

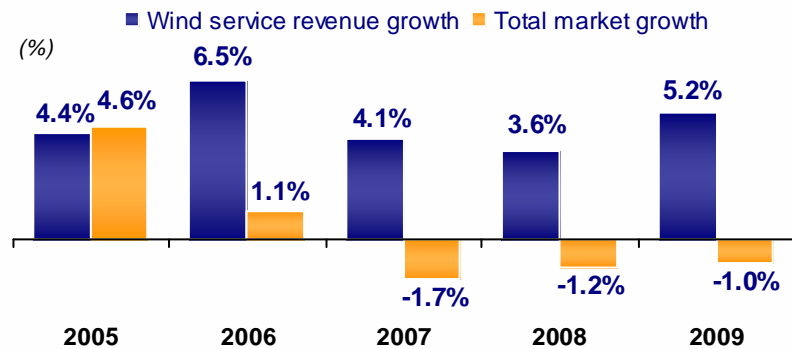
Deutsche Bank
11th Italian Conference

May 26, 2010

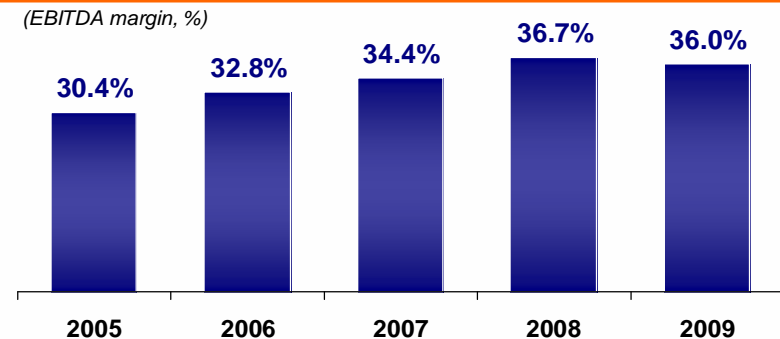


A consolidated track record of solid financial performance

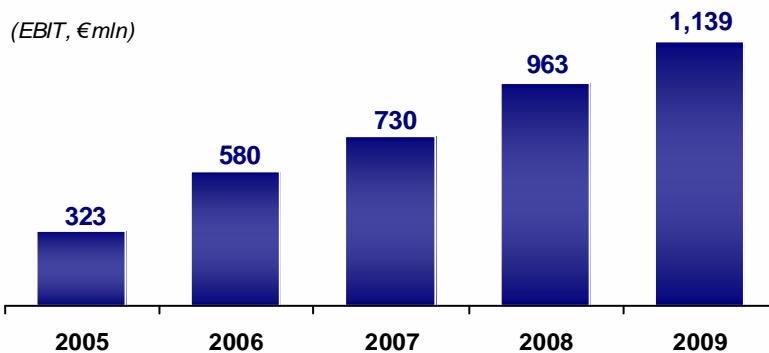
Wind consistently outgrowing Italian market* ...



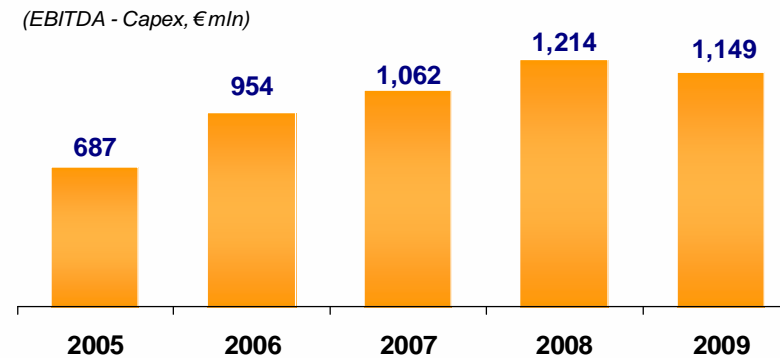
...while steadily improving its marginality...



