



**TISCALI S.p.A.**

Registered office: Cagliari, Località Sa Illetta, s.s. 195 km. 2,3

Paid-in share capital EUR 41.055.159,37

Tax Code, VAT no. and

Cagliari Register of Companies no. 02375280928

***BOARD OF DIRECTORS' EXPLANATORY REPORT ON THE AGENDA ITEMS FOR THE ORDINARY SHAREHOLDERS' MEETING OF JUNE 27, 2019, PURSUANT TO ARTICLE 125-TER of LGS. D. 58/1998***

**Cagliari, May 17, 2019**

Dear Shareholders,

this report has been prepared by the Board of Directors of Tiscali S.p.A. ("**Tiscali**" or the "**Company**"), in compliance with the applicable legislation, in reference to the Ordinary Shareholders' Meeting of Tiscali, convened on a single call for June 27, 2019, at 3:00 pm at the registered office, to discuss and resolve upon the following:

### **Agenda**

1. *Revocation of the Board of Directors (\*).*
2. *Determination of the number of the members of the Board of Directors; related and consequent resolutions.*
3. *Appointment of the members of the Board of Directors; related and consequent resolutions.*
4. *Determination of the remuneration pursuant to article 2389, first paragraph, of the Italian civil code; related and consequent resolutions.*

*(\*) In light of the resignation by the majority of Directors in charge presented on May 15, 2019 with effect as of the date of the Shareholders' Meeting hereby convened, before the meeting begins, on June 27, 2019 at 3:00 pm, the Board of Directors will be considered as fallen pursuant to article 11 of the By-laws and, therefore, such item on the agenda will not be discussed and resolved during the meeting.*

Pursuant to Article 125-ter of Italian Legislative Decree 58/1998, we hereby submit to your attention this report with reference to all points of the agenda.

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#### **1. Revocation of the Board of Directors**

With reference to the first point of the agenda, we hereby inform you that, as already disclosed to the market, the Chairman and CEO Renato Soru and the Directors Oleg Anikin, Alina Sychova and Anna Belova resigned from their office with effect as of the date of the Shareholders' Meeting object of this report, before the beginning of the meeting, in order to ensure the appointment of a Board of Directors which reflects the new ownership structure of the Company. Therefore, on June 27, 2019, date of the meeting object of this report, the following provision of article 11 of the Company By-laws will become applicable, stating that "*if the majority of the Directors appointed by the Shareholder's Meeting resigns or ceases from office for any other cause, the entire Board of Directors will be considered as fallen, and the Shareholder's Meeting shall be immediately convened in order to appoint the Board of Directors pursuant to the slate mechanism provided by this article*".

In light of the above and pursuant to article 11 of the Company By-laws, the Board of Directors will be considered as fallen on June 27, 2019 at 3:00 pm. As a result, the first point on the agenda will not be discussed or resolved on by the Shareholders' Meeting.

**2. *Determination of the number of the members of the Board of Directors; related and consequent resolutions***

Pursuant to article 11 of the Company By-laws, the Shareholders' Meeting resolves on the number of the members of the Board of Directors and their term of office before resolving on the appointment of the Board of Directors.

In such regard, article 10 of the Company By-laws provides that the Board of Directors shall be composed of a minimum of 3 (three) to a maximum of 9 (nine) members and, pursuant to article 11 of the Company By-laws, Directors shall remain in office for a term not longer than 3 (three) financial years, and such term shall expire at the date of the Shareholders' Meeting convened for the approval of the financial statement of their last year in office.

The Board of Directors which will be considered as fallen on June 27, before the beginning of the meeting, is composed of 7 (seven) Directors and has been appointed for a 3 (three) year term.

We hereby invite you to determine the number of the members of the Board of Directors and their term of office upon suggestions that could be presented by the Shareholders during the Shareholders' Meeting.

**3. *Appointment of the members of the Board of Directors; related and consequent resolutions***

The appointment of the new Board of Directors shall take place, pursuant to the applicable law and to the Company By-laws, with the slate mechanism and by ensuring a balance between genders as per current legislation.

In such regard, article 11 of the Company By-laws provides that Directors are appointed by the Shareholders' meeting on the basis of lists presented by the shareholders. Each list may contain the names of the candidates up to 9 (nine) candidates, listed by means of consecutive number. Shareholders entitled to present lists shall be those who, alone or together with other shareholders, own, at the time of presentation of the lists, a shareholding at least equal to 4.5% (four-point five percent) of the share capital.

Each shareholder may in any case present (or concur in presenting) and vote a single list (specifying that, for the purposes of the present article, the term "shareholder" jointly means the shareholder him/herself and the natural and legal persons who control, are controlled by or otherwise are subject to common control with the shareholder in question), also if through a third party or through trust companies. Any support granted and votes cast in violation of such prohibition shall not be attributable to any list.

Each candidate may be present in only one list or be subject to ineligibility.

The lists presented by the shareholders must be deposited at the Company's registered offices by the twenty-fifth day prior to the date of the meeting called to resolve on the appointment of the Board members, thus within June 2, 2019.

In particular, pursuant to article 11 of the Company By-laws:

*"Each list must be accompanied by the information required by applicable legislation and indicate the identity of the shareholders who presented the same and the total investment percentage owned. In-depth information on the personal and professional characteristics of the candidates must be provided at the bottom of the list presented by the shareholders or attached to the same.*

*The declarations by means of which the individual candidates accept their candidature and declare, at their own liability, the inexistence of causes of ineligibility or incompatibility as well as the existence of the requisites of good standing and professionalism prescribed for the office by applicable legislation and the by the By-laws, and any possession of the independence requisites established by current legislation, must be filed together with each list.*

*Each list must indicate a number of candidates who present the independence requisites established by applicable legislation in accordance therewith.*

*Each list must present a number of candidates belonging to the gender represented the least equal to the minimum number required by current legislation.*

*Lists presented without observing the above instructions, shall be considered as not presented."*

The slates presented in line with the above instructions together with the information and the documentation mentioned above, will be made available to the public at the Company's registered office, on the Company's website ([www.tiscali.it](http://www.tiscali.it)) and with any other modality required by law at least 21 (twenty-one) days before the Shareholders' Meeting convened to appoint the Board of Directors (thus within June 6, 2019).

