



**DISCLOSURE DOCUMENT RELATING TO THE REMUNERATION PLAN BASED ON THE ASSIGNMENT OF OPTIONS
(STOCK OPTION) FOR THE SUBSCRIPTION OF ORDINARY TISCALI S.p.A. SHARES SUBMITTED FOR THE APPROVAL OF
THE SHAREHOLDERS' MEETING AND DRAWN UP IN ACCORDANCE WITH ART. 84 *BIS* OF THE REGULATIONS
ADOPTED BY MEANS OF CONSOB RESOLUTION No. 11971/1999, AS SUBSEQUENTLY AMENDED AND
SUPPLEMENTED**

CAGLIARI, ITALY, 15 JANUARY 2016

INTRODUCTION

This disclosure document (the “**Disclosure Document**”), drawn up in accordance with Article 84 *bis* of the Regulations adopted by CONSOB by means of resolution No. 11971 dated 14 May 1999 as subsequently amended and supplemented (the “**Issuers’ Regulations**”) and in compliance with Schedule 7 of Attachment 3A of the same Issuers’ Regulations, concerns the proposal to adopt the “2015-2019 Stock Option Plan” approved by the Board of Directors of the Company on 15 January 2016, and by the Remuneration Committee as of the same date.

The afore-mentioned proposal to adopt the “2015-2019 Stock Option Plan” will be submitted for the approval of the Company’s shareholders’ meeting called for 16 February 2016 in sole calling under the third point of the agenda of the ordinary session (and, with regard to the share capital increase producing shares, under the fifth point of the extraordinary session).

As of the date of this Disclosure Document, the proposal to adopt the “2015-2019 Stock Option Plan” has not yet been approved by the shareholders’ meeting. Therefore:

- (i) the Disclosure Document is drawn up exclusively on the basis of the contents of the proposal to adopt the “2015-2019 Stock Option Plan” approved by the Board of Directors of the Company on 15 January 2016, and by the Remuneration Committee as of the same date;
- (ii) each reference to the “2015-2019 Stock Option Plan” contained in this Disclosure Document must be understood as referring to the proposal to adopt the “2015-2019 Stock Option Plan”.

This Disclosure Document will be updated, if necessary and under the terms and by means of the formalities laid down by current legislation, if the proposal to adopt the “2015-2019 Stock Option Plan” is approved by Tiscali S.p.A.’s shareholders’ meeting and in compliance with the content of the resolutions adopted by the same shareholders’ meeting and by the bodies responsible for the implementation of the “2015-2019 Stock Option Plan”.

The “2015-2019 Stock Option Plan” should be considered to be of “particular importance” as per Article 114 *bis*, section 3 of Italian Legislative Decree No. 58 dated 24 February 1998 (the “**Consolidated Finance Law**”) and Article 84 *bis*, section 2 of the Issuers’ Regulations, since it applies to the Company’s Chairman, Renato Soru.

DEFINITIONS

For the purposes of this Disclosure Document, the terms indicated below shall have the meaning assigned to them as and when appropriate.

Restructuring Agreements

The agreements governed by UK law finalised on 23 December 2014 (and amended on 26 November 2015), according to the circumstances, between: (i) Tiscali and certain Group companies (in the capacity of, according to the circumstances, Borrower, Guarantors, Intra-Group Lenders and Intra-Group Debtors); (ii) Wilmington Trust (London) Limited (in the capacity of Facility A Agent and Security Agent); (iii) Banca IMI (in the capacity of Facility B Agent); (iv) the Senior Lenders, relating to the restructuring of the debt of the Tiscali Group deriving from the contract entitled "Group Facilities Agreement", in turn entered into on 3 July 2009, as well as the recapitalisation of the Tiscali Group.

Shareholders' meeting

The ordinary and extraordinary shareholders' meeting of the Company, called for 16 February 2015, in sole calling, whose agenda includes: (i) the 2015-2019 Stock Option Plan concerning ordinary Tiscali S.p.A. shares reserved for the Chairman of the Board of Directors of the Company Renato Soru and the inherent and consequent resolutions; (ii) the proposal to increase the share capital against payment, in one or more tranches, by means of the issue of a maximum total of 251,622,551 ordinary shares lacking par value, to serve a maximum of 251,622,551 options, non-transferable, valid for the subscription of ordinary shares of the Company to be reserved for the Chairman of the Board of Directors of the Company Renato Soru as beneficiary of the 2015-2019 Stock Option Plan, with exclusion of the purchase option, pursuant to Article 2441.5 of the Italian Civil Code and the inherent and consequent resolutions.

