**	**74**

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

(millions of euro)	At December 31, 2015		At December 31, 2014	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
Current	-	18	-	-
Non current	15	36	6	74
Total derivatives	**15**	**54**	**6**	**74**

The fair value of financial instruments listed on active markets was determined as the market quotation at the reporting date. In the absence of an active market, fair value was determined by referring to prices provided by external operators and using valuation models based mostly on objective financial variables, as well as by taking into account, where possible, the prices used in recent transactions and the quotations of similar financial instruments.

There were no currency risk hedges outstanding at December 31, 2015 as the Company not had any debt in currencies other than the euro at that date.

The following were outstanding at December 31, 2015:

- plain vanilla interest rate swaps hedging the interest rate risk of bank loans, having a notional amount of €1,370 million (€1,370 million at December 31, 2014) and a negative fair value of €54 million (negative fair value of €74 million at December 31, 2014);
- embedded derivatives of €15 million (€6 million at December 31, 2014) relating to the fair value of the early repayment options on the Loan Agreement 2019, 2020 and 2021, for which details may be found in note 15.

17 EMPLOYEE BENEFITS

The following table sets out the changes in ***Employee benefits*** at December 31, 2015.

(millions of euro)	At December 31, 2014	Accrual	(Utilization)	Other changes	At December 31, 2015
Post-employment benefits	**59**	20	(3)	(10)	**66**

There is an increase during the year of €8 million (decrease of €7 million during 2014) in the Company's employee benefits due to the change in the actuarial variables.

Other changes during the year consist mostly of the decrease arising from the contribution to Galata SpA on February 18, 2015 of the business unit "Tower Development" consisting of 7,377 towers together with the relevant functions, employees and related contracts, for which further details may be found in note 3, and the transfer of the post-employment benefits accrued during the year to supplementary pension funds or to the Treasury fund held by the Italian social security organization INPS (€17 million).

The main actuarial assumptions underlying the calculation of the post-employment benefits are the following.

Average inflation rate	Discount rate	Increase in wages and salaries	Employee turnover rate
2.00%	2.32%	N/A	0.5%– 6.00%

The effects recognized in income statement are as follows.

(millions of euro)	At December 31, 2015	At December 31, 2014
Current service costs	19	18
Finance expense	1	2
Total	**20**	**20**
Actual return on plan assets	N/A	N/A

Through its defined benefit obligation WIND is exposed to a number of risks, the most significant of which are detailed below.

- *Interest rate risk.* The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to actuarial calculation. A decrease in those yields will increase plan liabilities.
- *Life and employee service expectancy.* The present value of the defined benefit plan liability is calculated by reference to the best estimate of life and employee service expectancy. An increase in life or employee service expectancy of the plan participants will increase the plan's liability.

18 PROVISIONS FOR RISKS AND CHARGES

The following table sets out changes in ***Provisions for risks and charges*** during the year ended December 31, 2015.

(millions of euro)	At December 31, 2014	Increases	(Utilization)	(Release)	At December 31, 2015
Litigation	83	10	(20)	(44)	29
Personnel restructuring	-	14	(4)	-	10
Universal service contribution (Presidential Decree no. 318/1997)	17	-	-	(12)	5
Product assistance	1	1	(1)	-	1
Dismantling and removal	38	-	(14)	-	24
Other provisions	37	22	(10)	-	49
Total	**176**	**47**	**(49)**	**(56)**	**118**

The timing of payments in respect of non-current provisions is, with few exceptions, not contractually fixed and cannot be estimated with certainty.

Litigation

The provision at the respective dates is based on estimates using the best information available of the total charge that the Company expects to incur upon settlement of all outstanding legal proceedings (for details on the main proceedings in progress, please refers to paragraph on main pending legal proceedings in note 39).

Personnel restructuring

The provision consists of the costs which the Company to incur in future years as a consequence of implementing the business's restructuring and reorganization plan drawn up with the objective of optimizing the cost structure. The utilization of the restructuring provision in the amount of €4 million is mainly due to leaving incentives formalized .

Universal service contribution

Article 3, paragraph 6, of Presidential Decree no. 318 of September 19, 1997 regarding the "Implementation of European Union Directives" establishes a mechanism designed to distribute the net cost of providing universal service throughout the country whenever the related obligations represent an unfair cost for the entity or entities assigned the responsibility for supplying the service. Following the latest resolutions adopted by AGCOM and in light of the progress being made in the procedure for certain pending litigation the decision was taken to reduce the provision by €12 million.

Dismantling and removal

The item consists of the estimate of the dismantling and removal costs which may be incurred as a result of contractual obligations which require the asset to be returned to its original state and condition. The decrease over 2014 is mainly due to the Contribution to Galata SpA on February 18, 2015 of the business unit "Tower Development" consisting of 7,377 towers together with the relevant functions, employees and related contracts, for which further details may be found in note 3.

