



REPORT ISSUED BY THE BOARD OF DIRECTORS WITH REGARD TO THE ITEM 1 ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS MEETING OF TISCALI S.P.A. OF JULY 28 2017, WRITTEN PURSUANT TO ART. 72 OF THE REGULATION ADOPTED WITH CONSOB RESOLUTION NO. 11971 DATED 14 MAY 1999, AS SUBSEQUENTLY AMENDED AND INTEGRATED, AND INFORMATION DOCUMENT WRITTEN PURSUANT TO ART. 5 OF THE REGULATION ADOPTED WITH CONSOB RESOLUTION NO. 17221 DATED 12 MARCH 2010, AS SUBSEQUENTLY AMENDED AND INTEGRATED (“Document”)

Date of issuance: June 27, 2017

This document is available on the website www.tiscali.it

Tiscali S.p.A.

Sede Legale in Cagliari, Località Sa Illetta, SS195 Km 2,3

Capitale Sociale € 91.200.922,89

Registro delle Imprese di Cagliari e P.IVA n. 02375280928 R.E.A. - 191784

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PREMISE

Dear Shareholders,

this Document is aimed at providing to the extraordinary shareholders meeting of Tiscali S.p.A. ("**Tiscali**" or the "**Issuer**" or the "**Company**") the necessary information on the proposal indicated on the only item of the agenda of the extraordinary shareholders meeting of Tiscali convened on a single call for July 28, 2017 at 11,00 at the company registered office by the Board of Directors of June 27, 2017 which has approved the transaction, in order to resolve on the following item:

"proposal to increase the share capital, for consideration, in one or several tranches, by way of a divisible increase, within 12.31.2017, with the exclusion of the right of option pursuant to article 2441, paragraph 4, second sentence of the civil code, to be reserved to Otkritie Capital International Limited and Powerboom Investment Limited, for an overall maximum value of 13,000,000.00 Euros, to be released on one or several occasions, through the issue, even on several tranches, of a maximum No. of 314,000,000 ordinary shares, devoid of nominal value, with the same features of the ordinary shares in circulation. Subsequent amendments of the bylaws. Subsequent and consequent resolutions."

The said share capital increase will be implemented without the prior publication of the offering and listing prospectuses, pursuant to the exemptions provided by articles 34 ter, paragraph 1, letters a) and b) and 57, paragraph 1, letter a) of the Issuers Regulation.

This Document is available on the Company's website www.tiscali.com and at its registered office.

The transaction in question constitutes for the Issuer a transaction with related parties of greater importance pursuant to the CONSOB Regulation n. 17221 of March 12, 2010, as subsequently amended and supplemented, because one of the parties to which the share capital increase is reserved is Powerboom Investment Limited, a company entirely controlled by Investment Construction Technology Group Ltd. (ICT), which, by virtue of securities lending agreements and repurchase agreements, exercises voting rights for a total amount of shares equal to 16,255% of the share capital of the Company. Therefore:

- the operation described in the present Document has been approved by the Board of Directors of the Issuer on June 27, 2017, after the favourable opinion of the Committee for the Operations with Related Parties, in accordance to the Issuer's existing

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procedures with reference to operations of such kind (see what was stated under paragraph 2.8);

- the present Document contains the information required pursuant to Annex 4 of the above-mentioned CONSOB Regulation 17221/2010.

For the sake of completeness, it should be noted that the other party to which the share capital increase is reserved is Otkritie Capital International Limited - an entity which - although acting as custodian and broker of the Otkritie Disciplined Equity Fund SPC, which is a relevant shareholder of the Company with a participation equal to 17.08% of the share capital - acts in its own name and on its own behalf in the operation described within this Document. Please refer to paragraph 1.1. in relation to the risks of a potential conflict of interest with reference to Otkritie Capital International Limited, in consideration of the fact that its CEO and Director is a member of the Board of Directors of the Issuer.

DEFINITIONS

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

Meeting	The extraordinary meeting of the Company, scheduled, in a single call, for July 28, 2017.
Share Capital Increase	The share capital increase, for consideration, in one or several tranches, by way of a divisible increase, within 12.31.2017, with the exclusion of the right of option pursuant to article 2441, paragraph 4, second sentence of the civil code, to be reserved to Otkritie Capital International Limited and Powerboom Investment Limited, for an overall maximum value of 13,000,000.00 Euros, to be released on one or several occasions, through the issue, even on several tranches, of a maximum No. of 314,000,000 ordinary shares, devoid of nominal value, with the same features of the ordinary shares in circulation, which the Meeting is called to approve.
Shares	The maximum number of 314,000,000 ordinary shares devoid of nominal value, with the same features of the ordinary shares in circulation.
Issuer, Company or Tiscali	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.
Group or Tiscali Group	The group of companies belonging, directly or indirectly, to the Issuer.
ICT	Investment Construction Technology Group Ltd.
OCIL	Otkritie Capital International Limited.
Powerboom	Powerboom Investment Limited.

