



INWIT - INFRASTRUTTURE WIRELESS ITALIANE S.P.A.

**EXPLANATORY REPORT BY THE BOARD OF DIRECTORS OF INWIT - INFRASTRUTTURE
WIRELESS ITALIANE S.P.A.**

on the agenda items of the ordinary and extraordinary shareholders' meeting convened for
December 19, 2019

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To the Shareholders:

This explanatory report (the “**Report**”) has been prepared by the Board of Directors of Inwit - Infrastrutture Wireless Italiane S.p.A. for the purpose of describing:

- (i) pursuant to Article 2501-*quinquies* of the Civil Code and, on a voluntary basis, pursuant to Civil Code Article 2501-*bis*, as well as Article 70 of the Issuers' Regulation (hence following Schedule 1 of Annex 3A thereto), the legal and economic rationale for the merger of VOD Towers S.r.l. (“**VOD Towers**” or the “**Non-Surviving Company**”) and Inwit - Infrastrutture Wireless Italiane S.p.A. (“**Inwit**” or the “**Surviving Company**”) (the “**Merger**”);
- (ii) pursuant to Art. 125-*ter* of the Consolidated Finance Act (TUF) and Art. 72 of the Issuers' Regulation (in particular Schedule 3 of Annex 3A thereto), the changes to Inwit's by-laws as a result of the Merger and its new ownership structure post-Merger;
- (iii) pursuant to Art. 125-*ter* TUF, the election of two directors;
- (iv) pursuant to Art. 125-*ter* TUF, the distribution of an extraordinary dividend.

DEFINITIONS

Commonly used terms in this Report are defined as follows, unless otherwise specified. Where applicable, terms defined in the singular have the same meaning in the plural, and vice versa.

Deed of Merger	The deed of merger to be signed by Inwit and VOD Towers on the Closing Date.
Borsa Italiana	The Italian Stock Exchange, Borsa Italiana S.p.A., with registered office at Piazza degli Affari 6 in Milan.
Civil Code	Royal Decree 262 of March 16, 1942, as amended.
Corporate Governance Code	The Corporate Governance Code for Listed Companies, published by the Italian Corporate Governance Committee as endorsed by Borsa Italiana.
RPT Committee	The Control and Risk Committee appointed on April 13, 2018, which acts as related party transactions committee for the purposes of the RPT Procedure. As of the date of the Disclosure Document, it is comprised of independent directors Luca Aurelio Guarna (chairman), Francesca Balzani, and Secondina Giulia Ravera.
Sale	The sale by VOD EU and the purchase by Inwit of the Minority Holding in VOD Towers, to take place the instant preceding the Effective Date, subject to final registration of the Deed of Merger in the Companies Register.
Conditions Precedent	The conditions set for finalization of the Transaction, as specified in the introduction to this Report.
CONSOB	The Commissione Nazionale per le Società e la Borsa (market regulator), with registered office at via G.B. Martini 3 in Rome.
Service Agreements	The Active Sharing Agreement, to be signed by TIM and VOD to govern reciprocal rights and obligations with respect to the sharing of their active infrastructure; the Passive Sharing Agreement, to be signed by TIM, VOD, and Inwit upon signing the Service Agreements other than TIM MSA and VOD MSA, to govern their rights and obligations with respect to the sharing of Inwit's and VOD's passive infrastructure; VOD MSA, the Master

	<p>Service Agreement to be signed by Inwit and VOD on the Closing Date, with effect from the Effective Date, that will govern the hosting services of the sites made available to Inwit as a result of the Merger; and TIM MSA, the new Master Service Agreement to be signed by Inwit and TIM on the Closing Date, with effect from the Effective Date, that will govern the hosting services of the sites made available to Inwit as a result of the Merger.</p>
Price	<p>The sum of 2,140,000,000 euros for the purchase of the Minority Holding in VOD Towers, to be deposited by the Closing Date in an escrow account opened by Inwit for itself and VOD EU and released upon final registration of the Deed of Merger in the Companies Register.</p>
Closing Date	<p>The 10th (tenth) business day following the satisfaction (or waiver) of the last of the Conditions Precedent, unless on that date there is any Pending Antitrust Case, in which case the closing date of the Transaction may be postponed (at the joint request of VOD EU and VOD or if requested severally by Inwit or TIM) to the earlier of:</p> <ul style="list-style-type: none"> (i) the 10th business day following 30 June 2020; (ii) the 10th business day following the conclusion of the Pending Antitrust Case, <p>it being understood that if the Pending Antitrust Case has not been concluded by date (i) above, the parties will in any case close the Transaction on the 10th business day following 30 June 2020 as long as the Conditions Precedent have been satisfied (or waived).</p>
Effective Date	<p>The date (and time) – within fifteen days of final registration of the Deed of Merger in the Companies Register – from which the Merger will be effective pursuant to Civil Code Art. 2504-<i>bis</i>, to be specified in the Deed of Merger in accordance with Borsa Italiana considering that as of that date the New Inwit Shares must be listed on the Stock Exchange (MTA). Following Inwit's shareholders' meeting, the Effective Date will be announced in a dedicated press release published on the company's website (www.inwit.it).</p>