Beneficiary

The Chairman of the Board of Directors of the Company, Renato Soru, or his heirs.

Office

The office of executive Chairman of the Company covered by the Beneficiary.

Assignment Date

The Stock Market day open after the date of the Shareholders' meeting.

Disclosure Document

This Disclosure Document.

Senior Lenders	Jointly but not severally: BG Select Investments (Ireland) Ltd, SPV Capital Funding Luxembourg S.à r.l. and Intesa Sanpaolo S.p.A. – London Branch.
MTA	The Screen-based Share Market (MTA), organised and managed by Borsa Italiana S.p.A.
Option	The right assigned to the Beneficiary to subscribe newly issued ordinary Tiscali shares at a ratio of 1 ordinary share for each Option exercised, under the terms and formalities as per the regulations of the 2015-2019 Stock Option Plan.
2015-2019 Stock Option Plan or Plan	The stock-option plan approved by the Board of Directors of the Company on 15 January 2016, and by the Remuneration Committee as of the same date, which will be submitted for the approval of the shareholders' meeting and which forms the subject matter of this Disclosure Document.
Strike Price	According to the circumstances: <ul style="list-style-type: none"> • EUR 0.060 with reference to the First Tranche; • EUR 0.069 with reference to the Second Tranche; • EUR 0.078 with reference to the Third Tranche.
First Tranche	The first tranche of Options, comprising 157,264,095 Options, for the subscription of an equal number of ordinary Tiscali shares, to be exercised between 24 December 2016 and 24 December 2018 at a unit price per share of EUR 0.060.
Issuers' Regulations	The Regulations adopted by means of CONSOB resolution No. 11971 dated 14 May 1999, as subsequently amended and supplemented.
Second Tranche	The second tranche of Options, comprising 47,179,228 Options, for the subscription of an equal number of ordinary Tiscali shares, to be exercised between 24 December 2017 and 24 December 2018 at a unit price per share of EUR 0.069.
Company or Tiscali	Tiscali S.p.A. with registered office in Sa Illetta, S.S. 195, Km. 2.300, Cagliari, Italy, enrolled in the Cagliari Companies' Register under No. 02375280928.

Third Tranche

The third tranche of Options, comprising 47,179,228 Options, for the subscription of an equal number of ordinary Tiscali shares, to be exercised between 24 December 2018 and 24 June 2019 at a unit price per share of EUR 0.078.

Consolidated Finance Law

Italian Legislative Decree No. 58 dated 24 February 1998.

1. BENEFICIARIES OF THE 2015-2019 STOCK OPTION PLAN

1.1 Name of the Beneficiary

The Beneficiary of the Plan is Renato Soru, on the condition that he remains in Office, without prejudice to the hypotheses of termination indicated in point 4.8.

Furthermore, the 2015-2019 Stock Option Plan has not yet been approved by the shareholders' meeting.

1.2 Category of employees or staff of the Company and its parent or subsidiary companies

The 2015-2019 Stock Option Plan is intended exclusively for the Beneficiary.

Furthermore, the 2015-2019 Stock Option Plan has not yet been approved by the shareholders' meeting.

1.3 Name of the parties who benefit from the Plan belonging to the following groups

a) General managers of the Company

Not applicable, since the sole beneficiary of the Plan is Renato Soru, on the condition that he remains in Office, without prejudice to the hypotheses of termination indicated in point 4.8.

b) Other executives with strategic responsibilities of the Company

Not applicable, since Tiscali falls within the smaller-sized companies as per Article 3.1, letter f) of the Regulations adopted by means of CONSOB resolution No. 17221 dated 12 March 2010, it being understood that the sole beneficiary of the Plan is Renato Soru, on the condition that he remains in Office, without prejudice to the hypotheses of termination indicated in point 4.8.

c) Individuals which control the Company, who are employees or who collaborate in favour of the latter

Not applicable, since the Beneficiary does not control and is not the Parent of Tiscali.

