

Communication to the market as per Art. 114 par. 5 Leg. Decree No. 58/98

Cagliari, December 29, 2017

In compliance with Consob request sent to the Company on July 14, 2009, pursuant to article 114, paragraph 5 of the Law Decree No. 58/98, the Company hereby provides to the market the following information concerning the Tiscali Group as at November 30, 2017.

NET FINANCIAL POSITION OF THE TISCALI GROUP AND OF TISCALI SPA, SHORT-TERM AND MEDIUM TO LONG-TERM COMPONENTS HIGHLIGHTED

<i>Eur (000)</i>	Note	Tiscali Group November 30, 2017	Of Which: Tiscali S.p.A. Nov. 30, 2017
A. Cash		1,443	151
B. Other Cash Equivalent			
C. Securities held for trading			
D. Current Assets (A) + (B) + (C)		1,443	151
E. Current financial receivables		2	
F. Non-current financial receivables			
G. Current bank payables		14,407	
H. Current Portion of Issued Bonds	(1)	796	796
I. Current Portion of non-current debt	(2)	23,250	
J. Other current financial debt	(3)	20,923	
K. Current financial debt (G) + (H) + (I) + (J)		59,376	796
L. Net current financial debt (K) – (E) – (D) – (F)		57,930	675
M. Non-current bank payables	(4)	71,216	
N. Issued Bonds	(5)	18,106	18,106
O. Other non-current debts	(6)	50,767	
P. Non-current financial debt (M) + (N) + (O)		140,089	18,106
Q. Net financial debt (L) + (P)		198,019	18,751

Notes:

- (1) *Includes the short-term amount of the new convertible loan with Rigensis Bank e Otkritie Capital International Limited.*
- (2) *Includes the short-term amount of the senior loan with Banca Intesa / BPM for EUR 18.6 million, and the short-term amount of other long term banking loans for EUR 4.7 million.*
- (3) *Includes the short-term amount of the "Sale and Lease Back Sa Illetta" leasing loan for EUR 12.2 million, the short-term portion of finance lease payables related to investments in the network infrastructure for EUR 8.1 million and the short-term portion of the loans granted by the Ministry for Education and University and by the Minister for Economic Development for EUR 0.6 million;*

- (4) *Includes the long-term amount of the senior loan with Banca Intesa / BPM for EUR 69.4 million and other long-term loans for EUR 1.8 million.*
- (5) *Includes the long-term amount of the convertible bond undersigned with Rigensis Bank e Otkritie Capital International Limited.*
- (6) *Includes the long-term amount of the “Sale and Lease Back Sa Illetta” leasing loan for EUR 40.0 million, the long-term portion of finance lease payables related to investments in the network infrastructure for EUR 10.8 million and the short-term portion of the loans granted by the Ministry for Education and University and by the Minister for Economic Development for EUR 0.03 million.*

It should be noted that there are ongoing negotiations with Financial Institutions (Banca Intesa and BancoBpm) aimed at obtaining a standstill agreement on payments due under the *Second Facility Agreement*. A request for standstill on the payments owed to them in September 2017 and March 2018 for capital and interests was formalized.

On September 15, Tiscali received two confirmations from both Financial Institutions, in which the lenders communicated, even without entering into irrevocable commitments, that they have started the preliminary activities and that at their end, the standstill requests made by Tiscali will be submitted to the competent deliberative bodies.

Similarly, negotiations are ongoing to obtain a standstill on payments due under the ‘Sale & Lease Back Sa Illetta’ contract. On September 19, Mediocredito Italiano and Unicredit Leasing sent a statement in which they stated that they had initiated the preliminary activities.

Finally, as already indicated in the press release dated December 15, 2017, following the conversion request received from Rigensis Bank AS and Otkritie Capital International Limited on December 14, 2017, the conversion of the bonds referred to the Tiscali Conv bond issue 2016-2020 was finalized with the cancellation of No. 37 bonds subscribed for a nominal value of EUR 18,500,000 and the issue of 522,598,870 new shares, with the same characteristics as those outstanding, at a price per share of EUR 0.0354 and with an increase in the share capital amounting to EUR 18,500,000. The new subscribed and paid-up share capital amounts to EUR 121,507,322.89.

OVERDUE DEBT POSITIONS OF THE TISCALI GROUP AS AT NOVEMBER 30, 2017

As at November 30, 2017, net overdue trade payables amounted to EUR 45.6 million (net of payment plans agreed with suppliers and net of credit amounts or claims against the same suppliers).