...and trebling its EBIT...



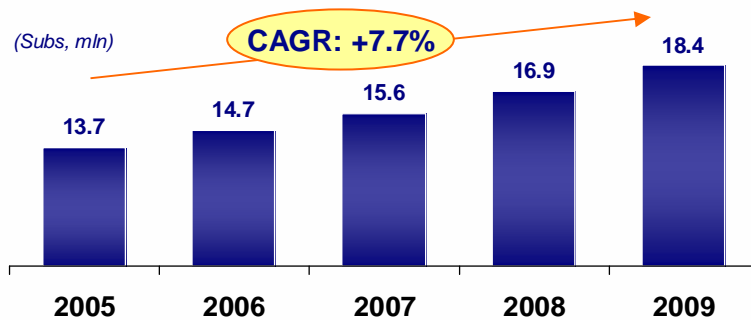
...delivering solid cash flow



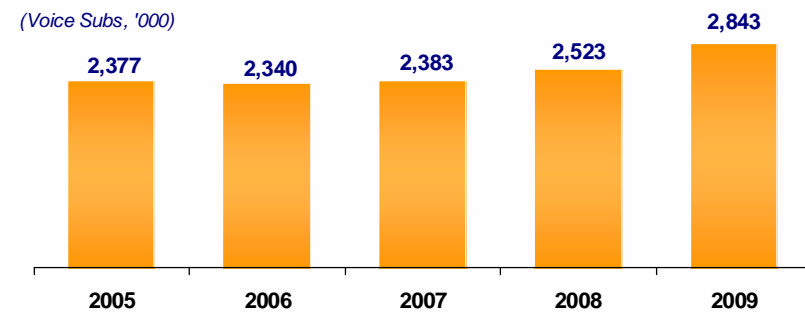
* Source: internal elaboration on Deutsche Bank data

Delivering an operational growth story

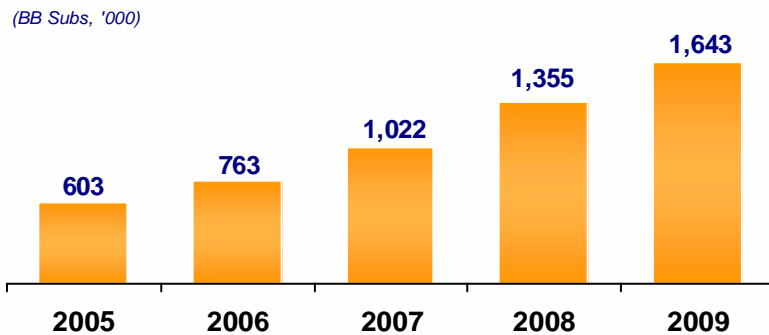
A 7.7% growth of mobile subscribers over 5 years



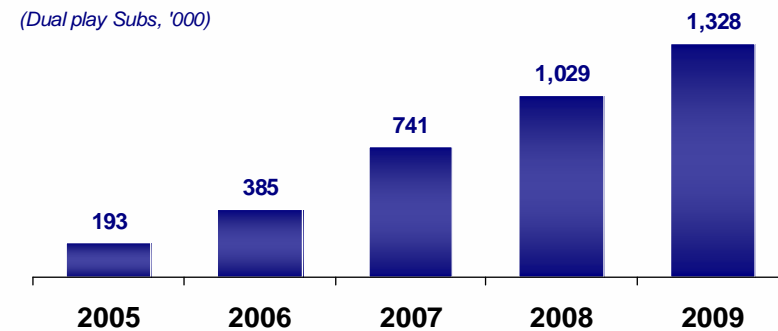
Fixed voice mix improvement and resuming growth