Other provisions

This item consists of the measurement of certain liabilities arising from obligations assumed by the Company for which an estimate is made at the date of these financial statements of the amount to be settled upon due date. The balance at December 31, 2015 includes €16 million for liabilities for termination benefits arising from agency contracts in existence at the reporting date and €15 million relating to compensation plan for the long-term retention and incentive of management.

19 OTHER LIABILITIES

Other non-current liabilities at December 31, 2015 and 2014 amount to €138 million and €160 million, respectively. At December 31, 2015 this item mainly includes:

- an amount of €81 million relating to the deferral of the positive economic effect resulting from the operation for the replacement of transmission apparatus in from 2011 to 2015, which will be recognized in the income statement over the useful life of the assets;
- an amount of €34 million relating to a capital contribution recognized for the allocation of the frequencies (for which details may be found in note 5) as a discount of 3% on the total amount of the tender for the commitment made to produce over 50% of the new networks using apparatus having environmental eco-sustainable features. The amount will be released to the income statement in Other Revenue when there is the reasonable certainty that the envisaged conditions will be met, and is consistent with the depreciation of the apparatus having eco-sustainable features which will be purchased and put into use for the development of the network;
- a capital grant €11 million given to the Company for its participation in certain regional projects for the realization of investments supporting local development. This amount will be released to the income statement over the useful lives of the assets involved.

20 TRADE PAYABLES

The following table provides details of ***Trade payables*** at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Due to telephone operators	398	457
Due to agents and authorized dealers	58	54
Due to parents	-	3
Due to subsidiaries	6	9
Due to associates	32	-
Due to related companies	48	34
Other trade payables	1,070	1,102
Total	**1,612**	**1,659**

The change in this item over the year is principally due to the effect of normal settlements during the course of the year.

Trade payables *due to telephone operators* mainly relate to interconnection and roaming services.

Payables *due to agents* and *due to authorized dealers* relate to commissions to agents and authorized dealers.

Trade payables *due to related companies* refers principally to: i) the payable due by the Company to Vimpelcom International Services for trading and signature services of agreements relating to the economic conditions of international roaming provided in 2014; ii) the payable arising from transactions with telephone operators belonging to the VimpelCom group. Over 2014 the payable to SPAL TLC SpA have been reclassified to payable due to agents and authorized dealers. Further details may be found in notes 6 and 36. Amounts *due to associates* mainly refer to balances payable to Galata SpA arising from the service agreement entered into as part of the agreement with Cellnex Telecom, for which details may be found in note 3.

Trade payables *due from subsidiaries* consist of the trade payables due to WIND Retail, Wind Acquisition Finance SA and Wind Acquisition Finance II SA. Further details may be found in notes 6 and 36.

Other trade payables mainly relate to payables to suppliers for the purchase of goods and services.

The following table provides an analysis of trade payables by due date.

(millions of euro)	**At December 31, 2015**	**At December 31, 2014**
-within 12 months	1,612	1,527
-after 12 months	-	132
Total	**1,612**	**1,659**

21 OTHER PAYABLES

The following table provides an analysis of ***Other payables*** at December 31, 2015 and 2014.

(millions of euro)	**At December 31, 2015**	**At December 31, 2014**
Payables to social security organizations	20	22
Tax payables	152	163
Payables to personnel	20	27
Payables to government bodies by grants	10	11
Other amounts payable to parents	167	167
Other amounts payable to subsidiaries	1	1
Other amounts payable to related parties	-	-
Prepaid traffic to be used	155	158
Deferred income	21	20
Other payables	100	81
Total	**646**	**650**

The following table provides an analysis by due date.

(millions of euro)	**At December 31, 2015**	**At December 31, 2014**
-within 12 months	640	624
-after 12 months	6	26
Total	**646**	**650**

Payables to social security organizations relate principally to the employer's and employees' portions of social security contributions for December and the employer's portion accrued on deferred remuneration (mostly accrued vacation and other permitted leaves that have been accrued but not yet taken). This item also includes the amounts payable to the Italian social security organization INPS for the accrued post-employment benefits (TFR) yet to be paid which employees had elected to transfer to the Treasury fund in accordance with Law no. 296 of December 27, 2006, the "2007 Finance Act", and subsequent decrees and regulations.

The following table sets out details of *Tax payables* at December 31, 2015 and 2014.

(millions of euro)	At December 31, 2015	At December 31, 2014
Government license fee	24	26
Withholding tax	10	11
VAT	91	78
Other	27	48
Total	**152**	**163**

Other tax payables include a balance of €26 million, of which €21 million in the current term and 5 million in the no current term, (€46 million at December 31 2014) due to the tax authorities arising from the settlement of the assessment raised by the Tax Revenue Office concerning the payment of withholding tax on the interest arising in prior years under the Senior Facility Agreement of May 26, 2005. The payment plan for this liability envisages twelve quarterly instalments due from May 22, 2014 to February 22, 2017 with interest charged at 1%.

Payables to personnel consist mostly of liabilities for accrued vacation and other accrued leaves still to be taken at the end of the year. *Payables to personnel* decreased compared to December 31, 2014 mainly due a decrease in deferred compensations following 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.