Price	The price determined according to the volume-weighted average of the official prices of the shares recorded during a period of 10 banking days preceding the date of the Board of Directors which will establish said price, net of a 10% discount.
Issuers' Regulation	The Regulation adopted with CONSOB resolution no. 11971 dated 14 May 1999, as subsequently amended and integrated.
Regulation for Related Parties	The Regulation adopted with CONSOB resolution no. 17221 dated 12 March 2010, as subsequently amended and integrated.
Tiscali Italia	Tiscali Italia S.p.A.
Consolidated Law on Finance	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) OCIL, which - as specified in the premise, in the operation described within this Document could subscribe part of the Shares acting in its own name and on its own behalf - is the entity acting as custodian and broker for the Otkritie Discipline Equity Fund SPC ("ODEF"), which is a relevant shareholder of the company with a participation of 17.08% of the share capital;
- (b) Sergey Sukhanov, Director of the Issuer, also serves as Director and CEO of OCIL;
- (c) Powerboom – a company entirely controlled by ICT, which, as specified in the premise, could subscribe part of the Shares, by virtue of securities lending agreements and repurchase agreements, exercises voting rights for a total amount of shares equal to 16.255% of the share capital of the Issuer;
- (d) ICT, which - as specified in point c) - controls Powerboom, is represented in the Board of Directors of the Issuer by Dmitry Gavrilin.

See also what indicated *sub* paragraphs 2.2 and 2.8.

1.2 Risks associated to high financial indebtedness

The Tiscali group has a high level of financial indebtedness.

Hereafter the description of the net financial indebtedness of the Tiscali Group is provided, drafted in light of the CONSOB Resolution DEM/6064293 dated July 28, 2006, as of June 30, 2016 and as of December 31, 2016.

<i>Euro/000</i>	December 31, 2016 (*)	June 30, 2016 (**)
A. Cash and Bank deposits	1.346	6.844
B. Other cash equivalents		
C. Securities held for trading		
D. Cash and cash equivalents (A) + (B) + (C)	1.346	6.844
E. Current financial receivables	3	6
F. Non-current financial receivables		

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G. Current bank payables	14.683	13.409
H. Current portion of the issued bonds	375	-
I. Current portion of non-current debt	13.454	12.553
J. Other current financial payables	9.470	3.876
K. Current financial debt (G) + (H) + (I) + (J)	37.982	29.839
L. Net current financial debt (K) – (D) - (E) – (F)	36.633	22.988
M. Non-current bank debts	80.601	99.909
N. Bonds issued	18.429	-
O. Other non-current payables	55.339	49.717
P. Non-current financial debt (M) + (N) + (O)	154.369	149.626
Q. Net financial debt (L) + (P)	191.001	172.615

(*) Data subject to financial auditing (taken from the Annual Report published on May 30, 2017)

(**) Data subject to limited financial auditing (taken from the Interim Report as of June 30, 2016 published on September 29, 2016).

As of December 31 2016, the net financial indebtedness of the Tiscali Group - equal to around 191 million euros - is subdivided as follows (the values are nominal):

- 87.3 million euros towards Intesa Sanpaolo and BPM pursuant to the Refinancing agreement entered into on June 2016;
- 18.8 million euros related to the convertible and to be converted debenture loan entered into by Rigensis Bank and Otkritie Capital International Ltd on September 7, 2016;
- 51.8 million euros of indebtedness deriving from the contract relating to the existing lease on the property where the offices of the Group are currently based;
- 31.8 million euros for other financial indebtedness, current and non-current;
- 1.3 million euros of liquid financial resources, including the current financial receivables.

Should the Tiscali Group be 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 of 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 business continuity; specifically with reference to whether the company operates in conditions of business continuity and to the application of the accounting principles specific to a going concern in the drafting of the 2016 Annual Financial Report published on May 30, 2017, please refer to what was extensively discussed by the Directors in the same Financial Report, and specifically to the paragraph “Considerations regarding business continuity and foreseeable development of the management – Events and uncertainties regarding the business continuity”.

In this context, the Directors noted that – while taking into account the positive results achieved in 2016 as part of the path to enable the Issuer to achieve long-term financial and economic balance, specifically the reduction of the Issuer's total financial indebtedness which took place during the financial year 2015 and the overall restructuring of the long-term debt occurred in 2016 – to date relevant uncertainties remained related to events or circumstances that could have raised significant doubts on the Issuer's ability to continue to operate on the basis of the going concern assumption.

