

**TISCALI S.p.A.**

**INFORMATION DOCUMENT PRODUCED BY THE BOARD OF DIRECTORS WITH REGARD TO THE ITEMS 1 AND 2 ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDER MEETING OF TISCALI S.p.A. ON 05 SEPTEMBER 2016, WRITTEN PURSUANT TO ART. 125-TER OF LEGISLATIVE DECREE NO. 58, DATED 24 FEBRUARY 1998, TO ART. 3 OF MINISTERIAL DECREE NO. 437, DATED 5 NOVEMBER 1998, TO ART. 2441, PARAGRAPH 6, OF THE CIVIL CODE, TO ART. 72 OF THE REGULATION ADOPTED WITH CONSOB RESOLUTION NO. 11971 DATED 14 MAY 1999, AS SUBSEQUENTLY AMENDED AND INTEGRATED, AND TO ART. 5 OF THE REGULATION ADOPTED WITH CONSOB RESOLUTION NO. 17221 DATED 12 MARCH 2010, AS SUBSEQUENTLY AMENDED AND INTEGRATED**

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## PREMISE

Dear Shareholders,

this information document is aimed at illustrating to the extraordinary shareholder meeting of Tiscali S.p.A. ("**Tiscali**" or the "**Issuer**" or the "**Company**") the proposal of the issue an unsecured debenture loan convertible and converting "Tiscali conv 2016-2020" for a total maximum amount of 18,500,000.00 euros, with expiry date on September 30 2020, reserved to qualified investors pursuant to art. 34-ter, comma 1b) regulation adopted with CONSOB resolution no. 11971/ 1999, with a note rate of 7% and a fixed price of EUR 0.06 per stock for the conversion of the bond in ordinary shares of the the Company as subsequently amended and integrated, with a price per share equal to 0.06 euros (the "**Issue**") and of a share issue by cash payment, in tranches, with the exclusion of the right of option, pursuant to art. 2441, paragraph 5 of the civil code, for an overall maximum value of 18,500,000.00 euros to be released on one or several occasions, through the issue of a maximum no. of 308,333,333 ordinary shares of the Company with the same features of the ordinary shares in circulation that such meeting is called to approve (the "**Share issue**")

The proposed Share Issue is instrumental in the assignment of the right of conversion of the debentures of the Issue, whose issue project has been approved by the Board of directors of the Company on 29 July 2016 (the "**Debentures**").

The relative loan will hereafter be called the "**Debenture Loan**", whose proceeds will be destined: (i) the advance repayment of the capital value of the debt exposure of Aria S.p.A., a subsidiary company entirely controlled by Tiscali, towards Rigensis Bank AS, for a value of 12,000,000.00 euros; and (ii) to meet the treasury requirements of the Tiscali Group, for a maximum residual amount of 5,555,000.00 euros.

Please refer to the following paragraph 2.A) for the features of the Debenture Loan and of the Debentures. On this topic, it is already reported that:

- the subscription of the Debentures is reserved to investors that are qualified on the Italian and international market, with the exclusion of those Countries in which the offer and sale of Debentures were to be forbidden in accordance to the applicable regulations;
- In accordance to a Subscription agreement made on 29 July 2016, Rigensis Bank AS and Otkritie Capital International Limited ("**OCIL**"), that is the custodian and the execution broker of Otkritie Disciplined Equity Fund SPC ("**ODEF**") have committed

to subscribe Debentures for an amount of 8,500,000.00 euros and 8,500,000.00 euros respectively by 30 September 2016, while the remaining amount of 1,500,000.00 euros will be subscribed at a later date, also by other qualified investors, by 31 January 2017.

The transaction is for the Issuer a transaction with related parties of greater importance within the meaning and for the purposes of the Regulations adopted by CONSOB n. 17221/2010, as subsequently amended and supplemented, because: (i) one of the parties of the aforementioned Subscription Agreement, OCIL, has close relations with ODEF, which holds a stake of 22.478% in the Issuer; ii) OCIL, considering the relationships with ODEF, could transfer to the latter all the rights arising from the Subscription Agreement. Therefore:

- The operation described in the present information document has been approved in accordance to the Issuer's existing procedures with reference to operations of such kind;
- The present information document contains the information required pursuant to Annexe 4 of the above-mentioned CONSOB 17221/2010 Regulation.

## DEFINITIONS

In the context of this information document, the following terms have the meaning given below.

<b>Subscription agreement</b>	The agreement concluded on 29 July 2016, with which Rigensis and OCIL committed to subscribe the Debentures - directly or through a person to be nominated - for a total amount equal to 17 million euros.
<b>Aria</b>	Aria S.p.A., with registered office in Milan, Viale Forlanini no. 23, euro 27,763,744.00 share capital, fully paid up, tax code and Milan Register of company membership no. 02838760540.
<b>Meeting</b>	The extraordinary meeting of the Company, scheduled, in a single convening, for 5 September 2016.
<b>Share issue</b>	Tiscali's share issue by cash payment, in tranches, with the exclusion of the right of option, pursuant to art. 2441, paragraph 5 of the civil code, for an overall maximum value of 18,500,000.00 euros, inclusive of premium, to be released on one or several occasions, through the issue of a maximum no. of 308,333,333 ordinary shares of the Company, devoid of nominal value, with the same features of the ordinary shares in circulation that the meeting is called to approve, dedicated to the right of conversion of Debentures into newly issued ordinary shares of the Company.
<b>Rigensis agreement</b>	The loan agreement for the principal amount of 15 million euros subscribed between Aria and Rigensis Bank on 22 October 2015, modified and integrated on 16 December 2015.
<b>Expiry date</b>	The date of 30 September 2020
<b>Issuer, Company or Tiscali</b>	Tiscali S.p.A., with registered office in Cagliari, Località Sa Illetta, SS. 195, Km. 2.300, share capital of 91,200,922.89 euros, fully

	paid up, tax code and Cagliari Register of Companies no. 02375280928.
<b>Group or Tiscali Group</b>	The group of companies belonging, directly or indirectly, to the Issuer.
<b>Debentures</b>	The maximum no. of 37 convertible debentures owned by Tiscali for a nominal value of 500,000.00 each, for a total value of 18,500,000.00 euros, to be issued between 30 September 2016 and 31 January 2017 in the context of the Debenture Loan.
<b>ODEF</b>	Otkritie Disciplined Equity Fund SPC.
<b>Debenture Loan</b>	The convertible debenture loan issued by the Company, whose terms and conditions can be found in the relative regulation, available at internet address <a href="http://www.tiscali.com">www.tiscali.com</a> , and briefly illustrated in this information document.
<b>Issuers' Regulation</b>	The regulation adopted with CONSOB resolution no. 11971 dated 14 May 1999, as subsequently amended and integrated
<b>OCIL</b>	Otkritie Capital International Limited.
<b>Rigensis Bank</b>	Indicates Rigensis Bank AS, with registered office in Teatra Street no. 3, Riga, Latvia.
<b>Consolidated Law on Financial Intermediation</b>	Legislative Decree no. 58, dated 24 February 1998.

