SUPPLEMENT DATED 5 MARCH 2013 TO THE BASE PROSPECTUS DATED 21 SEPTEMBER 2012 AND THE FINAL TERMS DATED 10 JANUARY 2013 RELATING TO THE SERIES 99 INSTRUMENTS

PALLADIUM SECURITIES 1 S.A.

(a public limited liability company (société anonyme)incorporated under the laws of the Grand Duchy of Luxembourg

Up to EUR 150,000,000 Series 99 Zero Coupon Notes due 2018

(ISIN:XS0868102392)

(the "Series 99 Instruments")

to be issued under the

Programme for the issuance of Secured Notes

This prospectus supplement (the "**Supplement**") dated 5 March 2013 to (i) the base prospectus dated 21 September 2012 as supplemented by the first prospectus supplement dated 13 November 2012 and the second supplement dated 13 December 2012 (the "**Base Prospectus**") for the issuance of secured notes (which comprises a base prospectus for the purposes of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the "**Prospectus Directive**")) and (ii) the Final Terms dated 10 January 2013 relating to the Series 99 Instruments issued under the Base Prospectus (the "**Final Terms**") constitutes a prospectus supplement for the purposes of article 13 of Chapter 1 of Part II of the Luxembourg act dated 10 July 2005 on prospectuses for securities.

This Supplement and the Base Prospectus are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and the Final Terms . Terms defined in the Base Prospectus and the Final Terms have the same meaning when used in this Supplement.

Those amendments to the Final Terms mentioned in the Annex to this Supplement shall only apply to the Series 99 Instruments and the Final Terms with respect thereto.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Further to its public offer of the Notes, the Issuer gives notice that:

(i) the issue price shall be amended to read as a percentage;

(ii) on 11 February 2013, Moody's Investors Service Espana S.A. ("**Moody's**") downgraded Telecom Italia S.p.A.'s long-term debt and deposit ratings to Baa3 from Baa2 (and set out in Annex 2 to this Supplement is the text of the Moody's release in relation to such rating action); and

(iii) on 14 February 2013, Standard & Poor's Credit Market Services France SAS ("**S&P**") placed Telecom Italia S.p.A.'s long-term rating of BBB on negative watch (and set out in Annex 3 to this Supplement is the text of the S&P release in relation to such rating action).

The purpose of this Supplement is to amend the Final Terms relating to the Series 99 Instruments to reflect the changes described in the paragraphs (i) and (ii) above.

As a result of the above, with effect on and from 5 March 2013 the Final Terms will be amended as set out in the Annex 1 to this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus relating to the Instruments since the publication of the Base Prospectus.

In accordance with article 13 paragraph 2 Luxembourg act dated 10 July 2005 on prospectuses for securities, as amended, investors who have already agreed to purchase or subscribe for Instruments offered by way of a public offer before this Supplement is published shall have the right, exercisable within a time limit of two working days after the publication of this Supplement, i.e. until 8 March 2013, to withdraw their acceptances. This withdrawal right will only apply to those investors who have agreed to purchase or subscribe for the Instruments in accordance with the relevant Final Terms issued under the Base Prospectus before the publication of this Supplement.

Annex 1

Amendment of the Final Terms

The Final Terms are amended as follows:

(i) on page 1, the words “Issue Price: EUR 865 per Instrument” shall be amended to read “Issue Price: 86.50 per cent.”;

(ii) paragraph 5 headed “Issue Price:” on page 2 in Part A of the Final Terms shall be amended to read as follows:

Issue Price:	86.50 per cent. of the Aggregate Nominal Amount

(iii) the item entitled “- Rating of the Collateral Obligor (by specified Rating Agency(ies))” in paragraph 17 (i) headed “Collateral” on page 3 in Part A of the Final Terms under the heading “Provisions Relating to Series Assets”, shall be amended to read as follows:

- Rating of the Collateral Obligor (by specified Rating Agency(ies))	Baa3 by Moody’s BBB by S&P BBB by Fitch

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Annex 2

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades Telecom Italia's ratings to Baa3; negative outlook

Global Credit Research - 11 Feb 2013

Madrid, February 11, 2013 -- Moody's Investors Service has today downgraded to Baa3 from Baa2 the senior unsecured and issuer ratings of Telecom Italia S.p.a. (Telecom Italia) following the company's announcement of its 2012 year-end results, updated management outlook and revised financing strategy. All ratings have a negative outlook.

A full list of affected ratings is provided towards the end of this press release.

