



TISCALI S.p.A.

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

Paid-in share capital EUR 121.507.322,89

Tax Code, VAT no. and

Cagliari Register of Companies no. 02375280928

***BOARD OF DIRECTORS' EXPLANATORY REPORT ON THE AGENDA ITEMS FOR
THE EXTRAORDINARY AND ORDINARY SHAREHOLDERS' MEETING OF JUNE
26 2018, PURSUANT TO ARTICLE 125-TER TUF***

Cagliari, May 25 2018

Dear Shareholders,

this document was prepared by the Board of Directors of Tiscali S.p.A. ("Tiscali" or the "Company"), in compliance with applicable legislation, in reference to the Extraordinary and Ordinary Shareholders' Meeting of Tiscali, convened on a single call for June 26 2018, at the registered office, to discuss and resolve upon the following:

Agenda

EXTRAORDINARY

1. Modification of the articles 10 and 11 of the Bylaw.

ORDINARY

2. Approval of the financial statements as at 31 December 2016. Related and consequent approvals.

EXTRAORDINARY

3. Resolutions pursuant to art. 2446 Civil Code. Consequent amendment of Article 5 of the Article of Association. Related and consequent resolutions.

4. Proposal to delegate to the Board of Directors, pursuant to art. 2420 ter of the Italian civil code, to issue a convertible debenture loan for a total maximum amount of Euro 35,000,000.00, reserved to qualified investors pursuant to art. 34-ter, paragraph 1 letter b) of regulation adopted with CONSOB resolution no. 11971/ 1999 and following amendments, with delegation to the Board of Directors to determine the relevant terms and conditions of the said debenture loan, including the interest rate and the term of the same. Consequent amendments to the by-laws. Related and consequent resolutions.

5. Proposal to delegate to the Board of Directors, pursuant to art. 2443 of the Italian civil code, to raise the corporate capital, by cash, for a maximum amount of Euro 35.000.000,00, inclusive of the possible premium, to be carried in one or more tranches, in tranche, within five years from the date of the resolution, through issuance

of maximum n. 1,300,000,000 ordinary shares, devoid of nominal value, dematerialized, and having the same features as the ordinary shares in circulation and having regular enjoyment, with exclusion of the option right pursuant to paragraph 5 of art. 2441 of the Italian civil code, to be reserved to qualified investors, pursuant to article 34-ter paragraph 1 letter b) of regulation adopted with CONSOB resolution no. 11971/ 1999 and following amendments; all the above with the power to determine the terms, conditions and purposes of the capital raise, including the subscription price, in accordance with any and all applicable laws and regulations. Consequent amendments to the by-laws. Related and consequent resolutions.

ORDINARY

6. Examination of the first section of the Remuneration Report. Related and consequent approvals.

7. Appointment of the members of the Board of Directors and its Chairman, subject to establishing the number. Establishment of the duration of the office and the fees. Related and consequent resolutions.

8. Appointment of the Board of Statutory Auditors and its Chairman, establishment of the fees. Related and consequent resolutions.

Pursuant to Article Article 125 – ter of Italian Legislative Decree 58/1998, we hereby submit for your attention this report with reference to points 3 – 4 – 5 of the agenda, the illustration of the relevant topics is postponed to the reports that will be made public according to the law.

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3. Resolutions pursuant to art. 2446 of the Civil Code. Subsequent amendment of article 5 of the Articles of Association. dello Statuto Sociale. Resolutions pertaining thereto and resulting therefrom

Concerning point 3 of the extraordinary section of the Agenda, we would like to invite you to adopt a resolution in line with the following proposal:

“The Shareholders' Meeting of the Company Tiscali S.p.A.,

- *having reviewed the equity, economic and financial situation of the Company at 31 December 2017;*
- *having acknowledged the explanatory report of the Board of Directors prepared pursuant to art. 2446 of the Civil Code and Art. 74 of the Regulations adopted with Consob resolution No. 11971 dated 14 May 1999 and subsequent amendments and integrations;*
- *keeping into account the remarks of the Board of Auditors issued pursuant to art. 2446 of the Civil Code;*
- *having seen the Board of Directors proposal,*

