



**TISCALI S.p.A.**

Registered office: Località Sa Illetta, S.S. 195 km. 2.300, Cagliari, Italy.

Paid-in share capital EUR € 91.200.922,89

Tax code, VAT Number and enrolment number in the  
Cagliari Companies' Register 02375280928

***ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSALS  
TO THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING TO BE HELD  
ON 16 FEBRUARY 2016, DRAWN UP IN ACCORDANCE WITH ARTICLE 125-TER  
OF ITALIAN LEGISLATIVE DECREE No. 58/1998***

**Cagliari, June 27 2017**

Shareholders,

This document has been drawn up by the Board of Directors of Tiscali S.p.A. ("Tiscali" or the "Company"), in compliance with current legislation, in relation to the Tiscali extraordinary shareholders' meeting called in single calling on July 28 2017, at 11 a.m. at the registered office, in order to discuss and resolve on the following agenda:

### **Agenda**

*Share capital increase, 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 a total maximum amount of Euros 13,000,000.00 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. Consequent amendment of art. 5 of the Articles of Association. Related and consequent resolutions and delegation of powers.*

Deferring the illustration of the detail of the sole point on the Agenda, which will be made public by the legal deadlines, we hereby propose that a resolution be adopted in line with the following proposal:

*"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, 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 December 31 2017, with the exclusion of the right of option pursuant to article 2441, paragraph 4 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;*
- 2) to set December 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 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 December 31 2017, with the exclusion of the right of option pursuant to article 2441, paragraph 4 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 December 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:*

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.”*

\* \* \*

Dear Sirs,

we invite you to express your opinion on the proposals illustrated above.

Cagliari, June 27 2017

**Tiscali S.p.A.**

per il Consiglio di Amministrazione

Alexander Okun