Having said that, after implementing the necessary analysis and considering the relevant uncertainties identified in light of the aforementioned elements, the Directors had declared themselves to be also confident: i) in being able to achieve the targets envisaged in the Plan 2017 – 2021, even in a market context characterized by strong competitive pressure, (ii) in the payment and obtainment of new financial resources for a total amount ranging from Euro 13 million and Euro 15 million in 2017 by ICT which can be used by the Company to finance its investments (iii) in the positive finalization of the granting of standstill by the Finance Institutions and the Leasing companies, (iv) in the banks to maintain the financial support so far guaranteed.

The operation described within this document, therefore, determining the occurring of one of the events evaluated as relevant for the business continuity, favours also the attainment of the other events above indicated, which resulted in the Directors believing the precondition of business continuity to be in existence.

With reference to the relationships with the banks, contacts with the same are ongoing, which in April 2017 led to each of the financial institutions sending a so-called comfort letter to Tiscali, in order to communicate, *inter alia*, that they started the preliminary phase of the operation and, subject to the 2017 financial contribution guaranteed by ICT, as previously described,, to confirm their commitment in submitting the matter to the competent bodies for the credit approval. The completion of the operation described within this Document, therefore, could contribute positively to the finalization of the agreements currently being negotiated.

In particular, it is recalled that Tiscali Italia:

- asked the Banks (Intesa SanPaolo and Banca Popolare di Milano) that refinanced the senior debt in June 2016, to waive the advanced payment envisaged by contracts in relation to the collection of revenue generated by the sale of the Tiscali Business BU, as well as grant to reset contractual covenants in light of the new 2017 – 2021 Plan;
- requested Intesa SanPaolo a standstill of 18 months on the payments due by Tiscali Italia with regard to the Second Facility Agreement. Tiscali Italia, in light of the above requests, did not provide for the payment of the instalment of the Second Facility Agreement expiring on March 31, 2017 (Euro 1,7 million in capital and Euro 1,2 million in interest);

- asked the leasing companies to redefine the overall amortization schedule for lease payments for Sa Illetta's property, including a standstill on payments due until September 30, 2018 included.

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

1.3 Risks associated to the dilution effects of the Share Capital Increase

In execution of the Share Capital Increase, Tiscali will issue - taking any rounding into consideration, rounded off - a maximum total number of 314,000,000 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 full execution of the Share Capital Increase, will entail for shareholders of the Issuer a dilution of their participation, calculated on the ordinary share capital in circulation as of the date of this Document, equal to around 9.99%.

For further information, see the following paragraph 2.1.

2. INFORMATION RELATED TO THE OPERATION

2.1 Description of the Share Capital Increase

The proposal of Share Capital Increase was approved by the resolution of the Board of Directors dated June 27, 2017, and the Price was determined on the basis of a free negotiation of the parties, being understood what provided for by article 2441, paragraph 4, second sentence of the civil code.

Hereafter the main features and aims of the Share Capital Increase are given.

2.1.1. Price of subscription of the Shares

The price of subscription of the new Shares will be determined according to the volume-weighted average of the official prices of the shares recorded during a period of 10 banking days preceding the date on which the Board of Directors, after the possible approval of the operation by the Meeting of 7.28.2017, will establish said price, net of a 10% discount.

2.1.2. Criteria used to determine the price of subscription of the Shares

See paragraph 2.4. below.

2.1.3. Potential underwriting and/or placement syndicates and other potential forms of placement

No underwriting nor/or placement syndicates are provided in relation to the Share Capital Increase, being the latter reserved to OCIL and Powerboom.

2.1.4. Shareholders that indicated their availability to subscribe the newly issued shares

There was no indication of the availability of any shareholder, different from OCIL and Powerboom, to subscribe the new Shares deriving from the Share Capital Increase, being these shares entirely reserved to the latter, with the exclusion of the faculty of the other shareholders to exercise the right of option pursuant to article 2441, paragraph 4, second sentence of the civil code.

2.1.5. Reasons and allocation of the Share Capital Increase

From an economic and financial point of view, the proposed operation will have the typical effects of a share capital increase with the exclusion of the right of option. In particular, through this type of placement, albeit determining a total amount of offer which is significant when compared with the average trading volumes of the Tiscali share, achievement of the following advantages is pursued:

- a. optimize the overall collection, by avoiding the uncertainties associated with the placement of shares on the market and the consequent possible negative effects on the share trend;
- b. reduce the realization times of the operation, by avoiding the time constraints arising from the lock up period which, as it is market practice, is generally provided by the agreements undertaken with the banks in charge of placement;
- c. strengthen the Issuer's equity structure through the improvement of the net financial position of the same allowing, at the same time, an increase in the financial flexibility necessary to reach the management objectives and the abovementioned agreements with the banks;
- d. confirm the shareholders' stability and the renewed and strengthened involvement of the same, without entailing a dilution of the current shareholders greater than 9.99%;

- e. achieve the Company's gratuitous financing objectives for the year 2017 in a short time, in accordance with the financial purposes provided for in the 2017-2021 industrial plan.