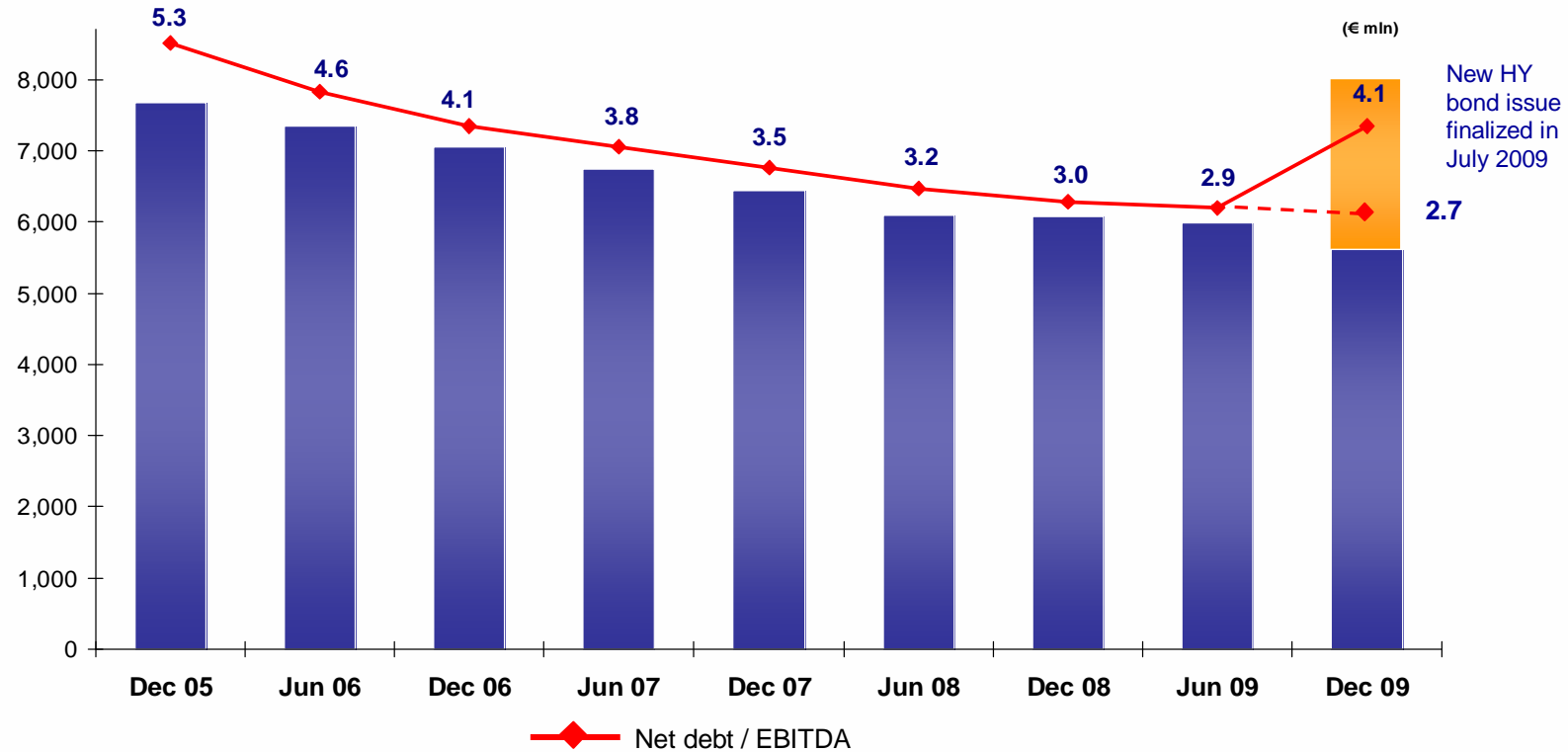
Exploiting untapped BB market opportunity