1.4 Description and numeric indication, divided up by categories

a) Of the executives with strategic responsibilities other than those indicated in letter b) of section 1.3.

Not applicable, since Tiscali falls within the smaller-sized companies as per Article 3.1, letter f) of the Regulations adopted by means of CONSOB resolution No. 17221 dated 12 March 2010, it being understood that the sole beneficiary of the Plan is Renato Soru, on the condition that he remains in Office, without prejudice to the hypotheses of termination indicated in point 4.8.

b) In the case of smaller-sized companies, pursuant to Article 3.1, letter f) of Regulation No. 17221 dated 12 March 2010, the indication by aggregate of all the executives with strategic responsibilities of the issuer of the financial instruments

The sole Beneficiary of the Plan is Renato Soru, on the condition that he remains in Office, without prejudice to the hypotheses of termination indicated in point 4.8.

c) Of any other categories of employees or staff for which differentiated features of the plan have been envisaged

Not applicable.

2. REASONS WHICH JUSTIFY THE ADOPTION OF THE PLAN

2.1 The objectives intended to be achieved by means of assignment of the Plan

By means of the assignment of the Options to the Beneficiary, Tiscali intends to pursue the objective of retaining the loyalty and providing incentive for said Beneficiary with regard to the development of the activities within the sphere of the Office.

2.1.1 Additional information

The Plan does not envisage a pre-established ratio between the number of Options assigned to the Beneficiary and the remuneration received by the same in relation to the Office.

2.2 Key variables, also in the form of performance indicators, considered for the purposes of assignment of the Options

The Options assigned do not envisage performance indicators for the purpose of their exercise.

2.2.1 Additional information

The envisaged timescale - with a period of 3 years for the exercise of the Options - has been identified for the purpose of avoiding that short-term logics may prejudice the objective of creating lasting value. The possibility of exercising the Options in several tranches (and at different values) complies with Tiscali's interest in graduating the incentive of the Beneficiary within the sphere of its development strategies.

2.3 Elements underlying the determination of the entity of the remuneration based on financial instruments, or the criteria for its determination

The number of Options assigned to the Beneficiary has been established having taken into account the role and the responsibilities of the latter within the sphere of the future development strategies of the Tiscali Group.

2.4 Reasons underlying the possible decision to assign remuneration plans based on financial instruments not issued by the Company

Not applicable, since the 2015-2019 Stock Option Plan is based on the assignment of Options which give the right to subscribe ordinary shares of the Company.

2.5 Appraisals regarding significant tax-related and accounting implications which have affected the definition of the Plan

There are no significant tax-related and accounting implications which have affected the definition of the Plan.

2.6 Possible support for the Plan by the Special fund for the incentive of workers' investment in companies, as per Article 4.112 of Italian Law No. 350 dated 24 December 2003

Not applicable, since the Beneficiary is not linked to the Company by employment relationships.

3. APPROVAL PROCESS AND TIMESCALE FOR APPROVAL OF THE PLAN

3.1 Sphere of the powers and functions delegated by the shareholders' meeting to the Board of Directors for the purpose of implementing the Plan

On 15 January 2016, the Board of Directors (and on the same date the Remuneration Committee) resolved, with the abstention of Renato Soru, to submit the approval of the 2015-2019 Stock Option Plan to the shareholders' meeting for the assignment of 251,622,551 Options to the Beneficiary.

The shareholders' meeting will be required to resolve on the approval of the Plan and also the granting to the Board of Directors of every power necessary or appropriate for executing said Plan, including therein the issue of the related shares stemming from the associated share capital increase, also subject to the approval of the shareholders' meeting and serving the execution of the Plan.

3.2 Indication of the parties appointed for the administration of the plan and their function and responsibility

Responsibility for the execution of the 2015-2019 Stock Option Plan will fall to the Board of Directors, according to the powers which shall be assigned to the same by the shareholders' meeting for this purpose.

3.3 Possible procedures existing for the review of the Plan

The Board of Directors in collective form shall have the faculty to make - to the regulations of the 2015-2019 Stock Option Plan (once it has been approved), as per the most appropriate methods - any change or addition which it deems to be useful or necessary for the best pursuit of the purposes of said Plan.