For these reasons, the Board of Directors has deemed the said operation fully respondent to the interest of the Company. As indicated above, the proceeds collected through the Share Capital Increase will be used by the same Company for the fulfillment of the cash requirements of Tiscali Group.

- **2.1.6. Period set for the execution of the Share Capital Increase**

The Share Capital Increase is severable and it may be partially or entirely executed and subscribed within 12.31.2017.

- **2.1.7. Entitlement to the newly issued Shares**

The new Shares issued following the subscription of the Share Capital Increase will have an entitlement equal to the one of ordinary shares of Tiscali which are circulating as of the date of issuance of the new Shares.

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
<p>- Article 5 –</p> <p>Share capital and Shares</p> <p>The share capital amounts to 91,200,922.89 (ninety-one million two hundred thousand nine-hundred and twenty-two point eighty-nine) euros.</p> <p>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.</p> <p>The extraordinary Meeting of June 16, 2016</p>	<p>- Article 5 –</p> <p>Share capital and Shares</p> <p>The share capital amounts to 91,200,922.89 (ninety-one million two hundred thousand nine-hundred and twenty-two point eighty-nine) euros.</p> <p>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.</p> <p>The extraordinary Meeting of June 16, 2016</p>

CURRENT TEXT	NEW TEXT
<p>passed a resolution for a share issue for a 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 exclusion of the right of option in accordance to</p>	<p>passed a resolution for a share issue for a 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 exclusion of the right of option in accordance to</p>

CURRENT TEXT	NEW TEXT
<p>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>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</p>	<p>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>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</p>

CURRENT TEXT	NEW TEXT
<p>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 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.</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">- As a capital grant without refund rights;- 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. <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</p>	<p>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 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.</p> <p>The Extraordinary Meeting of July 28, 2017 resolved to approve a share capital increase, for consideration, in one or several occasions, by way of a divisible increase, within 12.31.2017, with the exclusion of the right of option pursuant to article 2441, paragraph 4, second sentence of the civil code, to be reserved to Otkritie Capital International Limited and Powerboom Investment Limited, for an overall maximum value of 13,000,000.00 Euros, to be released on one or several tranches, through the issue, even on several tranches, of a maximum No. of 314,000,000 ordinary shares with the same features of the ordinary shares in circulation and devoid of nominal value. The aforementioned Meeting gave mandate to the Board of Directors to establish the final issue price of the new shares, on the basis of the volume-weighted average of the</p>

CURRENT TEXT	NEW TEXT
<p>body the power to implement a share issue pursuant to article 2443 of the Civil Code.</p>	<p>official prices of the shares recorded during a period of 10 banking days preceding the date of the Board of Directors which will establish said price, net of a [10]% discount. If by 12.31.2017 the share capital increase was not entirely subscribed, the same shall be deemed nevertheless increased for an amount equal to the subscriptions received within that date.</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">- As a capital grant without refund rights;- 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. <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 Document is considered between related parties as one of the parties to which the share capital increase is reserved is Powerboom – a company entirely controlled by ICT - which, by virtue of securities lending agreements and repurchase agreements, exercises voting rights for a total amount of shares equal to 16.255% of the share capital.

Additionally ICT, which, as already specified, controls Powerboom, is represented in the Board of Directors of the Issuer by Dmitry Gavrilin.

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 was previously stated on paragraph 2.1.5.

It is also highlighted that the operation has been approved on June 27, 2017 with the favourable vote of all independent directors and with the favourable opinion of the Committee for the Operations with Related Parties.

2.4 Establishing the issue price of the Shares

It is preliminarily confirmed that all the previously issued shares have been paid-up pursuant to article 2438, paragraph 1 of the Civil Code and that all the previously due contributions have been performed pursuant to article 2481, paragraph 2 of the Civil Code.

Concerning the subscription price of the shares, the proposal of the Board of Directors submitted to the approval of the Extraordinary Meeting provides that the latter shall determine the criteria that the Board of Directors shall follow to establish the final issue price of the shares.

This choice is widespread and well-established in the market practice and is deemed appropriate also in consideration of the statutory provisions requiring the issue price for share capital increases pursuant to article 2441, paragraph 4, part 2 of the civil code to “*correspond to the market value of the shares*”. Also in consideration of the length of time which may elapse between the resolution to increase the share capital and its execution, it appears appropriate to, close to the issuance of the shares, ascertain the market value of the shares at the time of implementation of the resolution, according to the criteria set forth hereinafter. In fact, if a fixed price was established for the shares as of now, there would be a risk that such price would not be equal to the market value of the same at the moment of execution of the Share Capital Increase.