Extraordinary Distribution	The distribution of reserves that Inwit's shareholders' meeting is asked to approve together with the Merger, as explained in this Report.
Equita	Equita Group S.p.A., registered office at Via Turati 9 in Milan, the independent financial consultant hired to assist the RPT Committee formulate an opinion of the Transaction as required by Art. 19 of the RPT Procedure.
Framework Agreement	The agreement signed on July 26, 2019 by TIM, VOD, VOD EU, and Inwit, governing the terms and conditions of the Transaction and, inter alia, the operations preparatory and/or functional to the Merger (such as the absorption of VOD Towers and the Spin-off), the interim management of the Merging Companies, and the Conditions Precedent, as well as the terms and conditions of the industrial partnership between TIM, VOD, and Inwit entailing signature of the Service Agreements.
Merger	The absorption of VOD Towers by Inwit, as described in this Report.
Adverse Impact	Regarding Inwit and/or the Towers Unit (until completion of the Spin-off) or VOD Towers (after completion of the Spin-off), a substantial, objective adverse impact on the value of the business as measured on the signature date of the Framework Agreement; regarding the objectives the parties have set in signing the Framework Agreement or the Service Agreements (except as concerns active network sharing), the fact that the pursuit of those objectives is or will be prevented, seriously compromised, or significantly prejudiced.
Inwit or Issuer	Inwit - Infrastrutture Wireless Italiane S.p.A., an Italian joint-stock company with registered office at Via Gaetano Negri 1 in Milan, no. 08936640963 in the Companies Register of Milan, Monza, Brianza, and Lodi, share capital 600 million euros represented by shares traded on the MTA.
Long Stop Date	The date by which the Conditions Precedent must be satisfied, i.e. March 31, 2020 or, if the Condition Precedent per letter (g) of the list of conditions applies, October 31, 2020, save for the possibility to postpone the Closing Date as mentioned in the

	definition thereof.
Mediobanca	Mediobanca – Banca di Credito Finanziario S.p.A., with registered office at Piazzetta Enrico Cuccia 1, 20121 Milan.
MTA	The Mercato Telematico Azionario (electronic stock market) organized and managed by Borsa Italiana.
New Inwit Shares	The 360,200,000 ordinary shares with zero par value to be issued by Inwit and assigned to VOD EU as of the Effective Date, against the cancellation of VOD EU's interest in VOD Towers, to service the share swap.
New Inwit By-Laws	The new by-laws of Inwit, which form an integral part of the Merger Plan, subject to approval by Inwit's extraordinary shareholders' meeting convened to approve the Merger.
Transaction	The comprehensive transaction to combine VOD's and Inwit's towers through (i) the formation of VOD Towers, its spin-off to and subsequent absorption by Inwit and (ii) the formation of an industrial partnership with the signing by Inwit, VOD, and TIM of a new master service agreement (TIM MSA and VOD MSA) and a passive sharing agreement, as described in the Introduction.
Minority Holding in VOD Towers	The 43.4% interest in the share capital of VOD Towers, object of the Sale.
RPT Procedure	The “Procedure for the Execution of Related Party Transactions,” approved by Inwit's Board of Directors on December 11, 2018 pursuant to Civil Code Art. 2391- <i>bis</i> and the RPT Regulations.
Merger Plan	The plan for the absorption of VOD Towers by Inwit, prepared pursuant to Civil Code Art. 2501- <i>ter</i> and, on a voluntary basis, pursuant to Civil Code Art. 2501- <i>bis</i> , approved by the Boards of Directors of Inwit and VOD Towers on November 18, 2019.
PWC	PricewaterhouseCoopers S.p.A., with registered office at Via Monte Rosa 91, 20149 Milan.
Towers Unit	The business unit of VOD – to be spun off to VOD Towers – that builds and operates the passive infrastructure (towers,