Upselling to higher value propositions



Consistently pre-paying debt



Since the acquisition by Weather in 2005 WIND has been able to pre-pay €2.2 bln

Competitive
Scenario

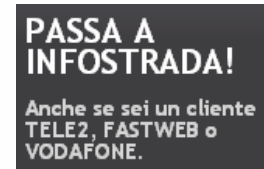


Competitive Scenario - Mobile

- Aggressive pricing strategy and promotions offered by TIM, especially on MNP
- TIM strategy based primarily on on-net promotions, and recently also on off-net and high value customers (Tutto Compreso offers)
- Vodafone focus on smartphone acquisitions, offered with all inclusive bundles; free Mobile Internet browsing for smartphone customers acquired in MNP
- Increasing competition on Mobile Internet dongles, now offered in fixed price time-based bundles; very aggressive promotions proposed by H3G on dongles and connectivity prices
- MVNOs are not making an impact in overall market

Competitive Scenario – Fixed-line

- Increasing utilization of OLO/OLO migration
- Elimination of the cap on retail prices applied by Telecom Italia
- Aggressive promotions from Fastweb, which include also a free TV with a digital terrestrial television set-top box and video on-demand
- Teletu is focussing on aggressive tactical promotions, but is lowering its presence in TV advertising
- LLU tariffs for 2010 and beyond to be calculated according to the results of a BULRIC model; AGCOM proposal in April 2010 currently under consultation
- WLR and bitstream monthly access fee will be calculated on a cost plus basis instead of a retail minus basis according to the results of the BULRIC model developed for LLU



WIND, Fastweb, Vodafone NGN Initiative

- Objective is to provide Italian citizens, companies and public sector with an infrastructure that will guarantee efficiency, productivity and innovation bringing Italy at par with leading European countries
- The future network is envisioned to be unique, FTTH, open, efficient and future proof
- Developing a NGN in fibre will cost less than maintaining the current copper network as long as full migration to the NGN is ensured
- It is envisioned that the initial roll-out will involve the 15 largest Italian cities (approx 10 mln inhabitants) over a period of 5 years with a corresponding investment of €2.5 bln; project is economically sustainable and scalable based on availability of financial resources
- WIND, Fastweb and Vodafone are prepared to play their part, both financially and in terms of customer migration, as long as there are clear rules for the market and for the regulatory aspects

Our areas
of focus



Focus on Acquiring Valuable Customers

- Enhance take up on post-paid and high value customer base, segments typically held by TIM and Vodafone
- Focus on providing a higher end proposition that ties in the customer:
 - Post-paid plan
 - Bundle of services at a fixed monthly cost
 - Voice minutes
 - Messages
 - Unlimited minutes towards another WIND mobile
 - Mobile browsing
 - Possibility to include handset at a preferential rate in monthly instalments



Upselling to Existing Customers

- Exploit Mobile Internet strong growth

- Simplified service offering tailored to specific devices:



- Mobile phone - “always on” offers to browse (Internet No Stop, unlimited traffic for 9 €/month)
 - PC/dongles - time based bundles for a fixed monthly fee (Mega Ore, 50 hours for 9 €/month or Mega 100 Ore, 100 hours for 15 €/month), also including the Internet key offered at a very competitive price

- Enriched terminals portfolio with focus on smart phone/Blackberry

- Enhance VAS & portal usability through increased user interface personalisation, develop innovative VAS

- Increase cross-selling between Wind, Infostrada and Libero

Strive to maintain excellence in quality

- Continue to invest in capacity and GSM coverage (currently 99.66%), improve indoor coverage on par with TIM and Vodafone
- Expand UMTS/HSDPA coverage to >75% of population by YE, from 67.21% as of March 31, 2010
- Guarantee better 3G bandwidth availability in high density areas
 - Acquisition of 5MHz block of UMTS spectrum for the frequencies in the 2100 MHz band
- 1,137 LLU sites for direct population coverage; investments going forward driven by new customer acquisition
- Improve fixed provisioning
- Enhance customer care efficacy, in order to maintain high level of customer satisfaction, both in fixed and mobile
- Improve web usability on mobile through launch of “Libero Tutti”, which allows all websites to be easily read on the mobile phone, and “Naviga Libero”, which allows all customers to browse the web from the mobile phone with no configuration needs, in order to make this service very clear and user-friendly.

