



Restoring Value for Telecom Italia

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Executive Summary

- The current TIM Board of Directors was appointed on 4th May 2018 and is composed of 15 members, 10 of which were selected from the slate of candidates presented by Elliott, including the Chairman of the Board Fulvio Conti (appointed 7th May 2018) and CEO Luigi Gubitosi (appointed 18th November 2018). The remaining five members were selected from the slate submitted by Vivendi
- Since the AGM in May, **Elliott has been deceiving investors**. Its actions have resulted in significant **value destruction** and put TIM's financial stability in jeopardy, all while **Elliott was profiting from the share price decline** through a collar¹
- At the next TIM AGM to be held 29th March 2019, Vivendi is **requesting the revocation of five Elliott-nominated Directors and the appointment of five new highly qualified Independent Directors** (four of which Italian and none with CEO ambitions), with outstanding expertise backgrounds, including in the Telecom sector²
- Contrary to common perception, Vivendi does not view this as a proxy battle aimed at controlling TIM, but rather as a proposal to appoint a **Neutral Board**, leaving no single party in control. In the proposed framework, **only two of the Board Members designated by Vivendi will not be Independent and none of those two will be candidates for Chairman of the Board**
- The newly proposed composition of the Board would **re-establish the necessary conditions and safeguards to allow for proper stewardship of the company, the return of greater unity and cohesion among members of the corporate body, and encourage more effective and uniform action by the Board**
- Vivendi believes that **only such a Board will have the credibility and trust of all shareholders to objectively analyse any industrial strategic options**, including those for TIM's fixed network. Vivendi's desire is to have **a Board that finally focuses on the best long-term interest of all TIM shareholders and stakeholders**, including employees, customers, the Country, and regulators
- TIM is currently facing significant challenges. Time will be needed to give the company the future it deserves, but **change needs to start now**; Vivendi is **fully committed for the long-term** in supporting the Company on the journey ahead
- Vivendi believes that shareholders supporting its proposals are not only **enabling enhanced governance** at TIM, but also take an **important first step towards shareholder value recovery** through an **immediate improvement in TIM's risk profile**

1. SEC disclosure [here](#)
2. See page 14; Independent Director Candidate CVs see Appendix B page 27

What Were Elliott's Promises To TIM Shareholders A Year Ago?

- “*Elliott believes a Board composed of truly Independent Directors is the most efficient and effective way to improve governance and performance at TIM*”¹, “*An Independent Board could deliver actions which may double the stock price over the next two years*”¹
- “*Elliott doesn't want to control TIM*”¹, “*Elliott is just a shareholder*”¹
- Elliott’s “*interests are aligned with other minority shareholders*”¹
- In order to amass votes, Elliott opportunistically promised to support TIM's previous management
 - “*Full support of management plan*”²
 - “*We are in favour of the current management team, including the CEO whom we will support at the April 24th AGM*”²
 - “*There is no alternative business plan*, Elliott and its proposed independent nominees fully support Mr. Genish”³
- “*Elliott believes that Telecom Italia is uniquely positioned in the Italian Market and operates an outstanding collection of assets with the potential to produce substantial, consistent returns for its shareholders while enhancing a nationally strategic infrastructure asset*”¹
- “*Elliott trusts shareholders will join it in setting the right conditions [...] to allow TIM's many stakeholders to thrive in the years ahead*”³

1. Elliott “Transforming TIM” presentation (9th April 2018)

2. Elliott press release (16th March 2018), i.e. after the presentation of the DigiTIM plan on 7th March

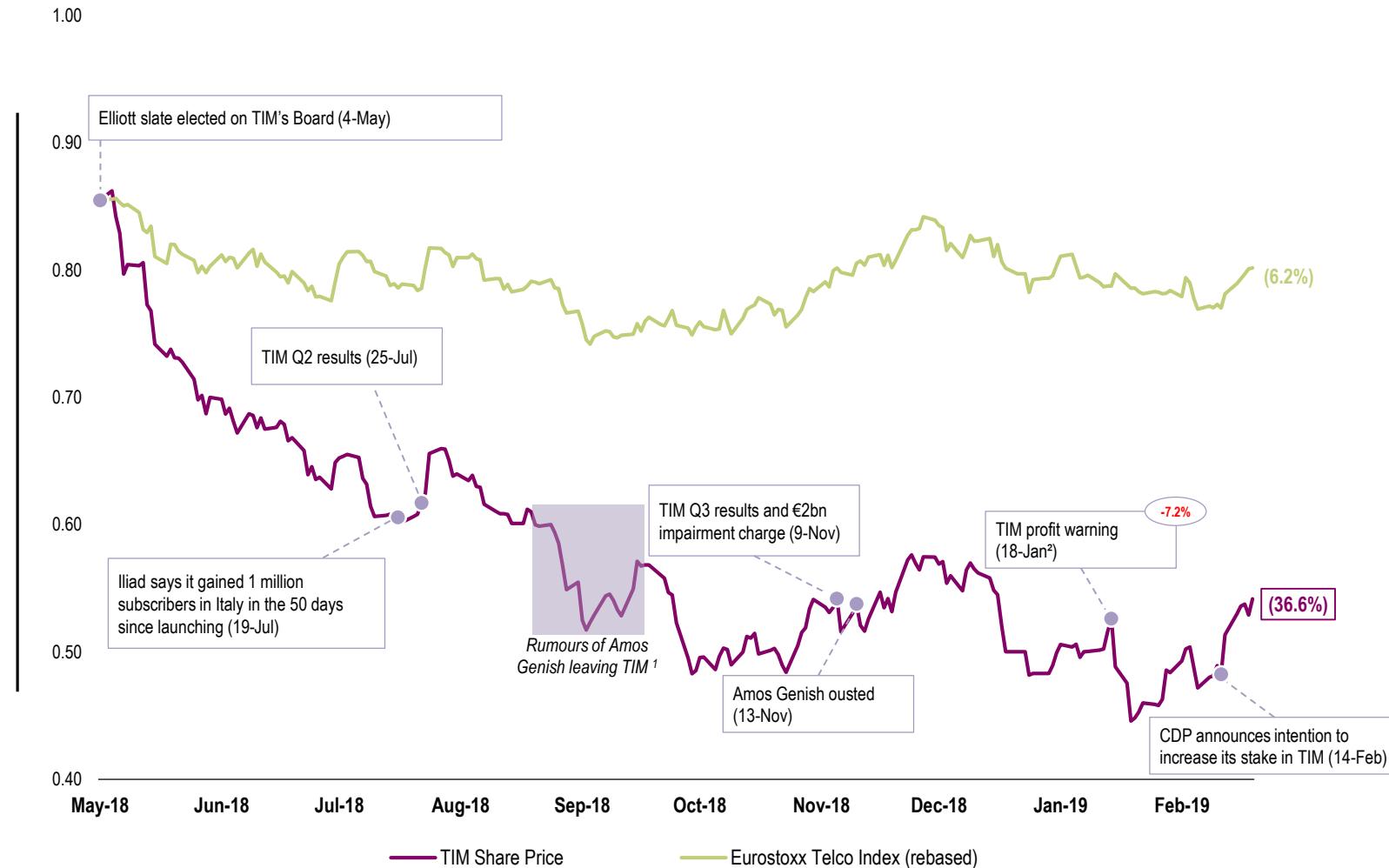
3. Elliott press release (30th April 2018)

How Elliott Broke Its Promises To TIM Shareholders

- The current Board has failed to deliver on key promises¹ and its dysfunctionality, including misbehaviours, conflicts of interests, and leaks has been a material factor behind TIM's share price steep decline since its election (-37%)² despite the Company's resilient operating performance³ in a challenging market environment under previous CEO Amos Genish
- As outlined in Vivendi's report illustrating the reasons behind its request for an *ad hoc* Shareholders' Meeting published on 14th December 2018⁴, five Directors of the Elliott slate have repeatedly breached basic and fundamental governance rules and shown a clear lack of independence since their appointment. Board decisions have repeatedly turned out to be aligned to Elliott's interests only
- Elliott twice entered into a collar⁵ on a 4.9% stake, which enables 'empty voting' by decoupling economic ownership of shares from voting rights, in practice misaligning its interests with those of other shareholders
- TIM's current Board created an environment in which the management's work was continuously undermined. The current composition of the Board is no longer representative of the interests and expectations of all shareholders that voted in favour of the Elliott slate, on the assumption that the Company was to be led by Amos Genish (elected with 98%⁶ of the votes), with the support of an Independent Board of Directors
- After having been confirmed by a landslide vote in May 2018, Amos Genish was ousted in November through a Board 'coup' which was at odds with basic corporate governance practices
- TIM's Q4 pre-results warning of 17th January with weak 2019 outlook⁷, coming approximately two months after the disorderly ousting by the Board of Mr. Genish and subsequent replacement of several other senior executives, represents either an abrupt material lapse in operational and financial discipline within the Company or another cynical, premature and value-destroying move to "kitchen-sink" market expectations and possibly create a lower entry point for Elliott, both of which are equally grave causes for concern
- Elliott urged TIM's Board on 21st January 2019 to spin-off its network assets without delay and according to the press TIM immediately called upon the services of Elliott's advisors⁸