	pylons, poles, etc.) and technological systems hosting equipment owned by mobile telephone operators and other equipment for radio stations, telecommunications, television stations, and emitters of radio signals.
Swap Ratio	For the Merger, the number of New Inwit Shares assigned to VOD EU against cancellation of its entire interest in VOD Towers as a result of the Sale. The Minority Holding in VOD Towers will be cancelled without exchange of shares.
Issuers' Regulation	The set of regulations for issuers adopted by CONSOB with Resolution 11971 of May 14, 1999, as amended.
RPT Regulations	The Regulations for Related Party Transactions adopted by CONSOB with Resolution 17221 of March 12, 2010, as amended.
Spin-off	The spin-off of a VOD business to VOD Towers pursuant to Civil Code Art. 2506 and consequent assignment of the Towers Unit to VOD Towers.
VOD Towers Merger Financial Position	The financial position of VOD Towers at September 30, 2019, without the rest of the financial statements (income statement and notes), given that VOD Towers will be dormant until the effective date of the Merger and will therefore have no profits and losses.
Surviving Company	Inwit.
Non-Surviving Company	VOD Towers.
Merging Companies	(Jointly) Inwit and VOD Towers.
TIM	TIM S.p.A., an Italian joint-stock company with registered office at Via Gaetano Negri 1 in Milan, no. 00488410010 in the Companies Register of Milan, Monza, Brianza, and Lodi, share capital 11,677,002,855.10 euros represented by shares traded on the MTA.
TUF	The Consolidated Finance Act (Legislative Decree 58 of February 24, 1998, as amended).

VOD	Vodafone Italia S.p.A., an Italian joint-stock company with registered office at Via Jervis 13 in Ivrea, no. 93026890017 in the Companies Register of Turin, share capital 2,305,099,887.30 euros.
VOD EU	Vodafone Europe B.V., A Dutch company with registered office at Rivium Quadrant 73 in Capelle aan de IJssel (Rotterdam), listed as no. 804794297 with the Dutch Chamber of Commerce.
VOD Towers	Vodafone Towers S.r.l., an Italian limited liability company with registered office at Via Lorenteggio 240 in Milan, no. 10934930966 in the Companies Register of Milan, Monza, Brianza, and Lodi, share capital 10,000.00 euros.

INTRODUCTION

With a mutual desire to undertake the integration of VOD's and Inwit's towers, on July 26, 2019 the two companies' Boards of Directors approved a Framework Agreement to govern the terms and conditions of the Transaction (see Inwit's press release of July 26, 2019, available online at www.inwit.it - Media - Press Releases).

The key provisions of the Framework Agreement are summarized below.

Structure of the Transaction

The Transaction will take place as follows:

- (i) by August 31, 2019 VOD EU will incorporate VOD Towers, with paperwork formalized on August 1, 2019 and registered on August 5;
- (ii) the Towers Unit will be spun off to VOD Towers by December 31, 2019;
- (iii) On the Closing Date, VOD EU and Inwit will finalize the Sale, to take place the instant preceding the Effective Date, subject to final registration of the Deed of Merger in the Companies Register;
- (iv) the Deed of Merger will be signed on the Closing Date and the Merger will be in effect as of the Effective Date, entailing simultaneous cancellation of VOD EU's residual holding in VOD Towers as a result of the finalized Sale and admission to trading of the New Inwit Shares;
- (v) the New Inwit By-Laws will be adopted subject to approval by Inwit's extraordinary shareholders' meeting, with effect from the Effective Date;
- (vi) on the Closing Date, TIM and VOD EU will sign a shareholders' agreement governing their relationship as future shareholders of Inwit subsequent to conclusion of the Transaction, with effect from the Effective Date (the **"Shareholders' Agreement"**);
- (vii) TIM, VOD, and Inwit will sign the Service Agreements;
- (viii) an extraordinary dividend, if applicable, will be paid to the shareholders of Inwit post-Merger.

Material related party transaction pursuant to the RPT Regulations

Because of the control relationship between TIM and Inwit (TIM exercises management and coordination of the latter) and the size of the Transaction, it is a "material related party transaction" pursuant to the RPT Regulations and RPT Procedure. Therefore, the RPT Committee was involved in the preparatory phase and in the negotiation and definition of the Framework Agreement, and on July 26, 2019 expressed its favorable opinion of the Issuer's interest in carrying out the Transaction and the advantageousness and substantive fairness of the conditions agreed. For further information, see the Disclosure Document prepared in accordance with Art. 5 of the RPT Regulations, published on August 1, 2019 and available online at www.inwit.it - Governance - Prospetti - Documenti Informativi (the **"Disclosure Document"**).

Representations and warranties of the parties

Consistent with market practice for comparable transactions, all parties to the Framework Agreement made representations and warranties concerning themselves, their existence, and their standing to sign the agreement, which shall be considered true and accurate as of the signing of the Framework Agreement and as of the Closing Date.