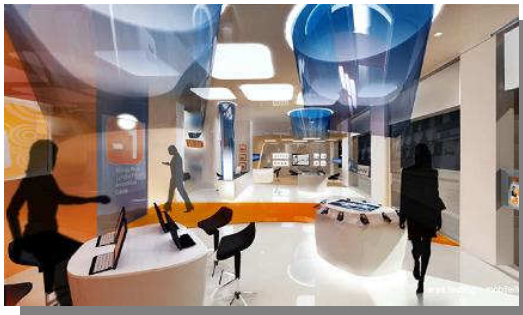


Differentiate our image and distribution paradigm vs. our competitors

- Effective communication, to enhance perception of Wind and to sustain Wind's image evolution

New Concept Stores: Rome and Milan

- Top location and high-end image
- All Inclusive area inside
- Top service 155
- Improved devices visual merchandising
- Events plan to attract opinion leaders



Focus on direct and uniform retail chain

- Acquired 126 Wind-own shops in 2009, mainly located in shopping malls
- Restyling of all franchised points of sale and of 535 top dealers, which allows WIND to achieve a significant increase in the visibility of its brand as seen by the customers
- Increasing distribution presence in Northern Italy
- Significant growth in quality of the sales through a systematic use of mystery shopping

Defend Critical Success Factors

- Pursue community growth and expand on-net offerings
- Retain ethnic communities through tailored offerings
- Focus on direct fixed acquisitions and up-sell customers to double-play
- Remain best in Customer Satisfaction
- Enhance loyalty and maintain low churn rate level