1. In-depth analysis of TIM's current Board corporate governance shortcomings see appendix C page 33
2. Performance between 4th May 2018 and 22nd February 2019
3. See appendix D page 42
4. Filing is available [here](#)
5. 9th April 2018 SEC disclosure [here](#); 31st January 2019 SEC disclosure [here](#)
6. Source: Telecom Italia, see [here](#) and [here](#)
7. Source: Telecom Italia, see [here](#)
8. Source: The Telegraph, see [here](#)

TIM Share Price Has Dropped c.40% Since Elliott Board Election



Source: Bloomberg as of 22nd February 2019

1. Il Fatto Quotidiano (23rd August 2018 and 21st September 2019)

2. News announced on 17th January post market close (share price impact on 18th January)

Elliott's Interest in Creating Value is Doubtful Given Its Hedging Structure

- Elliott disclosed twice^{1,2} that it has entered into a **cash-settled collar on a 4.9% stake in TIM (c.52% of its disclosed stake)**
- Thanks to its first collar, and the cash received from it, Elliott increased its stake from 8.8% in April 2018 to 9.5% at the beginning of February 2019, while significantly reducing the cost of its investment from \$1.2bn to \$855m³
- On its new collar, Elliott has sold the upside on the share price above €0.4809 to benefit from a downside protection, while justifying its interest in TIM because they “believe the securities of the issuer are undervalued”
- On 9th April 2018, when TIM’s ordinary shares were trading above €0.85, Elliott stated that “an Independent Board could deliver actions which may **double the stock price** over the next two years”. Elliott’s actual investment strategy is clearly inconsistent with those statements: the new collar covers the same two-year timeframe (as its expiration dates range from May to September 2020) but is capping the upside at €0.4809
- **Elliott has decoupled its economic and voting interests enabling ‘empty voting’, has lower motivation to drive the TIM share price up and its interests are not aligned with other shareholders**

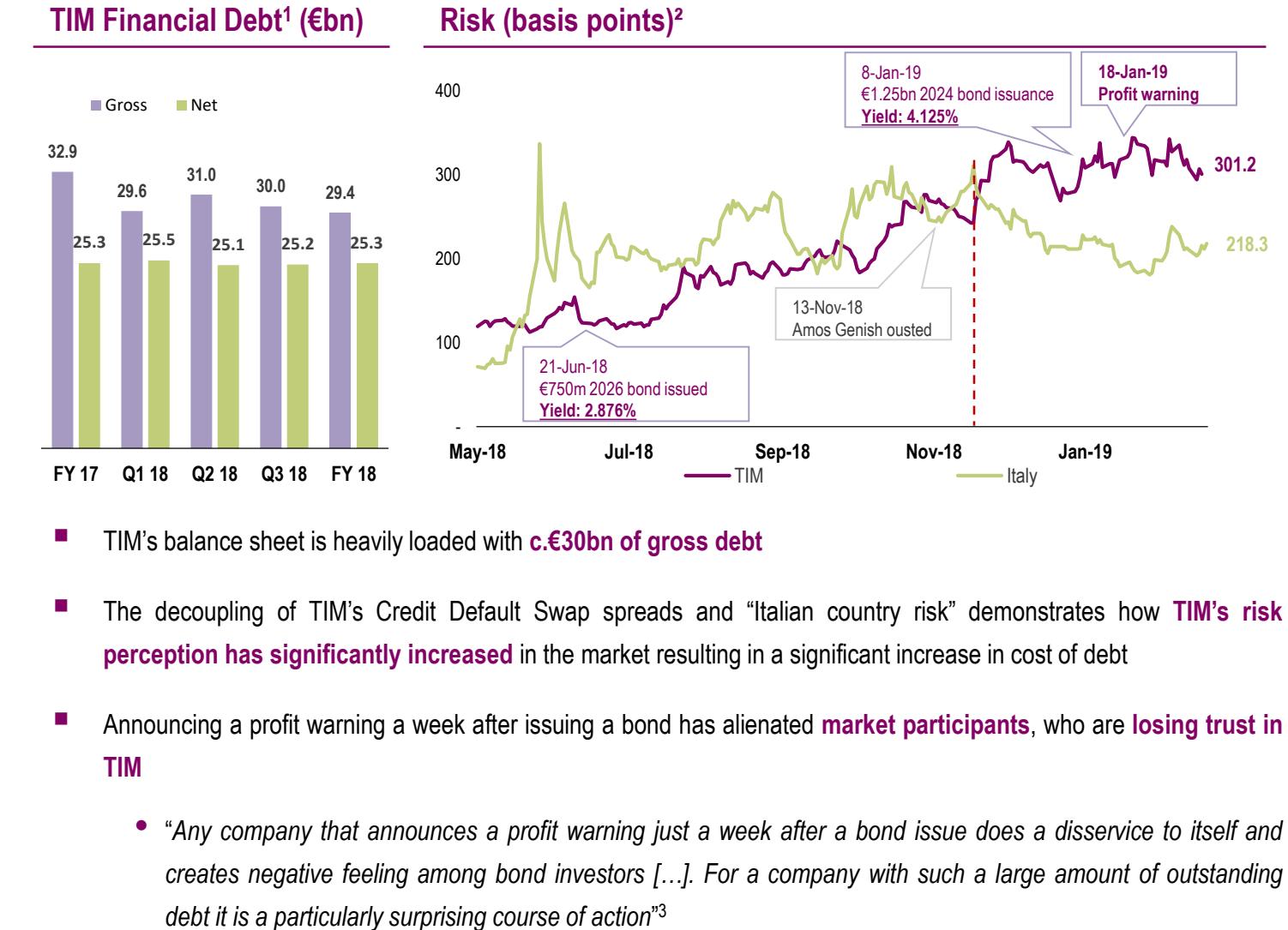
Source: SEC, Bloomberg as of 7th February 2019

1. Apr-18 SEC disclosure [here](#); on the 4.9% stake Elliott has downside protection at €0.81054 and capped its upside at €0.89586

2. Jan-19 SEC disclosure [here](#); collar with strikes €0.4351 and €0.4809

3. Based on Elliott’s reported cost of investment of c.\$842m on a c.9.4% stake (Jan-19 SEC disclosure [here](#)), and the estimate of the cost of the additional c.0.147% stake purchased between 30th January and 6th February 2019, using the Bloomberg reported TIM Volume-Weighted Average Price (VWAP) of €0.4857

TIM's Risk Perception Has Significantly Increased After Mr Genish Was Ousted As CEO; Financial Stability In Jeopardy



- TIM's balance sheet is heavily loaded with c.€30bn of gross debt
- The decoupling of TIM's Credit Default Swap spreads and "Italian country risk" demonstrates how **TIM's risk perception has significantly increased** in the market resulting in a significant increase in cost of debt
- Announcing a profit warning a week after issuing a bond has alienated **market participants**, who are **losing trust in TIM**
 - *"Any company that announces a profit warning just a week after a bond issue does a disservice to itself and creates negative feeling among bond investors [...]. For a company with such a large amount of outstanding debt it is a particularly surprising course of action"*³

Source: Bloomberg as of 22nd February 2019

1. Does not include €1.9bn in financial commitments (€2.4bn total commitments net of €477m due in 2018) related to the 5G auction held on 2nd October 2018, see [here](#)
2. 5Y CDS for TIM; Spread to 5 Year German Bond shown for Italy
3. Bloomberg, "Telecom Italia's Warning Following Bond Sale Leaves Sour Taste" (18th January 2019)

Elliott's Push For A Network Fire Sale¹

Is Against Employees' and Shareholders' Interests

"Vivendi believes that TIM's fixed network is core to its value creation.

Vivendi is ready to support a merger of Open Fiber with TIM if the conditions are right and fair from an operational, financial and regulatory standpoint and overseen by an Independent Directors-controlled Board"

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Vivendi Believes that an Ambitious Industrial Plan Can Restore Value for TIM

- The three-year strategic plan presented by the former management in March 2018 had broad market support
- Vivendi will support any proposals that are shown to be in the **best long-term interest of all TIM shareholders and other stakeholders**, including alternative fixed network business models, enhanced FCF generation, deleveraging initiatives, potential sale of non-strategic assets, simplification of the capital structure and resumption of dividend payments
- Only an appropriate Board, independent and with stronger expertise in the telecoms sector, will have the credibility to supervise a plan to the benefit of all TIM shareholders and stakeholders

“The Elliott-nominated Board and its misconduct have led TIM into a precarious state; shareholder value has been destroyed and risks have increased.

TIM is a first-class Telecom operator.

Vivendi believes in a better future for TIM.

