



Tiscali S.p.A.

Registered office: SS 195 Km 2.3, Sa Illetta, Cagliari, Italy.

Subscribed and paid-in share capital of EUR 92,018,562,47

represented by 1,861,473,919 ordinary shares lacking par value

enrolled in the Cagliari Companies' Register under No. 02375280928

**REPORT OF THE BOARD OF DIRECTORS DRAWN UP IN PURSUANCE OF ARTICLE 72
AND IN COMPLIANCE WITH ATTACHMENT 3A TO CONSOB REGULATION No. 11971/99,
AS AMENDED ("ISSUERS' REGULATION")**

to the shareholders' meeting called on 27, 28 and 29 April 2011

Shareholders,

This report has been drawn up by the Board of Directors of Tiscali S.p.A. (“**Tiscali**” or the “**Company**”) in pursuance of Article 72 of the Issuers’ Regulations and drafted in compliance with Attachment 3A, layout No. 3 of said Regulations, in relation to a number of points on the agenda of the Tiscali shareholders’ meeting called in extraordinary session in first calling on 27 April 2011, at 11 a.m. at the registered offices, in extraordinary session in second calling and ordinary session in first calling on 28 April 2011 same time and place, and if necessary, in ordinary session in second calling and extraordinary session in third calling on 29 April 2011 same time and place, in order to discuss and resolve on the following agenda:

Ordinary Session

1. Approval of the annual financial statements at 31 December 2010. Related and consequent resolutions;
2. Amendments to the shareholders’ meeting regulations. Related and consequent resolutions.

Extraordinary Session

1. Amendments to the Articles of Association and, in particular, amendments of Articles 5, 6, 7, 8, 11, 14, 18, 19 of the Articles of Association, related and consequent resolutions.

This report is made available to the general public within the legal deadlines.

1. Amendments to the Articles of Association and, in particular, amendments of Articles 5, 6, 7, 8, 11, 14, 18, 19 of the Articles of Association, related and consequent resolutions.

In order to reflect an up-to-date situation with respect to the resolutions for changing the share capital already adopted and partially implemented as of the date of this report, the Board of Directors proposes to up-date the indication of the value of the share capital and corporate holdings in light of the conversion of 391,800 “Tiscali 2009 – 2014 Warrants” into 19,590 shares.

The current version of Article 5 of the Articles of Association, compared with the new version of the same is presented below, with indication of the amendments consequent to the approval of the proposal subject to analysis and the matters specified above.

CURRENT VERSION	PROPOSED VERSION
- Article 5 - Share capital and Shares	- Article 5 - Share capital and Shares
<p>The share capital amounts to EUR 92,002,890.47 (ninety-two million, two thousand, eight hundred and ninety point forty-seven).</p> <p>The corporate holdings are represented by 1,861,473,919 (one billion, eight hundred and sixty-one million, four hundred and seventy three thousand, nine hundred and nineteen) shares lacking par value.</p> <p>The extraordinary shareholders’ meeting held on 3 May 2007 resolved:</p> <ul style="list-style-type: none"> - to increase the share capital against payment, in cash, with the exclusion of the purchase option pursuant to Article 2441, last section of the Italian Civil Code and Article 134.2 of Italian Legislative Decree No. 58 dated 24 February 1998, for a nominal maximum of EUR 2,122,065.50 (two million, one hundred and twenty-two thousand, and sixty-five point fifty), by means of the issue of a maximum of 4,244,131 (four million, two 	<p>The share capital amounts to EUR 92,002,890.47 92,018,562.47 (ninety-two million, two thousand, eight hundred and ninety point forty-seven ninety-two million, eighteen thousand, five hundred and sixty-two point forty-seven).</p> <p>The corporate holdings are represented by 1,861,473,919 1,861,493,509 (one billion, eight hundred and sixty-one million, four hundred and seventy three thousand, nine hundred and nineteen one billion, eight hundred and sixty-one million, four hundred and ninety-three thousand, five hundred and nine) shares lacking par value.</p> <p>The extraordinary shareholders’ meeting held on 3 May 2007 resolved:</p> <ul style="list-style-type: none"> - to increase the share capital against payment, in cash, with the exclusion of the purchase option pursuant to Article 2441, last section of the Italian Civil Code and Article 134.2 of Italian Legislative Decree No. 58 dated 24 February 1998, for a nominal maximum of EUR 2,122,065.50 (two

hundred and forty-four thousand, one hundred and thirty-one) ordinary shares to service a maximum of 4,244,131 (four million, two hundred and forty-four thousand, one hundred and thirty-one) non-transferrable options, valid for the subscription of ordinary shares, allocated free-of-charge to employees of Tiscali S.p.A. and its subsidiary and associated companies, to be carried out in one or more tranches;

- to establish, in accordance with Article 2439 of the Italian Civil Code, that if the share capital increase as resolved above has not been fully subscribed by the date of three May two thousand and twelve, the share capital shall be understood to be increased by the amount equating to the subscriptions taken by that date.

On 30 June 2009, the Company's extraordinary shareholders' meeting resolved the following among other aspects:

- to issue warrants which grant the respective holders the right to subscribe one new ordinary share for every 20 (twenty) warrants. These warrants circulate separately to the Shares and, without prejudice to the provisions and exercise suspension periods as per the "Tiscali S.p.A. 2009-2014 Warrant Regulations", whose exercise period would run from 1 December 2009 until 15 December two thousand and fourteen;

- in order to service the exercise of the warrants indicated above, to increase the share capital up to a maximum of EUR 8,999,096.80 (eight million, nine hundred and ninety-nine thousand, and ninety-six point eighty); the increase will be implemented by

million, one hundred and twenty-two thousand, and sixty-five point fifty), by means of the issue of a maximum of 4,244,131 (four million, two hundred and forty-four thousand, one hundred and thirty-one) ordinary shares to service a maximum of 4,244,131 (four million, two hundred and forty-four thousand, one hundred and thirty-one) non-transferrable options, valid for the subscription of ordinary shares, allocated free-of-charge to employees of Tiscali S.p.A. and its subsidiary and associated companies, to be carried out in one or more tranches;

- to establish, in accordance with Article 2439 of the Italian Civil Code, that if the share capital increase as resolved above has not been fully subscribed by the date of three May two thousand and twelve, the share capital shall be understood to be increased by the amount equating to the subscriptions taken by that date.