No procedures are envisaged for the review of the 2015-2019 Stock Option Plan, without prejudice to the faculty of the Board of Directors in collective form, if deemed necessary and with the favourable opinion of the Remuneration Committee, to make the amendments and/or additions deemed necessary for the purpose of ensuring the best management of the 2015-2019 Stock Option Plan.

3.4 Description of the formalities used to establish the availability and assignment of the financial instruments on which the Plan is based

2015-2019 Stock Option Plan envisages the free assignment to the Beneficiary of Options valid for subscribing newly issued ordinary shares of the Company, at a ratio of 1 ordinary share for each Option exercised. The total maximum number of ordinary shares serving the Plan is established as 251,622,551 ordinary shares.

On 15 January 2016, the Board of Directors resolved - with the abstention of Renato Soru, to submit, for the approval of the shareholders' meeting, the proposal to increase the share capital, against payment and in several tranches, for a maximum amount of Euro 16,371,192.25 to be booked to capital, with exclusion of the purchase option as per Article 2441, sections 5 and 6 of the Italian Civil Code, by means of the issue of a maximum of 251,622,551 new ordinary Tiscali shares, to be reserved for subscription by the Beneficiary.

The Company shall make all the ordinary shares due to the Beneficiary available to the same, further to the exercise of the Options under the terms and as per the formalities which will be established in the regulations of the 2015-2019 Stock Option Plan.

3.5 Role played by each director in the determination of the features of the Plan; any occurrence of conflicts of interest

The features of the 2015-2019 Stock Option Plan, to be submitted for the approval of the shareholders' meeting pursuant to and for the purposes of Article 114 *bis* of the Consolidated Finance Law, have been determined in collective form by the Board of Directors on 15 January 2016, with the abstention of Renato Soru. The Plan was also approved by the Remuneration Committee on 15 January 2016.

3.6 Date of the decision adopted by the competent body to propose the approval of the plans to the shareholders' meeting and by the Remuneration Committee

The Board of Directors approved the 2015-2019 Stock Option Plan on 15 January 2016 with the abstention of Renato Soru. The Remuneration Committee approved the same Plan on 15 January 2016.

3.7 Date of the decision adopted by the competent body with regard to the assignment of the instruments and by the Remuneration Committee

Not applicable, since as of the date of this Disclosure Document, the 2015-2019 Stock Option Plan has not yet been approved by the shareholders' meeting.

3.8 The market price, registered on the afore-mentioned dates, for the financial instruments on which the Plan is based, if traded on organised markets

Not applicable, since as of the date of this Disclosure Document, the 2015-2019 Stock Option Plan has not yet been approved by the shareholders' meeting.

3.9 Terms and formalities according to which Tiscali shall take into account, within the sphere of the identification of the timescale for assignment of the instruments in accordance with the Plan, of the possible timing coincidence between: (i) said assignment or any decisions adopted in this connection by the Remuneration Committee, and (ii) the divulgation of any significant information as per Article 114.1 of the Consolidated Finance Law

The 2015-2019 Stock Option Plan envisages that the Board of Directors may suspend, in specific periods of the year and for justified reasons, the exercise by the Beneficiary of the Options, if this corresponds with the interests of the Company and/or appears appropriate in relation to needs to safeguard the market. In this case, a specific written communication will be provided by the Board of Directors to the Beneficiary.

In the Plan regulations, the Board of Directors shall also have the faculty to define the timescale for the assignment of the Options, possibly limiting the same also in relation to the moment of divulgation of possible significant information as per Article 114.1 of the Consolidated Finance Law.

The 2015-2019 Stock Option Plan also envisages that the exercise of the Options by the Beneficiary be suspended in the period running between:

- (i) the day when: (a) the Board meeting is held which resolved the calling of the shareholders' meeting called to approve (1) the annual financial statements; and/or (2) the distribution of dividends; and; (b) the date when the related meeting is effectively held (or, in the event of resolution concerning the distribution of dividends, the date after that of detachment of the coupon);
- (ii) the day after the end of each accounting period (31 March, 30 June, 30 September and 31 December) until the date of initial disclosure of the economic-financial data for the period (final or forecast).

4. FEATURES OF THE ASSIGNED INSTRUMENTS

4.1 Forms in which the Plan is structured

The 2015-2019 Stock-Option Plan envisages the assignment without payment of Options which permit, under the conditions established by said Plan, the subsequent subscription of the ordinary Tiscali shares, with settlement by means of physical delivery. Therefore, this involves stock options.