Subject to the effectiveness of the Merger, TIM – in its capacity as parent company of Inwit – provided additional warranties concerning Inwit and its operations, and VOD EU – in its capacity as sole shareholder of VOD (owner of VOD Towers) as well as future sole shareholder of VOD Towers – provided additional warranties concerning VOD Towers and the Towers Unit. These warranties shall be considered true and accurate as of the signing of the Framework Agreement and as of the Closing Date. It is therefore understood that subject to the effectiveness of the Merger, TIM and/or VOD EU, as applicable, will indemnify Inwit for any damages Inwit may suffer should these representations and warranties (construed as triggering events) turn out to be untrue or inaccurate as of those dates (and, in TIM's case, provided this arises from facts, events, or omissions occurring after April 1, 2015). Such indemnity obligations are limited in amount and timing, as follows: a *de minimis* of 25,000 euros applicable to both parties (save for serial events), a cap of 450 million euros on indemnities from VOD EU, and a cap of 30 million euros on indemnities from TIM (taking account of the fact that TIM's indemnity obligation, under the Framework Agreement, concerns only the liabilities Inwit may incur as a result of facts, events, or omissions occurring after April 1, 2015).

In addition, the Framework Agreement states that as of the Closing Date, Vodafone Group Plc (parent of both VOD EU and VOD) will release a UK-law “parent company guarantee” in favor of Inwit, with no limitation as to amount, to cover any liabilities Inwit may incur further to completion of the Merger as a result of the joint liability of VOD Towers arising by law from the Spin-off (the “**VOD UK Guarantee**”).

It is also agreed that as of the Closing Date, Inwit will receive: (i) written confirmation from VOD renewing its commitment to the indemnity obligations it has assumed with respect to VOD Towers in the deed of Spin-off; and (ii) written confirmation from TIM renewing its commitment to the indemnity obligations it has assumed with respect to Inwit in the deed of transfer of March 26, 2015 and in the indemnity agreements signed by TIM and Inwit on June 3, 2015.

Interim period

From the signing of the Framework Agreement until the Closing Date, Inwit will conduct business as usual, consistently with past practice, without entering into contracts or other operations of an extraordinary nature.

Likewise, from the signing of the Framework Agreement until the Closing Date, as applicable to VOD Towers, VOD will conduct (with regard to the Towers Unit) and VOD EU will ensure that VOD Towers conducts business as usual, consistently with past practice, without entering into contracts or other operations of an extraordinary nature.

Conditions Precedent

Pursuant to the Framework Agreement, the “closing” of the Transaction – meaning the signing of the Deed of Merger and completion of the other formalities envisaged as of the date of the Deed of Merger, such as the closing of the Sale agreement – is subject to the satisfaction or, within the limits set by law, to the waiver of the following Conditions Precedent:

- (a) the Spin-off must be completed and take effect by December 31, 2019;
- (b) the Merger and its documentation must be approved by the extraordinary shareholders' meeting of Inwit in accordance with the whitewash procedure described in Section 7 of this Report, and by the extraordinary shareholders' meeting of VOD Towers;
- (c) the independent expert, in the Report on Fairness of the Swap Ratio, must issue a positive opinion;
- (d) Inwit's extraordinary shareholders' meeting must approve the New Inwit By-Laws, with effect from the Effective Date;
- (e) the approval resolutions per letter (b) above must be filed with the appropriate Company Registers and there must be no opposition from the creditors of the Merging Companies pursuant to Civil Code Art. 2503 (or, if there is such opposition, it must not be of an extent to prevent execution of the Deed of Merger);
- (f) Inwit and VOD Towers, pursuant to Art. 47 of Law 428/1990, must complete union consultations regarding the Merger;
- (g) if required (and if the deadline has passed), the European Commission or the Antitrust Authority must have authorized the Transaction in accordance with EC or Italian legislation on business combinations (i.e. Law 287/1990), it being understood that such authorization must not entail conditions or, if it does entail conditions or commitments aimed at overcoming competition-related issues, these must not be of an extent to cause or potentially cause an Adverse Impact;
- (h) if the European Commission has confirmed that the Transaction will not create a “full-function joint venture”:

- 1) the European Commission or the Antitrust Authority must reach a final decision pursuant to Regulation 1/2003 or Law 287/90 (as applicable) and said decision must not cause an Adverse Impact; or
- 2) in the event of a case brought to the European Commission or the Antitrust Authority pursuant to Art. 101(1) TFEU or corresponding Italian law (e.g. a decision pursuant to Art. 11[6] of Regulation 1/2003 or Art. 14 of Law 287/90) (a “**Pending Antitrust Case**”), as of the Closing Date there must be no objective, concrete circumstances that may lead the European Commission or Antitrust Authority to reach a decision that may cause an Adverse Impact; or
- 3) in the event of a Pending Antitrust Case for which the parties have proposed to the authorities any commitments, obligations, and corrective measures aimed at overcoming competition-related issues: (i) such commitments, obligations, and corrective measures aimed at overcoming competition-related issues must not have been rejected before or as of the Closing Date; and (ii) as of the Closing Date there must be no objective, concrete circumstances that may lead the authorities to reject such commitments, obligations, and corrective measures and in so doing produce an Adverse Impact;
 - (i) the competent authorities must grant the authorizations to complete the Transaction (including the Spin-off) as required by law, including Legislative Decree 21/2012 converted into Law 56/2012 (the “golden power” law);
 - (j) no legislation must be enacted, definitive or provisional court decision reached, or order, decree, or pronouncement issued by a competent judicial or supervisory authority that may invalidate, render unlawful, or prevent the completion of the Spin-off and/or Transaction, and no definitive or provisional court decision must be reached or order, decree, or pronouncement issued by a competent judicial or supervisory authority that imposes a significant penalty (so as to cause an Adverse Impact) in the event the Transaction is completed;
 - (k) no events must occur that are substantively prejudicial, unpredictable, and beyond the parties' control that cause the parties to miss or substantively modify the objectives they have set in signing the Framework Agreement and Service Agreements (excluding, for the purposes of this condition, the Active Sharing Agreement);
 - (l) TIM and/or VOD EU (or their parent companies, subsidiaries, or companies under joint control) must have no obligation under TUF to launch a public tender offer on ordinary Inwit shares as a result of the Transaction;
 - (m) before the Closing Date, Inwit must have seen to all formalities required by Borsa Italiana for the issuance of the New Inwit Shares and must have therefore satisfied all conditions set by Borsa Italiana for the New Inwit Shares of VOD EU to be admitted to trading on the MTA and tradable as of the Effective Date, on par with the Inwit shares in circulation as of that date.

Provided the Conditions Precedent are satisfied (or waived) by the Long Stop Date, on the Closing Date the Deed of Merger will be signed by Inwit and VOD Towers pursuant to and for the purposes of Art. 2504(1) of the Civil Code.

The Framework Agreement states that the Conditions Precedent must in any case be satisfied (unless otherwise specified with reference to a specific Condition Precedent):

- (i) no later than March 31, 2020; if there is a Pending Antitrust Case (as defined above) and the parties have postponed the Closing Date, no later than the earlier of: (x) June 30, 2020; and (y) the conclusion of the Pending Antitrust Case; or
- (ii) no later than October 31, 2020, if by November 30, 2019 (the “Key Date”) the European Commission has not yet confirmed that the Transaction will not produce a “full-function joint venture” and that there is therefore no filing requirement with the European Commission, or the European Commission has notified its belief that the Transaction will produce a “full-function joint venture.” Note that the Framework Agreement had originally set September 30, 2019 as the Key Date and that TIM announced its postponement to October 31, 2019 in accordance with the terms of that Agreement. On October 31, 2019, the parties to the Framework Agreement decided to postpone the Key Date to November 30, 2019 (see Inwit press release of October 31, 2019, available online at www.inwit.it - Media - Press Releases).

Referring in particular to point (ii) above, on November 18, 2019, TIM and VOD EU notified Inwit and VOD Towers, respectively, that upon the outcome of consultations with the European Commission, TIM and the Vodafone Group will report the Transaction pursuant to Regulation (EC) 139/2004. Therefore, the Condition Precedent stated in letter (g) above must be deemed applicable and the Long Stop Date is set (per the corresponding definition) as October 31, 2020.

Note that if the Conditions Precedent are not satisfied (or waived) by the Long Stop Date, the Transaction risks not being concluded, unless the parties to the Framework Agreement decide to postpone the Long Stop Date. At this time it is difficult to estimate when the Conditions Precedent might be satisfied, especially as concerns letter (g).

The Framework Agreement also states that – if the Closing Date is not on or before April 30, 2020 – the Boards of Directors of Inwit and VOD Towers will consider and jointly decide whether, considering also the directors' duties and applicable laws, they feel it is necessary or in any case advisable to revise the Merger documentation (specifically the financial positions filed for the corresponding shareholders' meetings pursuant to Civil Code Art. 2501-*quater*) and thus convene new shareholders' meetings at both Inwit and VOD Towers to confirm approval of the Merger. In this case, the whitewash procedure would remain in place as far as Inwit is concerned, as would the Swap Ratio – as approved by Inwit's and VOD's Boards of Directors on July 26, 2019 and submitted for the RPT Committee's opinion – which cannot be modified for any reason.

Governance of Inwit post-Merger

Because on July 26, 2019 all members of Inwit's Board of Directors tendered their resignations with effect from the Effective Date, subject to approval of the Merger in accordance with the whitewash procedure, pursuant to the Framework Agreement, prior to the Effective Date Inwit will have to hold an additional ordinary shareholders' meeting to elect a new Board of Directors, and in particular to: (i) determine the number of board members and elect said members and chairperson; (ii) decide the term of office; and (iii) determine total remuneration for all directors, including those with special responsibilities, all with effect from and subject to the effectiveness of the Merger.

For the election of the new Board of Directors and as specifically concerns the procedures, terms, and requirements for submitting lists of candidates, this additional shareholders' meeting will follow the New Inwit By-Laws, the full text of which is annexed to the Merger Plan and submitted for the approval of the Inwit shareholders' meeting convened to approve the Merger.