"The downgrade of Telecom Italia's ratings reflects the increased risks to its business from the challenging operating environment in its key domestic market," says Carlos Winzer, a Moody's Senior Vice President and lead analyst for Telecom Italia. "Although management is taking actions, such as the cut in dividends and plan to issue hybrid bonds, to mitigate the effect of its deteriorating domestic performance on credit metrics, this is not sufficient to fully offset the company's increased business risk".

RATING RATIONALE

Today's rating action reflects the fact that, despite Telecom Italia having partially mitigated the effects of a very tough market, the company's year-end results reveal a deterioration in its domestic revenues and EBITDA, as well as a failure to achieve its committed reported net financial position target of EUR27.5 billion. As a result, Moody's considers that cash flow generation strength is weakening and that Telecom Italia's financial risk has increased. Moreover, this risk might not be fully offset by the company's proposed cut in its dividend and its plan to issue up to EUR3 billion of hybrid bonds over the next 18-24 months.

Moody's notes that Telecom Italia faced substantial challenges in 2012 including macroeconomic recession, regulation and competition, which have eroded the company's domestic revenues and EBITDA. In addition, although Telecom Italia was able to reduce group debt by some EUR2 billion, it could not fully achieve its committed target of reported net financial position of EUR27.5 billion (instead achieving EUR28.3 billion), given that free cash flow was weaker than expected and it has not yet completed the disposal of its Telecom Italia Media business. Furthermore, management has now changed its reported net financial position target for this year to below EUR27 billion from EUR25 billion. This combined with the company's public guidance to single-digit decline in reported EBITDA for 2013, represents a substantial deviation to Moody's previously expected gradual improvement trend.

Moody's recognises that despite Italy's business segment being particularly hit by the economic recession and the consumer mobile segment exposure to severe price reductions, Telecom Italia was able to partly mitigate the negative effect on margins in 2012, while overcoming many competitive challenges through taking a value-oriented commercial approach. In addition, the company was able to achieve some operational expenditure and capital expenditure efficiencies, confirming its strong track record in cash-cost savings and margin preservation.

Moody's also notes that Telecom Italia's credit metrics had been weak for the Baa2 rating category for some time, as reflected in the previous negative outlook. Based on the full-year figures, Moody's estimates that Telecom Italia's net adjusted debt/EBITDA in 2012 was around 2.9x (broadly in line with the ratio achieved in 2011), well above Moody's stated guidance of leverage trending towards the level of 2.5x in the medium term.

While Telecom Italia's proposed dividend cut to EUR450 million per annum through 2015, partly offsets the negative impact on its cash flow of its weaker-than-expected performance and the operating challenges ahead, it leaves the company with less internal options to protect its financial profile in the event of a further sustained deterioration in its operating performance.

Moody's remains concerned that Telecom Italia is facing stronger headwinds in its efforts to improve its financial ratios. Given the challenging operating conditions in Italy, Telecom Italia's management may find it difficult to meet its updated deleveraging commitment of reported net financial position/ EBITDA of below 2.0x.

Moody's considers that Telecom Italia's Baa3 rating is supported by the company's (1) scale; (2) integrated telecoms business model, with strong market positions in both the fixed and mobile segments; (3) geographical diversification, mainly as a result of its presence in Brazil and Argentina; (4) continued commitment to debt reduction and financial discipline; and (5) high operating margins, ongoing operational expenditure (opex) reductions and strong liquidity.

The Baa3 rating also factors in: (1) the deterioration in Telecom Italia's operating performance including an expected further EBITDA decline this year; (2) management's plan to partially offset the weakened performance with a more robust capital structure; and (3) the company's revised outlook for the period 2013-15.

OUTLOOK

The negative outlook on the ratings reflects the expected tough operating environment in Italy, as well as the fact that Telecom Italia's financial metrics are marginally positioned for the new rating category and could be downgraded if the company is not able to achieve the planned financial targets.

WHAT COULD CHANGE THE RATING DOWN/UP

Downward pressure on the rating could potentially result if Telecom Italia were to deviate from management's announced debt reduction plan, which includes a reported net financial position of less than EUR27 billion by year end 2013, and if the overall financial metrics do not gradually improve in line with their announced plan which includes positive low single digit revenue and EBITDA CAGR through 2015. More specifically, a rating downgrade could result if the company failed to sustainably reduce its net adjusted debt/EBITDA ratio to below 2.8x.

In view of today's action, Moody's does not currently anticipate upward rating pressure. However, Moody's could consider a stabilization of the outlook if the company delivered improved financial metrics on the back of a supportive operating environment, including a net adjusted debt/EBITDA comfortably below 2.8x. Upward pressure could result over time if Telecom Italia's adjusted net debt/EBITDA were to improve to below 2.5x.