Change needs to start now”

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Five Elliott Slate Directors To Be Replaced

- **Alfredo Altavilla (Chair of Nomination & Remuneration Committee)**
 - Acted against the procedures regulating the CEO succession process his Committee should have followed
 - Pursued personal interests by openly trying to run as Amos Genish's successor
 - Participated in the actual decision-making process which took place outside the appropriate corporate bodies
- **Fulvio Conti (Chairman)**
 - Carries overall responsibility for the serious shortcomings in TIM's governance
 - Acted as an Executive Director by orchestrating and conducting the 'coup' to replace Amos Genish, which was actually decided outside the Board
 - Has proven incapable of stopping leaks regarding the potential departure of Amos Genish during the summer
- **Massimo Ferrari**
 - Contributed to the continuous rumour mill and confusion by conducting unauthorized press interviews
 - Participated in pre-meetings among sole Elliott Directors to organise the ouster of the CEO
- **Paola Giannotti de Ponti (Chair of Control and Risk Committee)**
 - Monitored the entire impairment test process whose results were exploited to justify Mr. Genish's removal
 - Participated in the actual decision-making which took place outside the appropriate corporate bodies
- **Dante Roscini (Lead Independent Director)**
 - Required to represent all Independent Directors
 - Failed to ensure complete and timely information flow to all Independent Directors
 - Participated in the organized calls and pre-meetings with sole Elliott Director participation aimed at 'pre-packaging' Board decisions

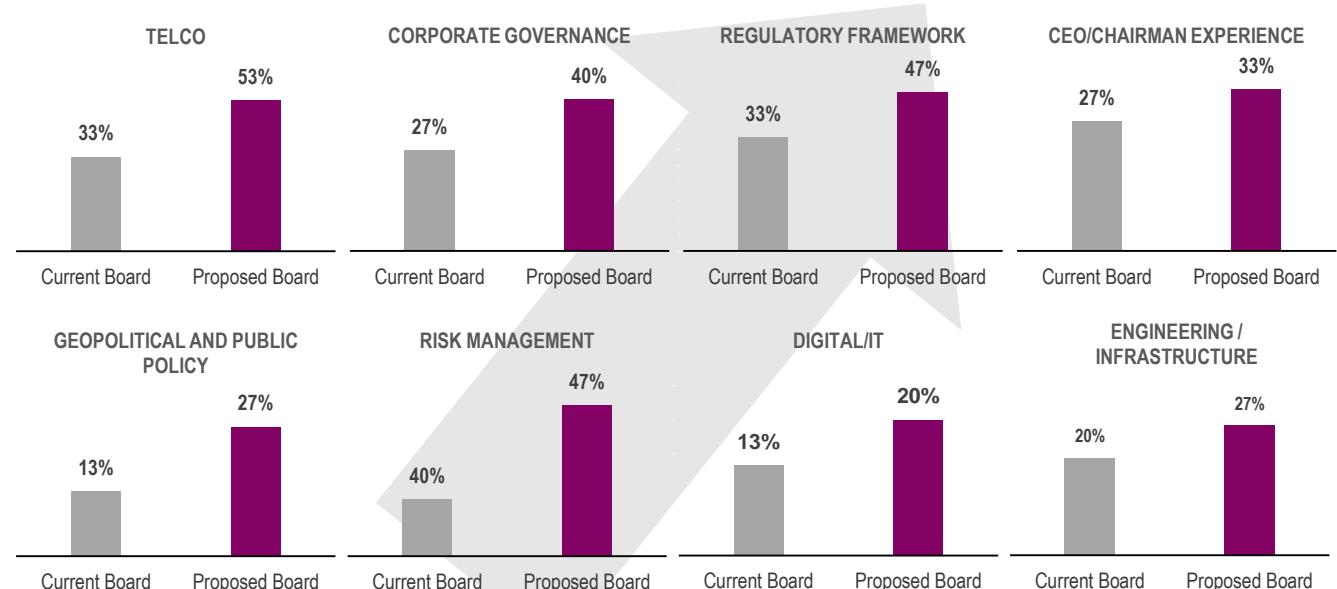
Five Vivendi Proposed Highly Qualified Independent Directors To Be Elected

- **Franco Bernabè**
 - Mr. Bernabè has a wealth of experience in managing Italian listed companies
 - He served as CEO of Eni from 1992 to 1998, joining Telecom Italia SpA in 1998 to become its Chief Executive Officer from 2008 to 2013 and its Executive Chairman from 2011
 - At the end of 1999, he founded FB Group, an investment company active in financial advisory, ICT, and renewable energy
 - He has also held different public offices in his career
- **Gabriele Galateri di Genola**
 - Mr. Galateri di Genola is an Italian businessperson who has been at the helm of several companies and has gained experience in high-level management
 - He was Managing Director of IFIL SpA and Fiat SpA, Chairman of Mediobanca SpA and Telecom Italia SpA, as well as Director and Vice Chairman of Assicurazioni Generali SpA
 - He is currently Independent Director of Endered SA, Moncler SpA, and Chairman of Assicurazioni Generali SpA
- **Flavia Mazzarella**
 - During her career, Ms. Mazzarella has held several positions in Italian and European insurance authorities (IVASS and EIOPA) and has participated in several working groups established by the Italian Presidency of the Council of Ministers
 - She was Manager of the privatization office at the Italian Ministry of Finance and Economics and currently occupies the position of Non-Executive Chairman at Banca Finnat Euramerica SpA
 - She is also on the Board of Garofalo Health Care SpA
- **Rob van der Valk**
 - Mr. Van der Valk has over twenty years of capital markets and Telecom sector experience, and has been a close follower of Telecom Italia throughout his career
 - From 2007 to 2018, he was Senior Portfolio Manager and Head of Telecom and Telecom Equipment at Norges Bank (NBIM)
 - He is currently Director of Falcon Eye Consulting Ltd, a London-based consultancy firm that he founded
- **Francesco Vatalaro**
 - Mr. Vatalaro possesses a high level of expertise in telecommunications from his 40 years of profession in industry, research and teaching at universities
 - He is full professor of Telecommunications at the University of Rome Tor Vergata and was Chairman of the "Comitato NGN Italia (AGCOM)," the Italian communication industry regulation authority, from 2009 to 2012
 - He was founder and president of Radiolabs, joint industry-university research consortium in Telecommunications, and Member of Directors of several research consortia in Italy

Vivendi Candidates – Improvement Of Board Of Directors Composition

- Vivendi's candidates have been chosen in order to enrich the composition of the Board of Directors with highly qualified professionals, improving "must-have competencies" in the Telecommunication sector and maintaining high levels of other competencies

Resulting Areas of Improvement



- The main competencies and skills required in the Telecommunication sector would be improved thanks to the election of the new candidates proposed by Vivendi
- The levels of other competencies required by most corporate governance best practices would remain highly in line with past Board of Directors (e.g.: *International Experience, Management, Finance, Capital Markets and M&A*)

Key Factors For Shareholders To Consider (1/2)

■ Governance

- Elliott promised ‘first-class corporate governance’¹ but **actually delivered a succession of self-interested actions**
- Vivendi’s proposal will enhance governance with proper stewardship for the company. This will provide a **constructive path forward** to rebuild trust within the Board of Directors and the right conditions to allow TIM to deal with important challenges and issues in an effective manner

■ Control Ambitions

- Elliott claims it has no control ambitions², but the collective behaviour of its **slate members** suggests that they **are fully coordinated**, and pre-package actions and decisions to support Elliott’s interests
- Vivendi does not have **control ambitions**. Its proposal will guarantee Independent Directors have a majority (at least 8 out of 15) within the Board, ensuring no control for any single party. The Chairmanship should be non-Executive in nature and fulfilled by an Independent Board Member

■ TIM Strategic Plan

- Elliott expressed support for the DigiTIM business plan and for Amos Genish³ (despite concurrently and inconsistently advocating for fixed network separation) to **amass proxy votes**, to then oust him a short few months thereafter and announce the road to a new strategic plan⁴
- Vivendi will balance the company’s craving need for leadership stability with a similarly important need for any plan to contain key pillars, such as a focus on enhanced FCF generation, deleveraging, digitalization and improved customer satisfaction, in order to **drive value generation**

1. Elliott “Transforming TIM” presentation (9th April 2018) page 27
2. Elliott press release of 19th April 2018 and “Transforming TIM” presentation (9th April 2018)
3. Elliott “Transforming TIM” presentation (9th April 2018) page 7
4. Telegraph article (20th November 2018)

Key Factors For Shareholders To Consider (2/2)

- Alignment with Other Shareholders and Incentives for Value Creation
 - Elliott advocated how a Board under their stewardship “may double the stock price over the next two years”¹ to then take out a **collar** on a 4.9% stake as per their SEC disclosure², which severely **curtails its economic exposure** to TIM
 - Vivendi has invested c.€4bn in TIM ordinary shares at an average share price of €1.0709³, which demonstrates the clear interest of Vivendi, as a **long-term industrial investor**, in driving share price value creation
- Shareholder Value Creation
 - Elliott advocates for a break-up of the company, with network separation and deconsolidation proposals that contain **flawed key assumptions** and fail to capture the extensive operational, financial and regulatory complexity, and execution risks that would need to be overcome
 - Vivendi will support any proposals that are shown to be in the **best long-term interest of all TIM shareholders** and other stakeholders, including alternative fixed network business models, deleveraging initiatives, potential sale of non-strategic assets, simplification of the capital structure and resumption of dividend payments

1. Elliott “Transforming TIM” presentation (9th April 2018) page 28
2. 9th April 2018 SEC disclosure [here](#); 31st January 2019 SEC disclosure [here](#)
3. Vivendi Q2-18 financial report page 46

Support Vivendi's Proposals for Superior TIM Governance & Value Recovery Prospects

- A Board with any single party in control faces the likely prospect of continued proxy challenges by the other party, leaving the Company in a state of paralysis and unable to execute on key strategic priorities and decisions. Vivendi believes a **Neutral Board**, comprised of a guaranteed majority of truly Independent Directors and with enhanced competencies provides shareholders with the best prospect of being able to avoid this scenario
- Vivendi believes that if the **current Board** were to stay in place there is an increased probability that **decisions** will be taken **only in favour of some rather than all TIM stakeholders** and/or might at best produce short-term value realisation but will **prove to be sub-optimal in the longer term**
- Vivendi believes in **placing trust and confidence in a strong Independent Board, reaching the appropriate wealth enhancing decisions for the benefit of all stakeholders.** Moreover, Vivendi:
 - Fully recognises the urgency of the TIM situation and is of the firm belief that **change needs to start now**
 - Believes that TIM's fixed network is core to its value creation. Vivendi is **ready to support a potential merger of Open Fiber into TIM under the right and fair conditions** (operationally, financially and regulatory), **overseen by an Independent Director controlled Board**
 - Will use all means available to it to **protect its shareholder rights and interests as well as those of other minorities** should these be threatened
- Vivendi believes that **shareholders supporting its proposals** are not only **enabling enhanced governance** at TIM, but also take an **important first step towards shareholder value recovery** through an **immediate improvement in TIM's risk profile**

Key Dates

- Meeting Called: 14th January 2019
- Opening of Electronic and Postal Voting: 8th March 2019
- Meeting Record Date: 20th March 2019
- Shareholders' Meeting Date: 29th March 2019

“Given the Company’s important role in Italian society, we have a fiduciary duty towards shareholders, 50,000 employees and the Country to ensure TIM’s long-term financial and operational health.