## 1. WARNINGS - RISKS ASSOCIATED TO THE POTENTIAL CONFLICTS OF INTEREST DERIVING FROM THE OPERATION

### 1.1 Risks associated to the potential conflicts of interest

With reference to the risk for potential conflicts of interest deriving from the operation, it is noted that:

- (a) ODEF, which, as specified in the premise, could subscribe part of the Debentures pursuant to the Subscription agreement, has shares in the Issuer's capital amounting to 22.478%;
- (b) Nikolay Katorzhonov,, Administrator of the Issuer, holds also the position of CEO at Otkritie Capital Cyprus Limited (management company of ODEF), non-executive director and Chairman of the Executive Board at OCIL (custodian and the execution broker of ODEF).

See also what specified at paragraphs 2.2 and 2.8.

Also as a result of the possible subscription by ODEF to the Debenture Loan, the specific risks will be determined, as highlighted below.

### 1.2 Risks associated to high financial indebtedness

The Tiscali group has a high level of financial indebtedness, which will increase as a consequence of the issuing of the Debenture Loan.

Hereafter the description of the net financial indebtedness of the Tiscali Group is provided, as at 31 December 2015 and at June 30 2016.

#### **Consolidated Net Financial Position**

<i>Euro/000</i>	<b>Unaudited figures (*) 30 June 2016</b>	<b>Audited figures (**) 31 December 2015</b>
A. Cash and Bank deposits	6.854	4.770

B. Other cash equivalents		
C. Securities held for trading		
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>	<b>6.854</b>	<b>4.770</b>
<b>E. Current financial receivables</b>	6	8
<b>F. Non-current financial receivables</b>		
G. Current bank payables	13.409	11.593
H. Current portion of non-current debt	17.532	16.895
I. Other current financial payables	3.876	3.612
<b>J. Current financial debt (G) + (H) + (I)</b>	<b>34.817</b>	<b>32.100</b>
<b>K. Net current financial debt (J) – (E) – (D) - (F)</b>	<b>27.957</b>	<b>27.322</b>
L. Non-current bank debts	95.036	94.546
M. Bonds issued		
N. Other non-current payables	49.717	51.279
<b>O. Non-current financial debt (N) + (L) + (M)</b>	<b>144.753</b>	<b>145.826</b>
<b>P. Net Financial Debt (K) + (O)</b>	<b>172.710</b>	<b>173.148</b>

(\*) Unaudited figures (from "Information to the market pursuant to Art.114, paragraph 5 of Law decree 58/98", published on July27th, 2016)

(\*\*) Audited figures (from "Group Financial Statements as at December 31th, 2015" \_ published on March 25th, 2016)

As at June 30 2016, the net financial indebtedness of the Tiscali Group - equal to around 172.7 million euros - is subdivided as follows (the values are nominal):

- 34 million euros towards Banca Popolare di Milano S.c.a.r.l. pursuant to the contract underwritten on 29 June 2016;
- 52.2 million euros towards Intesa Sanpaolo S.p.A. pursuant to the contract underwritten on 29 June 2016;
- 19 million euros towards Rigensis Bank pursuant to the Rigensis Contract;



- indebtedness deriving from the contract relating to the existing lease on the property where the offices of the Group are currently based, for around 52.6 million euros;
- other financial indebtedness, current and non-current, for around 21.8 million euros;
- liquid financial resources, including the current financial receivables, equal to around 6.9 million euros.

As a result of issuing the Debenture Loan:

- The company will gain the financial resources to provide to Aria to allow the latter to perform the early repayment of the indebtedness derived from the Rigensis Contract, equal to 15,000,000.00 euros of principal. More specifically: (i) using the proceeds of the issue of the Debenture Loan, for the amount of 12,945,000.00 euros; to be used on the credit lines in accordance to the above-mentioned loan agreement with Banca Popolare di Milano S.c.a.r.l., for the remaining amount of 2,055,000.00 euros;
- an amount equal to the difference between the aforementioned sum of 12,945,000.00 euros and the value that the Company will collect if the Debenture Loan were to be fully subscribed, in turn equal to 5,555,000.00, will be used to increase proportionally the amount of the other financial indebtedness incumbent on the Tiscali Group.

Were the Tiscali Group unable to honour on each occasion the commitments taken towards financial creditors with reference to the indebtedness summarised above, the latter could request immediate and full reimbursement of their credits and possibly enforce the relative guarantees, all the above with the consequent impact on the economic, financial and asset conditions of the Group and on the possibility of continuing to undertake its operations in conditions of corporate continuity.

For further information on the net financial indebtedness of the Tiscali Group, see the following paragraph 2.5.A).

### **1.3 Risks associated to the dilution effects of conversion**

If there Debentures were to be fully converted according to what set out in the relative terms and conditions, Tiscali will issue - taking any rounding into consideration, rounded up - a

total of 308,333,333 ordinary shares, devoid of nominal value and with the same features of those currently in circulation.

The increase in the number of Tiscali ordinary shares in circulation, outcome of the above-mentioned conversion, will entail for shareholders of the Issuers a dilution of their participation, calculated on the ordinary share capital in circulation as at the date of this document, equal to around 9.80%.

More specifically, it is highlighted that if the sole portion of the Debenture Loan were be possibly subscribed by ODEF, pursuant to the Subscription Agreement, the participation of the latter to the capital of the Issuer would go from the present 22.478% to 25.821%, without however this having an effect on the contestability of the Issuer.

For further information, see the following paragraph, 2.1.A).

## **2. INFORMATION RELATIVE TO THE OPERATION**

### **2.1 Description of the features, procedures, terms and conditions of the operation - features, rationale and allocation of the Debenture Loan and of the Share Issue**

The project of the issue of the Debenture Loan and the relate proposal of share capital increase were approved by the Board of Directors on 29 July 2016, and the pricing was determined based on a free negotiation of the parties, it being understood what set out in article 2441, paragraph 6, of the civil code.

Hereafter the main features and aims of the Debenture Loan and of the Share Issue derived from it are given.

#### **A) Features of the Debenture Loan**

On 29 July 2016, the Company, Rigensis Bank and OCIL concluded the Subscription Agreement, according to which Rigensis Bank and OCIL have committed to subscribe, by 30 September 2016, Debentures for a total value equal to 8,500,000.00 euros and 8,500,000.00 euros respectively.

The project for the issue of the Debenture Loan was approved by the Board of Directors on 29 July 2016.

The subscription of the Debentures is reserved to investors that are qualified on the Italian and international market, with the exclusion of any Countries in which the offer and sale of Debentures were to be forbidden in accordance to the applicable regulations.

On 05 September 2016, the Meeting will pass a resolution on the Share Issue, which will be irrevocable until the expiration of the final term for any request of Debenture conversion and limited to the value of the shares resulting from exercising the conversion request.

