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 the capital increase reserved for Société
 Générale

Testo del comunicato

The Board of Directors of Tiscali approves the capital increase reserved for Société Générale as per the Agreement "SEF Stand-by Equity Facility"

The Board of Directors of Tiscali approves the capital increase reserved for Société Générale as per the Agreement "SEF – Stand-by Equity Facility"

Cagliari, 16 February 2015 - The Board of Directors of Tiscali S.p.A. ("Tiscali" or the "Company"), which met today, exercising the delegation received by the Extraordinary Shareholders' Meeting held on January, 30, has approved the capital increase of 1,000,000,000 (the "Capital Increase").

The Capital Increase is reserved to reserved for Société Générale ("SG") with the exclusion, therefore, of option right, pursuant to art. 2441, 5th c., cod. civ. and will be executed in several tranches by 31st December 2017 under the terms and conditions provided for by the "SEF – Stand-by Equity Facility" signed on December 24, 2014 between the Company and SG ("The Agreement").

There are no commitments to lock-up held by SG nor were concluded agreements relating to the subsequent transaction in the market for newly issued shares or securities lending or guarantee relating to the company's shares. As per communication no. DEM/DME/DSG/8065325 of 10/07/2008 indicates, the Company is not aware of current way in which SG could place the shares subscribed and especially if it can be identified the recurrence of the case of a public offer in art. 1, c. 1, letter t) of the TUF, or to that of art. 100-bis, paragraph 2 of the TUF and, therefore, the obligation to publish a prospectus for offers.

The power of attorney exercised by today's Board of Directors is part of the agreements with senior lenders of the Group signed on December 24, 2014 and communicated to the market, aimed at the restructuring and rescheduling of the senior loan arising from the Group Facility Agreement signed in 2009, equal to EUR 140 million.

Information related to the execution, together with the terms and conditions of each tranche of the Reserved Capital Increase - in relation to which, as of today, it has not been taken any decision, and that will take place after the publication of the prospectus for listing of the shares to be issued for the capital increase - will be communicated to the market pursuant to the applicable regulations.

Below are the main terms of the Agreement as announced to the market on December 24, 2014 and during the Directors' Report held for the General Meeting on January 30th and in the following issued press releases relating to the Capital Increase:

- SG has agreed to underwrite The Capital Increase to be made in several tranches, with the exclusion of option rights, pursuant to art. 2441, 5th c., Civil Code, to be performed in divisible by 12.23.2015, for a maximum of 1,000,000,000 of ordinary Tiscali shares, on the basis of discretionary subscription made by Tiscali to SG under the terms and conditions contained in the Agreement (the "**Requests for subscription**");
- Income from the subscription of The Capital Increase in execution of the Agreement will be used by the Group for the refund, in whole or in part, of the Facility A1 – equal to approximately EUR 42.2 million – as per the signed agreement with the senior lenders of the Group on 23rd December 2014, expiring on November 30th 2015, with a percentage discount of the face value of the debt variable up to 10% depending on the timing of repayment. The execution of the Capital Increase will allow to substantially reduce the Group net financial position that, benefiting also of the above mentioned discount:
- the timing for the determination of the subscription price of each tranche of The Capital Increase is identified in the 3 trading days following the submission of each request for subscription by the Company (the "**Pricing Period**"). The subscription price of each tranche