Any potential decisions involving its ‘crown jewel’ assets must be taken with the utmost care and consideration”

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Appendix

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Appendix A

Morrow Sodali Board Analysis

Skills Definition

SKILL	DEFINITION
 MANAGEMENT	At least three years of experience in administration, direction and control of listed companies
 CEO/CHAIRMAN EXPERIENCE	At least three years of experience gained in high management levels in Large Cap Companies (CEO, Chairman)
 RISK MANAGEMENT	At least three years of experience gained in high management levels in listed companies (CEO, CFO, GD), in the Board of Auditors, Supervisory Body, Chairman of Risk and Control Committee. Multi-year experience as Senior Portfolio Manager in large asset management institutions
 CAPITAL MARKETS AND M&A	Multi-year experience in capital markets and merger & acquisition issues
 FINANCE	Multi-year experience of administration, direction and control in listed companies operating in the financial sector, investments funds. University professor in finance
 CORPORATE GOVERNANCE	At least five years of experience in administration, direction and control of Large Cap Companies. At least three years of experience in high management levels in Large Cap Companies
 INTERNATIONAL EXPERIENCE	Multi-year experience carrying out high-level professional activities abroad or in Italian companies with international exposure
 TELCO	Multi-year experience of administration, direction and control in listed companies operating in the telephone, television, radio and communication sectors
 ENGINEERING/INFRASTRUCTURE	Multi-year experience in engineering / infrastructure sector. Current or former executive role in utilities / infrastructure, distribution and transmission of energy. Degrees in engineering
 REGULATORY FRAMEWORK	Multi-year experience in law / regulatory sector. Current or former law practice, law teaching in universities. Acquired knowledge of business regulatory framework
 DIGITAL/IT	Relevant expertise and experiences in digital / IT sectors
 GEOPOLITICAL AND PUBLIC POLICY	Relevant expertise in the geopolitical and public sector gained through current or former roles in governmental / public entities

Vivendi Candidates

CANDIDATE	GENDER	AGE	INDEPENDENT	NATIONALITY	DIRECTOR EXPERTISE
Franco Bernabè	M	70	YES	Italian	
Gabriele Galateri di Genola	M	71	YES	Italian	
Flavia Mazzarella	F	60	YES	Italian	
Rob van der Valk	M	48	YES	Dutch	
Francesco Vatalaro	M	65	YES	Italian	



Franco Bernabè



Gabriele Galateri di Genola



Flavia Mazzarella



Rob van der Valk



Francesco Vatalaro

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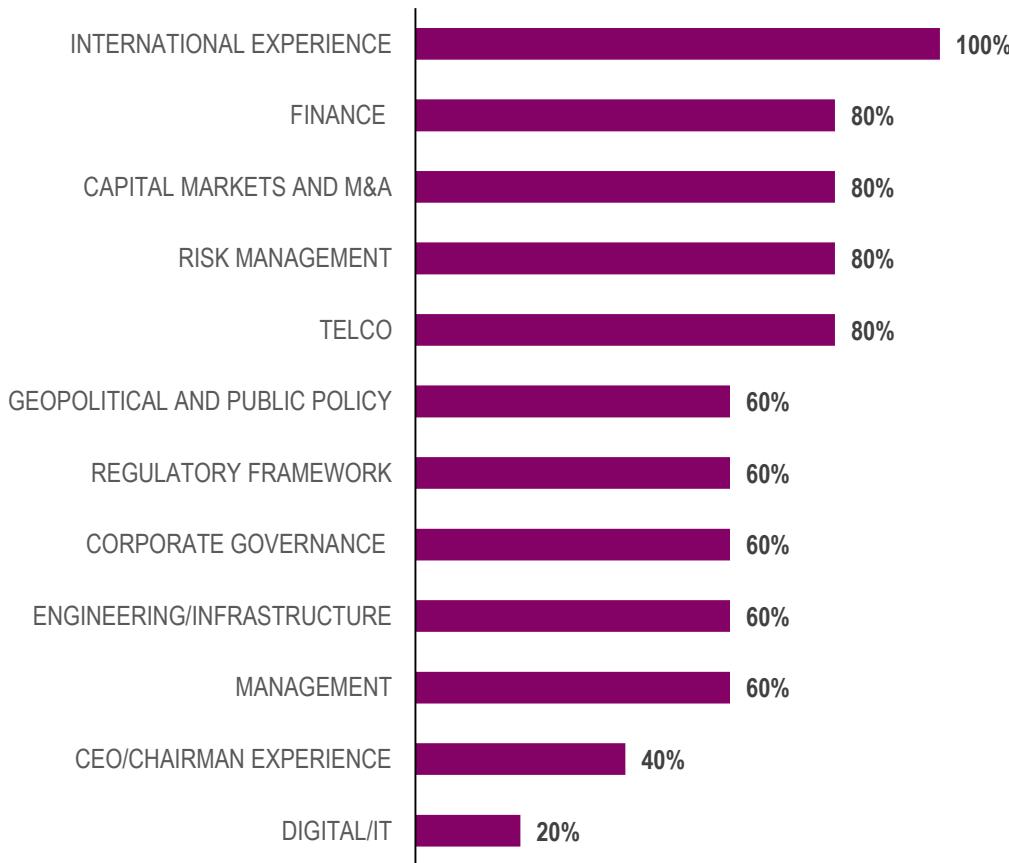
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Mr. **Van der Valk** has over twenty years of capital markets and Telecom sector experience, and has been a close follower of Telecom Italia throughout his career. From 2007 to 2018, he was Senior Portfolio Manager and Head of Telecom and Telecom Equipment at Norges Bank Investment Management (NBIM). He is currently Director of Falcon Eye Consulting Ltd, a London-based consultancy firm that he founded.

Mr. **Vatalaro** possesses a high level of expertise in communication and telecommunications from his several years of teaching. He is full professor of Telecommunications at the University of Rome Tor Vergata and was Chairman of the "Comitato NGN Italia (AGCOM)," the Italian communication industry regulator and competition authority, from 2009 to 2012.

Vivendi Candidates – Main Features

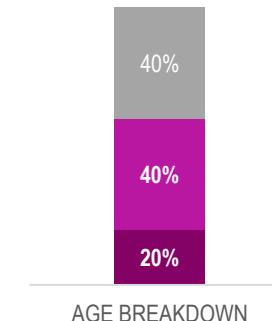
Skills and Expertise



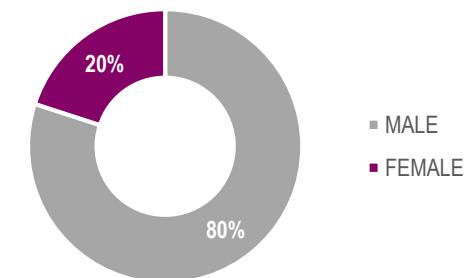
Independence

All candidates (100%) identified by Vivendi meet the **independence requirements** set out in the Italian Corporate Governance Code¹ and the combined provision of the TUF

