



The Board of Statutory Auditors

**REQUEST TO SUPPLEMENT THE AGENDA OF THE SHAREHOLDERS' MEETING OF TIM
S.p.A. CALLED FOR 24 APRIL 2018**

**EXPLANATORY NOTE OF THE RESOLUTION PASSED BY THE BOARD OF STATUTORY
AUDITORS OF TIM S.p.A. ON 27 APRIL 2018**

The Board of Statutory Auditors of TIM S.p.A. ("TIM" or the "Company") decided to draw up and make this short explanatory note available to TIM's Shareholders and the market in order to better clarify the nature, terms and procedures of its intervention concerning the request to supplement the agenda made by the shareholders Elliott International LP, Elliott Associates LP and The Liverpool Limited Partnership, which together hold a shareholding equivalent to 2.53% of the ordinary shares of TIM (the "Requesting Shareholders"). This request refers to the agenda of the TIM Shareholders' Meeting already convened, on a single call, for 24 April 2018 (the "Shareholders' Meeting of 24 April").

In this regard, the Board of Statutory Auditors of TIM S.p.A. (the "Board of Statutory Auditors") first recalled that, on 14 March 2018, the Requesting Shareholders, pursuant to art. 126-*bis*, subsection 1, of Legislative Decree no. 58 of 24 February 1998 ("CLF"), submitted a request to the Company to supplement the agenda of the Shareholders' Meeting of 24 April. The items that the Requesting Shareholders have asked be included on the agenda of the Shareholders' Meeting concern the removal of six directors currently in office (Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Giuseppe Recchi, Félicité Herzog and Anna Jones) and their replacement with six candidates submitted by the Requesting Shareholders (Fulvio Conti, Massimo Ferrari, Paola Giannotti De Ponti, Luigi Gubitosi, Dante Roscini and Rocco Sabelli).

Together with the supplementation request, the Requesting Shareholders sent the Company, in compliance with the provisions of art. 126-*bis*, subsection 4, of the CLF, and again on 14 March 2018, a report containing the proposed resolutions on the new items on the agenda and the related reasons ("The Explanatory Report of the Requesting Shareholders").

Specifically, in this document, the Requesting Shareholders made the two following proposals to be submitted to the Shareholders' Meeting of 24 April:

- (i) regarding the revocation *"the shareholders' meeting of Telecom Italia S.p.A. resolves to revoke - with immediate effect - the mandates of Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Giuseppe Recchi, Félicité Herzog and Anna Jones to serve as Directors of the company, giving powers to the legal representative pro-tempore and, if he does not act, to the board of statutory auditors to ensure that the consequent entries are made in the competent Business Register, pursuant to the law"*; as well as,
- (ii) with reference instead to (any) replacement of directors who may be removed *"the shareholders' meeting of Telecom Italia S.p.A., having taken note of the removal of Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Giuseppe Recchi, Félicité Herzog and Anna Jones from office as Directors and Members of*

the Board of Directors, resolves to appoint as Directors of the company, to replace the aforementioned removed Directors, Fulvio Conti, Massimo Ferrari, Paola Giannotti De Ponti, Luigi Gubitosi, Dante Roscini and Rocco Sabelli, who will remain in office until the expiry of the mandate of the current Board of Directors, and therefore until the shareholders' meeting called to approve the financial statements at 31 December 2019".

Regarding this supplementation request, the Company, at the end of the Board of Directors meeting held on 22 March 2018, announced to the market that *"the Board of Directors has not supplemented the agenda of the Shareholders' Meeting of 24 April 2018 (regarding the removal and replacement of Directors de Puyfontaine, Crépin, Herzog, Jones, Philippe and Recchi, who on that date would all have resigned or ceased to hold office)."*

In a letter dated 23 March 2018, sent in copy to the Company, the Requesting Shareholders therefore repeated their request directly to the Board of Statutory Auditors, pursuant to art. 126-bis, subsection 1 of the CLF, to supplement the agenda of the Shareholders' Meeting of 24 April (the "Communication to the Board of Statutory Auditors ex art. 126-bis of the CLF"), which was followed, on 24 March 2018, by a communication via certified electronic mail addressed to the Board of Statutory Auditors.

With the communication sent to the Board of Statutory Auditors pursuant to 126-bis of the CLF, in light of the resignation of Giuseppe Recchi, with immediate effect as of 22 March 2018, the Requesting Shareholders requested the inclusion of the following items on the agenda of the Shareholders' Meeting of 24 April *"(i) the revocation of the directors (in the measure necessary, according to the timing of the resignations offered and accepted during the board meeting of 22 March 2018, pursuant to article 2385, subsection one, of the Italian Civil Code.) and (ii) the appointment of six Directors, in the persons of Fulvio Conti, Massimo Ferrari, Paola Giannotti De Ponti, Luigi Gubitosi, Dante Roscini and Rocco Sabelli, to replace Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Giuseppe Recchi, Félicité Herzog and Anna Jones, who have ceased to hold office."*

The Board of Statutory Auditors of TIM therefore met on 23 and 27 March 2018 to examine the matter referred to it. In said context, having ascertained the legitimacy of the Requesting Shareholders pursuant to art. 126-bis of the CLF, considering the number of shares held, the Board of Statutory Auditors,