Shareholders presenting a "minority slate" are invited to consider the recommendations issued by Consob with the Notice no. DEM/9017893 of February 26, 2009 and are therefore required to present, together with the above mentioned documentation, a statement attesting the *"absence of any relation, also indirect, pursuant to article 147-ter, paragraph 3, TUF and article 144-quinquies of the Issuers' Regulation, with the shareholders who hold, jointly or individually, a majority stake or a relative majority stake."*

With reference to the appointment of the Directors, pursuant to article 11 of the Company By-laws, it shall take place as follows.

*"a.1) Following the outcome of the voting procedure, the votes obtained by each list will be subsequently divided by one, two, three, four and so on until the number of the Directors to be elected is reached.*

*The ratios so obtained will be granted progressively to the candidates of each list in the order in which they appear in the list itself.*

*Candidates, listed in a decreasing order on the basis of the ratios obtained, who have*

*obtained the highest ratios, will be elected, it being in any case understood that the candidate at the top of the minority list will be appointed director, namely the list that obtained the majority of votes from among those duly submitted and voted for and which is not connected – even indirectly – with the members who submitted or voted for the list that came first by number of votes.*

*If an individual who on the basis of the regulations in force turns out to be linked to one or more shareholders who have submitted or voted for the list which comes first by number of votes, has voted for a minority list, the existence of this link becomes important only if the vote has been decisive in the election of the Director from the minority lists.*

*In case of equality of ratios for the last Director to be elected, the one from the list which has obtained the majority of the votes or the eldest, in case of a tie vote, will be chosen. If, at the end of the voting procedure, Directors, meeting the independence requirements or meeting the gender balance requirements are not elected in sufficient numbers, the candidate elected with the lowest ratio who does not meet the independence requirements or the candidate with the lowest ratio whose election would result in a gender imbalance, shall respectively be excluded in the first and second case. The excluded candidates shall be replaced by the next candidates in the ranking, whose election would meet the provisions related to the independence requirements and the gender balance requirements.*

*This procedure shall be repeated until the number of Directors to be elected is reached. In the event that, having adopted the criteria set out above, it is not possible to reach the number of Directors to be appointed, the Shareholders' Meeting shall appoint the missing Directors immediately by way of a resolution adopted by simple majority upon recommendation of the members in attendance.*

*a.2) If only one list is presented, all the directors shall be chosen, in numerical order, only from the submitted list, provided that it obtains a majority of the votes.*

*If, after following the above procedure, not enough Directors are appointed who meet the independence requirements, or satisfy the gender balance criteria, the Shareholders' Meeting shall proceed, in the first case, to exclude the candidate elected with the lowest ratio who does not meet the independence requirements and, in the second case, to exclude the candidate with the lowest ratio whose election would result in a failure to meet the gender balance criteria; after the above exclusions, the Meeting shall forthwith appoint the missing Directors by simple majority resolution upon recommendation of the members in attendance.*

*b) if, as per the aforementioned appointment procedure, at least two members in possession of the independence requisites established by applicable legislation are not elected, the last of those elected taken from the list which has obtained the highest number of votes expressed by the shareholders after the first and which is not connected in any way, not even indirectly, with the shareholders who have presented or voted for this latter list shall have to be replaced by the first candidate listed subsequently on this list who has these requisites and, if following this replacement a member in possession of the independence requisites established by the applicable legislation still has to be elected, the last of those elected not in possession of these requisites taken from the list which has*

*obtained the highest number of votes shall have to be replaced by the first candidate listed subsequently on this list who has these requisites.*

*c) if the Board of Directors elected as above does not permit the observance of the balance between genders envisaged by current legislation, the last members elected of the more represented gender, of the first list by number of votes cast by the shareholders, fall from office in the number necessary to ensure the observance of the requirement and are replaced by the first candidates not elected on the same list of the gender represented the least. In the absence of candidates of the less represented gender on the first list by number of votes cast by shareholders in a number sufficient to go ahead with replacement, the aforementioned criteria will apply to the successive lists progressively voted for the most from which the elected candidates have been taken. If, applying the above criteria, it is not however possible to identify suitable replacements, the Shareholders' Meeting supplements the body with the legal majorities, ensuring the satisfaction of the requirement of the balance between genders envisaged by current legislation”.*

We therefore invite you to present the slates for the appointment of the Board of Directors, pursuant to the By-laws mentioned above and to applicable law and, on the basis of the slates presented, proceed to the appointment of the Board of Directors.

**4. *Determination of the remuneration pursuant to article 2389, first paragraph, of the Italian civil code; related and consequent resolutions.***

Pursuant to article 2389, first paragraph, of the civil code, the remuneration of the members of the Board of Directors are determined by the Shareholder's meeting which appoints them. Furthermore, pursuant to article 2389, third paragraph, of the Italian civil code, the remuneration of Executive Directors shall be determined by the Board of Directors, prior opinion by the Board of Statutory Auditors.

We therefore invite you to determine the annual remuneration of the members of the Board of Directors upon suggestions presented by the Shareholders during the Shareholders' Meeting.

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Cagliari, May 17, 2019

***Tiscali S.p.A.***

*For the Board of Directors*

*The Chairman, Renato Soru*