In order to ascertain the criteria needed to define a price which corresponds to the market value, the specific characteristics of the Issuer shall be taken into account, and specifically the volatility of the share.

For the purpose of identifying the criteria for determining the price of the Shares, the Board of Directors analysed the evaluation methods commonly followed in similar operations on the national market, taking also into account the applicable provisions of the civil code. In order to

identify criteria resulting as objective as possible, it appeared therefore appropriate to take into account previous similar operations involving the issuance of new shares in Italy as well as the related methods of execution.

An overall analysis of the various issuances undertaken in Italy reveals that the issue price, even if it shall necessarily take into account the characteristics of the operation, cannot disregard the share market price recorded in proximity to the date of the operation in order to identify its correspondence with the market value.

In order to determine the price (or value) of the shares, the investors, in accordance with the well-established practice for similar operations, refer to – in addition to the listed market price – various other elements as well, both quantitative and qualitative in nature, among which (i) the recent evolution of the share, (ii) the liquidity of the share, (iii) the volatility of the share, (iv) the market conditions at the time of the operation, (v) the expectations of the investors regarding the future results of the Company, (vi) the type of operation undertaken and the type of subscribers, (vii) the specific characteristics of the operation, such as the size of the offer and the allocation of the financial resources gathered by means of the operation.

It is nevertheless noted that the stock market prices can be subject to fluctuations – even considerable ones – over time, in relation both to the overall economic framework and the country's/international financial context and to the speculative forecasts; therefore, the assessments based on the stock market prices, even if related to periods of time of different duration, may have been affected by said fluctuations during the time range used as a reference for determining the Price.

In light of said factors, it is believed that the price at which the investors are willing to subscribe the newly issued shares, on the basis of the well-established practice for similar operations, depends on the recent exchange price of the share, potentially modified following the application of a discount on the Reference Price (as defined below) that takes into account the various variables mentioned above.

In the case at hand, on the basis of the analyses carried out, it was considered that, in order to identify an issue price “*corresponding to the market value of the shares*”, the most recent exchange price of the Tiscali share could not be dismissed, since it represents the value attributed to the Company by the investors at that moment. Taking into consideration the characteristics of the Tiscali share, it is considered appropriate to use the volume-weighted average of the official prices of the shares recorded during a period of 10 banking days preceding the date of the Board of Directors which will establish said price after the possible

approval by the Meeting of July 28, 2017 (“**Reference Price**”), in order to avoid the impact of single recordings that could suffer from the limited liquidity of trades.

In order to set the criteria for the determination of the issue price, the arithmetical averages and the volume - weighted average of the market trend of Tiscali shares on different periods of time (10 days, 3 months and 1 year) have been examined. In this respect, it is noted that the reference prices ascertained during a period of 10 banking days preceding the date of this report are also substantially consistent with the volume-weighted averages recorded during longer time intervals established by practice in 3 months, and also substantially consistent with the variations of the last year.

It was also considered that the volume-weighted average, differently from the arithmetical average, enables to set an average value which takes into account the significance of the prices on different days, giving a greater relevance to the prices generated upon an higher volume of negotiations.

With reference to determining the abovementioned discount, an analysis of similar previous operations was undertaken in Italy. The analysis performed was exclusively based on public information and data, assuming that such information and data were correct. Specifically, the analysed sample consists of share offerings executed in Italy in the last 15 years with the following characteristics: (i) an equivalent value of less than Euro 100 million, and (ii) having newly issued shares as their object, with the exclusion of the right of option.

In light of said analysis, there were observed and examined 42 operations, out of which 26, equal to 62% of the total, were carried out with the application of a discount on the value used as benchmark for the issue price.

The applied discount resulted, on average, equal to about 8.6%.

On a total of 26 operations, (i) 19% was concluded with the application of a discount less than 5%, (ii) 73% was concluded with the application of a discount between 5% and 15% (iii) 8% was concluded with the application of a discount higher than 15%.

Taking into considerations a scope of analysis of the last 5 years, notwithstanding a reduction in the sample of examined operations, which goes from 42 to 24 operations, the conclusions reached regarding the percentage weight of the operations presenting a discount on the total and those regarding the estimate of the average discount are substantially confirmed. In fact, out of 24 operations, 15, equal to 63% of the total, were carried out with a discount on the value used as benchmark for the issue price.

In this case the applied discount resulted, on average, equal to about 9.0%.

On a total of 15 operations carried out with the application of a discount, (i) 13% was carried out with the application of a discount lower than 5% (ii) 80% was carried out with a discount between 5% and 15% (iii) 7% was carried out with the application of a discount higher than 15%.

Therefore, the analysis of these operations reveals that the application of a 10% discount on the Reference Price in order to determine the issue price and that will be applied in the phase of Share Capital Increase appears to be substantially in line with what has been undertaken, with greater frequency, by issuers within the framework of similar operations previously carried out in Italy.