Each Option assigned grants the Beneficiary the right to subscribe 1 ordinary newly-issued Tiscali share, with regular dividend rights, against the payment to the Company of the Strike Price.

The Options assigned can be exercised by the Beneficiary on three separate occasions, according to the First Tranche, the Second Tranche and the Third Tranche.

4.2 Period of effective implementation of the Plan

The 2015-2019 Stock Option Plan has a duration until 24 June 2019, expiry date for the exercise of the Third Tranche.

The Options assigned can be exercised by the Beneficiary on three separate occasions, according to the First Tranche, the Second Tranche and the Third Tranche.

4.3 Expiry of the Plan

The expiry of the 2015-2019 Stock Option Plan, understood as the last subscription date of the share capital increase serving the same, is 24 June 2019.

4.4 Number of financial instruments, also in the form of options, assigned in each period

The 2015-2019 Stock Option Plan envisages the assignment of 251,622,551 Options, which provide the right to subscribe an equal number of ordinary newly-issued Tiscali shares.

All the Options will be assigned to the Beneficiary in a single go and will mature according to the First Tranche, the Second Tranche and the Third Tranche.

4.5 Formalities and clauses for implementation of the Plan

With regard to the formalities and clauses for implementation of the 2015 - 2025 Stock Option Plan, please see the matters envisaged in the individual points of this Disclosure Document.

It is also revealed that, until the date of 30 September 2017 (or in any event until the complete repayment of the loans subject to the Restructuring Agreements), the Options cannot be exercised to such an extent as to lead to the issue of ordinary shares of the Company for the total quantity greater than 3% of the share capital, unless the consent of the Senior Lenders is established.

The Options assigned can be exercised by the Beneficiary on three separate occasions, according to the First Tranche, the Second Tranche and the Third Tranche.

4.6 Availability restrictions on the instruments assigned or on the instruments deriving from the exercise of the Options

The 2015-2019 Stock Option Plan envisages that the Options be assigned on a personal level and that they can be exercised solely by the Beneficiary, under the terms as per the regulations of the same plan. The Options cannot be transferred, for any reason, unless due to *mortis causa*, or traded, afforded as pledge or subject to any other real right and/or granted as collateral by the Beneficiary, unless in accordance with the provisions of the law.

The Options will become null and it will not be possible to exercise them further to attempted transfer or trading, including therein, by way of example, any attempt to transfer by deed among the living, affording as pledge, attachment or distraint of the Options or part of the same.

Restrictions on the transfer of the ordinary shares of the Company subscribed after the exercise of the Options are not envisaged.

4.7 Possible termination conditions in the event that the Beneficiary carries out hedging transactions which make it possible to neutralise any restriction on the sale of the financial instruments assigned, also in the form of options, or of the financial instruments deriving from the exercise of these options

Not applicable, since: (i) termination conditions are not envisaged in the event the Beneficiary carries hedging transactions which make it possible to neutralise the restriction on the sale of the Options assigned; (ii) restrictions on the transfer of the ordinary shares of the Company subscribed after the exercise of the Options are not envisaged.

4.8 Description of the effects caused by the termination of the business relationship between the Beneficiary and the Company

The 2015-2019 Stock Option Plan envisages the faculty for the Beneficiary - in line with market practices - to exercise the Options assigned to him in advance in cases of a change in control regarding the Company, revocation/decrease of the powers relating to the Office without his consent, or failure to renew the Office before the exercise deadline of the Third Tranche. Without prejudice to the above, revocation of the Office as a result of due cause will lead to the non-applicability of the Options which have not yet accrued at that time, without prejudice to the right to exercise the Options already accrued and not yet exercised at that time.

4.9 The indication of any other causes of cancellation of the Plan

Without prejudice to the matters indicated in the previous sections, there are no other cases of cancellation of the 2015-2019 Stock Option Plan.

4.10 Redemption by the Company of the financial instruments covered by the Plan

Redemption clauses in favour of the Company for the Options covered by the Plan, or for ordinary shares deriving from exercise of the same, are not envisaged.

4.11 Any loans or other concessions which are intended to be granted for the purchase of the shares in accordance with Article 2358 of the Italian Civil Code

Not applicable.