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- in order to service the exercise of the warrants indicated above, to increase the share capital up to a maximum of EUR 8,999,096.80 (eight million, nine hundred and ninety-nine thousand, and ninety-six point eighty); the increase will be implemented by means of the issue, also in

means of the issue, also in several tranches, of 89,990,968 (eighty-nine million, nine hundred and ninety thousand, nine hundred and sixty-eight) ordinary shares lacking par value, with regular dividend rights, and characteristics identical to those in circulation, to be reserved exclusively for the exercise of said warrants, for an issue price of EUR 0.8 (nought point eight), inclusive of a share premium of EUR 0.7 (nought point seven) for each new share issued;

- to assign the Board of Directors, as per Article 2443.2, of the Italian Civil Code, the faculty to increase the share capital up to the maximum amount of EUR 25,000,000.00 (twenty-five million point nought nought), for the duration of three years as from 30 (thirty) June 2009 (two thousand and nine); the delegated Increase may be achieved in one or more tranches, as per the following formalities:

- each of the newly-issued shares shall have to be freed up in cash, without share premiums, at the issue price equating to the average official listed stock market prices for the stock in the three months prior to the deposit at the pertinent Companies' Register of the offer under option of the respective increase tranches; with reference to the issue price effectively used, the Board of Directors shall establish the number of shares being issued and the subscription ratio between the newly-issued shares and shares already in circulation, in observance of Article 2346.5 and Article 2441 of the Italian Civil Code;

- the share capital increase will be offered under option to the Shareholders, pursuant to and for the purposes of Article 2441 of the

several tranches, of 89,990,968 (eighty-nine million, nine hundred and ninety thousand, nine hundred and sixty-eight) ordinary shares lacking par value, with regular dividend rights, and characteristics identical to those in circulation, to be reserved exclusively for the exercise of said warrants, for an issue price of EUR 0.8 (nought point eight), inclusive of a share premium of EUR 0.7 (nought point seven) for each new share issued;

- to assign the Board of Directors, as per Article 2443.2, of the Italian Civil Code, the faculty to increase the share capital up to the maximum amount of EUR 25,000,000.00 (twenty-five million point nought nought), for the duration of three years as from 30 (thirty) June 2009 (two thousand and nine); the delegated Increase may be achieved in one or more tranches, as per the following formalities:

- each of the newly-issued shares shall have to be freed up in cash, without share premiums, at the issue price equating to the average official listed stock market prices for the stock in the three months prior to the deposit at the pertinent Companies' Register of the offer under option of the respective increase tranches; with reference to the issue price effectively used, the Board of Directors shall establish the number of shares being issued and the subscription ratio between the newly-issued shares and shares already in circulation, in observance of Article 2346.5 and Article 2441 of the Italian Civil Code;

- the share capital increase will be offered under option to the Shareholders, pursuant to and for the purposes of Article 2441 of the Italian Civil Code;

- the publication of the offer under option shall be

<p>Italian Civil Code;</p> <ul style="list-style-type: none"> - the publication of the offer under option shall be carried out by the Board of Directors by the date it deems appropriate, provided that this is compatible with the final subscription date which shall be established by the same Board and with respect to the minimum time period envisaged by Article 2441 of the Italian Civil Code (Option Deadline); - if the afore-mentioned option deadline expires in vain, the Board of Directors shall offer any shares which have remained unopted for at least five stock market sessions, by the end of the month following said option deadline (Market offer deadline); - any shares not subscribed on expiry of the Market offer deadline shall be proposed by the Board of Directors to the Senior Lenders; - the subscriber of the shares issued in relation to the share capital increase resolved here shall have to take steps, at the time of subscription, to carry out the conferral in full; the conferral obligation may be met also by means of offsetting; - to subject the authorisation to the condition precedent of the request for compensation to an extent greater than EUR 20 (twenty) million, by the transferee of Tiscali UK in accordance with the related contract. <p>The shares fully freed-up, are indivisible and freely transferrable.</p> <p>Payment in cash made by the shareholders to the Company by way of loan can be made within the legal limits:</p> <ul style="list-style-type: none"> - under the form of contribution towards capital without the right to repayment; - under the form of an interest-bearing or non- 	<p>carried out by the Board of Directors by the date it deems appropriate, provided that this is compatible with the final subscription date which shall be established by the same Board and with respect to the minimum time period envisaged by Article 2441 of the Italian Civil Code (Option Deadline);</p> <ul style="list-style-type: none"> - if the afore-mentioned option deadline expires in vain, the Board of Directors shall offer any shares which have remained unopted for at least five stock market sessions, by the end of the month following said option deadline (Market offer deadline); - any shares not subscribed on expiry of the Market offer deadline shall be proposed by the Board of Directors to the Senior Lenders; - the subscriber of the shares issued in relation to the share capital increase resolved here shall have to take steps, at the time of subscription, to carry out the conferral in full; the conferral obligation may be met also by means of offsetting; - to subject the authorisation to the condition precedent of the request for compensation to an extent greater than EUR 20 (twenty) million, by the transferee of Tiscali UK in accordance with the related contract. <p>The shares fully freed-up, are indivisible and freely transferrable.</p> <p>Payment in cash made by the shareholders to the Company by way of loan can be made within the legal limits:</p> <ul style="list-style-type: none"> - under the form of contribution towards capital without the right to repayment; - under the form of an interest-bearing or non-interest bearing loan with the natural right to repayment;
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<p>interest bearing loan with the natural right to repayment;</p> <p>The share capital is linked to the achievement of the corporate purpose and can be increased also by means of conferral in kind and/or of receivables in accordance with the combined provisions of Articles 2342, 2343 and 2476 of the Italian Civil Code.</p> <p>The shareholders' meeting may resolve a reduction in the share capital, also by means of allocation to individual shareholders or groups of shareholders of specific corporate assets or shares or holdings in other companies, in which the Company has a joint investment.</p> <p>The shareholders' meeting may resolve an increase in the share capital pursuant to and within the limits as per Article 2441.4.2 of the Italian Civil Code, and assign the management body the faculty to increase the share capital as per Article 2443 of the Italian Civil Code.</p>	<p>The share capital is linked to the achievement of the corporate purpose and can be increased also by means of conferral in kind and/or of receivables in accordance with the combined provisions of Articles 2342, 2343 and 2476 of the Italian Civil Code.</p> <p>The shareholders' meeting may resolve a reduction in the share capital, also by means of allocation to individual shareholders or groups of shareholders of specific corporate assets or shares or holdings in other companies, in which the Company has a joint investment.</p> <p>The shareholders' meeting may resolve an increase in the share capital pursuant to and within the limits as per Article 2441.4.2 of the Italian Civil Code, and assign the management body the faculty to increase the share capital as per Article 2443 of the Italian Civil Code.</p>
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The Board of Directors also proposes the amendments to the Articles of Association described below, partly for the purpose of adapting the article of association provisions to the innovations introduced by Italian Legislative Decree No. 27 dated 27 January 2010 concerning the implementation of the EU Directive 2007/36/CE and to the amended version of Italian Legislative Decree No. 58 dated 24 February 1998:

- amendment of Article 6, which disciplines the formalities for calling shareholders' meeting on the website of the company instead of in a newspaper, so as to render the provision compliant with the matters disciplined by Article 125 *bis* of Italian Legislative Decree No. 58/1998 and the replacement of the term shareholders with reference to the holders of the right to vote (the latter part merely for the purpose of co-ordination with the amendment of Article 8 of the Articles of Association, also subject to approval by the shareholders' meeting). The proposed version compared with the current version is presented below:

CURRENT VERSION	PROPOSED VERSION
<p style="text-align: center;">Article 6</p> <p style="text-align: center;">Calling of shareholders' meetings</p> <p>Meetings are called by the management body at the registered offices or elsewhere, provided the location is in Italy, by means of publication - within the legal deadlines - of a notice in the Italian Official Gazette or, in at least one of the following newspapers: "Il Sole 24Ore" or "MF Milan Finanza". Ordinary meetings must be called by the management body at least once a year within the legal deadlines, for the approval of the annual financial statements.</p> <p>The shareholders have the right to examine all the documents deposited at the registered offices for shareholders' meetings already called and to obtain a copy thereof at their own expense.</p>	<p style="text-align: center;">Article 6</p> <p style="text-align: center;">Calling of shareholders' meetings</p> <p>Meetings are called by the management body at the registered offices or elsewhere, provided the location is in Italy, by means of publication - within the legal deadlines - of a notice on the Company's website and involving the other formalities envisaged by regulatory provisions. in the Italian Official Gazette or, in at least one of the following newspapers: "Il Sole 24Ore" or "MF Milan Finanza". Ordinary meetings must be called by the management body at least once a year within the legal deadlines, for the approval of the annual financial statements.</p> <p>The shareholdersThose with the right to vote have the right to examine all the documents deposited at the registered offices for shareholders' meetings already called and to obtain a copy thereof at their own expense.</p>

- amendment of Article 7, considering the amended Article 2364.2 of the Italian Civil Code, which in relation to the deadlines for the approval of the annual financial statements, permits the companies obliged to draw up consolidated financial statements to envisage an extended deadline of 180 days from the end of the previous accounting period for the approval of the afore-mentioned annual financial report. Furthermore, the Board proposes the further amendment of Article 7 for the purpose of acknowledging the faculty envisaged by the amended Article 2369 of the Italian Civil Code, which permits the companies who resort to the capital risk market to expressly exclude the recourse to callings subsequent to the first by means of an article of association provision. In such an event, the majorities indicated for second calling apply to the single call, for ordinary meetings, and those envisaged for calls subsequent to the second are applied for extraordinary meetings. The Board therefore proposes the amendment of Article 7 according the version presented below on a comparative basis with the current version:

CURRENT VERSION	PROPOSED VERSION
<p style="text-align: center;">Article 7</p> <p style="text-align: center;">Ordinary and extraordinary shareholders' meetings</p> <p>Ordinary meetings satisfy quorum requirements and resolve in first and second calling with the majorities envisaged by law.</p> <p>Extraordinary meetings satisfy quorum requirements and resolve in first, second and third calling as well as subsequent calls with the participation of a number of shareholders who represent, respectively, more than half, more than a third, and more than a fifth of the total shares in circulation in third and subsequent callings.</p> <p>The notice of calling may contain indication of the date for second calling and, in the event of extraordinary meetings, for the third as well as subsequent callings, if at the previous callings a number of shares sufficient for satisfying quorum requirements is not achieved, provided that they are not held on the same day as the previous calls.</p> <p>In the absence of such indication, the meetings in second, third and/or subsequent callings can be called once again within thirty days. In this event, the deadline for the publication of the notice of calling is reduced to eight days.</p> <p>Extraordinary meetings resolve, in first, second, third and subsequent calling with the favourable vote of at least two thirds of the total shares present at the meeting.</p>	<p style="text-align: center;">Article 7</p> <p style="text-align: center;">Ordinary and extraordinary shareholders' meetings</p> <p>Ordinary meetings satisfy quorum requirements and resolve in first and second calling with the majorities envisaged by law.</p> <p>Extraordinary meetings satisfy quorum requirements and resolve in first, second and third calling as well as subsequent calls with the participation of a number of shareholders who represent, respectively, more than half, more than a third, and more than a fifth of the total shares in circulation in third and subsequent callings.</p> <p>The notice of calling may contain indication of the date for second calling and, in the event of extraordinary meetings, for the third as well as subsequent callings, if at the previous callings a number of shares sufficient for satisfying quorum requirements is not achieved, provided that they are not held on the same day as the previous calls.</p> <p>In the absence of such indication, the meetings in second, third and/or subsequent callings can be called once again within thirty days. In this event, the deadline for the publication of the notice of calling is reduced to eight days.</p> <p>Extraordinary meetings resolve, in first, second, third and subsequent calling with the favourable vote of at least two thirds of the total shares present at the meeting.</p> <p>Ordinary meetings are called at least once a year, within 180 days of the end of the</p>

	<p>accounting period, for the approval of the financial statements, since the Company is obliged to draw up consolidated financial statements.</p> <p>Meetings, both in ordinary and extraordinary session, if envisaged by the Board of Directors which calls the meeting, can be held in single calling and the related resolutions are valid if adopted with the presence and the majorities established by law for such cases.</p>
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- amendment of Article 8, by means of the introduction of the reference to those who are due the right to vote in compliance with the change to Article 2370 of the Italian Civil Code (pursuant to which, those who are due the right to vote can take part in meetings) and the introduction of Article 83 *sexies* of Italian Legislative Decree No. 58/1998 which led to the changeover from the principle of the necessary ownership of the shares as of the date the meeting is held to the mechanism of the so-called record date, by virtue of which the right to take part and vote in meetings is due to whomever is the holder of this right at the end of the seventh open market day prior to the date established for the meeting in first or sole calling. Furthermore, the new proposed version excludes the possibility of availing oneself of a party to whom the holders of the right to vote can grant power of attorney, in compliance with the matters laid down by Article 135 *undecies* of Italian Legislative Decree No. 58/1998. The proposed version compared with the current version is presented below:

CURRENT VERSION	PROPOSED VERSION
<p>- Article 8 -</p> <p>Participation in shareholders' meetings</p> <p>All the shareholders who have deposited their shares at the registered offices or any banks indicated in the notice of calling, at least two days before the date fixed for the meeting, can take part in the meeting.</p> <p>Each shareholder who has the right to take part in meetings, may arrange for themselves to be represented by means of written proxy. The</p>	<p>- Article 8 -</p> <p>Participation in shareholders' meetings</p> <p>All the shareholders who have deposited their shares at the registered offices or any banks indicated in the notice of calling, at least two days before the date fixed for the meeting All those who are due the right to vote in accordance with the legislative provisions in force from time to time can take part in meetings.</p>

<p>Chairman of the meeting is responsible for checking the right to take part in the meeting and the regularity of the proxies.</p> <p>Meeting resolutions adopted in compliance with the law and these Articles of Associations, are also binding on dissenting shareholders.</p>	<p>Each shareholder who has the right to take part in meetings, may arrange for themselves to be represented by means of written proxy Those who are due the right to take part in meetings may arrange for themselves to be represented, in accordance with the law, by means of proxy which may be granted in writing or via electronic mediums, if envisaged by specific regulatory provisions and according to the formalities envisaged herein. The Company excludes the possibility of availing oneself of a party to whom the holders of the right to vote can grant power of attorney. The Chairman of the meeting is responsible for checking the right to take part in the meeting and the regularity of the proxies.</p> <p>Meeting resolutions adopted in compliance with the law and these Articles of Associations, are also binding on dissenting shareholders.</p>
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- amendment of Article 11, so as to adapt the deadlines and methods for presentation and publication of the lists for the appointment of the Board of Directors to the new legislative provisions;

CURRENT VERSION	PROPOSED VERSION
<p align="center">- Article 11 -</p> <p align="center">Board of Directors</p> <p>If the management of the Company is entrusted to a Board of Directors, the Board takes steps to appoint a Chairman and possibly a Deputy Chairman, choosing from amongst its members, if the shareholders' meetings has not</p>	<p align="center">- Article 11 -</p> <p align="center">Board of Directors</p> <p>If the management of the Company is entrusted to a Board of Directors, the Board takes steps to appoint a Chairman and possibly a Deputy Chairman, choosing from amongst its members, if the shareholders' meeting has not</p>