The subscription of the Debentures will occur by 30 September 2016, for the total amount of 17,000,000.00 euros, and by 31 January 2017 for the remaining maximum value of 1,500,000.00 euros, with payment by the investors of the relative nominal amount, equal to a maximum total value of 18,500,000.00 euros. Moreover, it is understood that, if there were failure to fully subscribe the Debenture Loan by such date, the residual amount will be considered void and the Debentures will be considered issued for an amount equal to the one of the subscriptions gathered.

The Debenture Loan has the following main features:

- Maximum total value: 18,500,000.00 euros. It should be noted that such value is below the limit set out in art. 2412, paragraph 1, of the civil code.
- Currency: Euro.
- Unit Value: 500,000.00 euros.
- Type of Debenture: nominal unsecured convertible notes
- Expiry Date: 30 September 2020.
- Conversion and relative price:
  - With effect from 31 March 2017, each debenture holder will have the right in any moment to request in writing the conversion into ordinary Company shares to be issued using the Share Issue of all its Debentures or of part of them, for a minimum amount of 500,000.00 euros for each request;

- In the cases where Debentures were not entirely reimbursed in cash at the Expiry Date, the residual value will be automatically converted into ordinary Company shares, to be issued using the Share Issue.

In all cases mentioned above, the conversion of Debentures will occur at the price of 0.06 euros per Tiscali share, subject to the adjustments according to market practice, specified at the following point D).

- Features of the newly issued shares: The shares offered as a conversion of the Debentures will have regular dividend rights and therefore will give their owners equal rights with regard to ordinary Tiscali shares already circulating at the time of issue.
- Reimbursement procedure: in cash at the Expiry Date, together with the interests accrued, with exception for early conversion and reimbursement hypotheses.
- Early reimbursement:
  - Starting from 30 September 2017, the Issuer will be able to provide an early reimbursement, full or partial, of Debentures, together with the interests accrued up to the date of the reimbursement, without any further fees or penalties. Each early voluntary reimbursement will take place with the prior written communication to be sent to all debenture holders with at least three months' notice and can be performed only for a minimum amount of 1,000,000.00 euros and relative amount will be paid pro rata and *pari passu* to all debenture holders;
  - The Common Representative, following instructions provided by debenture holders owning at least 66.6% of the value of the Debenture Loan, will have the right to request in writing and with a notice period of at least 30 working days that the Issuer proceed to the early reimbursement of the Debentures, together with the interests accrued - i.e. that a conversion into share take place - if: (i) failure to pay amounts due to debenture holders at each expiry date without a solution been found within 5 working days; (ii) acceleration of any financial indebtedness incumbent on companies of the Tiscali Group for a total value above 10 million euros; (iii) Tiscali is admitted to bankruptcy proceedings; (iv) the Issuer ceases its business or a considerable part of it; (v) the revocation of any license or permit held by the Issuer takes place, and such revocation significantly compromises the possibility for the Tiscali Group to continue its business as carried out at present.

- Common Representative: debenture holders will nominate a common representative, who will be entitled to take action towards the Issuer only with the prior authorisation of debenture holders taken with the favourable vote of a number of debenture holders owning at least 66.6% of the amount of the Debenture Loan.
- Allocation: only to qualified investors, as defined in art. 34-ter, paragraph 1, letter (b), of the Issuers Regulation, with the exclusion of any offer to the public and in any case with the exclusion of offers and sales in any country in which the offer or sale of Debentures is not permitted according to the applicable regulations.  
The debentures will not be listed and it will be possible to sell them: (i) only to qualified investors, as defined above; (ii) by Rigensis Bank and OCIL, only to a maximum of eight further qualified investors each; (iii) by the subsequent assignees, only for the entire value of the Debentures possessed.
- Issue price: 100% of the nominal value of the Debentures, for a total amount between 17,000,000.00 euros and 18,500,000.00 euros, subdivided into a maximum of 37 securities, each with a nominal value of 500,000.00 euros.
- Interest rate, coupon and dividend rights: Debentures will accrue a fixed gross annual percentage rate of 7%, paid in cash on a half-year basis on the last day of each interest period, with 31 March 2017 as the deadline for the first interest period. Dividend rights for the Debentures will start from the first day of the quarter following the respective subscription date.
- Interests on arrears: if there were to be a failure in the payment of any amount for reimbursement of the share capital, interest on arrears will accrue, for a value of 2% per year, in addition to the interests mentioned above.
- Charges: in accordance to the Subscription Agreement, Tiscali will pay Rigensis and ODEF (or the other entities that might be have been chosen by them) a charge equal to 1.5% of the value of the Debenture subscribed by them, on a pro rata basis.
- Applicable Law and Place of jurisdiction: Debentures will be subject to Italian Law and the place of jurisdiction in relation to any controversy in relation to the above will be the court of Milan.

B) Reason for and allocation of the Debenture Loan

Issuing the Debenture Loan allows the Company to benefit from the collection on the market of non-bank capital of mid-term financial resources with terms more favourable compared to the previous loan with Bank Rigensis.

For these reasons, the Board of Directors believes that such operation is fully aligned with the interest of the Company. As indicated above, the revenue generated through the issue of the Debenture Loan will be used by the same Company to supply Aria the funds to fully reimburse its residual indebtedness in accordance to the Rigensis Contract as well as for meeting the treasury needs of the Tiscali Group.

Therefore, the main advantages for the Company arising from the sale of the Debenture Loan include:

- Increase in financial flexibility;
- The replacement of an indebtedness with expiry date of 31 March 2018 at an annual lending rate of 9% (as set out by the Rigensis Contract) with an indebtedness with a more distant expiry date (30 September 2020) and with a lower interest rate (7%) and a *una tantum* fee equal to 1.5% of the amount of the subscribed Bonds.

The reasons for having reserved the Debenture offer only to qualified investors lie in the desire to ensure a positive outcome of the operation over a short period of time, compared to the necessary time required were a debenture issue to be instated towards the retail market, especially in the light of current market conditions, which certainly do not facilitate saving collection operations by companies with similar features to those of the Issuer.

Thus, no sale and/or security consortium is envisaged in relation to the Debentures, nor to the Share Issue, as the latter is destined exclusively for the purpose of a possible conversion of Debentures.

Currently, no shareholder of the Company has committed, directly or through an appointed person, to subscribe the Debentures.

C) Features and aims of the Share Issue for the purpose of Debenture Loan conversion -  
Reasons to exclude the right of option

It is preliminarily confirmed that all shares previously issued have been released pursuant to art. 2438, paragraph 1 of the Civil Code and that all transfers previously due have been made, pursuant to art. 2481, paragraph 2 of the Civil Code.

The Share Issue is to serve the right of conversion of Debentures into ordinary Company shares. As previously illustrated, the Debenture Loan issue, the Share Issue and the transformation of Debentures into obligations that can be converted to ordinary Company shares constitute a single operation aimed at providing the Company with a funding instrument suitable to gather resources from the non-bank capital market, over a short period of time and with contained costs.