Payables to government bodies for grants represent amounts due for licenses and concessions provided by the relevant bodies.

Amounts *due to parents* mainly relate to i): the liability to the direct parent Wind Acquisition Holdings Finance SpA which arose in 2014 as part of the refinancing of the Group (for €142 million); ii) the Company's liability to the indirect parent Wind Telecom SpA for the provision of services (IT, marketing, personnel, purchasing, etc.), for which details may be found in note 36.

The balance due to the indirect parent Wind Telecom SpA at December 31,2014 also refers for €11 million to a payable due to the indirect parent Wind Telecom SpA following the transfer of IRES tax payables by the Company as part of the national tax consolidation procedure (receivable for €13 million at December 31, 2015 for which detail may be found in note 12).

Prepaid traffic to be used consists of the unused portion of prepaid traffic, sold by the Company via rechargeable telephone cards and top-ups, which had not yet been utilized at the end of the year.

Deferred income refers to income for billings made contractually in advance in prior years and in 2014 for lease and installation fees relating to the utilization of broadband capacity ('initial capacity'), which will be recognized in later periods.

Other payables mainly consist of amounts due to supplementary pension funds, amounts payable for bank commissions and guarantee deposits received from customers, liabilities for amounts received in respect of receivables sold and other residual items.

22 TAX PAYABLES

The balance at December 31, 2015 of €13 million, of which €6 million in the current term and €7 million in no current term, represents the amount due by the Company for income tax for the year (IRAP), net of advance payments for the corresponding tax periods.

Receivable and payable items for IRES are included in receivables and payables from and to the parent, as Company have elected to take part in the national tax consolidation procedure of Wind Telecom SpA.

23 REVENUE

The following table provides the breakdown of ***Revenue*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Revenue from sales	**293**	**216**	**77**	**35.6%**
- Telephone services	3,466	3,642	(176)	(4.8)%
- Interconnection traffic	380	381	(1)	(0.3)%
- International roaming	39	36	3	8.3%
- Judicial authority services	6	6	-	0.0%
- Other revenue from services	118	109	9	8.3%
Revenue from services	**4,009**	**4,174**	**(165)**	**(4.0)%**
Total	**4,302**	**4,390**	**(88)**	**(2.0)%**

The item shows a decrease in 2015 compared with 2014 of 2%. This effect is mainly due to a decrease in revenue from *Telephone services*, only partially offset by an increase in *Revenue from sales*.

The *Telephone services* are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 4.8% in the first nine months of 2015 compared with 2014, thanks to the substantial maintenance in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

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

24 OTHER REVENUE

Other revenue amounts in total to €126 million in the year 2015 (a decrease of €117 million over the year 2014) and refers principally to release to income statement of capital contribution, penalties and to the effects related to the settlement of disputes and related commercial agreements with some suppliers.

The decrease compared to 2014 is mainly due to lower effects due to the settlement of disputes.

25 PURCHASES AND SERVICES

The following table provides the breakdown of ***Purchases and services*** for 2015 and 2014.

(millions of euro)	2015	2014	Change	
	12 months	12 months	Amount	%
Interconnection traffic	561	609	(48)	(7.9)%
Customer acquisition costs	181	209	(28)	(13.4)%
Lease of civil/technical sites and use of third party ssets	169	240	(71)	(29.6)%
Purchases of raw materials, consumables, supplies and goods	295	222	73	32.9%
Rental of local network and circuits	382	427	(45)	(10.5)%
Advertising and promotional services	100	109	(9)	(8.3)%
Outsourcing costs for other services	272	122	150	123.0%
Maintenance and repair	51	85	(34)	(40.0)%
Utilities	101	130	(29)	(22.3)%
National and international roaming	28	30	(2)	(6.7)%
Consultancies and professional services	42	36	6	16.7%
Change in inventories	(6)	3	(9)	(300.0)%
Other services	141	133	8	6.0%
Total purchases and services	**2,317**	**2,355**	**(38)**	**(1.6)%**

The change in this item is essentially due to the combined effect of the following increases and decreases compared to the year ended December 31, 2015:

- a decrease of €71 million in *Lease of civil/technical sites and use of third party assets* and of €29 million in *Utilities* mainly due to the to the Contribution to Galata SpA on February 18, 2015 of the business unit "Tower Development" consisting of 7,377 towers together with the relevant functions, employees and related contracts, for which further details may be found in note 3;
- a decrease of €48 million in *Interconnection traffic* costs mainly due to a general decline in international termination tariffs and to a decrease in the volume of SMS and MMS traffic;
- a decrease of €45 million in *Rental of local network and circuits* mainly due to a decrease in WLR, ULL and Bitstream volumes;
- a decrease of €34 million in *Maintenance and Repair* costs as the result of optimizing network maintenance and informatic systems;
- a decrease of €28 million in the *Customer Acquisition Cost* mainly due to a decrease of commissions for new activations and commissions for the sale of scratch cards;
- an increase of €150 million in Outsourcing costs for other services mainly arising from the service contract with Galata SpA entered into as part of the agreement with Cellnex Telecom, for which further details may be found in note 3;
- net increase of €64 million in Purchases of raw materials, consumables, supplies and goods and change in inventories mainly due to an increase in the unit purchase prices charged by suppliers compared to the previous year as the result of a shift on sales towards high-range terminals.