<p>already taken steps to do so.</p> <p>The Directors remain in office for a three-year period or a shorter duration established by the meeting at the time of their appointment; they can be re-appointed.</p> <p>The Directors are appointed by the meeting on the basis of lists presented by the shareholders in which the candidates shall have to be listed by means of consecutive number.</p> <p>Each shareholder may submit, or jointly submit, one list only, even if via third parties or through trust companies. Each candidate may be present on one list only or be disqualified.</p> <p>Shareholders are only entitled to present lists if, alone or together with other shareholders, they represent at least the percentage of the shares with the right to vote during ordinary shareholders' meetings envisaged by applicable legislation, which shall be indicated in the notice for the calling of the meeting.</p> <p>The lists presented by the shareholders must be deposited, as will also be indicated in the notice of calling, at the Company's registered offices at least fifteen days before the date established for the meeting in first calling.</p> <p>Each list shall have to be accompanied by the information required by applicable legislation and indicate the identity of the shareholders who have presented the same and the total investment percentage owned. In-depth information on the personal and professional characteristics of the candidates must be provided at the bottom of the list presented by the shareholders, or attached to the same. The declarations by means of which the individual</p>	<p>already taken steps to do so.</p> <p>The Directors remain in office for a three-year period or a shorter duration established by the meeting at the time of their appointment; they can be re-appointed.</p> <p>The Directors are appointed by the meeting on the basis of lists presented by the shareholders in which the candidates shall have to be listed by means of consecutive number.</p> <p>Each shareholder may submit, or jointly submit, one list only, even if via third parties or through trust companies. Each candidate may be present on one list only or be disqualified.</p> <p>Shareholders are only entitled to present lists if, alone or together with other shareholders, they represent at least the percentage of the shares with the right to vote during ordinary shareholders' meetings envisaged by applicable legislation, which shall be indicated in the notice for the calling of the meeting.</p> <p>The lists presented by the shareholders must be deposited, as will also be indicated in the notice of calling, at the Company's registered offices by the twenty-fifth day prior to the date of the meeting called to resolve on the appointment of the Board members at least fifteen days before the date established for the meeting in first calling.</p> <p>Each list shall have to be accompanied by the information required by applicable legislation and indicate the identity of the shareholders who have presented the same and the total investment percentage owned. In-depth information on the personal and professional characteristics of the candidates must be</p>
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<p>candidates accept their candidature and declare, at their own liability, the inexistence of causes of ineligibility or incompatibility as well as the existence of the requisites of good standing and professionalism prescribed for the office by applicable legislation and the Articles of Association, and the eventual possession of the independence requisites established by applicable legislation, must be filed together with each list.</p> <p>Each list shall have to indicate at least one candidate who presents the independence requisites established by applicable legislation if the Board of Directors is made up of a number of members equal to or less than seven, and at least two candidates who present the aforementioned independence requirements in other cases.</p> <p>Lists presented without observing the above instructions, shall be considered as not presented .</p> <p>Each shareholder may vote for one list only, even if via third parties or through trust companies.</p> <p>The election of Directors proceeds as follows:</p> <p>a) five sevenths of Directors to be appointed are taken from the list receiving the majority of votes expressed by shareholders, in the consecutive order in which they are listed on said list, with rounding off - in the event of a fractional number less than a whole unit - to the higher unit;</p> <p>b) the remaining Directors are appointed from the other lists. For this purpose, the votes obtained by the lists shall be subsequently</p>	<p>provided at the bottom of the list presented by the shareholders, or attached to the same. The declarations by means of which the individual candidates accept their candidature and declare, at their own liability, the inexistence of causes of ineligibility or incompatibility as well as the existence of the requisites of good standing and professionalism prescribed for the office by applicable legislation and the Articles of Association, and the eventual possession of the independence requisites established by applicable legislation, must be filed together with each list.</p> <p>Each list shall have to indicate at least one candidate who presents the independence requisites established by applicable legislation if the Board of Directors is made up of a number of members equal to or less than seven, and at least two candidates who present the aforementioned independence requirements in other cases.</p> <p>Lists presented without observing the above instructions, shall be considered as not presented .</p> <p>Each shareholder may vote for one list only, even if via third parties or through trust companies.</p> <p>The election of Directors proceeds as follows:</p> <p>a) five sevenths of the Directors to be appointed are taken from the list receiving the majority of votes expressed by shareholders, in the consecutive order in which they are listed on said list, with rounding off - in the event of a fractional number less than a whole unit, to the higher unit;</p>
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<p>divided by one, two, three, four, five, etc, according to the number of Directors to be elected. The quotients obtained thus shall then be progressively assigned to candidates on each of these lists, in accordance with their respective order. The quotients thus assigned to candidates on the various lists shall be arranged into a single list in descending order.</p> <p>Those who have obtained the highest quotients are elected.</p> <p>In the event several candidates have obtained the same quotient, the candidate on the list which has not yet elected any Director or which has elected the lowest number of Directors shall be appointed.</p> <p>In the event that none of these lists has elected a Director yet or all have elected the same number of Directors, the candidate on the list which has obtained the greatest number of votes shall be elected from among these lists.</p> <p>In the event of the lists receiving equal votes and again quotients being equal, the entire meeting shall vote once again and the candidate who obtained the simple majority of the votes shall be elected .</p> <p>If, in the event of the presentation of several lists, none of the candidates indicated on the list which has obtained the greatest number of votes after the first and which is not connected, not even indirectly, with the shareholders who have presented or voted for this latter list has been elected in accordance with the provisions above, the first candidate in order of presentation on the minority list shall in any event be elected in replacement of the last candidate in order of presentation elected on</p>	<p>b) the remaining Directors are appointed from the other lists. For this purpose, the votes obtained by the lists shall be subsequently divided by one, two, three, four, five, etc, according to the number of Directors to be elected. The quotients obtained thus shall then be progressively assigned to candidates on each of these lists, in accordance with their respective order. The quotients thus assigned to candidates on the various lists shall be arranged into a single list in descending order.</p> <p>Those who have obtained the highest quotients are elected.</p> <p>In the event several candidates have obtained the same quotient, the candidate on the list which has not yet elected any Director or which has elected the lowest number of Directors shall be appointed.</p> <p>In the event that none of these lists has elected a Director yet or all have elected the same number of Directors, the candidate on the list which has obtained the greatest number of votes shall be elected from among these lists.</p> <p>In the event of the lists receiving equal votes and again quotients being equal, the entire meeting shall vote once again and the candidate who obtained the simple majority of the votes shall be elected .</p> <p>If, in the event of the presentation of several lists, none of the candidates indicated on the list which has obtained the greatest number of votes after the first and which is not connected, not even indirectly, with the shareholders who have presented or voted for this latter list has been elected in accordance with the provisions above, the first candidate in order of</p>
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<p>the list which obtained the number of votes immediately superior to that achieved by the minority list.</p> <p>If the Board of Directors is made up of a number of members of up to seven and, as per the afore-mentioned appointment procedure, no member in possession of the independence requisites established by applicable legislation is elected, the last of those elected taken from the list which has obtained the greatest number of votes shall have to be replaced by the first candidate listed subsequently on this list who has these requisites.</p> <p>If by contrast the Board of Directors is made up of more than seven members and, as per the afore-mentioned appointment procedure, at least two members in possession of the independence requisites established by applicable legislation are not appointed, the last of those elected not in possession of these requisites taken from the list which has obtained the greatest number of votes after the first and which is not connected in any way, not event indirectly, with the shareholders who have presented or voted for this latter list shall have to be replaced by the first candidate listed subsequently on this list who has these requisites and, if following this replacement a member in possession of the independence requisites established by the applicable legislation still has to be elected, the last of those elected not in possession of these requisites taken from the list which has obtained the greatest number of votes shall have to be replaced by the first candidate listed subsequently on this list who has these</p>	<p>presentation on the minority list shall in any event be elected in replacement of the last candidate in order of presentation elected on the list which obtained the number of votes immediately superior to that achieved by the minority list.</p> <p>If the Board of Directors is made up of a number of members of up to seven and, as per the afore-mentioned appointment procedure, no member in possession of the independence requisites established by applicable legislation is elected, the last of those elected taken from the list which has obtained the greatest number of votes shall have to be replaced by the first candidate listed subsequently on this list who has these requisites.</p> <p>If by contrast the Board of Directors is made up of more than seven members and, as per the afore-mentioned appointment procedure, at least two members in possession of the independence requisites established by applicable legislation are not appointed, the last of those elected not in possession of these requisites taken from the list which has obtained the greatest number of votes after the first and which is not connected in any way, not event indirectly, with the shareholders who have presented or voted for this latter list shall have to be replaced by the first candidate listed subsequently on this list who has these requisites and, of following this replacement a member in possession of the independence requisites established by the applicable legislation still has to be elected, the last of those elected not in possession of these requisites taken from the list which has</p>
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<p>requisites;</p> <p>c) the list voting appointment method envisaged above is applied in the sole case of complete renewal of the Directors; with regard to the appointment of Directors not appointed for any reason in accordance with the above procedure, the shareholders' meeting resolves with the legal majority.</p> <p>Not even during the course of the mandate can the shareholders' meeting vary the number of Board members, unless this takes place within the limit as per the Articles of Association, taking steps to make the related appointments. The Directors thus elected fall from office with the others.</p> <p>If, due to resignation or for other reasons, half - in the event of even numbers. or more than half - in the event of uneven numbers - of the Directors fall from office, the entire Board shall be understood to have fallen and the shareholders' meeting must be called immediately to re-appoint all the Directors.</p>	<p>obtained the greatest number of votes shall have to be replaced by the first candidate listed subsequently on this list who has these requisites;</p> <p>c) the list voting appointment method envisaged above is applied in the sole case of complete renewal of the Directors; with regard to the appointment of Directors not appointed for any reason in accordance with the above procedure, the shareholders' meeting resolves with the legal majority.</p> <p>Not even during the course of the mandate can the shareholders' meeting vary the number of Board members, unless this takes place within the limit as per the Articles of Association, taking steps to make the related appointments. The Directors thus elected fall from office with the others.</p> <p>If, due to resignation or for other reasons, half - in the event of even numbers. or more than half - in the event of uneven numbers - of the Directors fall from office, the entire Board shall be understood to have fallen and the shareholders' meeting must be called immediately to re-appoint all the Directors.</p>
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- amendment of Article 14 for the purpose of stating in the article of association provisions the duration of office of the Executive in charge of drawing up the Company's accounting documents as per the text presented below on a comparative basis with the current version:

CURRENT VERSION	PROPOSED VERSION
<p align="center">- Article 14 -</p> <p align="center">Powers of the management body</p> <p>The Board of Directors or the Sole Director,</p>	<p align="center">- Article 14 -</p> <p align="center">Powers of the management body</p> <p>The Board of Directors or the Sole Director,</p>

<p>according to the form adopted, are due all the powers of ordinary and extraordinary business of the Company, with the exception of those specifically reserved by law for shareholders in general meeting.</p> <p>Within the limits of the law, the Board of Directors may also appoint one or more Chief Executives, establishing the powers included in the sphere of those due to them and within the legal limits (Article 2381 of the Italian Civil Code).</p> <p>The Board of Directors or the Sole Directors may, according to the legal forms, adopt any resolution concerning the adaptation of the Articles of Association to legislative provisions .</p> <p>The Board of Directors or the Sole Director:</p> <p>(i) may, according to the legal forms, appoint one or more General Managers, Proxy agents, establishing the related powers;</p> <p>(ii) appoint, upon the proposal of the Chief Executive Officer if the Company's management is entrusted to a Board of Directors, and in any event having consulted the Board of Statutory Auditors on a mandatory basis, the Executive in charge of drawing up the Company's accounting documents, establishing the related duties and powers. The Executive in charge of drawing up the Company's accounting documents must have the good standing requisites envisaged for the Directors and have acquired significant professional experience with regard to administration and finance. The Executive in charge of drawing up the Company's accounting documents takes part in the meetings of the Board of Directors and the</p>	<p>according to the form adopted, are due all the powers of ordinary and extraordinary business of the Company, with the exception of those specifically reserved by law for shareholders in general meeting.</p> <p>Within the limits of the law, the Board of Directors may also appoint one or more Chief Executives, establishing the powers included in the sphere of those due to them and within the legal limits (Article 2381 of the Italian Civil Code).</p> <p>The Board of Directors or the Sole Directors may, according to the legal forms, adopt any resolution concerning the adaptation of the Articles of Association to legislative provisions .</p> <p>The Board of Directors or the Sole Director:</p> <p>(i) may, according to the legal forms, appoint one or more General Managers, Proxy agents, establishing the related powers;</p> <p>(ii) appoint, upon the proposal of the Chief Executive Officer if the Company's management is entrusted to a Board of Directors, and in any event having consulted the Board of Statutory Auditors on a mandatory basis, the Executive in charge of drawing up the Company's accounting documents, establishing the related duties and powers. The Executive in charge of drawing up the Company's accounting documents must have the good standing requisites envisaged for the Directors and have acquired significant professional experience with regard to administration and finance. The Executive remains in office for a three-year period or a shorter duration established at the time of appointment; he/she can be re-appointed. The Executive in charge of drawing up the Company's accounting documents takes part in the meetings of the Board of Directors and the Executive</p>
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<p>Executive Committee, if established, which envisages the handling of the matters the same is responsible for.</p> <p>The Board of Directors may delegate its powers to an Executive Committee made up of some of its members.</p> <p>The Board of Directors or the Sole Directors must report quarterly to the Board of Statutory Auditors on the activities carried out and on the most significant economic, financial and equity transactions performed by the Company or the subsidiaries; in detail, they must report on transactions involving a potential conflict of interest, by means of a written report sent to the domicile of the auditors or via on-line transmission procedures.</p>	<p>Committee, if established, which envisages the handling of the matters the same is responsible for.</p> <p>The Board of Directors may delegate its powers to an Executive Committee made up of some of its members.</p> <p>The Board of Directors or the Sole Directors must report quarterly to the Board of Statutory Auditors on the activities carried out and on the most significant economic, financial and equity transactions performed by the Company or the subsidiaries; in detail, they must report on transactions involving a potential conflict of interest, by means of a written report sent to the domicile of the auditors or via on-line transmission procedures.</p>
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- amendment of Article 18, so as to adapt the deadlines and methods for presentation and publication of the lists for the appointment of the Board of Statutory Auditors to the new legislative provisions. The proposed version compared with the current version is presented below:

CURRENT VERSION	PROPOSED VERSION
<p align="center">- Article 18 -</p> <p align="center">Board of Statutory Auditors</p> <p>The Board of Statutory Auditors is made up of three Statutory Auditors and two Alternate Auditors appointed by the shareholders' meeting. The Statutory Auditors remain in office for a three-year period and can be re-appointed. The fall from office of the Statutory Auditors due to expiry of the term only becomes effective when the Board has been re-established.</p> <p>Board of Statutory Auditor meetings can also be</p>	<p align="center">- Article 18 -</p> <p align="center">Board of Statutory Auditors</p> <p>The Board of Statutory Auditors is made up of three Statutory Auditors and two Alternate Auditors appointed by the shareholders' meeting. The Statutory Auditors remain in office for a three-year period and can be re-appointed. The fall from office of the Statutory Auditors due to expiry of the term only becomes effective when the Board has been re-established.</p> <p>Pursuant to Article 1.2, letters b) and c) of</p>