What described above requires a share issue to be ratified to serve the conversion of Debentures to Company shares, with the exclusion of the right of option. The Board of Directors believes that such operation is fully aligned with the interest of the Company for the reasons listed below:

- The choice to reserve the subscription to the Debenture Loan only to qualified investors, thus excluding the right of option of shareholders, is influenced by the opportunity arisen for the Company to rapidly acquire non-bank financial resources at favourable terms, with the extension of the average maturity of the debt. On the contrary, a Debentures offer to the public, as well as not being recommended in the current market context, would have entailed in any case long execution times at high costs;
- The potential conversion of Debentures into shares would also entail: (i) a strengthening of the equity structure of the Company, limiting cash outlays destined to meeting financial expenses and capital at maturity; as well as (ii) to consolidate and expand the shareholder base, without resulting in an excessive dilution of current shareholders.

#### *D) Terms and options for the conversion of the Debenture Loan into Capital*

The conversion price, corresponding to the issue price for new shares originating from the Share Issue, is equal to 0.06 euros per share.

Such issue price will be subject to adjustment as circumstances arise in line with current market practice for this type of debit instruments, upon occurrence, inter alia, of the following events: free share issue, reduction in share capital due to losses, stock split or

reverse split, issue of ordinary shares (or other instruments that confer the right to purchase ordinary shares) in favour of shareholders, merger or demerger operations.

*E) Revocation of previous share issues*

Performing the Share Issue will result in the following delegations to proceed to share issue operations for the Company becoming unnecessary, now set out by art. 5 of the articles of Association in favour of the Board of Directors pursuant to art 2443 of the Civil Code (the Meeting will therefore be asked to decree their revocation):

- delegation to increase share capital through the issue of a maximum number of 1,000,000,000 ordinary shares to be subscribed by Société Générale with the exclusion of the right of option;
- delegation to increase share capital through the issue of a maximum number of 250,000,000 ordinary shares to be subscribed by Rigensis Bank with the exclusion of the right of option;

Therefore, hereafter is a comparison between the current text of art. 5 of the articles of association and the text whose introduction is proposed for the purposes of what will be decided at the Meeting.

CURRENT TEXT	NEW TEXT
- Article 5 – Share capital and Shares	- Article 5 – Share capital and Shares
The share capital amounts to 91,200,922.89 (ninety-one million two hundred thousand nine-hundred and twenty-two point eighty-nine) euros.	The share capital amounts to 91,200,922.89 (ninety-one million two hundred thousand nine-hundred and twenty-two point eighty-nine) euros.
The company's shares are comprised of 3,145,281,893 (three billion one-hundred forty-five million two-hundred and eighty-one thousand and eight-hundred ninety-three) shares, devoid of nominal value. Shares that are fully released cannot be split and are freely transferable.	The company's shares are comprised of 3,145,281,893 (three billion one-hundred forty-five million two-hundred and eighty-one thousand and eight-hundred ninety-three) shares, devoid of nominal value. Shares that are fully released cannot be split and are freely transferable.
The extraordinary Meeting of 16 June 2016 passed a resolution for a share issue for a	The extraordinary Meeting of 16 June 2016 passed a resolution for a share issue for a



CURRENT TEXT	NEW TEXT
<p>maximum nominal value of 25,193,708, by payment in tranches, pursuant to and in accordance with art. 2441, paragraphs 6 and 6 of the Civil Code, and therefore with the exclusion of the right of option in accordance to the aforementioned regulation, through the emission of a maximum no. of 314,528,189 ordinary shares of Tiscali S.p.A., devoid of nominal value specification, with the same features to those already in circulation, regular dividend rights, at the price of: 0.070 euros for 188,716,915 shares, 0.0886 euros for 62,905,637 shares, 0.1019 euros for 62,905,637 shares. The recipients of the share issue are the beneficiaries of the 2016-2021 Stock Option plan approved by the Shareholders' Meeting on 16 June 2016, reserved to the Managing Director of the Company, Riccardo Ruggiero, and to the management of the Tiscali Group, or the respective heirs, and to be implemented via a free assignment of options (the "Options") valid for the subscription of newly-issued ordinary shares of Tiscali S.p.A. The deadline for subscribing to the share issue is set to 24 December 2021, with the expectation that, if at the expiry of such deadline the share issue were not to be entirely subscribed, the capital, pursuant to art. 2439, paragraph 2 of the Civil Code, will be considered increased by an amount equal to the subscriptions gathered until that point, and as of their date, as long as subsequent to the registration of this resolution in the Register of Companies.</p> <p>The extraordinary Meeting of 16 February 2016 passed a resolution for a share issue for maximum nominal value of 16,371,192.25, by payment in tranches, pursuant to and in accordance with art. 2441, paragraphs 6 and 6 of the Civil Code, and therefore with the</p>	<p>maximum nominal value of 25,193,708, by payment in tranches, pursuant to and in accordance with art. 2441, paragraphs 6 and 6 of the Civil Code, and therefore with the exclusion of the right of option in accordance to the aforementioned regulation, through the emission of a maximum no. of 314,528,189 ordinary shares of Tiscali S.p.A., devoid of nominal value specification, with the same features to those already in circulation, regular dividend rights, at the price of: 0.070 euros for 188,716,915 shares, 0.0886 euros for 62,905,637 shares, 0.1019 euros for 62,905,637 shares. The recipients of the share issue are the beneficiaries of the 2016-2021 Stock Option plan approved by the Shareholders' Meeting on 16 June 2016, reserved to the Managing Director of the Company, Riccardo Ruggiero, and to the management of the Tiscali Group, or the respective heirs, and to be implemented via a free assignment of options (the "Options") valid for the subscription of newly-issued ordinary shares of Tiscali S.p.A. The deadline for subscribing to the share issue is set to 24 December 2021, with the expectation that, if at the expiry of such deadline the share issue were not to be entirely subscribed, the capital, pursuant to art. 2439, paragraph 2 of the Civil Code, will be considered increased by an amount equal to the subscriptions gathered until that point, and as of their date, as long as subsequent to the registration of this resolution in the Register of Companies.</p> <p>The extraordinary Meeting of 16 February 2016 passed a resolution for a share issue for maximum nominal value of 16,371,192.25, by payment in tranches, pursuant to and in accordance with art. 2441, paragraphs 6 and 6 of the Civil Code, and therefore with the</p>