The item *consultancies and professional services* includes remuneration for statutory auditors of Company, equal to €166 thousand, and the remuneration for the external audit activities on financial statements, equal to €1,244 thousand (total compensation for the audit to separate and consolidate financial statements at December 31, 2015 is equal to €887 thousand). The ordinary shareholders' meeting of March 6, 2015 did not deliberate remuneration to the Directors of the Company.

26 OTHER OPERATING COSTS

The following table provides the breakdown of ***Other operating costs*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Impairment losses on trade receivables and current assets	102	111	(9)	(8.1)%
Accruals to provision for risks and charges	(3)	12	(15)	(125.0)%
Annual license and frequency fees	38	33	5	15.2%
Other operating costs	17	22	(5)	(22.7)%
Total other operating costs	**154**	**178**	**(24)**	**(13.5)%**

The decrease in the allocation for risks and charges over 2014 was affected by the release of €12 million from the universal service contribution provision, for which details may be found in note 18, while the decrease in the write-down of trade receivables during 2015 is essentially due to the fall in revenues.

27 PERSONNEL EXPENSES

The following table provides the breakdown of ***Personnel expenses*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Wages and salaries	244	259	(15)	(5.8)%
Social security charges	67	69	(2)	(2.9)%
Other personnel expenses	11	12	(1)	(8.3)%
Post-employment benefits	18	18	-	0.0%
(Costs capitalized for internal works)	(61)	(59)	(2)	3.4%
Total personnel expenses	**279**	**299**	**(20)**	**(6.7)%**

The change over the previous year is mainly due to the effects arising from the trade union agreement of July 29, 2014, which required solidarity contracts to be introduced for a period of 18 months (starting from September 2014) as well as for a reduction of 89 in the average number of employees during 2015, mainly as the effect of the Contribution to Galata SpA on February 18, 2015 of the business unit "Tower Development" consisting of 7,377 towers together with the relevant functions, employees and related contracts, for which details may be found in note 3. These effects were partially offset by increases in the contractual minima from April 2014, as prescribed by the National Labor Contract effective until December 31, 2014.

The number of employees at year end was as follows.

	At December 31, 2015	At December 31, 2014
Senior management	119	123
Middle management	619	617
Employees	5,413	5,473
Total	**6,151**	**6,213**

The average number of employees during the year was as follows.

	2015 12 months	2014 12 months
Senior management	121	126
Middle management	614	619
Employees	5,437	5,494
Total	**6,172**	**6,239**

28 RESTRUCTURING COSTS

This item, which amounted to €19 million in the year ended December 31, 2015, is mainly an estimate of the costs that the Company expects to pay for implementing the business's restructuring and reorganization plan, drawn up with the objective of optimizing the cost structure and it is attributable to provision for personnel restructuring for €14 million and to other provision for onerous contracts for €5 million.

29 DEPRECIATION AND AMORTIZATION

The following table provides the breakdown of ***Depreciation and amortization*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Depreciation of property, plant and equipment				
- Plant and machinery	681	691	(10)	(1.4)%
- Industrial and commercial equipment	11	11	-	0.0%
- Other assets	19	21	(2)	(9.5)%
Amortization of intangible assets with finite lives				
- Industrial patents and similar rights	111	114	(3)	(2.6)%
- Concessions, licenses, trademarks and similar rights	192	192	-	0.0%
- Other intangible assets	158	185	(27)	(14.6)%
Total depreciation and amortization	**1,172**	**1,214**	**(42)**	**(3.5)%**

Depreciation and amortization decrease by €42 million over 2014. Of this €12 million relates to property, plant and equipment, mainly as the effect of the contribution to Galata SpA on February 18, 2015 of the business unit "Tower Development" consisting of 7,377 towers together with the relevant functions, employees and related contracts, for which details may be found in note 3, and €30 million to intangible assets, mainly due to the decreasing trend of the capitalization of fixed customer acquisition cost.

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

The following table provides the breakdown of ***Reversal of impairment losses / (impairment losses) on non-current assets*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Reversal of impairment losses / (Impairment losses) on property, plant and equipment	(28)	(12)	(16)	133.3%
Reversal of impairment losses / (Impairment losses) on intangible assets	(2)	-	(2)	n.m.
Total	**(30)**	**(12)**	**(18)**	**150.0%**

The item mainly relates to the write-down by €26 million of assets under construction or development for which does not believe recovery is possible; of this amount €24 million regards property, plant and equipment and €2 million intangible assets.

31 GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS

The following table provides the breakdown of ***Gains/(losses) on disposal of non-current assets*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Gains on disposal of property, plant and equipment	493	-	493	n.m.
Losses on disposal of property, plant and equipment	(9)	(5)	(4)	80.0%
Total	**484**	**(5)**	**489**	**n.m.**

The change over the previous year is due to refers principally to the gain of €490 million arising from the sale of 90% of Galata SpA for which details may be found in note 3.

