

**Tiscali: signed agreement of senior debt restructuring
and SEF (Stand-by Equity Facility) agreement with Société Générale**

Cagliari, 24 December 2014

Tiscali announces to have signed today an agreement with senior lenders aimed at restructuring and rescheduling of its senior debt arising from the Group Facility Agreement (GFA), and amounting to a total of approximately EUR 140 million. The agreement, based on a recovery plan pursuant to art. 67, 3 °c. letter (d) of the Bankruptcy Law, comes at the end of a negotiation process launched in the first half of the year 2013 and that brought in the month of June to the definition of a term sheet that had set the basic principles of the financial restructuring process. At the same time, it has been signed a Stand-by Facility Agreement with Société Générale.

I – The restructuring process of Tiscali Group senior debt

In summary, the agreement signed with senior lenders provides for:

- The breakdown of the entire stock of debt in three separate facilities
 - Facility A1 approximately EUR 42,4 million,
 - Facility A2 approximately EUR 42,4 million,
 - Facility B for approximately EUR 55 million.
- The repayment of the Facility A1, with a percentage discount of the face value of the debt variable up to 10% depending on the timing of repayment, primarily through the proceeds of a capital increase with exclusion of the right of option, included in the agenda for the forthcoming extraordinary shareholders' meeting, that will be signed by Société Générale under terms and conditions of agreement so called SEF (Standby Equity Facility – a trademark by Société Générale) signed today, whose terms and conditions are detailed below.
- Any conversion into equity of the remaining portion of the Facility A1, by the Company, subject to fulfilment of certain specific conditions.
- The partial repayment of the Facility A2 and of the Facility B through a repayment plan that provides the following instalment:
 - EUR 5 million + interests, done today;
 - EUR 10 million + interests in 2015 and EUR 10 million in 2016;
 - The remaining in 2017.
- The redefinition of the financial covenants and interest rates applicable to the above mentioned credit lines.

It is to be noted also that, at the definition of the above mentioned agreements with the senior lenders, the company accepted the offer received by a leading Italian real estate fund in relation to the sale of the Sale & Leaseback contract concerning the company headquarters in Cagliari, Sa Illetta, which could be finalized between the parties if certain conditions are in line with market standards. The agreements relating to the sale of the leasing contract include, among other things, that Tiscali continues to use the property of Sa Illetta and enters into a multi-year lease at market conditions concerning this property. The principal terms of this transaction have already been approved by the deliberative bodies of leasing parts of the aforementioned Sale & Leaseback contract. The proposed operation would allow, once finalized, the breakdown of

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Tiscali net financial position for EUR 50 million and the arising of an income company of about EUR 15 million.

The restructuring operation is an important step in the path of restoration undertaken by Tiscali as from 2009, that, despite the difficult macroeconomic environment and the high level competition in the telecommunications and digital media sector, should allow to substantially reduce the Group net financial position that, upon completion of the aforementioned operation of Sale & Lease Back contract, will settle approximately at EUR 100 million at the end of year 2017.

"The positive outcome of the negotiations for the debt restructuring, which involved many parties thus taking the due time, enables today Tiscali to plan with greater flexibility and boost its industrial projects. In recent years, while maintaining the financial stability as the primary objective and working on cost containment and structure rationalization, with an approach that has led the company to meet all the deadlines of the GFA, Tiscali also maintained the level of employment and never stopped working at the optimization of the core business and at innovation." **Says Luca Scano, General Manager of Tiscali**

II – The SEF (Standby Equity Facility – Agreement) with Société Générale

The agreement SEF (Standby Equity Facility - Agreement) signed today with Société Générale provides the terms and conditions summarized below.