Adjustment procedure

The Framework Agreement calls for an adjustment procedure depending on the net debt and net working capital of VOD Towers and the net debt and net working capital of Inwit.

Specifically, on whichever of the following dates occurs last – (x) the fifth business day preceding the end of the 60-day period for creditors' opposition to the Merger or (y) the second business day following the receipt of all necessary authorizations listed among the Conditions Precedent in point (i) above, or (w) if applicable, the fifth business day preceding the earlier of (i) June 30, 2020 and (ii) the second business day following the conclusion of the Pending Antitrust Case – VOD EU and Inwit must notify each other of their best estimates, respectively, of the net debt and net working capital of VOD Towers as of the Effective Date and the net debt and net working capital of Inwit as of the Effective Date.

On the basis of these estimates:

- (a) VOD EU will be entitled to have VOD Towers distribute reserves as follows:

- (i) if the baseline net debt of VOD Towers (set in the Framework Agreement at 15.1 million euros) is greater than the estimated net debt of VOD Towers as of the Effective Date, the amount distributed will be the difference between those amounts;
 - (ii) if the estimated net debt of Inwit as of the Effective Date is greater than the baseline net debt of Inwit (set in the Framework Agreement at 190.5 million euros), the amount distributed will be 60% of the difference between those amounts;
 - (iii) if the estimated net working capital of VOD Towers as of the Effective Date is greater than the baseline net working capital of VOD Towers (set in the Framework Agreement at 28.0 million euros), the amount distributed will be the difference between those amounts;
 - (iv) if the baseline net working capital of Inwit (set in the Framework Agreement at 6.0 million euros) is greater than the estimated net working capital of Inwit as of the Effective Date, the amount distributed will be 60% of the difference between those amounts;
- (b) conversely, VOD EU will be required to make non-refundable contributions to VOD Towers in the following cases and for the amounts specified:
- (i) if the estimated net debt of VOD Towers as of the Effective Date is greater than the baseline net debt of VOD Towers (set in the Framework Agreement at 15.1 million euros), the amount contributed will be the difference between those amounts;
 - (ii) if the baseline net debt of Inwit (set in the Framework Agreement at 190.5 million euros) is greater than the estimated net debt of Inwit as of the Effective Date, the amount contributed will be 60% of the difference between those amounts;
 - (iii) if the baseline net working capital of VOD Towers (set in the Framework Agreement at 28.0 million euros) is greater than the estimated net working capital of VOD Towers as of the Effective Date, the amount contributed will be the difference between those amounts;
 - (iv) if the estimated net working capital of Inwit as of the Effective Date is greater than the baseline net working capital of Inwit (set in the Framework Agreement at 6.0 million euros), the amount contributed will be 60% of the difference between those amounts.

If such distributions and/or contributions apply, distributions will be offset against contributions and vice versa.

Within three months of the Effective Date, Inwit must prepare and send to VOD EU a schedule showing the actual amount of Inwit's net debt and net working capital as of the Effective Date, the amount of net debt and net working capital of VOD Towers as of the Effective Date calculated on a pro-forma basis considering the sum distributed to VOD EU or contributed by VOD EU on the basis of estimated figures, the final amount of distributions and contributions calculated on the basis of definitive figures, and the

resulting net balance to be distributed to or contributed by VOD EU.

Should VOD EU disagree with the figures supplied by Inwit, there is a mechanism under the Framework Agreement for assigning the adjustment procedure to an independent expert, whose decisions will be binding on the parties.

As noted in the Framework Agreement, the adjustment, positive or negative as applicable, will refer to the Minority Holding in VOD Towers (43.4%) in the context of and for the purposes of the Sale, and to VOD EU's residual stake in VOD Towers (56.6%) in the context of and for the purposes of the Merger.

* * *

Financing

For the purposes of conducting the Transaction, and specifically for financing payment of the Price and any Extraordinary Distribution, on the basis of a commitment letter signed by Inwit and a pool of banks (the “**Banks**”) on July 26, 2019 negotiations are being finalized for Inwit to borrow from the Banks a total of 3,000,000,000 euros (the “**Financing**”). The Financing will consist of three credit facilities: a bridge facility of 1,500,000,000 euros, a term loan facility of 1,000,000,000 euros, and a revolving credit facility of 500,000,000 euros. The purpose is to finance payment of the Price and the Extraordinary Distribution, as well as to refinance part of Inwit's debt and cover Inwit's cash requirements.

Voluntary compliance with Civil Code Art. 2501-bis

In light of the above, although Civil Code Art. 2501-*bis* does not apply to this Merger, Inwit and VOD Towers have decided to comply with it on a voluntary basis because the Surviving Company post-Merger will retain debt contracted for the purchase of the Minority Holding in VOD Towers. Therefore, this Report also satisfies the third paragraph of Art. 2501-*bis* of the Civil Code and section 1.a *bis* of Schedule 1 of Annex 3A to the Issuers' Regulation.