As at the same date, overdue financial debts amounted to EUR 20.5 million (net of credit positions).

There were also overdue tax debts for approximately EUR 7.9 million, as well as overdue debts towards social security institutions amounting to EUR 1.3 million.

POSSIBLE REACTIONS OF THE CREDITORS OF THE GROUP AS AT NOVEMBER 30, 2017

There have been no suspensions of relationships with suppliers capable of affecting the course of business.

As at November 30, 2017, the group received reminders for payment only within the ordinary course of business. On that date, the total main injunctions for payment received amounted to EUR 13.6 million, of which the residual not paid off as still in negotiation, opposition or subject to an installment scheme amounted to EUR 9.4 million.

RELATIONSHIPS WITH TISCALI S.P.A. AND THE TISCALI GROUP RELATED PARTIES

The Tiscali Group holds relationships with related parties on terms deemed as customary in the respective reference markets, taking into account the characteristics of the goods and services provided.

The table below summarizes the income statement and balance sheet for the Tiscali Group as at November 30, 2017, arising from transactions with related parties.

INCOME STATEMENT		TISCALI GROUP	Of which:
<i>(EUR 000)</i>		November 30, 2017	Tiscali S.p.A.
			November 30, 2017
Studio Racugno	1	-	-
Monteverdi S.r.l.	2	(26.8)	
Convertible Bond	3	(312.5)	(312.5)
Open Campus	4	49.5	
Open Campus	4	(49.5)	
TOTAL		(339.3)	(312.5)
BALANCE SHEET		TISCALI GROUP	Of which:
<i>(EUR 000)</i>		November 30, 2017	Tiscali S.p.A.
			November 30, 2017
Studio Racugno	1	(6.1)	
Monteverdi S.r.l.	2	(17.8)	
Convertible Bond	3	(9,380.0)	(9,380.0)
Open Campus	4		
Open Campus	4		
TOTAL CREDIT		(9,404.0)	(9,380.0)

- (1) *Studio Racugno (Racugno Law Firm): Gabriele Racugno, member of the Board of Directors of Tiscali S.p.A since December 21, 2009, resigned as Director on February 16, 2016. The Racugno Law firm offers legal, judicial and extrajudicial assistance to Tiscali Italia S.p.A.*
- (2) *Monteverdi S.r.l.: company participated by the majority shareholder, Renato Soru. The relationship concerned refers to a leasing contract for a space used for the storage of business documentation.*
- (3) *Interests (economic values) and financial debts (equity values) of Otkritie's share of the Rigengis-Otkritie Convertible Bond. As at October 10, 2017, Otkritie sold the shares it held in Tiscali, and as a result it ceases to be a related party. The above table shows the economic and equity values up to the date of termination.*
- (4) *Open Campus: company owned 80% by Alice Soru, member of the Board of Directors of Tiscali S.p.A. There are two ongoing contracts with Open Campus, one according to which Tiscali Italia purchases brand promotion services from Open Campus, and the other according to which Tiscali Italia rents an equipped office areas to Open Campus for the performance of its activities. The two contracts are not related one to each other.*

It shall be noted that the income statement and the balance sheet values reported in the table above do not include fees paid to Directors, Statutory Auditors and Top Managers tasked with strategic responsibilities.

STATEMENT OF THE EXECUTIVE IN CHARGE OF DRAWING UP THE COMPANY'S ACCOUNTING DOCUMENTS

I, the undersigned Daniele Renna, Executive in charge of drawing up the Company's accounting documents of Tiscali S.p.A., certify that, pursuant to Art. 154-bis, paragraph 2, of the Legislative Decree No. 58/98 and subsequent amendments, that the accounting information contained in this press release is consistent with the official documents, books and accounting records.

Daniele Renna

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

Information on Tiscali

Tiscali S.p.A. (Borsa Italiana. Milan: TIS) is one of the leading alternative telecommunications companies in Italy and provides its private and business customers with a wide range of services: internet access through dial-up, ADSL and FIBER, as well as voice, VoIP, media, and added-value services and other technologically advanced products. As at June 30, 2017, Tiscali reported recorded a customer portfolio of about 716.900 units. The Tiscali website may be accessed at www.tiscali.it

Tiscali S.p.A.

Sede Legale Loc. Sa Illetta km 2,300 09123 Cagliari, Italia - Tel. +39 070 46011 Fax +39 070 4601 400
Cap. Soc € 103.007.322,89 - P.IVA e C.C.I.A.A. Cagliari 02375280928 RE.A. 191784

tiscali.com