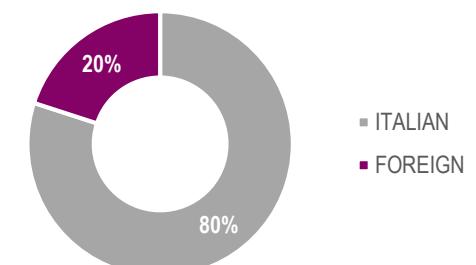
Age Breakdown



Gender



Nationality



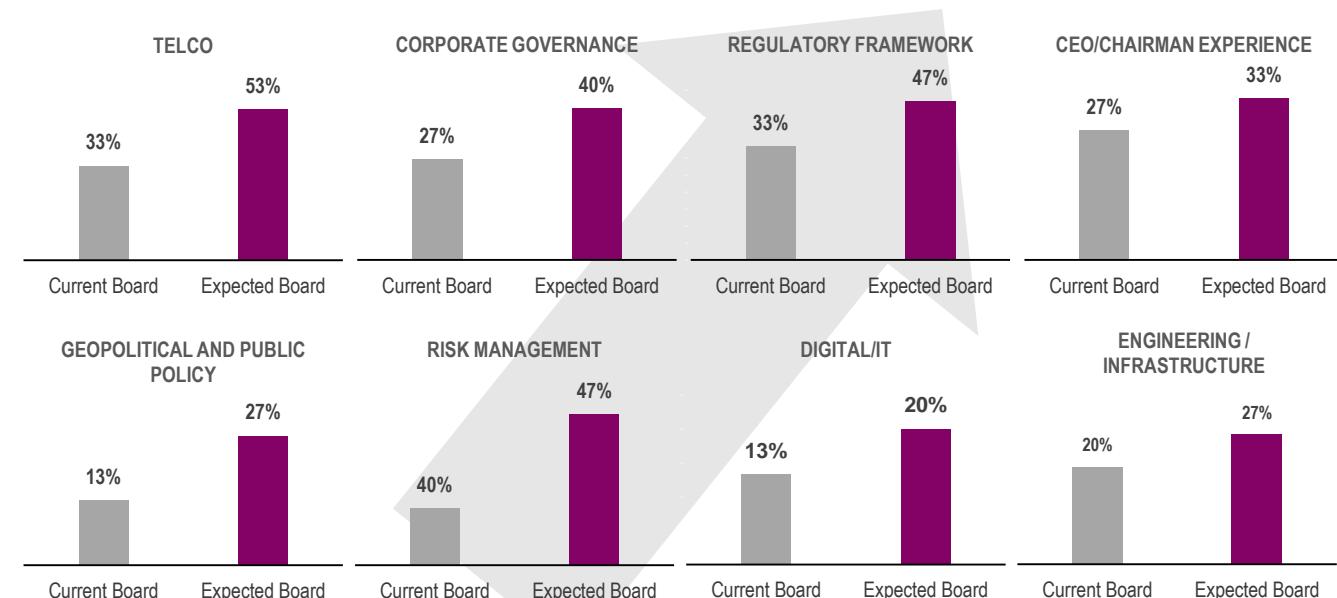
Vivendi Candidates – Improvement of Board of Directors' Composition

Vivendi's candidates have been chosen in order to enrich the composition of the Board of Directors with highly qualified professionals, improving "must-have competencies" in the Telecommunication sector and maintaining high levels of other competencies

Current Board Skills



Resulting Areas of Improvement



- The main competencies and skills required in the Telecommunication sector would be improved thanks to the election of the new candidates proposed by Vivendi
- The levels of other competencies required by most corporate governance best practices would remain highly in line with past Board of Directors (e.g.: *International Experience, Management, Finance, Capital Markets and M&A*)

Vivendi Candidates – Improvement of Board of Directors' Composition

New candidates' proposed by Vivendi would bring numerous expertise and experience to the Board, increasing both key Board of Directors' skills and Telecommunication sector skills:

■ Key Board of Directors' skills

CEO/CHAIRMAN EXPERIENCE

Enhancing CEO/Chairman Experience



- **Mr. Bernabè** has more than 10 years of experience in high management (ENI, TIM)
- **Mr. Galateri di Genola** has been Chairman of Assicurazioni Generali since 2011

INTERNATIONAL EXPERIENCE

Enhancing international exposure of the Board of Directors



- All candidates have relevant international experience
- **Mr. Van der Valk** has been Senior Portfolio Manager and Head of Telecom at Norges Bank Investment Management for more than 10 years
- **Mr. Bernabè and Galateri di Genola** have had several high-level roles in Italian companies with international exposure

RISK MANAGEMENT

Strengthening risk management expertise of the Board of Directors



- **Mr. Bernabè and Galateri di Genola** have had several past high-level roles (CEO/Chairman) in Italian companies with international exposure
- **Mr. Van der Valk** was Senior Portfolio Manager at NBIM
- **Ms. Mazzarella** has experience as Chairman of the Risk and Control Committee

■ Telecommunication sector skills

TELCO EXPERIENCE

Enhancing Telecommunications sector' experiences



- **Mr. Van der Valk** has extensive knowledge of the financial/market capital side of the Telecom sector (previous Head of Telecom at NBIM)
- **Mr. Vatalaro** will contribute enhancing Telco's Board skills thanks his extensive experience in the academic sphere

ENGINEERING/INFRASTRUCTURE

Introducing skills in engineering and infrastructure sectors



- **New candidates** will introduce expertise in the infrastructural and engineering sectors in the Board
- **Mr. Vatalaro**, thanks to his educational background and participation in the IEEE (Electronic Engineers Society)
- **Mr. Bernabè**, thanks to the expertise gained in his past management roles in Eni and TIM

REGULATORY FRAMEWORK

Improving Boards' knowledge in the regulatory framework



- **Mr. Vatalaro** has extensive knowledge of the TIM business regulatory framework thanks to his past roles at AGCOM and Italian Ministry of Communications

Appendix B

Independent Director Candidate CVs

Franco Bernabè

■ EXPERTISE AND EXPERIENCE:

- Franco Bernabè was born in Vipiteno (Bolzano) on 18th September 1948.
- After earning his degree with honors in Economics and Political Science at the University of Turin in 1973, Mr. Bernabè worked for two years as a post-graduate fellow at the Einaudi Foundation, and then as Senior Economist at the OECD Department of Economics and Statistics in Paris.
- From 1978 to 1983, Mr. Bernabè worked at the Planning Department of FIAT as Chief Economist.
- In 1983, he joined ENI as deputy to the Chairman and subsequently became the head of Corporate Planning, Financial Control and Corporate Development; from 1992 to 1998, Mr. Bernabè was CEO of ENI. During his two terms, he achieved the turnaround of the company and its successful privatization, making ENI one of the largest oil companies by market capitalization worldwide.
- In November 1998, Mr. Bernabè became CEO of Telecom Italia, a position he retained until May 1999.
- At the end of 1999, he founded FB Group, an investment company active in the areas of financial advisory, ICT and renewable energy. In 2004, following the contribution of the financial advisory activities of FB Group to Rothschild S.p.A., he was appointed Vice Chairman of Rothschild Europe.
- In 2008, he moved back to Telecom Italia, where he served as Chief Executive Officer until 2010 and Executive Chairman during the following three years.
- In 2015, he was appointed Chairman of CartaSi and Vice Chairman of the Istituto Centrale delle Banche Popolari Italiane (ICBPI), where he then became Chairman in 2016. ICBPI has since changed its name to Nexi S.p.A. The same year, he became Chairman of the Italian Commission of UNESCO, which aims at enhancing the promotion and implementation of the UNESCO programs in Italy.
- On May 4, 2017, Mr. Bernabè was appointed as independent Director of Telecom Italia. From March 22, 2018 to May 4, 2018, he served as Deputy Chairman of Telecom Italia and as a Member of the Strategic Committee.
- In the past, Mr. Bernabè also held various offices, among which: Chairman of GSMA, the International organization of mobile operators, Member of the Board of Directors of PetroChina (where he also served as Chairman of the Audit Committee), Member of the European Roundtable of Industrialists, Member of the International Council of JP Morgan, Member of the Managing Board of Assonime and Assolombarda, Member of the Managing Board and Executive Committee of Confindustria, Member of the Board of Directors of Fiat, Tiscali, Pininfarina, Poste Olandesi (TPG), Institut Français du Pétrole (IFP) and Chairman of the Observatoire Méditerranéen de l'Energie (OME). He was also a Member of the International Advisory Board of Credit Suisse, of the Advisory Board of the Council on Foreign Relations and of the Perez Center for Peace, founded by Shimon Perez.
- He also occupied various public positions: in 1999, he was appointed by the Prime Minister as special representative of the Italian government for the reconstruction of Kosovo; from 2001 to 2003, he was Chairman of La Biennale di Venezia and between 2004 and 2014, he was the Chairman of Mart of Trento and Rovereto.
- In 2011, Mr. Bernabè was knighted by the President of the Italian Republic.

■ POSITIONS AND FUNCTIONS:

- Nexi S.p.A., Chairman of the Board of Directors
- Nexi Payments S.p.A., Member of the Board of Directors
- FB Group, Chairman
- UNESCO, Chairman of the Italian Commission
- Fondazione La Quadriennale di Roma, Chairman

Gabriele Galateri Di Genola

■ EXPERTISE AND EXPERIENCE:

- Mr. Gabriele Galateri di Genola was born on 11th January 1947 in Rome, Italy. He graduated In Law and obtained an MBA from Columbia University.
- His professional career began in 1971 at the headquarters of Banco di Roma, with the role of Head of Financial Analysis Office and, later, Head of International Financing.
- In 1974, he joined Saint Gobain Group in Italy as Financial Director and later in Paris until 1976.
- In 1977, he joined FIAT S.p.A., where he had increasingly high-ranking positions: from Head of the North, Central and South American Operations of the International Finance Department to Head of the International Finance Department and Finance Director.
- In 1986, he was appointed Managing Director of IFIL S.p.A. and, in 1993, he also held the position of Managing Director and General Manager of IFI until 2002.
- In June 2002, he was appointed Managing Director of FIAT S.p.A.
- From April 2003 to June 2007, he was Chairman of the Board of Directors of Mediobanca S.p.A. and, from December 3, 2007 until April 12, 2011, he was Chairman of Telecom Italia S.p.A., of which he was a Director until April 2014.
- From April 26, 2003 until April 24, 2010, he was Director and Vice-Chairman of Assicurazioni Generali S.p.A.
- Since April 8, 2011, he has been Chairman - Non-executive Director of Assicurazioni Generali S.p.A., where he is also Chairman of the Corporate Governance, Social & Environmental Sustainability Committee and Member of the Investment and Strategic Transaction Committee.