RESOLVES

- 1. to cover the losses accumulated at 31 December 2017, in the amount of EUR 85,570,355.94, limitedly to the amount of EUR 7,128,409.25 by using in full the Other Reserves which, thus, are brought to zero (with the only exception of the IAS 19 Reserve in the amount of negative EUR 39,016.26);*
- 2. to cover the remaining portion of the losses, in the amount of EUR 78,441,946.69, by reducing the share capital by EUR 78,441,946.69, with subsequent reduction of the share capital from EUR 121,507,322.89 to EUR 43,065,376.20;*
- 3. to give to the pro tempore Chairman any and all amplest power so that, even through proxies and in compliance with the terms and methods established by the law, he may implement this resolution as well as apply, where appropriate and necessary, any official additions, amendments and erasures that may be required by the authorities having jurisdiction or applying the laws and regulations in force, and in general, fulfill all the obligations and issue all the communications established by the laws and regulations in force.”*

4. Power of Attorney proposal to the Board of Directors, pursuant to art. 2420-ter of the Civil Code for the issuing of a convertible bond loan of a maximum total

amount of EUR 35,000,000.00, reserved to qualified investors pursuant to art. 34-ter, paragraph 1, letter b) of the Regulation adopted with Consob resolution No. 11971/1999 and subsequent amendments and integrations, with power to establish all the terms and conditions of the same, thereby including rate and duration. Consequent amendment of the Articles of Association Resolutions pertaining thereto and resulting therefrom

Concerning point 4 of the extraordinary section of the agenda, we would like to inform you that within the framework of approval and implementation of the new Industrial Plan 2018-2021 approved by the Board of Directors on 10 May 2018, the Company has received from two shareholders two letters of commitment to pay, or to source, from one or more third parties, over the course of 2018, new financial resources for a total amount of EUR 35 million. Said financial resources may be implemented as share capital increase payments, as convertible loan, and through flexible methods involving a combination of the aforementioned instruments.

Therefore, in order allow bringing forth the financial resources according to the methods described above, the Board of Power of Directors on 10 May 2018 resolved, among other resolutions, to submit to the Shareholders' Meeting a proposal for the appointment of a Power of Attorney to the Board of Directors, pursuant to art. 2420-ter of the Civil Code for the issuing of a convertible bond loan of a maximum total amount of EUR 35,000,000.00, reserved to qualified investors pursuant to art. 34-ter, paragraph 1, letter b) of the Regulation adopted with Consob resolution No. 11971/1999 and subsequent amendments and integrations, with power to establish all the terms and conditions of the same, thereby including rate and duration.

The reasons underlying the opportunity to appoint said Power of Attorney to the Board of Directors are, first of all, the need to reply in an effective, prompt and flexible manner to the need to strengthen the share capital according to the needs emerged from the development of the business activity.

The power of attorney, in fact, given the broad terms proposed, represents a flexible tool to take advantage, promptly, of the most favorable conditions to perform any extraordinary operation that may demand fast action for their implementation.

The power of attorney will be in force for a period of 5 years effective from the date of the related shareholders' meeting resolution and it may be used once or more times,

after which it will be deemed revoked. However, the Board of Directors wishes to implement the power of attorney by the end of 2018 in order to carry out the search for financial resources.

The subscription of the bonds is reserved to qualified investors, pursuant to art. 34-ter, paragraph 1, letter b) of the Issuers' Regulation and article 35 paragraph 1 letter d) of the Brokers Regulation, on the Italian and international market, excluding any country in which the offer or the sale of obligations would be forbidden pursuant to the applicable regulation. By virtue of the letters issued, the shareholders' Investment Construction Technology (ICT) Group Ltd. (indirectly) and Sova Disciplined Equity Fund SPC could subscribe the convertible bonds.

For information on the exclusion from the right of first refusal regarding bonds subscription, please see the specific section pursuant to art. 2441 paragraph 6 of the Civil Code set-up by Board of Directors concerning the reasons for the exclusion from the right of first refusal for the subscription of share capital increase that will be used also to convert the bond loan. Said report will be made public within the terms established by the law.