CURRENT TEXT	NEW TEXT
<p>exclusion of the right of option in accordance to the aforementioned regulation, through the emission of a maximum no. of 251,622,551 ordinary shares of Tiscali S.p.A., devoid of nominal value specification, with the same features to those already in circulation, regular dividend rights, at the price of: 0.060 euros for 157,264,095 shares, 0.069 euros for 47,179,228 shares, 0.078 euros for 47,179,228 shares. The recipient of the share issue is the beneficiary of the 2015-2019 Stock Option Plan approved by the Shareholders' Meeting on 16 February 2016, reserved to the President of the Board of Directors of the Company, Renato Soru, or his heirs, and to be implemented via a free assignment of options (the "Options") valid for the subscription of newly-issued ordinary shares of Tiscali S.p.A. The deadline for subscribing to the share issue is set to 24 June 2019, with the expectation that, if at the expiry of such deadline the share issue were not to be entirely subscribed, the capital, pursuant to art. 2439, paragraph 2 of the Civil Code, will be considered increased by an amount equal to the subscriptions gathered until that point, and as of the their date, as long as subsequent to the registration of this resolution in the Register of Companies.</p> <p>Pursuant to art 2443, paragraph 2 of the Civil Code, the Board of Directors is given the authority to increase the share capital according to what specified hereafter:</p> <ul style="list-style-type: none"> <li>- power to increase the share capital by payment, in one or more tranches, by 31 December 2017, with the exclusion of the right of option pursuant to art. 2441 paragraph 5 of the Civil Code, via the issue of a total maximum number of 1,000,000,000 (one billion) ordinary shares without nominal value to be destined for subscription by Société Générale ("SG"). The</li> </ul>	<p>exclusion of the right of option in accordance to the aforementioned regulation, through the emission of a maximum no. of 251,622,551 ordinary shares of Tiscali S.p.A., devoid of nominal value specification, with the same features to those already in circulation, regular dividend rights, at the price of: 0.060 euros for 157,264,095 shares, 0.069 euros for 47,179,228 shares, 0.078 euros for 47,179,228 shares. The recipient of the share issue is the beneficiary of the 2015-2019 Stock Option Plan approved by the Shareholders' Meeting on 16 February 2016, reserved to the President of the Board of Directors of the Company, Renato Soru, or his heirs, and to be implemented via a free assignment of options (the "Options") valid for the subscription of newly-issued ordinary shares of Tiscali S.p.A. The deadline for subscribing to the share issue is set to 24 June 2019, with the expectation that, if at the expiry of such deadline the share issue were not to be entirely subscribed, the capital, pursuant to art. 2439, paragraph 2 of the Civil Code, will be considered increased by an amount equal to the subscriptions gathered until that point, and as of the their date, as long as subsequent to the registration of this resolution in the Register of Companies.</p> <p><del>Pursuant to art 2443, paragraph 2 of the Civil Code, the Board of Directors is given the authority to increase the share capital according to what specified hereafter:</del></p> <ul style="list-style-type: none"> <li><del>- power to increase the share capital by payment, in one or more tranches, by 31 December 2017, with the exclusion of the right of option pursuant to art. 2441 paragraph 5 of the Civil Code, via the issue of a total maximum number of 1,000,000,000 (one billion) ordinary shares without nominal value to be destined for subscription by Société Générale ("SG"). The</del></li> </ul>

CURRENT TEXT	NEW TEXT
<p>subscription price of the shares issued for each tranche, including any premium, will be equal to 95% of the average daily price, weighted on the volumes exchanged ("Volume Weighted Average Price") of the Company's ordinary shares, registered over the period of three open market days subsequent to the presentation of each subscription request by the Company (the "Pricing Period"). Were the closing price of ordinary Company shares registered in the last day of the Pricing Period to be lower than 97% of the Volume Weighted Average Price registered during the same period, the Company and/or SG will have the right, to be exercised up to a maximum of five times, to postpone the closure of the Pricing Period to the following open market day;</p> <p>- power to increase the share capital by payment in one or more tranches, starting from 01 March 2018 and until 30 March 2018, with the exclusion of the right of option pursuant to art. 2441, paragraph 5 of the Civil Code, through the issue of a total maximum number of 250,000,000 ordinary shares without nominal value to be destined for subscription by Rigensis Bank AS (and/or any other entity that were to own receivables according to the loan agreement subscribed on 22 October 2015 between Aria S.p.A. and Rigensis Bank AS, as modified on 16 December 2015 and according to any other subsequent amendment). The subscription price of the shares issued at the time of each tranche, inclusive of any premium, will be equal to 0.06 euros. It remains in any case understood that the value of the share issue that were to remain as at 30 March 2018 after the subscription of any tranches to such date will nevertheless be subscribed in its entirety if, on that date, the loan issued by the aforementioned entity in favour of companies of</p>	<p><del>subscription price of the shares issued for each tranche, including any premium, will be equal to 95% of the average daily price, weighted on the volumes exchanged ("Volume Weighted Average Price") of the Company's ordinary shares, registered over the period of three open market days subsequent to the presentation of each subscription request by the Company (the "Pricing Period"). Were the closing price of ordinary Company shares registered in the last day of the Pricing Period to be lower than 97% of the Volume Weighted Average Price registered during the same period, the Company and/or SG will have the right, to be exercised up to a maximum of five times, to postpone the closure of the Pricing Period to the following open market day;</del></p> <p><del>— power to increase the share capital by payment in one or more tranches, starting from 01 March 2018 and until 30 March 2018, with the exclusion of the right of option pursuant to art. 2441, paragraph 5 of the Civil Code, through the issue of a total maximum number of 250,000,000 ordinary shares without nominal value to be destined for subscription by Rigensis Bank AS (and/or any other entity that were to own receivables according to the loan agreement subscribed on 22 October 2015 between Aria S.p.A. and Rigensis Bank AS, as modified on 16 December 2015 and according to any other subsequent amendment). The subscription price of the shares issued at the time of each tranche, inclusive of any premium, will be equal to 0.06 euros. It remains in any case understood that the value of the share issue that were to remain as at 30 March 2018 after the subscription of any tranches to such date will nevertheless be subscribed in its entirety if, on that date, the loan issued by the aforementioned entity in favour of companies of</del></p>