■ POSITIONS AND FUNCTIONS:

- Assicurazioni Generali S.p.A. (*), Chairman - Non-executive Director, Chairman of the Corporate Governance, Social & Environmental Sustainability Committee, Member of the Investment and Strategic Transaction Committee
- Moncler S.p.A. (*), Non-executive Member of the Board of Directors
- Edenred S.A. (*), Non-executive Member of the Board of Directors
- Lavazza S.p.A., Non-executive Member of the Board of Directors
- Giorgio Cini Foundation, Non-executive Member of the Board of Directors
- Chair of the Italian Technology Institute
- Member of the Board of Overseers of the Columbia Business School
- Member of the European Advisory Board of Temasek
- Member of the Global Advisory Council of Bank of America Merrill Lynch

Flavia Mazzarella

■ EXPERTISE AND EXPERIENCE:

- Mrs. Flavia Mazzarella was born in Teramo on 24th December 1958. She has a degree in Business and Economics, cum laude, from the University of Rome "La Sapienza".
- In 1983, she started her career at CENSIS - Centro Studi Investimenti Sociali as researcher. Between October 1985 and September 1990, she worked as analyst at the study department of Mediocredito Centrale S.p.A.; then she joined Sviluppo Italia S.p.A. until January 1994.
- From 1994 to 2002, she joined the Privatization office at the Ministry of Finance and Economics where she worked as public manager from 2000.
- From 2002 to 2005 she was head of one of the two "Supervisory Service" departments at the Istituto per la vigilanza sulle assicurazioni private e di interesse collettivo (ISVAP). She served in the same Authority as Deputy General Manager until 2012.
- Between November 2009 and December 2010, she was Member of the Management Board of the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) in charge of consumer protection. Later she was appointed as Member of the Management Board of the European Insurance and Occupational Pensions Authority (EIOPA).
- From 2013 to July 2014 she served at Autorità dell'Istituto per la Vigilanza sulle Assicurazioni (IVASS) as public manager with consultancy and support functions to the benefit of the Authority Board.
- During the three-years period 2015 - 2018 she was Director and Member of the Control and Risk Committee of SAIPEM S.p.A.
- Between February 2016 and March 2017, she held the office of Director of Banca Finnat Euramerica S.p.A., where she served as Chairman of the Risk Committee, Member of the Nomination Committee and Lead Independent Director. From March 2017 she is Chairman of the same company.
- Between May 2018 and November 2018, she served as Director of FIGC Servizi S.r.l. From November 2018 she is Director of Garofalo Health Care S.p.A. where she also serves as Chairman of the Control and Risk Committee and Member of the Nomination and Remuneration Committee.
- During her career she was also a Director of Sviluppo Italia S.p.A. and Chairman of regional subsidiaries of the same (Sviluppo Italia Campania S.p.A. and Sviluppo Italia Molise S.p.A.). She was also Member of the Audit Board of "Marco Fanno", the association of the fellows of Mediocredito Centrale S.p.A.
- She participated to committees and working groups established by the Presidency of the Council of Ministers (Presidenza del Consiglio dei Ministri), including: (i) working group for the assignment of the UMTS licenses (2000), (ii) inter-ministerial working group for the analysis of the costs arising from the nuclear decommissioning (2006), (iii) experts commission for the implementation of the project "Initiatives in favour of employment, self-employment and women entrepreneurship" (1998). She also served as Secretary of the Comitato di Consulenza Globale e di garanzia per le Privatizzazioni at the Ministry of Economy and Finance (1999 - 2002) and was a Member of the OECD Privatization Network (2000 - 2002). During her career she also taught at the post degree master "Investment Service" at the University of Rome "La Sapienza" (2005-2012).

■ POSITIONS AND FUNCTIONS:

- Garofalo Health Care S.p.A. (*), Chairman of the Control and Risk Committee and Member of the Nomination and Remuneration Committee
 - Finnat Euramerica S.p.A. (*), Chairman of the Board of Directors
- (*) Listed companies.

Rob van der Valk

■ EXPERTISE AND EXPERIENCE:

- Mr. Van der Valk was born on 28th January 1971 in Castricum, the Netherlands. He holds a Master of Science degree in Business Economics from the Vrije Universiteit of Amsterdam.
- Mr. Van der Valk has over twenty years of capital markets and telecom sector experience on both the buy- and sell-side and has been a close follower of Telecom Italia throughout his career. Mr. Van der Valk is Director of Falcon Eye Consulting Ltd, a London-based consultancy firm he founded.
- From 2007 to July 2018 he was Senior Portfolio Manager and Head of Telecom and Telecom Equipment within the Sector Strategies Division of Norges Bank Investment Management (NBIM) in London, the world's largest Sovereign Wealth Fund. In this role Mr. Van der Valk engaged in detailed financial, strategic and governance related discussions with senior executives and Board Members of a large number of telecom, cable, satellite, tower and datacenter companies around the globe. His approach has always been based on rigorous analysis, financial modelling and a constructive dialogue with companies. He was regularly recognized as a top ranked fund manager by companies in his sector in the annual Extel awards.
- From 2000 to 2007 he worked at Citigroup Global Markets as both European telecom equity research analyst and global telecom specialist salesperson.
- He started his career in London in 1996 as an equity research analyst at Barclays de Zoete Wedd (BZW), soon after acquired by Credit Suisse First Boston (CSFB).

Francesco Vatalaro

- **EXPERTISE AND EXPERIENCE:**
 - Professor Francesco Vatalaro was born in Vibo Valentia on 8th October 1953. In 1977 he graduated in Electronics Engineering from the University of Bologna.
 - Since 1978 to 1980 he worked at "Fondazione Ugo Bordoni", Villa Griffone, as a researcher. Subsequently, he worked as a researcher at the Research Centre FACE Standard since 1980 to 1985.
 - Since 1985 to 1987 he was "group leader" in charge of system engineering for ground stations at Selenia Spazio.
 - Since 2000 he is Full Professor of Telecommunications at the University of Rome "Tor Vergata", where he had previously served as Associate Professor of Telecommunications since 1987.
 - Since 1987 to 1989 for Alenia Spazio he was in charge of the ground segment of the project Data Relay System of the European Space Agency (ESA).
 - He was a Member of the Board of Directors of Consorzio di Ricerca CoRiTcL for five years (1995 - 2000).
 - Since 2001 to 2008 he held office of Chairman of Consorzio di Ricerca RadioLabs, that he also founded. Since 2003 to 2007 he was a Member of the Directive Board of CNIT.
 - He was Principal Investigator of one of the main national projects in the TLC sector, the national research project FIRB "Virtual Immersive Communications" (VICOM) of the Ministry of Education, University and Research (2002 - 2006).
 - In 2006 he joined the Scientific Committee of Thales (former Alcatel) Alenia Space, of which he was a Member until 2010.
 - Since 2008 he is Member of the Board of Directors, appointed by the University of Rome "Tor Vergata", of the Consorzio di Ricerca RadioLabs.
 - He was Chairman of the "Comitato NGN Italia" of the Communications Regulatory Authority (AGCOM) since 2009 to 2012.
 - Since 2010 to 2012 he was also the chairman of the Italy Section of the IEEE – Institute of Electrical and Electronics Engineers.
 - He was the Chairman of the Advisory Board of F2i/Metroweb (2011) and Member of the Strategic Committee of the IEEE Communications Society (2012).
 - As to the academic activity, he held the following additional positions: Professor of Electrical Communications at the University of L'Aquila (1991 - 1993), Professor of Telecommunications at the High School of Telecommunications (Scuola Superiore di Telecomunicazioni), Ministry of Communication (1995 - 1998 and 2001 - 2005), Visiting Professor at University of Southern California, Electrical Engineering/Systems Dept., Los Angeles, USA, with teaching appointment ("Spread Spectrum Systems" course) (1998), Visiting Professor at University of California Los Angeles, Computer Science Dept., Los Angeles, California, USA, with teaching appointment ("Satellite Networks" course) (2000).
 - Has worked with many institutions such as ISCOM - Ministry of Communications, Arma dei Carabinieri, ISVAP, CNIPA and the Municipality of Rome.
 - He is author and co-author of more than 150 scientific publications on international journals or presented at international conferences
- **POSITIONS AND FUNCTIONS:**
 - Consorzio di Ricerca RadioLabs, Director
 - Consorzio di Ricerca CoRiTcL, Director
 - Consorzio di ricerca CNIT, Director
 - Fondazione INNTEA, representative of University of Rome Tor Vergata
 - AGCOM, Chairman of the "Comitato NGN Italia"
 - F2i/Metroweb, Chairman of the Advisory Board
 - IEEE – Institute of Electrical and Electronics Engineers, chairman of Italy Section
 - IEEE Communications Society, Member of the Strategic Committee