For the conversion of the bonds the transactions originating from the share capital that will be resolved by the Board of Directors will be used, implementing the power of attorney pursuant to article 2443 of the Civil Code that the Shareholders' Meeting is called also to approve as set out in point 5 of the extraordinary section of the Shareholders' Meeting agenda.

For information related to the share capital increase in support of the bond conversion, please see below on point 5 of the extraordinary section of the Shareholders' Meeting and the specific Explanatory Report set out pursuant to article 72 of the Issuers' Regulation, by the Board of Directors, which will be made public within the terms established by the law.

For detailed information related to the transaction as detailed herein, in point 4 of the extraordinary section of the Shareholders' Meeting, please see also the Explanatory Report set out pursuant to article 72 of the Issuers' Regulation, by the Board of Directors, which will be made public within the terms established by the law.

All of this said, therefore, we would recommend you adopt a resolution in line with the following proposal:

"The Shareholders' Meeting of the Company Tiscali S.p.A.,

- having acknowledged the report set out by the Board of Directors pursuant to art. 125-ter of the Law Decree No. 58 dated 24 February 1998, and the Explanatory Report set out by the Board of Directors pursuant to art. 72 of the Regulation adopted with CONSOB resolution No. 11971 dated 14 May 1999, as subsequently amended and integrated;

[- having acknowledged the power of attorney appointed by today's Shareholders' Meeting to the Board of Directors to increase the share capital pursuant to art. 2443 of the Civil Code (the "Share Capital Increase");]

- having verified the opportunity to proceed for the purposes and with the methods detailed in the documents mentioned above,

RESOLVES

1. to delegate to the Board of Directors, pursuant to art. 2420-ter of the civil code, the power to be exercised within 5 years from this resolution, to issue in one or multiple times convertible bonds of the Company for a total maximum amount of EUR 35,000,000.00, reserved to qualified investors pursuant to art. 34-ter, paragraph 1, letter b) of the Regulation adopted with Consob resolution No. 11971/1999 and subsequent amendments and integrations, within the terms and at the conditions detailed in the aforementioned "Explanatory Report set out by the Board of Directors", and with ability to establish all the related terms and conditions using, for the purpose of conversion the Share Capital increase.

For the purpose of execution of the Power of attorney detailed above to the board of Directors is also assigned any power also including, by way of example but not limited to, the power of (a) establish, for each transaction, the rate, the duration, the number, the unit price and the enjoyment of the convertible bonds issued, as well as the number of the shares related to the increase in Share Capital, to be made available for the conversion, all of the above within the limits established from time to time by the applicable regulation; (b) establish the methods, the terms and the conditions for the conversion (including the ratio of conversion and, or if applicable , the related price for use, thereby including any overprice of the shares), using to this end the shares related to the increase of Share Capital, as well as any other characteristic and the related regulation governing said convertible bonds; as well as (c) implement the power of attorneys and to the powers detailed above , thereby

including, as a way of example but not limited to, those necessary to apply the consequent and necessary amendments to the articles of association from time to time necessary.

For the resolutions adopted by the Board of Directors in the implementation of the power of attorney that precedes, the Board of Directors shall meet the criteria established in the aforementioned "Explanatory Report set out by the Board of Directors".

2. *to consequently amend art. 5 of the Articles of Association in order to keep into account the resolutions adopted today, by adding the following paragraph:*

"The Extraordinary Shareholders' Meeting dated 26 June 2018 has resolved to appoint to the Board of Directors a power of attorney pursuant to article 2420-ter, of the Civil Code to issue, even in multiple times, a convertible bond loan of a total maximum amount of EUR 35,000,000.00, reserved to qualified investors pursuant to art. 34-ter, paragraph 1, letter b) of the Regulation adopted with Consob resolution No. 11971/1999 and subsequent amendments and additions, with the power to establish all terms and conditions of said document, thereby including the rate, duration, issuing price of the bonds and conversion ratio, for which conversion the power of attorney bestowed pursuant art. 2443 of the Civil code, on the same date of the Board of Directors Meeting."