32 FINANCE INCOME

The following table provides the breakdown of ***Finance income*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Income from derivative financial instruments no hedge accounting	12	7	5	71.4%
Other	95	61	34	55.7%
Total finance income	**107**	**68**	**39**	**57.4%**

Other financial income at December 31, 2015 consists mainly of the interest of €95 million arising on the receivable from the parent Wind Acquisitions Holdings Finance SpA (€61 million at December 31, 2014) under the intercompany agreements entered in April 23, 2014 and in August 4, 2014, for which details may be found in note 6.

The increase in this item is also mainly due to the effects arising from the positive ineffectiveness recorded on hedging derivatives by €5 million and the fair value measurement of the embedded derivatives on the bonds that led to the recognition of income of €7 million in 2015, compared to the income of €4 million and loss of €61 million in 2014.

33 FINANCE EXPENSE

The following table provides the breakdown of ***Finance expense*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Interest expense on:				
Bank loans	(117)	(176)	59	(33.5)%
Financing from subsidiaries	(580)	(634)	54	(8.5)%
Discounted provisions	(1)	(2)	1	(50.0)%
Hedge accounting effect	(31)	(42)	11	(26.2)%
Expenses from derivative financial instruments no hedge accounting	(13)	(61)	48	(78.7)%
Impairment losses on financial assets	(18)	-	(18)	n.m.
Other	(42)	(23)	(19)	82.6%
Total finance expense	**(802)**	**(938)**	**136**	**(14.5) %**

Finance expense consists mostly of accrued interest on financial liabilities outstanding at December 31, 2015, for which further details may be found in note 15 and the negative effect of hedge accounting for derivatives by €31 million (negative effect of €42 million at December 31, 2014) and the negative ineffectiveness recorded on hedging derivatives by €13 million.

The change in *bank loan interest* is due to the refinancing operation of the Senior Facility Agreement completed in March 30, 2015 which led to: i) the decrease in the notional to €700 million through partial repayments, ii) the remodulation of the maturity from 2018 to 2019 and iii) the release of €34 million of suspended fees relating the tranches reimbursed. More details may be found in note 15.

Interest expense on financing from subsidiaries decreased in the year over 2014 as the result of operations to refinance set up in 2014 that led to a reduction in the effective interest rate on the debt (details of this may be found in the notes to the consolidated financial statements for the year ended December 31, 2014) and the issue on March 30, 2015 of a new intercompany loan due 2020 for a total of €775 million, for which details may be found in note15.

The increase in *Other interest* over 2014 is mainly due to the positive effect of €31 million at December 31, 2014 relating to the release of a financial provision recorded in 2013.

34 FOREIGN EXCHANGE GAINS/(LOSSES), NET

The following table provides the breakdown of ***Foreign exchange gains (losses) - net*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Realized gains	4	1	3	300.0%
Unrealized gains	1	-	1	n.m.
Foreign exchange gains	**5**	**1**	**4**	**400.0%**
Realized losses	18	2	16	800.0%
Unrealized losses	3	-	3	n.m.
Foreign exchange losses	**21**	**2**	**19**	**950.0%**
Total	**(16)**	**(1)**	**(15)**	**n.m.**

35 INCOME TAXES

The following table provides the breakdown of ***Income taxes*** for 2015 and 2014.

(millions of euro)	2015 12 months	2014 12 months	Change Amount	%
Current tax	(58)	(69)	11	(15.94)%
Previous years income taxes	49	4	45	n.m.
Deferred tax	76	17	59	347.1%
Total income taxes	**67**	**(48)**	**115**	**(239.6)%**

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

- current income taxes expense of €58 million (of which €26 million for charge from tax consolidation procedure "IRES tax" and €32 million for IRAP tax) charged on the taxable income for 2015;
- adjustment on previous years income taxes of €49 million, of which €10 million for negative effect on deferred tax income;
- net deferred tax income of €76 million, arising from release of €4 million in deferred tax assets mainly relating to the changes in temporary differences arising from provisions and non-current assets and from the release of deferred tax liabilities of €80 million, mainly relating to the changes in temporary differences arising from non-current assets.

The following table provides a reconciliation between the theoretical tax rate and the effective tax rate for 2015 and 2014.

(millions of euro)		2015		2014
Theoretical tax rate	27.50%		27.50%	
Profit / (Loss) before tax	**230**		**(301)**	
Theoretical tax assets relating to IRES		63		(83)
Non-deductible costs/non-taxable revenue		(61)		5
Non-recognized deferred tax assets		-		83-
Effect of change in tax rates		(53)		-
Adjustments to previous years taxes		(48)		(4)
Actual IRES tax (current and deferred)		(99)		1
Effective IRES tax rate	(42.9)%		(0.2)%	
IRAP tax		**32**		**47**
Actual tax expense recognized in profit or loss		(67)		48
Overall tax rate	(29.0)%		(15.9)%	

The above reconciliation between the theoretical and effective tax rates has been performed solely for IRES tax (corporate income taxes) purposes. The IRAP tax charge is included to reconcile with the overall income taxes expense in the financial statements.