CURRENT TEXT	NEW TEXT
<p>the Tiscali Group were not to have entirely reimbursed (in terms of capital, interests, expenses and any other item). The Board of Directors, and its President on its behalf, has the power to submit to the competent Register of Companies the articles of association, updated with the occurred subscriptions to the share issue delegated to the board of directors and anyhow at the end of the share issue operations.</p> <p>The capital contributions in cash made by shareholders to the Company as a loan can be made within the limits set out by law:</p> <ul style="list-style-type: none"> <li>- As a capital grant without refund rights;</li> <li>- As an interest-bearing or non-interest bearing loan with natural refund rights. The share capital is devised to the attainment of the business purpose and can be increased also by transfer in kind and/or receivables pursuant to the combined resolutions of articles 2342, 2343 ff. of the Civil Code.</li> </ul> <p>The Meeting can resolve to undertake a share capital reduction also via the assignment to individual shareholders or to groups of shareholders of specific corporate assets or of shares or quotas in other companies with which the Company has a partnership.</p> <p>The Meeting can resolve to undertake a share issue pursuant to and within the limits set out in article 2441, paragraph 4, second sentence, of the Civil Code, and can give the administrative body the power to implement a share issue pursuant to article 2443 of the Civil Code.</p>	<p><del>the Tiscali Group were not to have entirely reimbursed (in terms of capital, interests, expenses and any other item). The Board of Directors, and its President on its behalf, has the power to submit to the competent Register of Companies the articles of association, updated with the occurred subscriptions to the share issue delegated to the board of directors and anyhow at the end of the share issue operations.</del></p> <p><b><u>The Extraordinary Meeting of 5 September 2016 has resolved to (i) issue an unsecured debenture loan convertible and converting “Tiscali conv 2016-2020” for a total maximum amount of 18,500,000.00 euros, with expiry date on September 30 2020, reserved to qualified investors pursuant to art. 34-ter, comma 1b) regulation adopted with Consob resolution no. 11971/ 1999, with a note rate of 7% and a fixed price of EUR 0.06 per stock for the conversion of the bond in ordinary shares of the the Company as subsequently amended and integrated, with a price per share equal to 0.06 euros; (ii) implement a share issue in cash, by payment and in tranches, with the exclusion of the right of option pursuant to art. 2441, paragraph 5 of the Civil Code, for a total maximum value inclusive of premium of 8,500,000.00 euros to be released in one or more packages, through the issue of a maximum number of 308,333,333 ordinary Company shares, devoid of nominal value and with the same features as the ordinary shares in circulation, reserved for the conversion of debentures to be issued according to the previous point of the same resolution of the Shareholders, it being understood that the deadline for the subscription of newly-issued shares is set</u></b></p>

CURRENT TEXT	NEW TEXT
	<p><b><u>for 31 October 2020, and that if the share issue was not to be fully subscribed within aforementioned date, it will be considered in any event increased by a value equal to the subscriptions gathered by that date, with express authorisation of the administrators to issue new shares as they are subscribed.</u></b></p> <p>The capital contributions in cash made by shareholders to the Company as a loan can be made within the limits set out by law:</p> <ul style="list-style-type: none"> <li>- As a capital grant without refund rights;</li> <li>- As an interest-bearing or non-interest bearing loan with natural refund rights. The share capital is devised to the attainment of the business purpose and can be increased also by transfer in kind and/or receivables pursuant to the combined resolutions of articles 2342, 2343ff. of the Civil Code.</li> </ul> <p>The Meeting can resolve to undertake a share capital reduction also via the assignment to individual shareholders or to groups of shareholders of specific corporate assets or of shares or quotas in other companies with which the Company has a partnership.</p> <p>The Meeting can resolve to undertake a share issue pursuant to and within the limits set out in article 2441, paragraph 4, second sentence, of the Civil Code, and can give the administrative body the power to implement a share issue pursuant to article 2443 of the Civil Code.</p>

## **2.2 Related parties with which the operation is implemented**

The operation that is the purpose of this information document is considered between related parties as: (i) a party of the Subscription Agreement, OCIL has close relations with ODEF, which in turn holds a stake of 22.478% in the Issuer; (ii) ODEF could subscribe a part of the Debenture Loan because of this relationship.

## **2.3 Economic reasons and advantages of the operation for the Company**

As for what concerns the economic reasons and the advantages of the operation for the Company, please refer to what stated at points B) and C) of the previous paragraph 2.1.

It is also highlighted that the operation has been approved with the favourable vote of all independent directors.

#### **2.4 Establishing the issue price and the conversion rate**

The amount of the Debenture Loan, its issue at par value and the conversion rate into ordinary Company shares - the latter equal to 0.06 euros - have been determined based on the free negotiation of the Subscription Agreement parties, without prejudice to what set out pursuant to article 2441, paragraph 6 of the Civil Code.

Based on the aforementioned assessment, the method of Stock Exchange prices of ordinary shares has been taken into consideration, and the historical series of the quotations of the title has been reconstructed, for the period of 12 months preceding the date of the Board of Directors' meeting of 29 July 2016 (so starting from July 28 2016) indicating the simple and weighted average price observed in the said time range. The analysis of these statistics of the stock market price of Tiscali's ordinary shares shows that the price for Tiscali share, which will be the conversion price of the Debenture, established in an amount equal to Euro 0.06 per share, is fair as satisfying than the simple average price and weighted average price observed in the said time range. It is also noted that this price is identical to the one already established for the capital increase delegated to the Board in favour of Rigensis Bank as resolved by the Extraordinary Shareholders meeting held on February 16, 2016.

Please note that such issue price is subject to adjustment as circumstances arise in line with current market practice for this type of debit instruments, upon occurrence, inter alia, of the following events: free share issue, reduction in share capital due to losses, stock split or reverse split, issue of ordinary shares (or other instruments that confer the right to purchase ordinary shares) in favour of shareholders, merger or demerger operations.

In consideration of the analyses undertaken, the Board of Directors believes that the criteria adopted for the establishment of the conversion price of Debentures and therefore, of the issue price of conversion shares (of the relative conversion rate) are in keeping with the criteria set out by art. 2441, paragraph 6 of the Civil Code, and therefore suitable to specify

a price that would preserve the asset interests of the Company's shareholders, in consideration of the exclusion of the right of option.

The adequacy of the method used to calculate the issuance price is also confirmed by the opinion of EY S.p.A., company in charge of the legal audit of the financial statements of the Issuer, enclosed with this information document.

## **2.5 Economic, asset e financial effects of the operation**

### A) Analysis of net financial indebtedness composition

The financial resources deriving from the issue of Debentures will allow the Company to:

- Reimburse entirely its existing financial indebtedness pursuant to the Rigensis Contract, equal to 12,945,000 euros;
- Have new liquidity to satisfy its treasury needs in the medium term, for the maximum value of a further 5,555,000 euros.

therefore, it is expected that the impact of the issuing of Debentures on the company's net financial indebtedness composition will be substantially insignificant, as: (i) the item relating to the debt pursuant to the Rigensis Contract will be substituted with the item relating to the debt deriving from the Debentures; (ii) the further indebtedness deriving from the aforementioned amount of 5,555,000 euros will be in any event balanced by recording the same amount amongst the liquid financial resources, including its use to satisfy the treasury needs of the Tiscali Group.

### B) General overview on management progress and on the foreseeable management evolution

At the end of the month of December the Tiscali Group finalized the merger transaction with Aria, telecommunication operator focused on fixed wireless broadband access for consumer customers, particularly in digital divide areas. This business combination has a strong industrial value and will have significant effects on future development strategies of the Group Tiscali.