3. *to approve the new text of the Articles of Association, containing the aforementioned amendments resolved in the version attached to this report under letter [●];*

4. *to assign to the Board of Directors, and on its behalf to the Chairman of the Board of Directors, the sub-proxy power with any and each amplest power to implement and execute the aforementioned resolutions for the successful outcome of the transaction, including, as a way of example but not limited to, the power of:*

a. *to arrange for the drafting and submission to the competent authorities of every demand, request, document or prospect that is necessary and appropriate for the purpose;*

b. *to apply to the adopted resolutions any amendment and/or integration that may become necessary and/or appropriate, even after the request of any competent authority or at the time of subscription and, in general to allow everything to take place*

with the full implementation of the resolutions with any all powers appropriate and necessary, none excluded and excepted, including the task of depositing at the Business Registry the updated Articles of Association with the amended share capital."

5. Proposal to delegate to the Board of Directors the power to increase the share capital, for a fee, for a maximum amount of EUR 35,000,000.00, including any share premium, to be carried out in one or more transactions, in a divisible manner, within five years from the date of the resolution - using the individual transactions also for the conversion of the convertible bonds issued in execution of the conversion of the bond loan proposed in art. 4 of today's agenda - by issuing a maximum number of 1,300,000,000 ordinary shares with nominal value of zero, by dematerialized securities, having the same characteristics as the outstanding shares and regular dividend rights, with the exclusion of the right of first refusal pursuant to paragraph 5 of art. 2441 of the Civil Code, to be reserved for qualified investors pursuant to art. 34-ter, paragraph 1, b), of the Regulations adopted with Consob resolution No. 11971/1999 and subsequent amendments and integrations; all with the power to define the terms, conditions and purpose of the increase, including the price of the shares to be issued, in compliance with any current law and regulation. Consequent amendment of the Articles of Association Resolutions pertaining thereto and resulting therefrom

Concerning point 5 of the extraordinary section of the agenda, we would like to inform you that within the framework of approval and implementation of the new Industrial Plan 2018-2021 approved by the Board of Directors on 10 May 2018, the Company has received from two shareholders two letters of commitment to pay, or to source, from one or more third parties, over the course of 2018, new financial resources for a total amount of EUR 35 million. Said financial resources may be implemented as share capital increase payments, as convertible loan, and through flexible methods involving a combination of the aforementioned instruments.

Thus, in order to allow the introduction of the financial resources according to the methods specified above, the Board of Directors on 10 May 2018 has resolved, among other things, to submit to the Shareholders' Meeting a proposal to delegate to the Board of Directors, pursuant to article 2443 of the Civil Code, the power to increase the share capital, for a fee, for a maximum amount of EUR 35,000,000.00, including any

share premium, to be carried out in one or more transactions, in a divisible manner, within five years from the date of the resolution - using the individual transactions also for the conversion of the convertible bonds issued in execution of the conversion of the bond loan proposed in art. 4 of today's agenda - by issuing a maximum number of 1,300,000,000 ordinary shares with nominal value of zero, by dematerialized securities, having the same characteristics as the outstanding shares and regular dividend rights, with the exclusion of the right of first refusal pursuant to paragraph 5 of art. 2441 of the Civil Code, to be reserved for qualified investors pursuant to art. 34-ter, paragraph 1, b), of the Regulations adopted with Consob resolution No. 11971/1999 and subsequent amendments and integrations.

The reasons underlying the opportunity to appoint said Power of Attorney to the Board of Directors are, first of all, the need to reply in an effective, prompt and flexible manner to the need to strengthen the share capital according to the needs emerged from the development of the business activity.

The power of attorney, in fact, given the broad terms proposed, represents a flexible tool to take advantage, promptly, of the most favorable conditions to perform any extraordinary operation that may demand fast action for their implementation.

The power of attorney will be in force for a period of 5 years effective from the date of the related shareholders' meeting resolution and it may be used once or more times, after which it will be deemed revoked. However, the Board of Directors wishes to implement the power of attorney by the end of 2018 in order to carry out the search for financial resources.