36 RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

In reference to transactions with the parent Wind Acquisition Holdings Finance SpA, on April 23, 2014 and on August 4, 2014 two intercompany loans of up to €925 million (fully disbursed at December 31, 2015) and up to €75 (which €43.7 million disbursed at December 31, 2015) were signed, for which details may be found in note 6.

Transactions with the associate Galata SpA arise from the service agreement signed with the Company for the provision of a wide range of services, for which details may be found in note 3.

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

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

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

(thousands of euro)	Year ended December 31, 2015							
	Revenue	Finance income/ (expense)	Expenses	Trade receiv.	Other receiv.es	Financial receiv./ payables	Trade payables	Other payables
Armenija Telefon Kompani	14	-	3	1	-	-	30	-
DiGi (Malaysia)	9	-	2	6	-	-	4	-
DTAC/UCOM (Thailand)	8	-	22	1	-	-	6	-
GrameenPhone (Bangladesh)	79	-	40	29	-	-	45	-
KaR-Tel	91	-	7	7	-	-	35	-
Kievstar	744	-	23,202	658	78	-	9,456	-
Maritim Communication Partner AS	-	-	263	-	-	-	72	-
Mobitel LLC Georgia	9	-	7	-	-	-	9	-
Orascom Telecom Algeria SpA	160	-	259	178	-	-	17	-
Orascom Telecom Bangladesh Ltd.	9	-	20	402	-	-	-	-
Orascom Telecom Holding SAE	-	-	-	336	-	-	1,977	-
Pakistan Mobile Communications Ltd.	93	-	31	267	-	-	-	-
SKY MOBILE LLC	1	-	1	-	-	-	2	-
Telenor Magyarorszag KFT (Hungary)	172	-	125	27	-	-	15	-
Telenor Mobile Communications AS	184	-	19	-	-	-	16	-
Telenor Pakistan (Pakistan)	5	-	2	1	-	-	2	-
Telenor Serbia (Serbia)	59	-	43	49	-	-	49	-
Unitel	6	-	3	2	-	-	1	-
Vimpelcom ltd	2,019	-	0	-	4,979	-	-	-
VimpelCom Lao Co, Ltd	-	-	-	1	-	-	-	-
Vympel-Kommunikacii	1,104	-	7,856	-	-	-	1,423	-
WIND Acquisition Holdings Finance SpA	44	94,552	-	-	2,103	1,122,262	-	141,985
Wind Telecom SpA*	279	-	6,924	-	36,112	-	-	24,894
Wind Acquisition Finance SA	-	(591,754)	-	-	2,620	(9,040,642)	816	-
Wind Acquisition Finance II SA	-	-	-	-	-	-	-	-
Wind Finance SL SA	-	-	-	-	8	-	-	-
WIND Retail Srl	41,704	(20)	26,954	34,367	4,170	(35,019)	5,178	1,444
Galata SpA	1,248	-	142,764	-	1,441	-	31,814	90
SPAL TLC SpA**	99,188	-	9,500	-	-	-	-	-
Vimpelcom International services	-	-	15,443	-	938	-	35,097	-
Tacom LLC (Tajikistan)	33	-	-	-	-	-	-	-
Telenor Sverige AB	15	-	1	-	-	-	10	-
VimpelCom Amsterdam B.V.	-	-	-	-	4,565	-	-	413
Cosmo Bulgaria Mobile EAD	74	-	74	22	-	-	-	-
Total	**147,351**	**(497,222)**	**233,565**	**36,354**	**57,014**	**(7,953,399)**	**86,074**	**168,826**

*eceivables to Wind Telecom SpA relate in the amount of €13,294 million to the transfer by WIND Telecomunicazioni SpA of its corporate income tax (IRES) receivables to Wind Telecom SpA following the choice to take part in the national tax consolidation procedure with Wind Telecom SpA.

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

Directors

The Directors of the Company, identified as "Key Management Personnel", did not receive compensation for 2015, as it was not deliberated by the ordinary shareholders' meeting. There were no transactions with directors in 2015.

37 NET FINANCIAL INDEBTEDNESS

The following statement shows the Company's net financial indebtedness broken down into its principal components, as already described in notes 6, 15 and 16 to the financial components of the statement of financial position.