Thanks to the merger with Aria, the Tiscali Group has extended its industrial asset portfolio, with the following main advantages:

- the integration of a strategic asset such as the 3.5GHz frequency, complementary to Tiscali's technology assets (particularly, the fixed fiber network infrastructure at transportation and MAN network) which allows Tiscali to have a proprietary access network, important to compete successfully in the telecommunications market, which sees an explosion of wireless broadband and mobile data traffic;
- the extension of the prospect market to areas today not followed by Tiscali, such as digital divide areas and those areas where the service quality is particularly low where there will be the opportunity to offer high quality ultrabroadband services using the LTE Fixed Wireless proprietary access network;
- the launch of UltraBroadband Fixed Wireless LTE services with a capability of over to 50Mbps, increasing the overall competition and profitability of the Tiscali broadband offer;
- further increase of company overall profitability thanks to the opportunity of migrate a portion of Tiscali's customers today served through the access network rental from Telecom Italia in Bitstream mode (that have low profitability and high costs to be paid to Telecom Italia for the access network rental – over 17 EUR/month per customer) onto its own Fixed Wireless proprietary access network.

Consistent with the evolution related to the infrastructure assets integration between Tiscali and Aria, the Tiscali Group will adopt a market approach more and more geomarketing driven and aiming at focusing its commercial efforts on those markets where the competition and the profitability of its offer is higher.

Furthermore, during the next months, beside the launch of the new LTE UltraBroadBand services, Tiscali will be focused in the rationalization of its own Consumer and Business offer, exploiting more and more the converging components between fixed, wireless and mobile, and in the implementation of a distribution strategy based on a multi channel approach.

This strategy is based on:

- a further optimization of acquisition channels, web and inbound, historic focal point of Tiscali;

the reinforcement of the "physical" distribution structure (stores, corners, and distribution agencies) through the integration of the existing Tiscali stores' line on the Italian territory



with the existing Aria channel structure (dealer and installatori) and the progressive introduction of further important distribution entities to cover the most strategic areas and market segments for Tiscali.

**2.6 Effects of the operation on the retribution of members of the administration body of the Companies of the Group**

The operation will not have any effect on the amount of the retribution of members of the administration body of any of the companies that are part of the Tiscali Group.

**2.7 If the related parties involved are members of administration and control bodies, general managers or executives of the issuer, information relative to the financial instruments of issuer owned by the individuals mentioned above.**

Not applicable.

**2.8 Management of and participation in the negotiations and procedures for the approval of the operation**

The procedure used to structure the operation, as well as the negotiation of the relative terms and conditions, have been followed by the CEO, Directors of the Issuer, assisted by the competent corporate offices.

In the meeting of July 22 2016, the Committee for the operations with related parties has examined and approved with a unanimous vote the overall operation. Said Committee has been readily informed, in compliance with the applicable procedures, of all the relevant summaries relating to the issue of the Debenture Loan and Share Issue, and has been involved through reception of an adequate flow of information relating to the operation itself.

The Board of Directors, in the meeting held on July 22 2016, evaluated and approved, unanimously and with the sole abstention of Konstantin Yanakov, a non-binding term sheet relating to the main terms of the overall operation and to give mandate to the CEO to sign the Conversion Agreement.

The Board of Directors of the Company approved on July 29 2016, unanimously and with the sole justified absence of Renato Soru, Konstantin Yanakov and Nikolay Katorzhnov, resolved:

- the approval of the project of issuance of the unsecured convertible Debentures and the proposal of the relevant Share Capital Increase;
- the convening of the Company's General Meeting for the approval of the Debentures and relevant share capital.

\* \* \* \* \*

Were you to agree with what stated so far, we invite you to adopt the resolutions as follows:

*"The Extraordinary Meeting of the Shareholders of Tiscali S.p.A.:*

- *Having taken into consideration the information document prepared by the Board of Directors pursuant to art. 125-ter of Legislative Decree no. 58, dated 24 February 1998, of art 2441, paragraph 6 of the Civil Code, of art. 72 of the Regulation adopted through CONSOB resolution no. 11971, dated 14 May 1999, as subsequently amended and integrated, and of art. 5 of the Regulation adopted with CONSOB resolution no. 17221, dated 12 March 2010, as subsequently amended and integrated;*
- *Having taken into consideration the main terms and conditions of the debenture loan, convertible as described in the text of the information document mentioned above and provided in detail in the relative regulation that can be accessed on the Company's website;*
- *Having taken into consideration the opinion on the method adopted by the Directors for the determination of the share issue price released by the auditing company EY S.p.A.;*
- *Having ascertained the appropriateness of proceeding towards the purposes and with the means described in the information document mentioned above;*

**resolves**

- 1) *To approve the issue of an unsecured debenture loan convertible and converting "Tiscali conv 2016-2020" for a total maximum amount of 18,500,000.00 euros, with expiry date on September 30 2020, reserved to qualified investors pursuant to art. 34-ter, comma 1b) regulation adopted with Consob resolution no. 11971/ 1999,*

- with a note rate of 7% and a fixed price of EUR 0.06 per stock for the conversion of the bond in ordinary shares of the the Company as subsequently amended and integrated, with a price per share equal to 0.06 euros;*
- 2) *to approve the proposal of a share issue by cash payment, in tranches with the exclusion of the right of option pursuant to art. 2441, paragraph 5 of the Civil Code, for a total maximum amount, inclusive of premium, of 18,500,000.00 euros, to be released in one or more instances, through the issue of a maximum number of 308,333,333 ordinary Company shares (having considered the necessary rounding, rounded down), devoid of nominal value and having the same features as the ordinary actions in circulation, reserved for the conversion of the debenture loan for a total maximum amount of 18,500,000.00 euros, with expiry date on 30 September 2020, reserved to qualified investors, according to the terms of the relative regulation, with a price per share equal to 0.06 euros, subject to adjustments were circumstances governed by the aforementioned regulation to occur, in line with market policies.*
  - 3) *to establish that the final deadline for the subscription of newly issued shares is set for 31 October 2020, it being understood that the share issue is irrevocable until the expiration of the deadline for the conversion of debentures and that if, at such date, the share issue were not to be entirely subscribed, it would nevertheless be considered increased by an amount equal to the subscriptions gathered, and, starting from their date of subscription, as long as these are subsequent to the registration of the current resolution at the Register of Companies and with the express authorisation given to the directors to issue the new shares as they are subscribed;*
  - 4) *to revoke the following delegations set out in art. 5 of the Articles of Association in favour of the administrative body to increase the share capital: (i) through the issue of one or more tranches for a maximum number of 1,000,000,000 of ordinary shares to be destined to the subscription by Société Générale, with the exclusion of the right of option, by 31 December 2017; (ii) through the issue of one or more tranches of a maximum no. of 250,000,000 ordinary shares to be destined to the subscription by Rigensis Bank AS (and/or of any other subject that might own receivables pursuant to the loan agreement subscribed on 22 October 2015 between Aria S.p.A. and Rigensis Bank AS, as modified on 16 December 2015 and pursuant to any other subsequent amendment), with the exclusion of the right of option between 01 March 2018 and 30 March 2018;*
  - 5) *to modify art. 5 of the Articles of Association accordingly, in order to take into consideration the resolutions passed as of today's date, adding the following*