- Société Générale has agreed to underwrite a capital increase of the Company to be made in several tranches, with the exclusion of option rights, pursuant to art. 2441, 5th c., Civil Code, to be performed in divisible by 12.23.2015, for a maximum of. 1,000,000,000.00 of ordinary shares, on the basis of discretionary subscription made by Tiscali to Société Générale under the terms and conditions contained in the Agreement (Requests for subscription);
- income from the execution of the Agreement will be used by the Group for the refund, in whole or in part, of the Facility A1 mentioned above;
- the timing for the determination of the subscription price of each tranche of the capital increase is identified in the 3 trading days following the submission of each request for subscription by the Company (the Pricing Period). The subscription price of each tranche of the capital increase will be equal to 95% of the average daily volume weighted exchanged (Volume Weighted Average Price, or VWAP) of the ordinary shares of the Company registered in the Pricing Period (the Subscription Price);
- in respect of each subscription request, if the closing price of the ordinary shares Tiscali recorded on the last day of the Period of Pricing is less than 97% of the VWAP recorded during the same period, the Company and/or Société Générale will have the right to postpone the closing of the Pricing Period to the next trading day. This power can be exercised up to a maximum of five times;
- Societe Generale has undertaken to subscribe for each tranche a number of Tiscali ordinary shares equal to the lesser of: (i) the number of shares indicated in the Request for subscription; (ii) the difference between: (1) the maximum number of shares to be issued in the capital increase; and (2) the number of Tiscali shares already subscribed by Société Générale against previous Requests for subscription; and (iii) the guaranteed number of Tiscali ordinary

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2

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shares, equal to the lesser of: (1) n. 100,000,000 shares; (2) a number of shares equal to 2 times the average of the daily volume of transactions in Tiscali shares (excluding operations over the blocks) in the 15 trading days immediately preceding the date of the conclusion of each Pricing Period (included); and (3) a number of shares equal to the ratio of Euro 7,000,000 and the subscription price of the shares. Société Générale will be entitled, at its discretion, to subscribe for an amount of shares up to the number of shares indicated by the Company in the Request for Subscription, even if that number of shares exceeded the limits specified in subparagraphs (ii) to (iii);

- the commitment of Société Générale to subscribe, at the request of the Company, each tranche of the capital increase is subject to the satisfaction, inter alia, of the following precedent conditions: (i) the shares resulting from any previous tranches have been issued, admitted to trading and delivered to Société Générale; (ii) for the entire period between the request and the subscription date for shares: (a) the statements made by the Company in favor of Société Générale under the Agreement are true and (b) is not intended to be carried in Period Bound (as defined below), of operations involving the detachment of subscription rights or assignment for the actions or events which, without giving rise to the detachment of rights, have an influence on the share price, such may require the adjustment of the price of the shares by the Italian Stock Exchange; • (iii) for the entire period between the request and the date of subscription for shares of the Company, except to the information required by Article 114, paragraph 5, Legislative Decree no. 58/1998, does not plan to (or expected to be obligated to) declare publicly, and to the best of his knowledge is not expected that others declare publicly, any inside information (as such term is defined in Art. 181, Legislative Decree no. 58/1998) in the "period bound", defined as the period between the date on which Société Générale has received a Request for subscription and the latest of (a) the tenth trading day following the date of listing of the shares; (b) the date on which for the first time the number of shares to be subscribed is less than 20% of the total number of shares traded on the market Tiscali from the date of admission to trading; or (c) the date notified by Société Générale to Tiscali as the last day of the period; (iv) the period between the request and the date of subscription for shares, the Company does not fall in the 15 days preceding the publication by the Company's annual financial reports or infra-annual or quarterly reports; (v) the date of subscription of the shares does not fall in the Period Bound concerning a previous tranche; (vi) between the date of the Request for subscription and the subscription of the Shares will not occur any event of default provisions of the Agreement;
- under the Agreement, Société Générale is committed to: (i) subscribe for shares at the request of Tiscali; (ii) do not make purchases or sale of Tiscali shares during the Pricing Period, unless such operations are within the ordinary course of its business; (iii) not to sell shares arising from each tranche of the capital before the publication of the press release in which the Company announcements have called a tranche of the capital increase and communicate its subscription price;
- under the Agreement, Tiscali is committed to: (i) to issue and deliver the shares to Société Générale; (ii) not to communicate to the latter any inside information; (iii) disclose as soon as possible inside information pertaining thereto; (iv) not to sell or buy, directly or indirectly, nor engage in any hedging activities having the