Based on the above considerations, the Board of Directors has believed that the discount on the Reference Price is commensurate with the characteristics of the Tiscali share and with the type of operation on which the Board of Directors resolved on June 27, 2017.

The appropriateness of the implementing rules of the criteria set out in article 2441, paragraph 4, second sentence, of the Civil Code, as reasonable and non-arbitrary under the circumstances, to determine an issue price of the shares corresponding to the market value of the same at the moment of execution of the Share Capital Increase will undergo confirmation by Deloitte & Touche S.p.A. (the "Opinion"), which will be made available to Shareholders within the time limits provided by article 158 of the Consolidated Law on Finance. .

2.5 Economic, asset and financial effects of the operation

A) Analysis of net financial indebtedness composition

The financial resources deriving from the Share Capital Increase will allow the Company to have new liquidity to satisfy its cash requirements in the short-medium term, for the maximum value of a further 13,000,000 euros.

Therefore, it is expected that the impact of the Share Capital Increase on the net financial indebtedness composition will be generally positive:

- in the short-term period because the liquid financial resources will be increased for the total amount of the Share Capital Increase;

in the medium-term period because the Issuer will meet its financial obligations without having to draw upon additional financial indebtedness and may contribute to the finalization of the agreements with the Finance Institutions, whose resolutions were subject to the payment and

obtainment of new financial resources for a total amount ranging from Euro 13 million and Euro 15 million in 2017 by ICTThe operation in question can be qualified as of greater importance pursuant to Attachment 3 of the Related Parties Regulation since it exceeds the asset relevance ratio and the equivalent-value relevance ratio.

In particular, the information included in the disclosure to the market pursuant to article 114, paragraph 5 of the Consolidated Law on Finance in relation to the overall indebtedness of the Company as of May 31, 2017 is presented below. ,

NET FINANCIAL POSITION OF TISCALI GROUP AND OF TISCALI S.P.A., WITH THE SHORT-TERM FIGURES HIGHLIGHTED SEPARATELY FROM THE MEDIUM-LONG TERM FIGURES.

<i>Euro/000</i>	Notes	GROUP May 31, 2017	Of which Tiscali S.p.A. May 31, 2017
A. Cash and Bank deposits		3.318	160
B. Other cash equivalents			
C. Securities held for trading			
<i>D. Cash (A) + (B) + (C)</i>		3.318	160
<i>E. Current financial receivables</i>		4	
<i>F. Non-current financial receivables</i>			
G. Current bank payables		9.698	
H. Current portion of the issued bonds	(1)	199	199
I. Current portion of non-current debt	(2)	9.437	
J. Other current financial payables	(3)	15.514	
<i>K. Current financial debt (G) + (H) + (I) + (J)</i>		34.847	199
<i>L. Net current financial debt (K) - (E) - (D) - (F)</i>		31.525	39
M. Non-current bank debts	(4)	82.856	
N. Bonds issued	(5)	18.283	18.283-
O. Other non-current payables	(6)	49.032	
<i>P. Non-current financial debt (M) + (N) + (O)</i>		150.171	18.283
<i>Q. Net financial debt (K) + (P)</i>		181.697	18.322

Notes:

(1) It includes the short-term portion related to the convertible loan executed on September 7, 2016 by Rigensis Bank and Otkritie Capital International Limited.

(2) It includes the short-term portion of the financial debt towards Banca Intesa/BPM (agreement executed on June 29, 2016) for 5,4 million Euros, plus the short-term portions of other long-term loans by the banks of the Aria Group for 4 million Euros.

(3) It includes the short-term portion of the debt "Sale and Lease Back Sa Illetta" for 7,8 million Euros and the short-term portion of the debts of financial leasing related to the investments for the network infrastructure for 7,6 million Euros.

(4) It includes the long-term portion of the financial debt towards Banca Intesa/BPM (agreement executed on June 29, 2016) for 80,1 million Euros and other long-term loans of the Aria Group for 2,7 million Euros.

(5) It includes the long-term portion related to the convertible loan executed on September 7, 2016 by Rigensis Bank and Otkritie Capital International Limited.

(6) It includes the long-term portion of the debt "Sale and Lease Back Sa Illetta" for 44,2 million Euros and the long-term portion of the debts of financial leasing related to the investments for the network infrastructure for 4,8 million Euros.

Past due debt positions of Tiscali Group as of May 31, 2017

As of May 31, 2017, the past due net commercial debts (net of the plans of payment agreed with the suppliers, of the assets and of the amounts disputed with the same suppliers) amount to 35,5 million Euros. As of the same date, there are registered past due financial debts (net of any credit position) equal to approximately 6.8 million Euros. There are also registered past due tax debts equal to approximately 10,7 million Euros. There are also past due debt of social security nature towards the employees for 3 million Euros.