*paragraph: The Extraordinary Meeting of 5 September 2016 has resolved: (i) to issue of an unsecured debenture loan convertible and converting "Tiscali conv 2016-2020" for a total maximum amount of 18,500,000.00 euros, with expiry date on September 30 2020, reserved to qualified investors pursuant to art. 34-ter, comma 1b) regulation adopted with Consob resolution no. 11971/ 1999, with a note rate of 7% and a fixed price of EUR 0.06 per stock for the conversion of the bond in ordinary shares of the the Company as subsequently amended and integrated, with a price per share equal to 0.06 euros; (ii) to implement a share issue in cash, by payment and in tranches, with the exclusion of the right of option pursuant to art. 2441, paragraph 5 of the Civil Code, for a total maximum value inclusive of premium of 18,500,000.00 euros to be released in one or more packages, through the issue of a maximum number of 308,333,333 ordinary Company shares, devoid of nominal value and with the same features of ordinary shares in circulation, reserved for the conversion of debentures to be issued according to the previous point of the same resolution of the Shareholders, it being understood that the deadline for the subscription of newly-issued shares is set for 31 October 2020, and that if the share issue was not to be fully subscribed within aforementioned date, it will be considered in any event increased by a value equal to the subscriptions gathered by that date, with express authorisation of the administrators to issue new shares as they are subscribed.*

- 6) *to approve the new text of the Articles of Association, including the change just deliberated, in the version that is attached to these minutes under the letter [●];*
- 7) *to give mandate, also individually and with delegation powers, to the President of the Board of Directors and of the Managing Director to update the numeric values contained in the article 5 of the Articles of Association, as modified, as a consequence of the partial and/or total exercise of the rights of conversion by the debenture holders and of the consequent partial and/or total execution of the share issue for the conversion of the debenture loan in question, providing also to the relative submissions to the Register of Companies;*
- 8) *to give mandate to the Board of Directors and, through it, to the President and Managing Director in order for them, to provide, individually, with the widest of powers, also through attorneys in-fact : (i) to execute the resolutions passed, with the power to make any changes required by the competent Authorities, in addition to any modifications required at the time of registration at the Register of Companies, providing also to the submission of the updated text of the Articles of Association at the end of the approved operation; as well as (II) to carry out all that*

*might be required, necessary and useful for the complete implementation of what decided".*

Cagliari, July 29 2016

the Board of Directors

**OPINION OF THE COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES  
REGARDING THE SUBSCRIPTION OF RELATED PARTIES OF AN UNSECURED  
CONVERTIBLE BOND**

**"TISCALI CONV 2016-2020"**

Expressed pursuant to and for the purposes of the Regulations for the execution of transactions with related parties adopted by Tiscali S.p.A. on 12.11.2010

**1) Premises**

The Committee for Transactions with Related Parties (hereinafter "the Committee") of Tiscali S.p.A. (hereinafter "the Company"), is appointed, pursuant to and for the purposes of the Regulations for the execution of transactions with related parties adopted by Tiscali S.p.A. on 12.11.2010 (the "Regulations"), to express its reasoned opinion in relation to the approval of the subscription, by certain individuals, including significant shareholders of the Company, of the unsecured convertible bond known as "Tiscali conv 2016-2020".

**2) Qualification of the transaction**

The subscription of the Unsecured Convertible Bond "Tiscali conv 2016-2020" (the "Transaction" or "Bond"), for a maximum nominal amount of €18,500,000.00, divided into a maximum of 37 bonds with a par value of €500,000.00 each, to be placed by 31 January 2017, is aimed exclusively at qualified investors on the Italian and international market, with the exception of those countries in which the offer and sale of Bonds would be prohibited under the applicable legislation.

It is noted that under the term-sheet ("Term-Sheet") signed on 19 July 2016 between the Company, Rigensis Bank AS and Otkritie

Disciplined Equity Fund SPC ("ODEF"), is undergoing the negotiation of the agreement concerning the commitment of Rigensis Bank AS and ODEF to the subscription - directly or by the person to be appointed - of the Bond. Given its status as Significant ODEF Member, the Transaction with Related Parties qualifies as "Majorly Significant" pursuant to and for the purposes of the Regulations.

### **3) Preliminary Investigation of the Transaction**

The Committee has examined both the Term-Sheet and the draft of the Subscription Agreement and regulations of the Bond attached to the former that produces the necessary information regarding the methods for executing the proposed Transaction. The Committee has also requested that the corporate structures in charge of the Transaction provide explanations of the event on the content of the negotiation documents, as well as the various updates on the relevant process developments.

All necessary details were submitted to the Committee in a timely, transparent and comprehensive manner and, therefore, the Committee was placed in a position to take its views in a conscious manner. Furthermore, the Committee does not consider it necessary to rely on the support of an Independent Expert pursuant to the Regulations, partly in consideration of the fact that the Transaction essentially involves the replacement of the debt already existing against Rigensis Bank AS with a slightly higher amount of debt, but with a longer term and lower interest rate. For further in-depth assessments of the terms and conditions of the Transaction, please see section 4) below.

### **4) Assessments on the Transaction**

The Committee has carried out a thorough examination of the terms of the proposed Transaction and, specifically, of the length of the loan, the nominal rate of interest paid and the methods for calculating and paying the interest, as well as the Company's possibility of early redemption. The aforementioned terms and conditions appear to be an improvement, overall, to the existing indebtedness against Rigensis Bank AS which, through the Transaction, it proposes to replace, in that: (i) the higher amount of the Bond compared with the aforementioned indebtedness grants the Tiscali Group greater financial flexibility; (ii) the duration of the loan is longer (30 September 2020 compared with 30 March 2018); (iii) the interest rate is lower (7% against 9%); (iv) the value of conversion into bond shares is identical to that now provided under the existing loan (€0.06).

The Committee also acknowledges that the draft of the Bond regulations places potential subscribers in a position to consciously make their own investment decisions, with no further information other than herein exposed being necessary.

Specifically, the Committee has focused on the advantages for the Company deriving from the acquisition of financial funds as well as on the favourable timing for obtaining such funding compared with other facilities, such as bank loans or the issuance of bonds allocated to the public, considering the transaction - also in view of the current market conditions - in the best interests of the Company and instrumental therefore for the pursuit of its strategy. Finally, the Committee has certified that the subscription of the Bond will be payable by any qualified investor on the Italian and international market, with the exception of those countries in which



the supply and sale of Bonds would be prohibited by the applicable legislation and, therefore, the treatment given to third parties will be the same as that given to Related Parties.

#### **5) Conclusions**

The Committee, on the basis of the documentation examined, the information received and the checks carried out, having acknowledged that the Transaction as proposed is in the interests of the Company, having favourably assessed the substantive and procedural fairness of the Transaction, expresses a favourable opinion on Tiscali S.p.A.'s adherence to the proposed subscription of the Bond that will be provided by the related party: Otkritie Disciplined Equity Fund SPC.

Milan, 22.07.2016

On behalf of the Committee for Transactions with Related Parties

The Chairperson

Paola De Martini