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- of The Capital Increase will be equal to 95% of the average daily volume weighted exchanged (Volume Weighted Average Price, or VWAP) of the ordinary shares of the Company registered in the Pricing Period (the “**Subscription Price**”);
- in respect of each subscription request, if the closing price of the ordinary shares Tiscali recorded on the last day of the Period of Pricing is less than 97% of the VWAP recorded during the same period, the Company and/or SG will have the right to postpone the closing of the Pricing Period to the next trading day. This power can be exercised up to a maximum of five times;
 - with reference to the Subscription Price - despite the difficulty of assessing the adequacy of the criterion for determining the price closely tied to the market price of the Tiscali shares recorded in a very short period of time, taking into account the extension of the time for completion of the subscriptions of the Capital Increase - it should be noted that:
 - (i) the Board of Directors considered that the criterion established in the Agreement is such to identify an issue price consistent with the market value, provided that, at each subscription request, the Board will verify - on the basis of information currently available, as well as by special simulations depending on the stock price of the Tiscali shares – the compliance with the parameters of art. 2441, paragraph 6, cod. civ., despite the absence of unanimous guidelines in doctrine on the importance of this last prediction;
 - (ii) on January 9, 2015 Ernst&Young S.p.A., a company charged with the audit of Tiscali, considered in its report pursuant to Art. 158 of Legislative Decree no. 24 February 1998 n. 58, that *"the criteria identified by the Directors to determine the issue price of the shares for the purposes of the proposed capital increase with exclusion of option rights pursuant to art. 2441, sixth paragraph of the Civil Code, are appropriate in the circumstances, reasonable and not arbitrary,"* and expressed *"favorable opinion on the fairness of the criteria established for determining the issue price of the Shares"*;
 - Societe Generale has undertaken to subscribe for each tranche a number of Tiscali ordinary shares equal to the lesser of: (i) the number of shares indicated in the Request for subscription; (ii) the difference between: (1) the maximum number of shares to be issued in the Capital Increase; and (2) the number of Tiscali shares already subscribed by SG against previous Requests for subscription; and (iii) the guaranteed number of Tiscali ordinary shares, equal to the lesser of: (1) n. 1000,000,000 shares; (2) a number of shares equal to 2 times the average of the daily volume of transactions in Tiscali shares (excluding operations over the blocks) in the 15 trading days immediately preceding the date of the conclusion of each Pricing Period (included); and (3) a number of shares equal to the ratio of Euro 7,000,000 and the subscription price of the shares.
 - SG will be entitled, at its discretion, to subscribe for an amount of shares up to the number of shares indicated by the Company in the Request for Subscription, even if that number of shares exceeded the limits specified in subparagraphs (ii) to (iii), it being understood, however, that SG will not be required to subscribe to shares Tiscali under the Agreement if, as a result of the subscription, should be above the thresholds relevant to the arising of obligations of public offer on the same Tiscali by SG;
 - the commitment of SG to subscribe, at the request of the Company, each tranche of The Capital Increase is subject to the satisfaction, inter alia, of the following precedent conditions: (i) the shares resulting from any previous tranches have been issued, admitted to trading and delivered to SG; (ii) for the entire period between the request and the subscription date for shares: (a) the statements made by the Company in favor of SG under the Agreement are true and (b) is not intended to be carried in Period Bound (as defined below), of operations involving the detachment of subscription rights or assignment for the actions or events which, without giving rise to the detachment of rights, have an influence on the share price, such may require the adjustment of the price of the shares by the Italian Stock Exchange; • (iii) for the entire period between the request and the date of subscription for shares of the Company, except to the information required by Article 114, paragraph 5, Legislative Decree no. 58/1998, does not plan to (or expected to be obligated to) declare

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publicly, and to the best of his knowledge is not expected that others declare publicly, any inside information (as such term is defined in Art. 181, Legislative Decree no. 58/1998) in the "period bound ", defined as the period between the date on which SG has received a Request for subscription and the latest of (a) the tenth trading day following the date of listing of the shares; (b) the date on which for the first time the number of shares to be subscribed is less than 20% of the total number of shares traded on the market Tiscali from the date of admission to trading; or (c) the date notified by SG to Tiscali as the last day of the period; (iv) the period between the request and the date of subscription for shares, the Company does not fall in the 15 days preceding the publication by the Company's annual financial reports or infra-annual or quarterly reports; (v) the date of subscription of the shares does not fall in the Period Bound concerning a previous tranche; (vi) between the date of the Request for subscription and the subscription of the related shares will not occur any event of default provisions of the Agreement;