Possible reactions of the Group's creditor as of May 31, 2017

There were no suspensions of the supply relationships such as to cause prejudice to the ordinary progress of the business activity. As of May 31, 2017 there were received reminders of payment in the context of the ordinary administrative management. As of the said date, the most important injunctions of payment received by the Company and still not paid for being currently subject to negotiations or to opposition amount to 6,5 million Euros, while the overall injunctions received amount to 8,7 million Euros.

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

In accordance with what was stated in the 2016 Annual Financial Report and in line with the objectives of the 2017-2021 Industrial Plan, in the following months the Company will also undertake a refocusing on the Core Business activity in order to strengthen its position on the fixed and mobile BroadBand Italian market. That is thanks to:

- the progressive acceleration of the process involving the installation of LTE antennas, in order to increase the coverage of the UltraBroadBand Fixed Wireless service, with an estimate of about 500 LTE antennas installed by the end of 2017;

- the progressive consolidation of the upward trend concerning the fixed BroadBand customer base, notably through the focus on offers involving ultra-high capacity fibre, making use of the agreement signed with Open Fiber;
- a new communication strategy focused on the new Tiscali brand, renewed during the first months of 2017, and aimed at supporting the process of acquiring new clients and at a general re-launch of the Tiscali brand;
- the progressive acceleration in growth of the mobile customer base, also through the development of specific Fixed-Mobile integrated offers.

Additionally, there will be further attention in the identification of all necessary actions to increase the overall degree of efficiency regarding the company and of the resulting reduction in costs.

Reference is made to paragraph 1.2. above for comments on the existence of the precondition of business continuity, and for comments on the positive repercussions arising from the realization of the operation described within this Document on the realization of the conditions leading up to business continuity.

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 related 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 related terms and conditions, have been followed by the CEO, Directors of the Issuer, assisted by the competent corporate offices.

In the meeting of June 27, 2017, 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 Share Capital Increase, and has been involved through reception of an adequate flow of information relating to the operation itself. The Committee provided the Board with the Opinion attached to this Document

The Board of Directors, in the meeting held on June 27, 2017, evaluated and defined, with the favourable vote of all of the directors present at the meeting and with the abstention of directors Dmitry Gavrilin and Sergey Sukhanov, the overall terms of the operation and has therefore approved with the favourable vote of all of the Directors present and with the abstention of directors Dmitry Gavrilin and Sergey Sukhanov:

- the proposal of Share Capital Increase;
- the convening of the Meeting for the approval of the Share Capital Increase.

* * * * *

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 report prepared by the Board of Directors pursuant to art. 125-ter of Legislative Decree no. 58, dated 24 February 1998, the report prepared by the Board of Directors pursuant to art. 72 of the Regulation adopted through CONSOB resolution no. 11971, dated 14 May 1999, as subsequently amended and integrated, and the information document written pursuant to 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 Opinion released by the auditing company Deloitte & Touche S.p.A. on the conformity of the share issue price to the market value, determined on the basis of the abovementioned criteria;*
- *having taken into account the favourable opinion on the operation issued by the Committee for the Operations with Related Parties;*
- *having ascertained the appropriateness of proceeding towards the purposes and with the means described in the document mentioned above;*

resolves

- 1) *to approve the proposal to increase the share capital, for consideration, in one or several occasions, by way of a divisible increase within 12.31.2017, with the exclusion of the right of option pursuant to article 2441, paragraph 4, second sentence of the civil code, to be reserved to Otkritie Capital International Limited and Powerboom*

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Investment Limited, for an overall maximum value of 13,000,000.00 Euros, to be released on one or several tranches, through the issue, even on several tranches, of a maximum No. of 314,000,000 ordinary shares with the same features of the ordinary shares in circulation and devoid of nominal value;