(millions of euro)	At December 31, 2015	At December 31, 2014
Financing from subsidiaries	8,767	7,924
Bank loans	666	1,711
Loans from other	128	228
Derivative financial instruments	36	74
Non-current financial liabilities	**9,597**	**9,937**
Financing from subsidiaries	313	244
Bank loans	8	166
Loans from others	19	105
Derivative financial instruments	18	0
Current financial liabilities	**358**	**515**
TOTAL GROSS FINANCIAL INDEBTEDNESS	**9,955**	**10,452**
Cash and cash equivalents	**(237)**	**(141)**
Financial receivables	(20)	(21)
Current financial assets	**(20)**	**(21)**
Derivative financial instruments	(15)	(6)
Financial receivables	(1,109)	(992)
Non-current financial assets	**(1,124)**	**(998)**
NET FINANCIAL INDEBTEDNESS	**8,574**	**9,292**

The net financial indebtedness does not include the guarantee deposits for an amount of €5 million and €4 million at December 31, 2015 and at December 31, 2014, respectively.

38 CASH FLOW STATEMENT

Cash flows from operating activities, amounting to €826 million in 2015, decreased of €20 million over 2014, mostly as an effect of the changes in working capital relating to the settlement of current assets and liabilities.

Investing activities used total cash of €140 million in 2015, a decrease of €1,389 million over the previous year, mainly due to: i) the sale of Galata SpA, for which details may be found in note 3; ii) an increase of €24 million in investments in fixed assets, mainly in LTE technology; and iii) the disbursement of a loan of approximately €31 million to the parent Wind Acquisition Holdings Finance SpA (€938 million was disbursed as a loan to Wind Acquisition Holdings Finance SpA in 2014, only partially offset by the settlement of the Company's loan to the indirect parent Wind Telecom SpA in the amount of €163 million).

For the year ended December 31, 2015 financing activities used cash of €590 million, mainly as a consequence of:

- the repayment of balance of the tranche at March 30, 2015 by an amount of €1,782 million;

- the disbursement to the Company on March 30 2015 of a new intercompany loan from the subsidiary Wind Acquisition Finance SA for a total amount of €775 million and maturing in 2020, in consequence the issue by the subsidiary of a new bond Senior Secured Notes 2020;
- the renegotiation on March 12, 2015 of new senior facilities maturing in 2019 (€700 million);
- the repayment of €100 million of the revolving tranche of the Senior Facility Agreement;
- the payment of €24 million of fees, mainly related to refinancing operation finalized on March 30 2015;
- the repayment of €20 million, of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the WIND's debt of November 26, 2010;
- the repayment in January 2015 of €840 million related to the short-term intercompany loan to the subsidiary Wind Acquisition Finance SA;
- the disbursement to the Company during the year of the new short-term intercompany loan from the subsidiary Wind Acquisition Finance SA of €890 million;
- the repayment of €162 million of the payable due to the Ministry of Economic Development granted in 2011 as the result of the allocation of the mobile frequency use rights.

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

During 2014 cash flow from investing activities totaling €698 million primarily as a result of the new intercompany loans disbursed to the Company from the subsidiary Wind Acquisition Finance SA by an aggregate nominal amount of €7,867 million, partially offset by the early repayment of the non-current financial liabilities in an aggregate nominal amount of €6,462 million, the payment of €504 million of fees, mainly related to new Senior Notes 2021, 2020 and 2019 issue by the subsidiary Wind Acquisition Finance SA, the repayment of €81 million, of the payable due to the Ministry of Economic Development related to the allocation of the mobile frequency use rights, the repayment of €52 million, of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt of November 26, 2010 and the increase in overdraft of €26 million.

Moreover, in order to ensure better comparison of the items in the two periods under comparison, reclassifications have been made to the balances of Additional Information of the Cash Flow Statement for December 31, 2014 with the following effects: higher *Interest paid on loans/bonds* of €22 million.

39 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 as at December 31, 2015, excluding those situations in which the cost arising from a negative outcome of the proceedings cannot be estimated or for which a negative outcome is not considered probable.

Proceedings with agents

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

Proceedings concerning Misleading Advertising and Unfair Commercial Practices

Under Legislative decree no.146/2007, the Italian Antitrust Authority (AGCM) has the power to initiate proceedings concerning unfair commercial practices and misleading advertising and issue fines of up to €5 million for each proceeding (amount redefined by Law no. 135/12 August 2012). During 2015, three proceedings that were opened by AGCM against WIND for unfair commercial practices were closed with the payment of fines totalling €1.2 million and orders to cease the alleged unfair practices. WIND appealed before TAR Lazio, the Administrative Court of Lazio, the fines. In relation to one of the closed proceedings AGCM challenged WIND for non-compliance with the order to stop the alleged underlying unfair practice, and has fined WIND for a further €350 thousand. WIND appealed before TAR Lazio also this latter AGCM fine decision and the related proceedings are ongoing.

Audit by the Italian Tax Authority

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

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

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

Contingent assets and liabilities

WIND had the following contingent liabilities at December 31, 2015.

Proceedings Concerning Electromagnetic Radiation

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

Audit on dealers' fees

In 2001 WIND received a dispute notice from the tax authorities regarding the tax treatment adopted in 1999, 2000 and 2001 for certain fees paid to dealers. With respect to tax disputes on year 1999 and 2001 WIND obtained a positive outcome in the supreme court proceedings.. The case currently remain pending before the supreme court for the year 2000. The dispute can be quantified in approximately €4 million plus penalties and interest.