- (i) having acknowledged the position taken by the Board of Directors during the meeting on 22 March 2018;
- (ii) having assessed the request to supplement the agenda by the (qualified) shareholder in the context of strengthening the protection of the rights of minorities according to the Law no. 262 of 28 December 2005 (so called "Legge Risparmio" - Savings Law), which introduced into Italian law art. 126-bis of the CLF (then amended with the incorporation of Shareholders' Rights Directive no. 2007/36/EC of 11 July 2007, as well as with Legislative Decree no. 91 of 18 June 2012, referred to as the Corrective Decree);

- (iii) having ascertained the existence of a regulatory framework that attributes the (qualified) shareholder the right to supplement items on the agenda which the Company cannot (a) contest due to merit or opportunity, or (b) restrict, with the exception of very limited scenarios (such as a request to include unlawful, impossible or useless items);
- (iv) taking account of the overall structure of the powers attributed to the Board of Statutory Auditors under the reference regulations, powers which include autonomous reaction prerogatives for the control body, if, for example, the right to supplement the items on the agenda of a Shareholders' Meeting is exercised but the Board of Directors does not comply;
- (v) having found the existence of positions expressed both in case law (Milan Court) and in authoritative scientific doctrine and notarial maxims, suitable to support, in light of the coordinated reading of articles 2385 and 2386 of the Italian Civil Code, as well as clause 9.10 of TIM's Bylaws, the Directors Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Félicité Herzog, Anna Jones, Ms Camilla Antonini and Marella Moretti remaining in office even after the date of 24 April 2018 (the date their respective resignations come into effect);
- (vi) decided that, in consideration of the above, (a) on 24 April 2018 the majority of the members of the Board of Directors (eight directors, including Mr Recchi, out of a total of fifteen) will resign and, therefore, the entire management body of TIM should be understood as having resigned; and (b), consequently, in that scenario all the directors (and thus also, as is relevant here, Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Félicité Herzog and Anna Jones, whose removal from office has been requested) will be deemed to have resigned, but will remain in office until the Board of Directors is reconstituted;
- (vii) also considering the fact that, in line with substantially unanimous case law, members of the Board of Directors who have resigned shall maintain their full managing powers in the *prorogatio* period until the aforementioned Board of Directors is reconstituted;
- (viii) it having been finally ascertained that the request to remove the mandates of the serving directors (although they resigned together with the rest of the Board, with the sole exception of Mr Giuseppe Recchi) and to appoint their substitutes appears to be neither useless nor impossible (as well as obviously not unlawful) and that it lies beyond the remit of the Board of Statutory Auditors, given the nature of the right attributed to the shareholders and the powers of the control body, any different assessment on the merits or advisability of the supplementation request submitted by the Requesting Shareholders with a communication to the Board of Statutory pursuant to art. 126-bis of the CLF,

the Board of Statutory Auditors, as a result of the in-depth analyses carried out with the support of its own specially appointed legal advisor, therefore unanimously decided, on 27 March 2018, to supplement the agenda of the Shareholders' Meeting of 24 April in the terms proposed by the Requesting Shareholders and already mentioned above (i.e.,

"(i) the revocation of the directors (in the measure necessary, according to the timing of the resignations offered and accepted during the board meeting of 22 March 2018, pursuant to article 2385, subsection one, of the Italian Civil Code) and (ii) the appointment of six Directors, in the persons of Fulvio Conti, Massimo Ferrari, Paola Giannotti De Ponti, Luigi Gubitosi, Dante Roscini and Rocco Sabelli, to replace Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Giuseppe Recchi, Félicité Herzog and Anna Jones, who have ceased to hold office").

Based on the de facto circumstances that occurred, the two proposed resolutions contained in the Explanatory Report of the Requesting Shareholders, obviously without prejudice to the right referred to in article 126-bis, subsection 1, of the CLF for each shareholder entitled to vote to submit new proposals to be resolved on at the shareholders' meeting, refer:

- (i) as for the proposed removal, to Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Félicité Herzog and Anna Jones (as only Mr Giuseppe Recchi has already ceased to hold office, with effect from 22 March 2018); and
- (ii) as for the replacement, to the five Directors who ceased to hold office as a result of being removed as per point (i) above (Arnaud Roy de Puyfontaine, Hervé Philippe, Frédéric Crépin, Félicité Herzog and Anna Jones) and the Director who ceased to hold office after his resignation effective as of 22 March 2018 (Mr Giuseppe Recchi).

At the end of the meeting of 27 March 2018, the Board of Statutory Auditors immediately requested the dissemination, through the appropriate Company departments, of its own press release in relation to the decision taken.

On 28 March 2018, the Board of Statutory Auditors of TIM consequently invited the Company to (i) fulfil the legal obligations, within the terms specified, on the addition of items to the agenda of the Shareholders' Meeting of 24 April 2018, as well as to (ii) promptly disseminate this explanatory note, as soon as it is made available by the Board of Statutory Auditors.

The issue of the effects of clause 9.10 of TIM's Bylaws on a board reconstituted during the shareholders' meeting of 24 April 2018 is beyond the scope of this explanatory note. It is indeed a separate and autonomous matter with respect to the supplementation request addressed to the Board of Statutory Auditors of TIM.

Milan, 30 March 2018

On behalf of the Board of Statutory Auditors of TIM S.p.A.
The Chairman
Roberto Capone