<p>held with the aid of telecommunications mediums, in observance of the formalities as per Article 12 (Calling and holding of Board Meetings) of these Articles of Association.</p> <p>The shareholders' meeting which appoints the Statutory Auditors and the Chairman of the Board of Statutory Auditors, establishes the emolument due to the same.</p> <p>The appointment of the Board of Statutory Auditors takes place on the basis of lists presented by the shareholders, on which five candidates must be indicated, three for the office of Statutory Auditor and two for the office of Alternate Auditor, by means of a consecutive number, in order of professional seniority.</p> <p>Each shareholder may submit, or jointly submit, one list only, even if via third parties or through trust companies. Each candidate may be present on one list only or be disqualified.</p> <p>Shareholders are only entitled to present lists if, alone or together with other shareholders, they represent at least the percentage of the shares with the right to vote during ordinary shareholders' meetings envisaged by applicable legislation, which shall be indicated in the notice for the calling of the meeting.</p> <p>The lists presented by the shareholders must be deposited, as will also be indicated in the notice of calling, at the Company's registered offices at least fifteen days before the date established for the meeting in first calling. If on expiry of the afore-mentioned deadline, just one list has been presented, or only lists presented by shareholders who are connected as per the applicable legislation, lists can be presented up to the fifth day after this date, and the</p>	<p>the regulations pursuant to Italian Ministry of Justice Decree No. 162 dated 30 March 2000, the sectors of activities and the matters pertaining to telecommunications, electronic communications in general, media, software and IT activities, as well as matters pertaining to private and administrative law disciplines, economic disciplines and those relating to the business organisation, are considered strictly pertinent to that of the Company.</p> <p>Board of Statutory Auditor meetings can also be held with the aid of telecommunications mediums, in observance of the formalities as per Article 12 (Calling and holding of Board Meetings) of these Articles of Association.</p> <p>The shareholders' meeting which appoints the Statutory Auditors and the Chairman of the Board of Statutory Auditors, establishes the emolument due to the same.</p> <p>The appointment of the Board of Statutory Auditors takes place on the basis of lists presented by the shareholders, on which five candidates must be indicated, three for the office of Statutory Auditor and two for the office of Alternate Auditor, by means of a consecutive number, in order of professional seniority.</p> <p>Each shareholder may submit, or jointly submit, one list only, even if via third parties or through trust companies. Each candidate may be present on one list only or be disqualified.</p> <p>Shareholders are only entitled to present lists if, alone or together with other shareholders, they represent at least the percentage of the shares with the right to vote during ordinary shareholders' meetings envisaged by</p>
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<p>investment percentage envisaged for the presentation of the lists is reduced by half.</p> <p>Each list shall have to be accompanied by the information required by applicable legislation and indicate the identity of the shareholders who have presented the same, the total investment percentage owned and a certificate which proves the ownership of said investment, as well as a declaration of the shareholders other than those who hold, also jointly, a relative controlling or majority interest, bearing witness to the absence of the connecting relationships with the latter as envisaged by applicable legislation. In-depth information on the personal and professional characteristics of the candidates must be provided at the bottom of the list presented by the shareholders, or attached to the same. The declarations by means of which the individual candidates accept their candidature and declare, at their own liability, the inexistence of causes of ineligibility or incompatibility as well as the existence of the requisites of good standing and professionalism prescribed for the office by applicable legislation and the Articles of Association, must be filed together with each list.</p> <p>Lists presented without observing the above instructions, shall be considered as not presented .</p> <p>Each shareholder may vote for one list only, even if via third parties or through trust companies.</p> <p>Those who cover the role of Statutory Auditors in five listed companies, cannot undertake the office of Auditor in the Company. The Statutory</p>	<p>applicable legislation, which shall be indicated in the notice for the calling of the meeting.</p> <p>The lists presented by the shareholders must be deposited, as will also be indicated in the notice of calling, at the Company's registered offices by the twenty-fifth day prior to the date of the meeting called to resolve on the appointment of the members of the Board of Statutory Auditors at least fifteen days before the date established for the meeting in first calling. If on expiry of the afore-mentioned deadline, just one list has been presented, or only lists presented by shareholders who are connected as per the applicable legislation, lists can be presented up to the fifth day after this date, and the investment percentage envisaged for the presentation of the lists is reduced by half.</p> <p>Each list shall have to be accompanied by the information required by applicable legislation and indicate the identity of the shareholders who have presented the same, the total investment percentage owned and a certificate which proves the ownership of said investment, as well as a declaration of the shareholders other than those who hold, also jointly, a relative controlling or majority interest, bearing witness to the absence of the connecting relationships with the latter as envisaged by applicable legislation. In-depth information on the personal and professional characteristics of the candidates must be provided at the bottom of the list presented by the shareholders, or attached to the same. The declarations by means of which the individual candidates accept their candidature and declare, at their</p>
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<p>Auditors can undertake other management and audit appointments within the limits established by applicable legislation.</p> <p>At least one of the Statutory Auditors and at least one Alternate Auditor, must be chosen from those listed on the official register of auditors with at least three years' experience in the auditing of accounts. Auditors failing to meet the aforementioned condition must have a total of at least three years' experience in specific company purpose-related duties. Specific company purpose-related duties are understood to be all those referable to the corporate purpose as per Article 3 (Corporate Purpose) in these Articles of Association and in any event those relating to the telecommunications sector.</p> <p>They are elected as follows:</p> <p>a) two Statutory Auditors and one Alternate Auditor are elected from the list receiving the most votes, in the order in which they appear on said list;</p> <p>b) the third Statutory Auditor shall be the candidate for the related office in first place, among the Statutory Auditors, on the list which has received the most votes after the first, from among the lists presented and voted for by shareholders who are not connected, even indirectly, with the shareholders who have presented and voted for the list in first place due to number of votes;</p> <p>c) the second Alternate Auditor shall be the candidate for the related office indicated as first, among the Alternate Auditors, on the same minority list indicated above.</p>	<p>own liability, the inexistence of causes of ineligibility or incompatibility as well as the existence of the requisites of good standing and professionalism prescribed for the office by applicable legislation and the Articles of Association, must be filed together with each list.</p> <p>Lists presented without observing the above instructions, shall be considered as not presented .</p> <p>Each shareholder may vote for one list only, even if via third parties or through trust companies.</p> <p>Those who cover the role of Statutory Auditors in five listed companies, cannot undertake the office of Auditor in the Company. The Statutory Auditors can undertake other management and audit appointments within the limits established by applicable legislation.</p> <p>At least one of the Statutory Auditors and at least one Alternate Auditor, must be chosen from those listed on the official register of auditors with at least three years' experience in the auditing of accounts. Auditors failing to meet the aforementioned condition must have a total of at least three years' experience in specific company purpose-related duties. Specific company purpose-related duties are understood to be all those referable to the corporate purpose as per Article 3 (Corporate Purpose) in these Articles of Association and in any event those relating to the telecommunications sector.</p> <p>They are elected as follows:</p> <p>a) two Statutory Auditors and one Alternate</p>
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<p>In the event of equal votes between the lists presented and voted for by shareholders who are not connected, even indirectly, with the shareholders who have presented and voted for the list in first place due to number of votes, the candidate on the list which has been presented by shareholders in possession of the majority investment or, alternatively, by the greatest number of shareholders, shall be elected.</p> <p>The chairmanship of the Board of Statutory Auditors goes to the candidate for the office of Statutory Auditor in first place on the list which has received the most votes after the first, from among the lists presented and voted for by shareholders who are not connected, even indirectly, with the shareholders who have presented and voted for the list in first place due to number of votes.</p> <p>If just one list is presented, the first three candidates in consecutive order shall be elected Statutory Auditors by majority, and the fourth and fifth candidates shall be appointed Alternate Auditors; the chairmanship of the Board of Statutory Auditors will go to the first candidate.</p> <p>In the event of early termination of a Statutory Auditor from office, the same shall be replaced by the Alternate Auditor elected from among the candidates belonging to the same list as the Auditor no longer in office.</p> <p>The shareholders' meeting takes steps to appoint the Statutory Auditors and Alternate Auditors necessary for supplementing the Board of Statutory Auditors following early termination from office, as follows:</p> <p>a) if steps must be taken to replace Auditors</p>	<p>Auditor are elected from the list receiving the most votes, in the order in which they appear on said list;</p> <p>b) the third Statutory Auditor shall be the candidate for the related office in first place, among the Statutory Auditors, on the list which has received the most votes after the first, from among the lists presented and voted for by shareholders who are not connected, even indirectly, with the shareholders who have presented and voted for the list in first place due to number of votes;</p> <p>c) the second Alternate Auditor shall be the candidate for the related office indicated as first, among the Alternate Auditors, on the same minority list indicated above.</p> <p>In the event of equal votes between the lists presented and voted for by shareholders who are not connected, even indirectly, with the shareholders who have presented and voted for the list in first place due to number of votes, the candidate on the list which has been presented by shareholders in possession of the majority investment or, alternatively, by the greatest number of shareholders, shall be elected.</p> <p>The chairmanship of the Board of Statutory Auditors goes to the candidate for the office of Statutory Auditor in first place on the list which has received the most votes after the first, from among the lists presented and voted for by shareholders who are not connected, even indirectly, with the shareholders who have presented and voted for the list in first place due to number of votes.</p> <p>If just one list is presented, the first three candidates in consecutive order shall be</p>
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<p>elected from the majority list, the appointment takes place by majority vote, choosing from among the candidates on the list which the Auditors to be replaced belonged to, who at least ten days before the date fixed for the shareholders' meeting in first calling have confirmed their candidature, together with the declarations relating to the inexistence of causes of ineligibility or incompatibility, as well as the existence of the requisites of good standing and professionalism prescribed for the office by applicable legislation and the Articles of Association;</p> <p>b) if, by contrast, steps must be taken to replace the Statutory Auditors appointed by the minority, the shareholders' meeting shall replace the same by majority vote, choosing from among the candidates on the list which the Auditor to be replaced belonged to, who at least ten days before the date fixed for the shareholders' meeting in first calling have confirmed their candidature, together with the declarations relating to the inexistence of causes of ineligibility or incompatibility, as well as the existence of the requisites of good standing and professionalism prescribed for the office by applicable legislation and the Articles of Association.</p> <p>The new Auditors appointed fall from office together with those already in office.</p> <p>The outgoing Auditors can be re-appointed.</p>	<p>elected Statutory Auditors by majority, and the fourth and fifth candidates shall be appointed Alternate Auditors; the chairmanship of the Board of Statutory Auditors will go to the first candidate.</p> <p>In the event of early termination of a Statutory Auditor from office, the same shall be replaced by the Alternate Auditor elected from among the candidates belonging to the same list as the Auditor no longer in office.</p> <p>The shareholders' meeting takes steps to appoint the Statutory Auditors and Alternate Auditors necessary for supplementing the Board of Statutory Auditors following early termination from office, as follows:</p> <p>a) if steps must be taken to replace Auditors elected from the majority list, the appointment takes place by majority vote, choosing from among the candidates on the list which the Auditors to be replaced belonged to, who at least ten days before the date fixed for the shareholders' meeting in first calling have confirmed their candidature, together with the declarations relating to the inexistence of causes of ineligibility or incompatibility, as well as the existence of the requisites of good standing and professionalism prescribed for the office by applicable legislation and the Articles of Association;</p> <p>b) if, by contrast, steps must be taken to replace the Statutory Auditors appointed by the minority, the shareholders' meeting shall replace the same by majority vote, choosing from among the candidates on the list which the Auditor to be replaced belonged to, who at least ten days before the date fixed for the</p>
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	<p>shareholders' meeting in first calling have confirmed their candidature, together with the declarations relating to the inexistence of causes of ineligibility or incompatibility, as well as the existence of the requisites of good standing and professionalism prescribed for the office by applicable legislation and the Articles of Association.</p> <p>The new Auditors appointed fall from office together with those already in office.</p> <p>The outgoing Auditors can be re-appointed.</p>
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In conclusion, the Board of Directors considers it necessary to supplement the Articles of Association with the inclusion of Article 19 so as to adapt them to the Regulations for the performance of Transactions with related parties, approved during the Board Meeting held on 12 November 2010, which, in certain cases, requires the intervention of the shareholders' meeting for the approval of specific transactions with related parties. The shareholders' meeting is therefore requested to approve the new Article 19 of the Articles of Association in the proposed version presented below:

- Article 19 –

Transactions with related parties

The Company approves the transactions with related parties in compliance with the legal and regulatory provisions in force, as well as its article of association provisions and the procedures adopted in this connection by the Company.

The internal procedures adopted by the Company in relation to transactions with related parties may envisage that the Board of Directors approves the transactions of greatest importance despite the contrary opinion of the independent directors, provided that the performance of these transactions is authorised, as per Article 2364.1.5 of the Italian Civil Code, by the shareholders' meeting.

In the above circumstances, as well as in the cases where a resolution proposal to be submitted to the shareholders' meeting in relation to a significant transaction is approved in the presence of the contrary opinion of the independent directors, the meeting resolves with the majorities envisaged by law provided that, if the unrelated shareholders present during the meeting represent at least

10% of the share capital with the right to vote, the afore-mentioned legal majorities are achieved with the favourable vote of the majority of the unrelated shareholders voting during the meeting.

The internal procedures adopted by the Company in relation to transactions with related parties may envisage the exclusion from their sphere of application of urgent transactions, also being the responsibility of the shareholders' meeting, within the limits permitted by applicable legal and regulatory provisions."

Assessment on the recurrence of the right to withdraw

The Board of Directors deems that the article of association amendments illustrated in this report do not give rise to any right by Tiscali shareholders to withdraw from the company.

The Shareholders are therefore requested to approve the amendment of Articles 5, 6, 7, 8, 11, 14, 18 and the introduction of Article 19 as illustrated above.

Cagliari, 25 March 2011

Tiscali S.p.A.

On behalf of the Board of Directors

The Chairman, Renato Soru