- 2) *to set 12.31.2017 as the final date for subscription of the newly issued shares, without prejudice to the fact that if on that date the share capital increase was not entirely subscribed, the same shall be deemed nevertheless increased for an amount equal to the subscriptions received, and starting from the same, as long as following the registration of this resolution at the Register of business and with the express authorization to the directors to the issue of new shares each time that they will be subscribed;*
- 3) *to give a mandate to the Board of Directors to establish the final issue price of the new shares, on the basis of the volume-weighted average of the official prices of the shares recorded during a period of 10 banking days preceding the date of the Board of Directors which will establish said price, net of a 10% discount;*
- 4) *to consequently modify article 5 of the Bylaws, in order to account for the resolutions approved today, by adding the following paragraph: "The extraordinary shareholders meeting of July 28, 2017 resolved to approve a share capital increase, for consideration, in one or several occasions, by way of a divisible increase within 12.31.2017, with the exclusion of the right of option pursuant to article 2441, paragraph 4, second sentence of the civil code, to be reserved to Otkritie Capital International Limited and Powerboom Investment Limited, for an overall maximum value of 13,000,000.00 Euros, to be released on one or several tranches, through the issue, even on several tranches, of a maximum No. of 314,000,000 ordinary shares with the same features of the ordinary shares in circulation and devoid of nominal value. The aforementioned Meeting gave mandate to the Board of Directors to establish the final issue price of the new shares, on the basis of the volume-weighted average of the official prices of the shares recorded during a period of 10 banking days preceding the date of the Board of Directors which will establish said price, net of a 10% discount. If by 12.31.2017 the share capital increase was not entirely subscribed, the same shall be deemed nevertheless increased for an amount equal to the subscriptions received within that date";*
- 5) *to approve the new text of the Articles of Association, including the change just resolved, in the version that is attached to these minutes under letter [●];*
- 6) *to confer on the President and on the CEO, also individually and with delegation powers, with the broadest possible powers to implement and execute the aforementioned resolutions to ensure the positive outcome of the operation, including, only by way of example and not limited to, the power to:*

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- a. *update the numerical values contained in article 5 of the Bylaws, as amended, following the consequential partial and/or total execution of the share capital increase, also carrying out the related filings at the Register of business;*
- b. *prepare and submit any document required for the purpose of the execution of the Share Capital Increase and to carry out all formalities needed to perform the subscription offer and the admission to trading of the newly issued shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A., including the power to provide for the preparation and the submission of any request, petition, document or prospectus to the competent authorities when necessary or appropriate;*
- c. *amend and/or supplement the adopted resolutions when necessary and/or appropriate, also following the request of any competent authority or during registration, and in general, to perform all activities necessary for the complete execution of such resolutions, with any and all powers needed and opportune for that purpose, none being excluded, including the task to file the Bylaws updated with the modification of the share capital with the appropriate Register of Business.*

Cagliari, June 27, 2017

the Board of Directors

OPINION OF THE COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

REGARDING THE SHARE CAPITAL INCREASE PROPOSAL

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, as further updated on April 28 2017 (Regulations).

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, to express its reasoned opinion in relation to the approval of the proposal to increase the share capital, for consideration, in one or several tranches, by way of a divisible increase, within December 31 2017, with the exclusion of the right of option pursuant to article 2441, paragraph 4 second part, of the civil code, to be reserved to Otkritie Capital International Limited and Powerboom Investment Limited for an overall maximum value of 13.000.000,00 Euros, to be released on one or several occasions, through the issue, even on several tranches, of a maximum No. of 314,000,000 ordinary shares, devoid of nominal value, with the same features of the ordinary shares in circulation (the "Capital Increase" or the "Transaction").

2) Qualification of the transaction

The subscription of the Capital Increase is reserved to Otkritie Capital International Limited ("OCIL") and Powerboom Investment Limited.

Investment Construction Technology Group Ltd ("ICT"), through its subsidiary Powerboom Investment Limited, in force of securities loan and repurchase agreements, give the voting instructions for a total amount of shares capital equal to 16,255%, and expresses its representation on the board of directors, potentially can exercise a

significant influence. The above qualifies the Transaction as a Transaction with Related Parties.

Moreover, the Transaction qualifies as of "Greater Importance" pursuant to Attachment 3 of the Consob Related Parties Regulation since it exceeds the asset relevance ratio and the equivalent-value relevance ratio.

3) Preliminary Investigation of the Transaction

The Committee has examined the draft of the explanatory report and of the informative document drafted by the Board of Directors 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 will allow the achievement of the financing purposes of the Company for the year 2017, in line with the financial purposes envisaged in the industrial plan 2017-2021.

4) Assessments on the Transaction

The Committee examined of the terms of the proposed Transaction and, specifically, the criteria for the subscription price. The Committee believes that, on the purpose of determining an issue price "corresponding to the market value of the shares", has to be considered the most recent stock price of the Tiscali stock, since it represents the value attributed to the Company by investors in that

moment. Taking into account the characteristics of Tiscali's stock, it is considered appropriate to take a reference to an official average price recorded over a 10-day open-ended trading day prior to the date of the Board of Directors that will fix the above-mentioned price ("Reference Price") In order to avoid the impact of individual disclosures that may be affected by limited trading liquidity, the price will be adjusted applying a certain discount.

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. Therefore, the main advantages for the Company include:

- the increase of the financial flexibility;
- the improvement of the financial structure through the reduction of the overall financial indebtedness;
- the stability of the shareholders base and the renewed and strengthened involvement of the same, with a dilution of the current shareholders not exceeding the 9.99%.

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 the proposal to the Shareholder to approve the Transaction.

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Milan, 27.06.2017

On behalf of the Committee for Transactions with Related Parties

The Chairman

Paola De Martini