2010 key challenges

Anemic economic growth

Some signals of competitive irrational exuberance

Uncertain regulatory environment

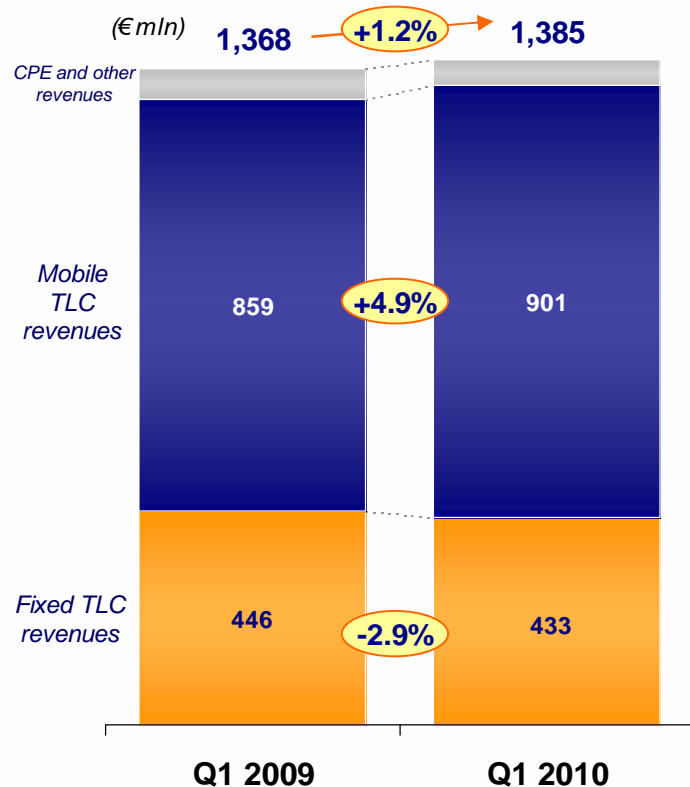
Ramping up systems for Business and VAS

Q1 2010
Highlights

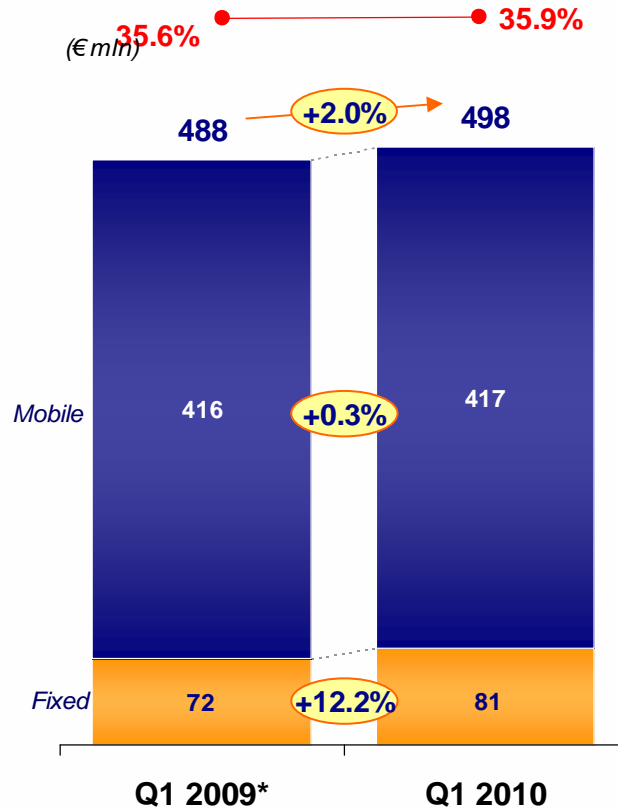


Revenue and EBITDA Performance

Total Revenues



EBITDA / margin

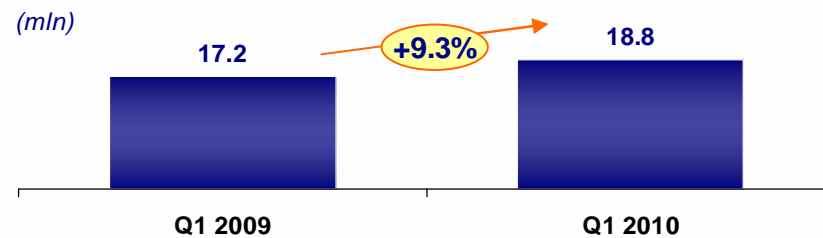


- Mobile service revenue grew +4.9% over Q1 2009, driven by:
 - Increase in voice revenues (+3.1% YoY)
 - Solid performance in Internet & Data revenues (+18.5% YoY) driven by strong growth in mobile Internet (+65.4% YoY) and traditional data (+7.9%)
- Underlying mobile EBITDA trend in line with revenue growth not reflected in actual figures due to certain releases of provisions in 2009 from previous years
- Fixed-line service revenues decrease marginally over Q1 2009, mainly as a result of decline in revenues from International activity, driven by reduction of volumes, more than offsetting performance in traditional fixed-line business:
 - Internet & Data revenues increase mainly driven by growth in broadband revenues (+16.7%)
 - Voice revenues flat over Q1 2009
- Growth in fixed-line EBITDA, reaching €81 million, and increase in marginality driven by increase in Internet and Data business

* As of Q1 2010 WIND has revised its approach to certain customer acquisition costs, which are now capitalised over a period of 18 months, in line with best market practice; Q1 2009 reported EBITDA was €468 mln, with an increase of +6.3% in Q1 2010