WIND/Crest One SpA

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

WIND-Antitrust Authority (A/357)

On August 3, 2007, the Italian Antitrust Authority closed proceeding no. A/357 by ruling against WIND and Telecom Italia for abuse of their dominant positions in the wholesale termination market due to the discriminatory application of economic and technical conditions for fixed-to-mobile on net (fixed-mobile calls originating and terminating on the WIND network) and intercom calls (the calls on the internal telephone lines of a business customer) in favour of their respective internal divisions and to the detriment of fixed-line competitors. On August 31, 2008, WIND was fined and paid a sum of €2 million and ordered to cease the discriminatory behaviour. All avenues of appeal seeking to annul the decision were exhausted on October 1, 2015, without any modification to the outcome.

Fastweb/WIND

On January 2, 2014, Fastweb served a claim on WIND based on the antitrust proceedings no. A/357 – which in August 2007 condemned WIND and Telecom Italia for abuse of their dominant positions in the wholesale termination market in favour of their respective internal commercial divisions and to the detriment of the competitors in the fixed market (i.e. internal-external discriminatory application of economic and technical conditions for fixed-to-mobile on net and intercom calls to the business clients). Amongst other issues, WIND has argued that the claim is time barred because it was filed outside of the statute of limitations. On December 10, 2015, the presiding judge decided to defer any deliberations on the merits of the Fastweb claim and referred to the panel of the tribunal to deliberate on WIND's time-bar argument. The next hearing in the case is scheduled for March 30, 2016.

Guarantees

The company has not pledged any guarantees, either directly or indirectly, in favor of parents or companies controlled by the latter.

The collateral pledged by the Company at December 31, 2015 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 Company as specified in the relevant deed, in favor of the banking syndicate party to the Senior Facility Agreement, as from time to time amended and restated, and other creditors specified in the relevant deed;
- a lien exists on the Company'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, as from time to time amended and restated, 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 to the related share pledge agreement;
- pledge under the English law over a bank account of WIND Telecomunicazioni S.p.A. in favor of the banking syndicate party to the Senior Facility Agreement and the other creditors specified in the related deed of pledge;
- assignment under the English law of receivables arising from hedging contracts of WIND Telecomunicazioni S.p.A. in favor of the banking syndicate to Senior Facility Agreement, as from time to time amended and restated, and the other creditors specified in the related deed of assignment.

Finally, in order to provide a guarantee for its obligations, the WIND Telecomunicazioni SpA 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, as from time to time amended and restated, the counterparts of the contracts of hedging undersigned by WIND Telecomunicazioni SpA e Wind Acquisition Finance SA, and the other secured creditors specified in the confirmation deed related to the assignment of receivables, including in favor of the subscribers to the Senior Secured Fixed Rate Notes expiring in 2020, and Senior Secured Floating Rate Notes expiring in 2019, issued Wind Acquisition Finance SA on April 29, 2013 and in favor of the subscribers of the Senior Secured Fixed Rate Notes expiring in 2020 and the Senior Secured Floating Rate Notes expiring in 2020, issued by Wind Acquisition Finance SA on July 10, 2014 and finally the subscribers of the Senior Secured Fixed Rate Notes due in 2020 and the Senior Secured Floating Rate Notes due in 2020, issued by Wind Acquisition Finance S.A on March 30, 2015..
Moreover, the WIND Telecomunicazioni SpA 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 notes above mentioned expiring in 2019, 2020.

A description is provided below of personal guarantees (sureties) issued mainly by banks and insurance companies on behalf of the Company and in favor of third parties in respect of commitments of various kinds. The total of these, amounting to €104 million at December 31, 2015 includes:

- sureties totaling €21 million issued by insurance companies, mainly relating to participation in tenders;
- sureties totaling €83 million issued by banks, relating to participation in tenders, of which €34 million in favor of the Minister for Economic Development for the participation in the tender procedure it had been awarded for the

frequency use rights in the 800, 1800, 2000 and 2600 MHz bands, to excavation licenses, property leases, operations regarding prize competitions.

The Company has been under the management and coordination of Vimpelcom Ltd since November 2013. In this respect, a summary is provided below of the key data from the latest approved set of financial statements of Vimpelcom Ltd, being those as of and for the year ended December 31, 2014.

(millions of USD)	**At December 31, 2014**
Assets	
Tangible assets	9
Intangible assets	7
Financial assets	5,575
Total non-current assets	**5,591**
Receivables	99
Cash and cash equivalents	17
Total current assets	**116**
TOTAL ASSETS	**5,707**
Equity and Liabilities	
Equity	
Issued capital	2
Reserves	5,653
Retained earnings	(2)
Profit for the year	(647)
Total Equity	**5,006**
Total non-current liabilities	**561**
Total current liabilities	**140**
Total liabilities	**701**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,707**

(millions of USD)	**2014 12 months**
Other expenses after tax	(211)
Share in results of subsidiaries after tax	(436)
Net profit	**(647)**

40 SUBSEQUENT EVENTS

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

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

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