



TISCALI S.p.A.

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

Paid-in share capital EUR € 103.007.322,89

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 DECEMBER 14 2017, DRAWN UP IN ACCORDANCE WITH ARTICLE 125-TER
OF ITALIAN LEGISLATIVE DECREE No. 58/1998***

Cagliari, November 13 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 December 14 2017, at 11.30 a.m. at the registered office, in order to discuss and resolve on the following agenda:

Agenda

Amendment of the unsecured debenture loan convertible and converting "Tiscali conv 2016-2020", approved by the shareholders meeting of the company on September 5, 2016. Consequent proposal to increase the number of ordinary shares to be issued for the conversion of the debenture loan from n. 308.333.333 to maximum n. 530.000.000 ordinary shares, with the exclusion of the option right pursuant to art. 2441, paragraph 5, of the Italian civil code, with a price per share corresponding to an amount equal to the volume-weighted average of the official prices of the shares recorded during the last two months preceding the date of request of conversion.

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 information document prepared by the Board of Directors pursuant to art. 125-ter of Legislative Decree no. 58, dated 24 February 1998, of art 2441, paragraph 6 of the Italian Civil Code, of art. 72 of the Regulation adopted through CONSOB resolution no. 11971, dated 14 May 1999, as subsequently amended and integrated, and of art. 5 of the Regulation adopted with*

CONSOB resolution no. 17221, dated 12 March 2010, as subsequently amended and integrated;

- *having taken into consideration the main terms and conditions of the operation involving the amendment of the convertible Debenture Loan (as defined below), as described in the text of the information document mentioned above and provided in detail in the relative regulation that can be accessed on the Company's website;*
- *having taken into consideration the opinion on the method adopted by the Directors for the determination of the share issue price released by the auditing company Deloitte & Touche S.p.A.;*
- *having ascertained the appropriateness of proceeding towards the purposes and with the means described in the information document mentioned above;*
- *having the Noteholders Meeting approved, on December 14, 2017, the amendment of the Debenture Loan (as defined below) according to the terms and conditions described in the information document mentioned above,*

resolves

1) *to approve, as for its own competence, the following amendments to the unsecured debenture loan convertible and converting "Tiscali conv 2016-2020, approved by the shareholders meeting of the company on September 5, 2016 ("Debenture Loan"):*

(i) extension of the subscription period for the subscription of the unsubscribed residual amount of the debentures of Euro 1,5 million, from January 31 2017 to January 31 2018;

(ii) amendment of the conversion price provided for by the Debenture Loan from Euro 0,06 per share to an amount equal to the volume-weighted average of the official prices of the shares recorded during the last two months preceding the date of request of conversion;

2) *to approve, as a consequence of the amendments of the terms and conditions of the Debenture Loan, the proposal to increase the number of ordinary shares to be*

issued for the conversion of the same, with the exclusion of the right of option pursuant to art. 2441, paragraph 5 of the Italian Civil Code, from n. 308.333.333 ordinary shares, as resolved by the shareholders meeting of the company on September 5, 2016, to n. 530.000.000 ordinary shares, without prejudice to the other terms and conditions of the said resolution”;

3) *to amend, consequently, articles 1, 2, 4, 7 and 10 of the regulation of the Debenture Loan which, in the updated text, is attached to these minutes under letter [•];*

4) *to amend art. 5 of the Statute, in order to take into consideration the resolutions passed as of today's date, adding the following paragraph: “The Extraordinary Shareholders Meeting of December 14, 2017 has resolved to increase the number of ordinary shares to be issued for the conversion of the debenture loan, with the exclusion of the right of option pursuant to art. 2441, paragraph 5 of the Italian Civil Code, from n. 308.333.333 ordinary shares, as resolved by the shareholders meeting of the company on September 5, 2016, to n. 530.000.000 ordinary shares“;*

5) *to approve the new text of the Statute, including the change just deliberated, in the version that is attached to these minutes under the letter [•];*

6) *to give mandate, also individually and with delegation powers, to the President of the Board of Directors and to the Managing Director to update the numeric values contained in the article 5 of the Statute, as modified, as a consequence of the partial and/or total exercise of the rights of conversion by the debenture holders and of the consequent partial and/or total execution of the share issue for the conversion of the Debenture Loan, providing also to the relative submissions to the Register of Companies;*

7) *to give mandate to the Board of Directors and, through it, to the President and Managing Director in order for them, to provide, individually, with the widest of powers, also through attorneys in-fact : (i) to execute the resolutions passed, with the power to make any changes required by the competent Authorities, in addition to any modifications required at the time of registration at the Register of Companies,*

providing also to the submission of the updated text of the Statute at the end of the approved operation; as well as (ii) to carry out all that might be required, necessary and useful for the complete implementation of what decided”.

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Dear Sirs,

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

Cagliari, November 13 2017

Tiscali S.p.A.

per il Consiglio di Amministrazione

Alexander Okun