The subscription of the shares is reserved to qualified investors, pursuant to art. 34-ter, paragraph 1, letter b) of the Issuers' Regulation and article 35 paragraph 1 letter d) of the Brokers Regulation, on the Italian and international market, excluding any country in which the offer or the sale of obligations would be forbidden pursuant to the applicable regulation. By virtue of the letters issued, the shareholders' Investment Construction Technology (ICT) Group Ltd. (indirectly) and Sova Disciplined Equity Fund SPC could subscribe the share capital.

For information regarding the exclusion of the right of first refusal, please see the related section set out by the Board of Directors pursuant to article 2441 paragraph 6 of the civil code, which will be made public within the terms established by law.

The capital increase may also be made available as support for the conversion of the bonds originating from the Bond Loan, without prejudice to the fact that sum of the amounts of the Share Capital increase and the amount of the Bond Loan cannot exceed in total EUR 35,000,000.00.

The subscription price of the new shares will be calculated by the Board of Directors at the time of implementation of the power of attorney referring to the market practice for similar transactions, the assessments methods most commonly recognized and use in the professional sector also at the international level, in full respect of what is established in paragraph 6 of article 2441 of the Civil Code, being understood that in said occasion the Board of Directors will prepare a specific explanatory report where every element will be explained.

However, please note that keeping into account the maximum number of shares that can be issued by the Company pursuant to the power of attorney, assuming that subscription of the share capital increase is made for the entire amount (35 million), their the subscription price must cannot not be lower than EUR 0.027 per share, being understood, in any case, that in case the subscription of the share capital increase is made for a lower amount, the subscription price can even be lower than EUR 0.027 per share.

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For detailed information related to the transaction as detailed herein, in point 5 of the extraordinary section of the Shareholders' Meeting, please see the Explanatory Report set out pursuant to article 72 of the Issuers' Regulation, by the Board of Directors, which will be made public within the terms established by the law.

Please, note that share capital increase operations and issuing of bond loans from the financial information made available by the Company qualify as necessary and urgent in light of the equity position of the Company and of the consequent need to bring it to a sufficient and adequate level to allow the continuity of business.

In this respect, please see the Explanatory Report set out pursuant to article 72 of the Issuers' Regulation, by the Board of Directors, which will be made public within the terms established by the law.

The 2018-2021 Business Plan (approved by the Board of Directors on May 10, 2018), the content of which was communicated to the market on the same date, requires a financial action suitable to restructure and strengthen the corporate group headed by

the holding Company, among other things, suitable to renegotiate the terms of payment of the senior debt with the banks and implement share capital increases and issue a bond loan aimed at re-capitalize the Company.

It should be added that the amount of the cumulative loss as at December 31, 2017 of EUR 78.5 million led to the reduction of the Shareholders' Equity to EUR 43.0 million, compared to a share capital of EUR 121,507,323 (reduction of the share capital of more than one third), thus requiring the adoption of the measures referred to in art. 2446 of the Civil Code (decrease of share capital). In this regard, reference should be made to the explanatory report prepared, pursuant to art. 2446 of the Civil Code and art. 74 of the Issuers' Regulations, by the Board of Directors in relation to point 3 of the extraordinary section of the agenda of the Shareholders' Meeting, made available on the Issuer's website www.tiscali.com as well as the registered office.

As part of the transaction to obtain financial resources, it should be noted that the Company received from each of the shareholders of Investment Construction Technology (ICT) Group Ltd. (indirectly through ICT Holding Limited) and Sova Disciplined Equity Fund SPC a letter of commitment to pay, or to obtain from one or more third parties, in 2018, new financial resources, for an amount of € 17.5 million, for an overall amount of € 35 million. By virtue of these letters, the latter could then subscribe to the capital increase and/or debenture loan subject matter of the power of attorney that the Shareholders' Meeting is called to approve.

In the event of unanimous agreement by said shareholders, each for the respective portion, of the Capital Increase and/or full conversion of the Bond Loan, the respective shareholding (even indirect) of said shareholders in the Company may be increased as indicated below:

Investment Construction Technology (ICT) Group Ltd. (indirectly through ICT Holding Limited): from 23.523% to 30.040%;

Sova Disciplined Equity Fund SPC: from 13.423% to 22.425%.