4.12 Appraisals regarding the estimated liability for the Company as of the date of related assignment, as can be determined on the basis of the terms and conditions already defined, by overall amount and in relation to each instrument of the Plan

Not applicable, since as of the date of this Disclosure Document, the 2015-2019 Stock Option Plan has not yet been approved by the shareholders' meeting.

4.13 The indication of any dilutory effects on the share capital

As of the date of this Disclosure Document, Tiscali's subscribed and paid-in share capital amounted to EUR 169,076,822.67, divided up into a total of 3,145,281,893 ordinary shares, lacking indication of the par value.

The maximum number of ordinary shares serving the Plan corresponds to 8% of the afore-mentioned subscribed and paid-in share capital of the Company.

4.14 Limits envisaged for the exercise of the voting right and for the assignment of the dividend rights

With reference to the ordinary shares deriving from the exercise of the options, no limits are envisaged for the exercise of the voting right and for the assignment of the dividend rights.

4.15 In the event that the shares cannot be traded on organised markets, any information useful for a complete assessment of the value attributable to them

Not applicable, since ordinary Tiscali shares are listed on the MTA.

4.16 Number of financial instruments underlying each Option

Each Option assigned, if exercised within the terms and under the conditions of the 2015-2019 Stock Option Plan, gives the right to subscribe an ordinary newly-issued Tiscali share.

4.17 Maturity of the Options

Reference is made to the matters specified in sections 4.2 and 4.3 above.

4.18 Exercise formalities, timescales and clauses

The Options shall have an "American" exercise method, so that they can be exercised at any time during the course of the various exercise periods of the Options, in relation to which please see section 4.2 above.

4.19 Strike Price

The Strike Price of the Options is established as:

- EUR 0.060 with reference to the Options of the First Tranche;
- EUR 0.069 with reference to the Options of the Second Tranche;
- EUR 0.078 with reference to the Options of the Third Tranche.

4.20 Reasons why the strike price of the Options is not determined in relation to the market price of the Company's shares

The strike price of the Options is established on the basis of unrestricted negotiation between the Company and the Beneficiary.

4.21 Criteria on the basis of which different strike prices are envisaged between various parties or various categories of beneficiary parties

Not applicable, since the Plan envisages a sole Beneficiary.

4.22 In the event that the financial instruments underlying the options are not traded on organised markets, indication of the value which can be assigned to the underlying financial instruments or the criteria for establishing this value

Not applicable, since ordinary Tiscali shares are listed on the MTA.

4.23 Criteria for the adjustments which have become necessary further to extraordinary transactions on the share capital and other transactions which involve a change in the number of underlying instruments

In the event of extraordinary transactions on share capital and other transactions which possibly involve a change in the number of underlying instruments - such as share capital increases (with the exception of the authorised increase mentioned in section 4.13), extraordinary dividends, grouping or splitting of the underlying shares, merger and spin-off, transactions for conversion into other categories of shares, etc. - the Board of Directors will take steps, where necessary, to make the usual adjustments according to the generally accepted methods.

4.24 Remuneration plans based on financial instruments

Not applicable, since as of the date of this Disclosure Document, the 2015-2019 Stock Option Plan has not yet been approved by the shareholders' meeting and no other remuneration plans based on financial instruments issued by the Company exist.

		TABLE 2						
		Options (<i>option grant</i>)						
		Section 2 Newly assigned options on the basis of the decisions of the body responsible for the implementation of the resolution of the shareholders' meeting						
Name	Office	Date of shareholders' resolution	Instrument description	Number of options	Date of assignment by the competent body	Strike Price	Market price of the financial instruments as of the assignment date	Period of possible exercise (from - to)
Renato Soru	Chairman Tiscali S.p.A	16 February 2016	Call option	Total options 251,622,551 (exercisable in Tranche 1		Tranche 1 EUR 0.060 Tranche 2		Between 24 Dec. 2016 and 24 June 2019 as

				157,264,095 exercisable in Tranche 2 47,179,228, exercisable in Tranche 3 47,179,228		EUR 0.069 Tranche 3 EUR 0.078		follows: Tranche 1 between 24 Dec. 2016 and 24 Dec. 2018 Tranche 2 between 24 Dec. 2017 and 24 Dec. 2018 Tranche 3 between 24 Dec. 2018 and 24 June 2019
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