Admission to trading on the MTA

In light of letter (m) of the Conditions Precedent, the shareholders are hereby informed that prior to the Effective Date Inwit will publish a document pursuant to Art. 57(2) of the Issuers' Regulation and Art. 1(5)(f) of Regulation (EU) 2017/1129 for the admission to trading of the New Inwit Shares (the “**Exemption Document**”), which will contain information on the Merger and its impact on Inwit in accordance with European and Italian legislation.

THE MERGER

1 MERGING COMPANIES

1.1 Surviving Company

Inwit - Infrastrutture Wireless Italiane S.p.A., an Italian joint-stock company with registered office at Via Gaetano Negri 1 in Milan, no. 08936640963 in the Companies Register of Milan, Monza, Brianza, and Lodi, share capital 600 million euros fully paid-in, represented by 600,000,000 ordinary shares without par value traded on the MTA.

1.1.1 Purpose

As stated in Art. 4 of the Surviving Company's by-laws, its purpose is:

- the installation and operation, using any technique, method or system, of fixed and mobile equipment, infrastructure and installations, including radio stations, links for mobile wireless communications, and dedicated and/or integrated networks, for the purpose of providing, operating and marketing, without territorial restrictions, electronic communications services, including those resulting from technological progress, and the performance of activities directly or indirectly related thereto, including design, development, construction, reconditioning, operation and maintenance;
- the design, construction and/or operation of telecommunications networks and infrastructure;
- the supply of infrastructure and related services to electronic communication services operators (with any existing or future technology).

The company may also, in its own name and/or on its own account, or as ordered by third parties, undertake the procurement of raw materials, semi-processed goods and products necessary for the execution of the activities set out in the previous sub-section.

For the achievement and in the context of these aims and, therefore, in a merely subsidiary and instrumental way, the company may:

- acquire, provided it is not the company's principal activity and not involving dealings with the public, equity interests in other companies and undertakings of any type and form;
- make provision for the financing of investee companies and bodies, and for the technical, commercial, financial and administrative coordination of their activities;
- perform, not in dealings with the public, in its own interest or that of its investee companies and bodies, any financial and commercial operation, as well as transactions in securities and property, including the assumption of mortgages and loans and the issuing of endorsements, sureties and other secured guarantees, even collateral, also in favor of third parties.

Activities reserved to persons entered in a professional register and activities involving dealings with the public covered by Article 106 of Legislative Decree 385/1993 are expressly excluded.

1.1.2 Shareholders

According to the information on CONSOB's website as of October 16, 2019⁽¹⁾, the following parties have holdings in Inwit that exceed the 5% threshold pursuant to Art. 120 TUF:

Declarant or party at the head of the shareholding chain	Direct shareholder		% of voting capital held				% of ordinary capital held			
	Name	Title to possession	% held	of which: without vote		% held	of which: without vote		Name	% held
				Voting right held by			Voting right held by			
			Name	% held	Name	% held	Name	% held		
TIM	TELECOM ITALIA S.p.A.	Ownership	60.033	0.000			60.033	0.000		
		<i>Total</i>	60.033	0.000			60.033	0.000		
	<i>Total</i>		60.033	0.000			60.033	0.000		

TIM also exercises management and coordination of Inwit, pursuant to Civil Code Arts. 2497 and following.

1.2 Non-Surviving Company

Vodafone Towers S.r.l., an Italian limited liability company with registered office at Via Lorenteggio 240 in Milan, no. 10934930966 in the Companies Register of Milan, Monza, Brianza, and Lodi, share capital 10,000.00 euros.

1.2.1 Purpose

According to the by-laws, the Non-Surviving Company has the following purpose:

- the installation and operation, using any technique, method or system, of fixed and mobile equipment, infrastructure and installations, including radio stations, links for mobile wireless communications, and dedicated and/or integrated networks, for the purpose of providing, operating and marketing, without territorial restrictions, electronic communication services, including those resulting from technological progress, and the performance of activities directly or indirectly related thereto, including design, development, construction, reconditioning, operation and maintenance;
- the design, construction and/or operation of telecommunications networks and infrastructure;
- the supply of infrastructure and related services to electronic communication services operators (with any existing or future technology).

VOD Towers may also, in its own name and/or on its own account, or as ordered by third parties, undertake the procurement of raw materials, semi-processed goods and products necessary for the execution of the activities set out in the previous sub-section.