- under the Agreement, SG is committed to: (i) subscribe for shares at the request of Tiscali; (ii) do not make purchases or sale of Tiscali shares during the Pricing Period, unless such operations are within the ordinary course of its business; (iii) not to sell shares arising from each tranche of the capital before the publication of the press release in which the Company announcements have called a tranche of The Capital Increase and communicate its subscription price;
- under the Agreement, Tiscali is committed to: (i) to issue and deliver the shares to SG as issued; (ii) not to communicate to the latter any inside information; (iii) disclose as soon as possible inside information pertaining thereto; (iv) not to sell or buy, directly or indirectly, nor engage in any hedging activities having the same economic effect of a purchase or a sale of shares, as of the date of each request for subscription and until the end of the relevant period Bound;
- The Agreement may be terminated by SG to occur, inter alia, of the following circumstances: (i) breach of the obligations assumed by Tiscali under the Agreement; (ii) non-truthfulness of representations and warranties made by Tiscali under the Agreement; (iii) disability or failure to obtain the necessary permissions to compliance by Tiscali obligations contained in the Agreement; (iv) the insolvency or the liability of the Company to bankruptcy proceedings; (v) the existence of procedures which, in the opinion of the Company, may compromise the validity of the issue of shares subscribed by SG; (vi) exclusion or suspension from trading of Tiscali shares for at least 5 consecutive trading days; (vii) regulatory restrictions or regulations related to the free negotiability or transferability of shares Tiscali for at least 2 trading days between the date on which SG receives the Request Form and the last day of the Pricing period;
- The execution of The Capital Increase will result in a dilution effect whose state cannot be determined as dependent on the amounts of the tranches that will be underwritten by SG in execution of the Agreement, on the basis of subscription requests made by the Company, and its subscription price. The maximum rate of such dilution, in the case of entire execution of the capital increase, is equal to about 35%;
- SG is one of the leading investment banks with diversified assets and more than 12,000 professionals in 31 countries in Europe, America and Asia. It operates as an intermediary, providing wide access market issuers and effective solutions for investors. the services offered to its customers revolve interior with three core businesses - investment banking, financing and markets - in addition to the franchise's global equity derivatives and natural resources. The Agreement allows you to create a financing solution based on issue of shares, drawn directly from the same SG. This tool allows issuers to diversify their funding sources, preserving the financial balance. SG, a leading institution in solutions cd equity lines, has already structured and completed over 40 transactions "Standby Equity Facility Agreement" across Europe;
- the agreement provides that Tiscali pay to SG, as commissions in connection with any subscription request, an amount of between 1% and 3% of the value of the relevant tranche,

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varies according to the size of each use. This amount will be deducted from the same SG will pay the Company for the liberation of the shares subscribed;

- It is expected that before the first Request for Subscription, the Company publishes a prospectus for admission to listing of the shares to be issued in execution of The Capital Increase itself, as it is expected that they exceed 10% of the ordinary Tiscali shares already admitted to trading on the MTA on the date that will start the execution of the Agreement.

This press release has been written in compliance with public disclosure obligations established by CONSOB resolution no. 11971 of May 14, 1999, as amended.

This press release contains certain forward-looking statements based on current expectations and projections in relation to future events. These forward-looking statements may be affected by known or unknown risks, uncertain events and the assumptions made. This press release also contains unaudited pro forma financial data. Tiscali does not undertake to publish updates or modify any forward-looking statements, either to provide new information or in response to future events or other circumstances. In light of the aforementioned risks, uncertainties and assumptions, the forward-looking statements contained in this press release may not come to fruition. Any statement relating to past performance or activities should not be considered a guarantee of future performance or of such activities continuing in the future.

Information on Tiscali

Tiscali S.p.A. (Borsa Italiana. Milan: TIS) is one of the leading alternative telecommunications companies in Italy. Tiscali provides its private and business customers with a vast range of services: Internet access through dial-up and ADSL, as well as voice, VoIP, media, and added-value services and other technologically advanced products. As at 30 September 2014 Tiscali reported 484 thousand ADSL customers. Of these, 360.7 thousand are Dual Play customers.

The Tiscali website may be accessed at www.tiscali.it.

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