Please, note that between the shareholders' Investment Construction Technology (ICT) Group Ltd. (and ICT Holding Limited) and Sova Disciplined Equity Fund SPC there is no relationship and/or connection, even indirectly, attributable to any case or situation pursuant to the applicable regulations.

In the light of the above, the capital increase and issue of the Bond Loan, in their

various stages inextricably linked and aimed at the recovery of the Company, therefore meet the requirements for the applicability of the exemption referred to in art. 49, paragraph 1, letter b), No. 3, (i) of the Issuers' Regulations from the obligation to promote a cash take-over bid pursuant to art. 106 of Legislative Decree No. 58/98.

Due to the crisis situation of the Company, it is therefore deemed that the approval of the resolutions for granting powers of attorney, pursuant to art. 2443 of the Civil Code, for a capital increase excluding option rights, and, pursuant to art. 2420-ter of the Civil Code, for the issue of the bond loan (referred to in points 4 and 5, respectively, of the extraordinary section of the agenda of the Shareholders' Meeting), if adopted with the majorities required by art. 49, paragraph 1, letter b), No. 3, of the Issuers' Regulations (with the mechanism of the so-called *whitewash*, i.e. *"without the unfavorable vote of the majority of the shareholders participant in the shareholders' meeting, other than the purchaser, the shareholder or shareholders holding, even jointly, the majority shareholding, even if relative as long as it is more than 10 per cent"*) will result in an exemption from the obligation to promote a cash take-over bid in favor of the parties which will subscribe to the Debenture Loan and/or, also as a result of its conversion, the Capital Increase reserved to them - which, it should be remembered, can only be qualified investors pursuant to art. 34-ter of the Issuers' Regulations, including the shareholders of Investment Construction Technology (ICT) Group Ltd. (and its subsidiaries) and Sova Disciplined Equity Fund SPC - as part of the Company recovery action.

All of this said, therefore, we would recommend you adopt a resolution in line with the following proposal:

"The Shareholders' Meeting of the Company Tiscali S.p.A.,

- having acknowledged the report set out by the Board of Directors pursuant to art. 125-ter of the Law Decree No. 58 dated 24 February 1998, and the Explanatory Report set out by the Board of Directors pursuant to art. 72 of the Regulation adopted with CONSOB resolution No. 11971 dated 14 May 1999, as subsequently amended and integrated;

- having verified the opportunity to proceed for the purposes and with the methods detailed in the documents mentioned above,

RESOLVES

1. to delegate to the Board of Directors the power to increase the share capital, for a fee, for a maximum amount of EUR 35,000,000.00, including any share premium, to be carried out in one or more transactions, in divisible manner, within five years from the date of the resolution - using the individual transaction also for the conversion of the convertible bonds issued in execution of the proxy pursuant to ex art. 2420-ter of the Civil Code proposed in point 4 of today's agenda (the "Bond Proxy"), where such proxy approved by today's Shareholders' Meeting - by issuing a maximum number of 1,300,000,000 ordinary shares with nominal value of zero, by dematerialized securities, having the same characteristics as the outstanding shares and regular dividend rights, with the exclusion of the option right pursuant to paragraph 5 of art. 2441 of the Civil Code, to be reserved for qualified investors pursuant to art. 34-ter, paragraph 1, b), of the Regulations adopted with Consob resolution No. 11971/1999 and subsequent amendments and integrations; all with the power to define the terms, conditions and objectives of the increase, including the price of the shares to be issued, in compliance with any current legislation and regulatory provisions of the aforementioned "Explanatory Report prepared by the Board of Directors".

Pursuant to the purpose of implementation of the power of attorney detailed above, the Board of Directors is also appointed every power, including by way of example but not limited to the power of (a) establish, for each transaction, the number, the unit price per issue (including any surcharge) and the enjoyment of the ordinary shares to be issued from time to time; (b) establish the term for the subscription of the ordinary shares of the Company; (c) carry out all the activities necessary and appropriate to issue the ordinary shares from time to time, as well as (d) implement the power of attorney and powers described above, thereby including by way of example but not limited to those necessary to carry out the consequent and necessary amendments to the articles of association as they become necessary.