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- same economic effect of a purchase or a sale of shares, as of the date of each request for subscription and until the end of the relevant period Bound;
- The Agreement may be terminated by Société Générale to occur, inter alia, of the following circumstances: (i) breach of the obligations assumed by Tiscali under the Agreement; (ii) non-truthfulness of representations and warranties made by Tiscali under the Agreement; (iii) disability or failure to obtain the necessary permissions to compliance by Tiscali obligations contained in the Agreement; (iv) the insolvency or the liability of the Company to bankruptcy proceedings; (v) the existence of procedures which, in the opinion of the Company, may compromise the validity of the issue of shares subscribed by Société Générale; (vi) exclusion or suspension from trading of Tiscali shares for at least 5 consecutive trading days; (vii) regulatory restrictions or regulations related to the free negotiability or transferability of shares Tiscali for at least 2 trading days between the date on which Société Générale receives the Request Form and the last day of the period Pricing;
 - the execution of the Agreement is subject to the approval of the capital increase by the competent bodies by 31 March 2015;
 - The execution of the capital increase will result in a dilution effect that the state can not be determined as dependent on the amounts of the tranches that will be underwritten by Société Générale in execution of the Agreement, on the basis of subscription requests made by the Company, and its subscription price;
 - The capital increase will take place with the exclusion of option rights pursuant to art. 2441, 5th c., Cod. civ., and will be reserved to Société Générale. The agreement, in fact, provides for the obligation of the latter to subscribe for the shares subject to each Request for subscription. Société Générale is one of the leading investment banks with diversified assets and more than 12,000 professionals in 31 countries in Europe, America and Asia. It operates as an intermediary, providing wide access market issuers and effective solutions for investors. the services offered to its customers revolve interior with three core businesses - investment banking, financing and markets - in addition to the franchise's global equity derivatives and natural resources. The Agreement allows you to create a financing solution based on issue of shares, drawn directly from the same Société Générale. This tool allows issuers to diversify their funding sources, preserving the financial balance. Société Générale, a leading institution in solutions cd equity lines, has already structured and completed over 40 transactions "Standby Equity Facility Agreement" across Europe;
 - the agreement provides that Tiscali pay to Société Générale, as commissions in connection with any subscription request, an amount of between 1% and 3% of the value of the relevant tranche, varies according to the size of each use. This amount will be deducted from the same Société Générale will pay the Company for the liberation of the shares subscribed;
 - It is expected that, on the occasion of the capital increase and before the first Request for Provision, the Company publishes a prospectus for admission to listing of the shares to be issued in execution of the capital itself, as it is expected that they exceed 10% of the ordinary Tiscali shares already admitted to trading on the MTA on the date that will start the execution of the Agreement.

For this restructuring process the company has taken advantage of financial advisory by Mittel S.p.A. and Borghesi Osculati and Partners, and of the legal advisory by Giliberti, Pappalettera and Triscornia.

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4

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Société Générale has taken advantage of legal advisory by Legance – Avvocati Associati.

Senior Lenders have been assisted by law firm Ashurst LLP and Linklaters LLP.

STATEMENT OF THE APPOINTED EXECUTIVE

I, the undersigned, Pasquale Lionetti, Executive in charge of drawing up Tiscali S.p.A's corporate accounting documents, hereby declare in pursuance of Article 154 bis, section 2 of Italian Legislative Decree No. 58/98, as amended, that the accounting disclosure contained in this press release is consistent with the documental results, the books and ledgers and the accounting records.

Pasquale Lionetti



Executive in charge of drawing up the Company's accounting documents

This press release contains certain forward-looking statements based on current expectations and projections in relation to future events. These forward-looking statements may be affected by known or unknown risks, uncertain events and the assumptions made. This press release also contains unaudited pro forma financial data. Tiscali does not undertake to publish updates or modify any forward-looking statements, either to provide new information or in response to future events or other circumstances. In light of the aforementioned risks, uncertainties and assumptions, the forward-looking statements contained in this press release may not come to fruition. Any statement relating to past performance or activities should not be considered a guarantee of future performance or of such activities continuing in the future.

Information on Tiscali

Tiscali S.p.A. (Borsa Italiana. Milan: TIS) is one of the leading alternative telecommunications companies in Italy. Tiscali provides its private and business customers with a vast range of services: Internet access through dial-up and ADSL, as well as voice, VoIP, media, and added-value services and other technologically advanced products. As at 30 September 2014 Tiscali reported 484 thousand ADSL customers. Of these, 360.7 thousand are Dual Play customers.

The Tiscali website may be accessed at www.tiscali.it.

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