Appendix C

In-depth Analysis of TIM's Current Board
Corporate Governance Shortcomings

Timeline Of Recent Events

- **6-Mar Amos Genish announces DigiTIM industrial plan during FY17 results¹**
- **9-Apr publication of Elliott's "Transforming TIM" presentation in which Elliott expresses support for CEO Amos Genish and his team²**
- **24-Apr Amos Genish confirmed TIM Director** by the AGM with a 98% approval rate³, including **Elliott's favourable vote**
- **4-May Full Elliott slate elected** on TIM's Board⁴
- **16-May TIM Q1 results** – "*Solid quarterly results, driven by positive performance in Italy and strong growth in Brazil supported by DigiTIM strategy*"⁵
- **Summer**: continued speculations of Amos Genish's potential dismissal
- **24-Jul TIM Q2 results** – "*Operational results in line with the DigiTIM plan confirm TIM's leadership in a highly competitive, challenging market*"⁶
- **8-Nov TIM Q3 results** – "*Resilient operating performance, consistent EBITDA - CapEx growth and debt reduction*"⁷; "*€2bn write-down on the goodwill of the Core Domestic business*"⁸ mainly **driven by exogenous factors** (see slide 42)
- **12-Nov Telecom Italia**, and its CEO Amos Genish, initiates conversation with **Vodafone** to **jointly build a next-generation wireless network in Italy**⁹
- **13-Nov Amos Genish ousted**¹⁰
- **18-Nov Luigi Gubitosi**, an **Elliott slate Board Member**, named new CEO **only five days after previous CEO removal**, following a **battle with fellow Elliott-elected Member Alfredo Altavilla**¹¹
- **6-Dec** TIM Board refuses to discuss the opportunity to call a Shareholders' Meeting to elect new External Auditors¹²
- **14-Dec** Vivendi submits to the Board a request for a Shareholders' Meeting
- **21-Dec** Board postpones the discussion about Vivendi's request to call a Shareholders' Meeting¹³
- **14-Jan Board continues the use of delaying tactics which place the company in a state of extended paralysis and uncertainty for employees, shareholders and other stakeholders and sets the date for the next Shareholders' Meeting for 29th of March**¹⁴
- **17-Jan** TIM pre-announces weak Q4 results and 2019 outlook, implying an either abrupt material lapse in operational and financial discipline within the Company, following the disorderly ousting of Amos Genish weeks earlier¹⁵, or a cynical move to "kitchen-sink" market expectations
- **21-Feb** TIM releases its 2018 financials and its new industrial plan

1. Source: Telecom Italia, see [here](#)

2. Elliott "Transforming TIM" presentation (9th April 2018)

3. Source: Telecom Italia, see [here](#) and [here](#)

4. Source: Telecom Italia, see [here](#)

5. Source: Telecom Italia, see [here](#)

6. Source: Telecom Italia, see [here](#)

7. TIM Earnings Call (8th November 2018)

8. Source: Telecom Italia, see [here](#)

9. Source: Bloomberg, see [here](#)

10. Source: Telecom Italia, see [here](#)

11. Il Messaggero (16th November 2018), Il Sole 24 Ore, La Stampa, La Repubblica (18th November 2018)

12. Source: Telecom Italia, see [here](#)

13. Source: Telecom Italia, see [here](#)

14. Source: Telecom Italia, see [here](#)

15. Source: Telecom Italia, see [here](#)

Examples Of Poor And Inconsistent Corporate Governance Practices (1/7)

- Refusal to discuss the opportunity to call a Shareholders' Meeting to appoint new External Auditors
 - Current external auditors mandate **expires with the auditing of FY18 financials**
 - To ensure a smooth transition between auditors, **conferring a mandate ahead of time is becoming the norm and strongly recommended**
 - In February 2018, the **Board of Statutory Auditors** pointed out that "*starting the process before the expiry of PwC's mandate was indispensable to respect the principles of independence*"¹. To this extent, with the absence of a timely call of the Shareholders' Meeting, **TIM is suffering serious damage** as, starting from 1st January 2019, it is **prevented from granting "prohibited non-audit services"** to any of the potential candidates for the role of external auditor of the Company
 - **Delay in calling a Shareholders' Meeting to discuss the appointment of new External Auditors** is linked to **Board concerns that shareholders could add a resolution to discuss other governance topics, e.g. the removal of some Elliott-nominated Board Members**
- Vivendi formally requested on 14th December 2018 to set the Shareholders' Meeting date **as soon as possible**; TIM's Board refused to discuss the matter on their **21st December meeting** and eventually **decided on 14th January to set the Shareholders' Meeting date for the 29th March 2019**, i.e. more than three months after the initial request was made, even though the **Italian Civil Code requires the Board of Directors to "call a Shareholders' Meeting without delay"** and sanctions Directors who fail to call a meeting within 30 days of the Shareholders' request²

Examples Of Poor And Inconsistent Corporate Governance Practices (2/7)

- Implementing a €2bn impairment charge in Q3-18, without accompanying this with the announcement of a recovery plan and any changes to guidance¹
 - On 8th November, TIM stated that the write-down was due to *the deterioration of the competitive and regulatory context and to the increased interest rates*², however, no new guidance or plan was issued in response, raising the question of how the targets will be reached
 - In fact, the impairment was used as an **excuse to attack TIM's previous management**, who did not have a chance to present its recovery plan and whose CEO was revoked just a few days later, on 13th November
 - Moreover, there is an inconsistency between the impairment and the fact that **TIM's revenues, EBITDA and Free Cash Flow targets were not revised**
- Issuing a profit warning in Q4-18³ despite a deviation of only c.1%⁴ from consensus broker estimates
 - Coverage analysts reacted negatively to the news: "*The opaque worded outlook for 2019 suggests that the bad news is likely to keep flowing as the company seems rudderless and adrift in turbulent waters*"⁵
 - "*New CEO Luigi Gubitosi is throwing the kitchen sink at his predecessor's ambition to grow domestic EBITDA...*"⁵
 - "*Telecom Italia's profit warning barely days after selling bonds has left investors fuming at the falling value of their holdings*"..."Any company that announces a profit warning just a week after a bond issue does a disservice to itself and creates negative feeling among bond investors"..."**For a company with such a large amount of outstanding debt it is a particularly surprising course of action**"⁶.

1. Except for the 2.7x 2018 NFP/EBITDA target "In consideration of several factors, including the Golden Power fine, the adverse competitive and regulatory environment in the domestic business and the weakening of exchange-rate in Brazil, the Company is not reaffirming its 2.7 Net Financial Position / EBITDA pre-spectrum target for year-end 2018"

2. Source: Telecom Italia, see [here](#)

3. Source: Telecom Italia, see [here](#)

4. Bloomberg consensus estimates as of 16th January 2019

5. Reuters, "Telecom Italia profit warning exposes shareholder divisions", see [here](#)

6. Bloomberg, "Telecom Italia's Warning Following Bond Sale Leaves Sour Taste" (18th January 2019)

Examples Of Poor And Inconsistent Corporate Governance Practices (3/7)

- **The dismissal process of Amos Genish was at odds with basic corporate governance practices**

- On Thursday, 8th November 2018 (10:28PM), TIM published a press release¹ mentioning that the Board had approved its Q3 interim results. The following day (9th November), TIM's CEO and CFO presented the results to the financial community in a conference call. The Board welcomed TIM's resilience and reiterated its support for the plan
- On Sunday, 11th November 2018, responding to a report by Il Messaggero, TIM denied that any Board meeting would be scheduled before 6th December²
- On Monday evening, 12th November 2018, an emergency Board meeting was called to discuss Amos Genish's position as CEO, despite the fact that Chairman Conti had reassured CEO Genish, who was leaving for a business trip to Asia, that no discussions were imminent³
- On Tuesday, 13th November 2018, the Board met at dawn. At 9:30AM, TIM published a press release⁴ announcing the removal of all powers conferred to Amos Genish
- On Sunday, 18th November 2018, Luigi Gubitosi was appointed as CEO against TIM's procedures regulating the CEO succession process

1. Source: Telecom Italia, see [here](#)
2. Source: Bloomberg, see [here](#)
3. Source: Financial Times, see [here](#)
4. Source: Telecom Italia, see [here](#)

Examples Of Poor And Inconsistent Corporate Governance Practices (4/7)

- **Shadow Board meetings, with the participation of Elliott representatives**
 - According to press reports¹, the Elliott-nominated Members held shadow Boards excluding all other Independent and Vivendi-related Members to discuss matters related to Amos Genish's succession as a CEO
 - Elliott representatives and advisors have reportedly participated in these reserved discussions
 - **Exclusion of other Board Members from succession discussions are contrary to any corporate governance rule; the press reported that these procedures triggered criticism by the Statutory Auditors and attention from the Authorities¹**
- **Chair of Nomination and Remuneration Committee, Alfredo Altavilla, openly tried to run as CEO²**
 - Altavilla pursued his own personal interests as opposed to benefiting all TIM shareholders, as his Committee should have guaranteed
 - He is reported to have fought a fierce battle outside corporate bodies and the principles regulating the succession plan within TIM Group against the elected CEO Luigi Gubitosi

Examples Of Poor And Inconsistent Corporate Governance Practices (5/7)

- The new CEO nominated within five days without complying with the standard CEO succession plan procedures adopted by the Company
 - The CEO succession plan envisages a structured selection procedure of the CEO's candidates, according to which:
 - i. The Board of Directors delegates the Nomination and Remuneration Committee to identify the group of candidates;
 - ii. The Nomination and Remuneration Committee proposes the characteristics for the ideal candidate profiles, supplementing them with any indications provided by the Executive Directors;
 - iii. The Board of Directors approves the characteristics of the ideal candidates for the succession;
 - iv. The Nomination and Remuneration Committee ensures that the key resources appraisal system is updated;
 - v. The Nomination and Remuneration Committee [...] identifies and monitors, annually, a group of candidates;
 - vi. The Nomination and Remuneration Committee reports annually to the Board of Directors on its activity¹
- These procedures were not followed for the nomination of Luigi Gubitosi as CEO, whose nomination was "pre-packaged" during the shadow meetings held by Elliott representatives and Elliott-nominated Board Members
- No third-party CEO candidates were solicited or taken under consideration during the process