For the resolutions adopted by the Board of Directors in the implementation of the power of attorney that precedes, the Board of Directors shall meet the criteria established in the aforementioned "Explanatory Report set out by the Board of Directors"

It is understood, in any case, that the sum of the amount of the capital increase resolved in the exercise of this proxy, and of the amount of the convertible bonds issued in the exercise of the Bond Proxy (if approved by today's Shareholders' Meeting) may not exceed the maximum total amount of EUR 35,000,000.00 (thirty-five million).

Likewise, the sum of the capital increase approved within the exercise of this proxy and the amount of the capital increase to service the conversion of the convertible bonds issued in the exercise of the Bond Proxy (if approved by today's Shareholders' Meeting) in any case, cannot exceed in any case the maximum total amount of EUR 35,000,000.00;

2. to consequently modify art. 5 of the Articles of Association in order to keep into account the resolutions adopted today, by adding the following paragraph:

to delegate to the Board of Directors the power to increase the share capital, for a fee, for a maximum amount of Euro 35,000,000.00, including any share premium, to be carried out in one or more tranches, in divisible manner, within five years from the date of the resolution – using the individual tranches also for the conversion of the convertible bonds issued in execution of the proxy pursuant to ex art. 2420-ter of the Civil Code proposed in point 4 of today's agenda (the "Bond Proxy"), where such proxy approved by today's Shareholders' Meeting – by issuing a maximum number of 1,300,000,000 ordinary shares with nominal value of zero, by dematerialized securities, having the same characteristics as the outstanding shares and regular dividend rights, with the exclusion of the option right pursuant to paragraph 5 of art. 2441 of the Civil Code, to be reserved for qualified investors pursuant to art. 34-ter, paragraph 1, b), of the Regulations adopted with Consob resolution No. 11971/1999 and subsequent amendments and integrations; all with the power to define the terms, conditions and objectives of the increase, including the price of the shares to be issued, in compliance with any current legislation and regulatory provisions of the aforementioned "Explanatory Report prepared by the Board of Directors".

[The sum of the amount of the capital increase resolved in the exercise of this proxy and of the amount of the convertible bonds issued in the exercise of the proxy pursuant to art. 2420-ter of the Italian Civil Code conferred by today's Shareholders' meeting cannot altogether exceed the maximum total amount of EUR 35,000,000.00 (thirty-five million). Likewise, the sum of the amount of the capital increase resolved in the exercise of this proxy and of the amount of the capital increase to service the conversion of the convertible bonds issued in the exercise of the proxy pursuant to art. 2420-ter of the Italian Civil Code conferred by today's Shareholders' Meeting may not in any case exceed the maximum total amount of Euro 35,000,000.00.]”

3. to approve the new text of the Articles of Association, containing the

aforementioned amendments resolved in the version attached to this report under letter [●];

4. to assign to the Board of Directors, and on its behalf to the Chairman of the Board of Directors, the sub-proxy power with any and each amplest power to implement and execute the aforementioned resolutions for the successful outcome of the transaction, including, as a way of example but not limited to, the power of:

a. arranging for the drafting and submission to the competent authorities of every demand, request, document or prospect that is necessary and appropriate for the purpose;

b. applying to the adopted resolutions any amendment and/or integration that may become necessary and/or appropriate, even after the request of any competent authority or at the time of subscription and, in general to allow everything to take place with the full implementation of the resolutions with any all powers appropriate and necessary, none excluded and excepted, including the task of depositing at the Business Registry the updated Articles of Association with the amended share capital.”

c. preparing and presenting each document required for the purpose of carrying out the capital increase and of complying with the formalities necessary to proceed with the offer for subscription and admission to listing on the MTA – Online Stock Market organized and managed by Borsa Italiana S.p.A., of the newly issued shares, including the power to arrange for the preparation and presentation to the competent authorities of each application, application, document or report for the necessary or appropriate purpose.”

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Dear Shareholders,

In inviting you to refer to the reports that will be made public within the terms established by law detailing the aforementioned transactions, we ask you to express your opinion on the proposals listed above.

Cagliari, 25 May 2018

Tiscali S.p.A.

For the Board of Directors
The Chairman
Alexander Okun