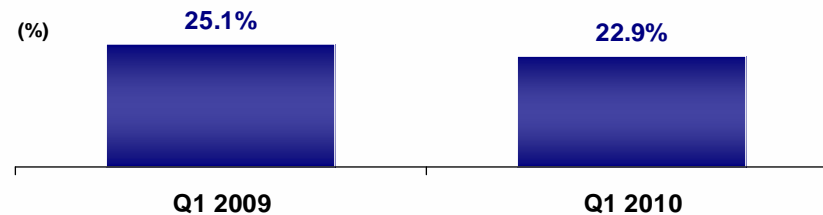
Mobile Performance

Solid Growth in Customer Base



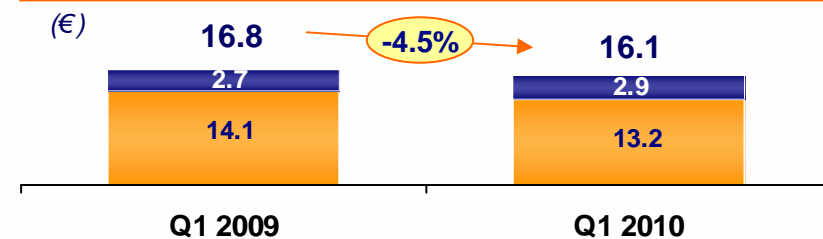
- Market share increase from 19.1% to 21.3%
- Impressive growth of Mobile Internet
- Solid trend of acquisitions continuing in quarter with 431k net adds

Churn Rate declines further



- Churn rate falls 2.2 p.p. over Q1 2009 as a result of:
 - successful retention strategy on key segments
 - Market leading customer satisfaction
 - Simple and clear tariff plans and options easily adaptable to all requirements

Voice ARPU pressure

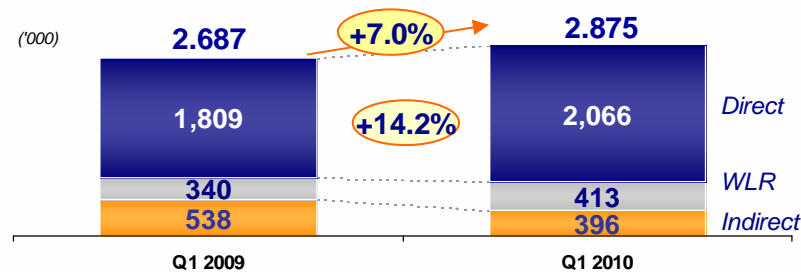


- Voice ARPU declines as a result of termination rate decline and promotional pressure
- Data ARPU increases to 18.2% of total ARPU (+2 p.p.) driven by strong growth in traditional data and mobile Internet boom

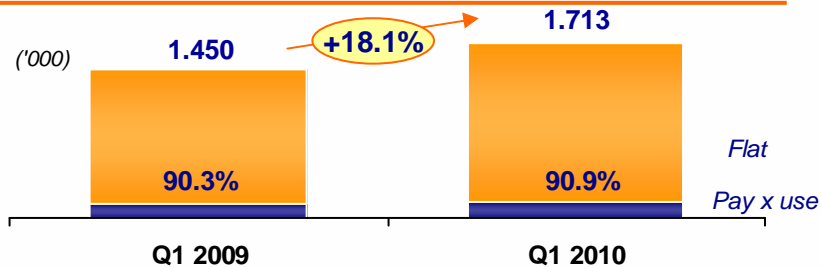
Impact of interconnection rate cut on Voice ARPU is ~€0.3 in Q1 2010

Fixed-line and Broadband Performance

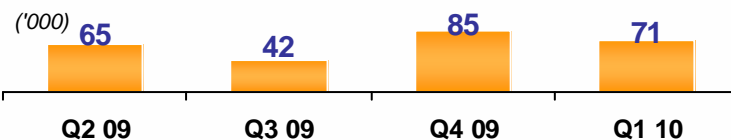
Voice subscribers



Broadband Subscribers



Strong trend in BB Net Adds



- Total subscriber base grows 7.0% driven by success of direct and bitstream offerings
- Growth trend continues in Q1 2010 with stable ULL net adds over the last 12 months
- ARPU under pressure due to interconnection rate decline coupled with increase in promotional activities
- Strong trend in customer base growth reaching 1.7 million subscribers
- Acquisition momentum remains strong driven by success of single play broadband and dual-play offerings
- ARPU marginally down over Q1 2009, increasing over last three quarters of 2009

THANK YOU

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