1. See 2017 Report on Corporate Governance and Share Ownership of TIM page 23, see [here](#)

Examples Of Poor And Inconsistent Corporate Governance Practices (6/7)

■ Chairman Fulvio Conti

- **Carries overall responsibility for the serious shortcomings in the governance of TIM**
- Acted as an Executive Director by continuously interfering with the CEO's activity, and orchestrated and conducted the 'coup' to replace Amos Genish, starting with his refusal to submit to the board the remedial actions that could have avoided the goodwill writedown on November 8, followed by the overnight call of a Board meeting on November 13 while Mr. Genish was in Korea, and then presided over the five-day process to nominate and select the new CEO Luigi Gubitosi
- Proved incapable of stopping leaks regarding the potential departure of Amos Genish during the summer
- Moreover, spread misleading statements and accusations on Vivendi, describing it as "*someone who is not at ease*"¹, commenting that "*We should not waste time defending ourselves from a shareholder that actually created this situation*"²; and stating "*Plan developed by them [Vivendi] and managed by Amos Genish, nominated by them [...] [Vivendi] wants to have Direzione e Coordinamento*"³;
- As a reminder, the DigiTIM plan was developed independently by TIM's management and approved by TIM's Board; Amos Genish was elected by the majority of TIM shareholders with a 98%⁴ approval rate

1. La Stampa (8th September 2018)

2. Il Sole 24 Ore, Milano Finanza, La Repubblica, Il Messaggero, Il Giornale (12th December 2018)

3. Corriere della Sera (22nd December 2018)

4. Source: Telecom Italia, see [here](#) and [here](#)

Examples Of Poor And Inconsistent Corporate Governance Practices (7/7)

- Decision of not nominating a Lead Independent Director in May, which was then reversed in July with the appointment of Dante Roscini
 - The Borsa Italiana Corporate Governance Code recommends nominating a Lead Independent Director only in the event that either the Chairman is the person controlling the issuer or that he/she is also the Chief Executive Officer¹
 - Reversing the initial decision of not nominating a Lead Independent Director is inconsistent with the presence of an Independent Chairman

Appendix D

TIM's Operating Performance under
Previous Management

TIM's Previous Management Delivered Resilient Results In A Challenging Market Despite An Un-supportive Board

Source: TIM results (9th November 2018)

1. Source: Telecom Italia, see [here](#)

2. Source: Telecom Italia, see [here](#)

3. Source: Telecom Italia, see [here](#)

- TIM outperformed peers in a challenging domestic market, despite a lack of management support since Elliott's Board election
 - Q1 2018: "The **solid results of Q1 2018** are driven by **positive Domestic performance** and strong growth in Brazil which confirm we are already leveraging on the **progress made with our DigiTIM strategy.**"¹
 - Q2 2018: "The **domestic mobile segment continued to perform well** in the second quarter of the year...due to **better operating performances which more than offset the competitive and regulatory challenges**...These solid operating results were accompanied by **careful discipline on costs**, which brought **efficiencies in Opex and major results in Capex.**"²
 - Q3 2018: "Despite a complex and challenging macro-economic and market context, **the first nine months of the financial year showed a solid operational management trend.**"³
- €2bn impairment charge announced in Q3 2018 due only to external factors
 - "The decision to write-down the goodwill follows an impairment test and does not affect TIM's cash flows and was due to the **deterioration of the competitive and regulatory context and to the increased interest rates.**"³
 - Despite the deteriorating competitive and regulatory context, no adjustment was made to the three-year plan: "The write-down does not change the strategic priorities defined in the three-year Plan and does not consider the reviews that will be brought to the Board's approval aiming at improving operational and financial performance of the Company."³

Successful Execution of the Plan Acknowledged by the Board

- TIM Q3 results were approved by the Board, who showed support to the operational direction of the company and continued execution of the DigiTIM plan, and signed off TIM's Q3 press release and results presentation
 - “Despite a complex and challenging macro-economic and market context, the first nine months of the financial year showed a **solid operational management trend**. Particular attention was paid to the **evolution of 5G technology**, which will represent a **key value creation lever**”
 - “The fixed segment benefited from the launch of new premium offers and the strong increase in fibre accesses”
 - “In the mobile segment TIM was confirmed as the operator with the greatest customer base resilience”
- Commitment to the plan was reiterated; 3-year objectives were not reviewed
 - “**The Company remains committed to the strategic priorities of its plan, which will be reviewed and enhanced**”
 - “**The implementation of the DigiTIM Strategic Plan continued**, the **positive effects** of which were recorded in particular in the efficient management of Group CAPEX”
 - “**The investments of the Domestic Business Unit totalled 2 billion euros [...] and bring the CAPEX/Sales ratio to 17.5%, in line with the long-term objectives of the Plan that have the ratio below 20%**”
 - “**Ultra broadband coverage extended in line with Plan**”
- All public documents show TIM's Board full support of the plan until the date of the results publication

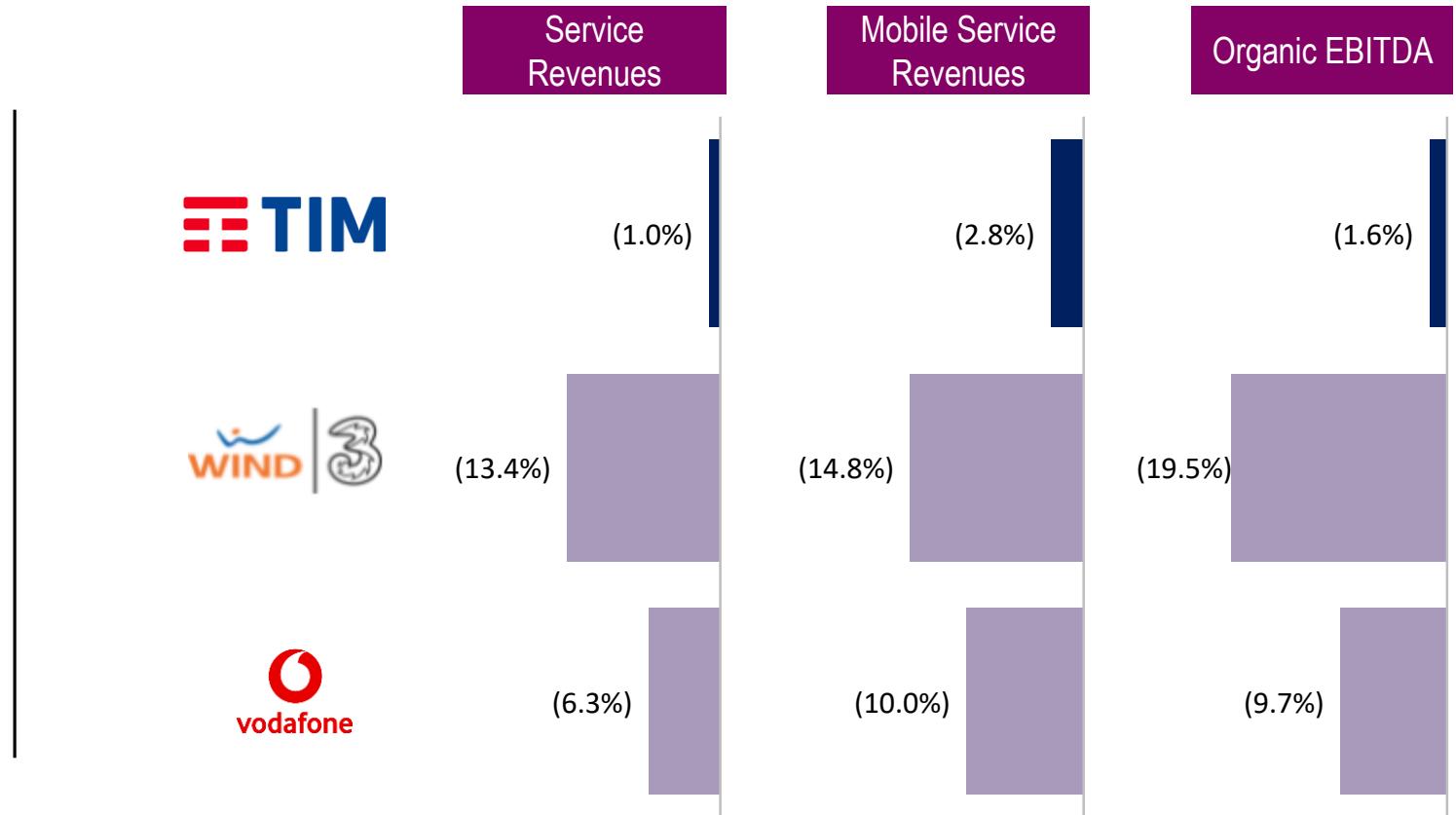
TIM Most Resilient Operator In Italy Outperforming Peers

-
Q3 2018 Financial Performance
(Y-o-Y Domestic Growth)



Source: TIM, Wind3, Vodafone

Note: All figures refer to quarterly YoY changes, except Vodafone EBITDA (which refers to semi-annual YoY changes)



"TI proving to be resilient to Iliad entry, outperforming peers in the market and with KPIs and service revenues better than many had feared. This was confirmed with the 3Q18 results last week."

Coverage Analyst Quote (November 2018)

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