LIST OF AFFECTED RATINGS

Rating downgrades:

..Issuer: Telecom Italia S.p.a.

....Issuer rating to Baa3 negative,

....Senior unsecured medium-term note programme to (P)Baa3 negative

....Senior unsecured bank credit facility to Baa3

....Senior unsecured regular bond/debenture to Baa3

....Senior unsecured regular bond/debenture to Baa3

Outlook actions:

..Issuer: Telecom Italia S.p.a..

....Outlook Negative

The principal methodology used in this rating was the Global Telecommunications Industry published in December 2010. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Telecom Italia Group (consisting of Telecom Italia S.p.A. and its subsidiaries) is the leading integrated telecommunications provider in Italy, delivering a full range of services and products, including telephony, data exchange, interactive content and information and communications technology solutions. It is also the operator of one of the three national TV networks. The group is also one of the top telecoms players in Argentina and in the Brazilian mobile market, operating through its subsidiary Telecom Italia Mobile (TIM) Brazil. Telecom Italia's major shareholder is a consortium (Telco S.p.A.) composed of Telefónica (Baa2 Negative), the insurance company Generali, and the banks Mediobanca and Intesa Sanpaolo. This consortium holds a 22.4% stake in Telecom Italia. For 2012 Telecom Italia reported EUR29.5 billion in revenue and EUR 11.7 billion in EBITDA.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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MOODY'S
INVESTORS SERVICE

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT

Annex 3

- We see a risk of continued decline in EBITDA for Telecom Italia (TI) in
- 2013, and limited leeway for leverage reduction.
- We are therefore putting our 'BBB/A-2' ratings on TI on CreditWatch
- negative.
- The CreditWatch reflects the risk of a one-notch downgrade over the next
- three months if we reassessed TI's business risk profile as
- "satisfactory" or if we thought adjusted credit metrics would not further
- improve in 2013 or beyond.

PARIS (Standard & Poor's) Feb. 14, 2013--Standard & Poor's Ratings Services today said that it put its 'BBB' long-term and 'A-2' short-term corporate credit ratings on Telecom Italia SpA (TI) on CreditWatch with negative implications.

The CreditWatch placement reflects our view that the drop in TI's domestic EBITDA in 2013 could exceed the mid-single-digit decline we had expected under our previous base-case scenario, primarily due to falling domestic wireless market share and prices. In our view, this continued downward trend could call into question our assessment of the company's business risk profile as "strong." We think the steady slippage could also offset the benefits of TI's debt reduction in absolute terms and adversely affect its credit metrics.

Still, the company has announced a 50% cut in dividends and its intention to issue up to €3 billion in hybrid securities, which could support its financial risk profile. TI will likely have more limited options to accelerate debt reduction, however, after this second cut in dividends. The company's ownership structure also prompts us to question its ability to raise equity.

The weak economic conditions in Italy, notably in the corporate sector, as well as regulation on termination rates and roaming, contributed to worsening telecom revenues in the fourth quarter of 2012. The economy could remain in the doldrums in 2013 in our view and exacerbate already intense price competition in the domestic telecom market. Consequently, we anticipate protracted and pronounced pressure on group EBITDA this year, and, at this stage, uncertain prospects about the timing and extent of any stabilization thereafter.

We aim to resolve our Creditwatch in the next three months after meeting with
TI's management.

We expect to focus on the following aspects:

- TI's operating prospects, in particular management's assumptions behind
- the 2013-2015 plan, and how these prospects could influence our
- assessment of the company's business risk profile
- TI's deleveraging plans, in particular how it intends to achieve its
- public guidance of a ratio of unadjusted net debt to EBITDA or less than
- 2x by 2015, and how these prospects might influence our assessment of the
- company's financial risk profile, which is currently "significant."

A one-notch rating downgrade is likely if we revise our assessment of TI's business risk profile to satisfactory from strong. This is because under our criteria a 'BBB' long-term rating with a satisfactory business risk profile would require a positive revision in our assessment of TI's financial risk profile to intermediate from significant, which seems unlikely at this point.
A one-notch rating downgrade could also occur with the business risk profile assessed at strong if we believed that TI's adjusted credit metrics would not
further improve in 2013 or beyond.

We could affirm the ratings if we maintained our assessment of TI's business risk profile as strong and saw no deterioration of credit metrics over 2013 and subsequent years.
Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm
(46) 8-440-5914; or Moscow 7 (495) 783-4009.

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