Solely in pursuit of the corporate purpose and not as its principal activity, the company

(1) http://www.consob.it/web/area-pubblica/quotate/documenti/assetto_proprietari/semestre2-2019

may conduct all real estate, investment, financial, and commercial operations that are necessary or useful, even indirectly, for achieving its purpose; take on or dispose of holdings in businesses, entities, and companies, existing or to be formed, whose purpose is similar to, related to, or associated with its own; and issue collateral and unsecured guarantees on its own assets and receivables, also in favor of third parties including lending institutions, in the forms that the governing body deems appropriate from time to time, all without dealing with the public and in any case in compliance with the prohibitions and principles stated in Legislative Decree 385/1993 and Legislative Decree 58 of February 24, 1998.

1.2.2 Shareholders

The following table lists the shareholders of the Non-Surviving Company as of the date of the Merger Plan and this Report:

Shareholder	% held
VOD EU	100%

On the Closing Date, Inwit and VOD EU will finalize the purchase of the Minority Holding in VOD Towers, to take place the instant preceding the Effective Date, subject to final registration of the Deed of Merger in the Companies Register. Therefore, as of that date, the shareholders of the Non-Surviving Company will be as follows:

Shareholder	% held
VOD EU	56.6%
Inwit	43.4%

2 DESCRIPTION OF THE MERGER AND ITS RATIONALE FROM THE PERSPECTIVE OF THE MERGING COMPANIES

The shareholders have been convened in extraordinary session to approve the Merger Plan. Together with the Merger Plan, the extraordinary shareholders' meeting of Inwit will also be asked to approve certain changes to the company's by-laws. The New Inwit By-Laws are an integral part of the Merger Plan.

The Merger Plan, complete with annexes, constitutes Attachment A to this Report.

As mentioned in the introduction, the Merger is a corporate action necessary for achieving the integration of VOD's and Inwit's towers, per the terms of the overall Transaction.

2.1 Legal characteristics of the Merger

2.1.1 Description of the Merger

With specific reference to the terms and conditions of the Merger, this Report has been prepared pursuant to Civil Code Art. 2501-*quinquies* and on a voluntary basis pursuant to Civil Code Art. 2501-*bis*. Considering Inwit's status as a listed company, it is also compliant with Art. 70(2) of the Issuers' Regulation and therefore with schedule 1 of Annex 3A thereto.

The Merger consists of the absorption of VOD Towers by Inwit pursuant to and for the purposes of Civil Code Arts. 2501 and following.

As specified in the Merger Plan, Inwit will implement the Merger by (i) cancelling without share swap Inwit's interest in VOD Towers, acquired by way of the Sale; (ii) cancelling VOD EU's residual interest in VOD Towers further to the Sale; and (iii) assigning to VOD EU, as of the Effective Date, 360,200,000 New Inwit Shares in accordance with the Swap Ratio.

On the Effective Date, therefore, the Non-Surviving Company will cease to exist as a result of the Merger.

After the Merging Companies filed a request with the Court of Milan for the appointment of a joint expert pursuant to Civil Code Art. 2501-*sexies* (4), on October 2, 2019 the Court appointed the CONSOB-supervised company BDO Italia S.p.A. (the “**Joint Expert**”) to prepare a written report on the fairness of the Swap Ratio and the reasonableness of the financial resources envisaged in the Merger Plan for the satisfaction of Inwit's obligations post-Merger (the “**Report on Fairness of the Swap Ratio**”).

Given the Merging Companies' decision to comply voluntarily with Civil Code Art. 2501-*bis* for the reasons stated in the introduction, the Boards of Directors of Inwit and VOD Towers:

- (i) have specified in the Merger Plan, pursuant to Civil Code Arts. 2501-*bis* (2) and 2501-*ter*, the financial resources envisaged for satisfaction of the Surviving Company's obligations post-Merger;
- (ii) as mentioned above, pursuant to Civil Code Arts. 2501-*bis* (4) and 2501-*sexies*, have had the Court of Milan appoint a Joint Expert whose responsibilities include attesting in the Report on Fairness of the Swap Ratio to the reasonableness of the financial resources envisaged in the Merger Plan for the satisfaction of Inwit's obligations post-Merger;

- (iii) have hired Inwit's independent auditing firm, PWC, to issue its own report pursuant to Civil Code Art. 2501-*bis* (5), as an annex to the Merger Plan.

Finally, in accordance with Civil Code Arts. 2501-*bis* (3) and 2501-*quinquies*, Inwit's Board of Directors has provided a rationale for the operation further in this Report, including an economic and financial plan stating sources of funding and a description of its objectives (see Article 3 below).

Pursuant to Civil Code Art. 2501-*septies*, the shareholders will have access to the documents specified below at Inwit's registered office and online at www.inwit.it, at least 30 (thirty) days before the shareholders' meeting convened to approve the Merger:

- (i) the Merger Plan (including the New Inwit By-Laws and the report of Inwit's independent auditors pursuant to Civil Code Art. 2501-*bis* [5]);
- (ii) the Report on Fairness of the Swap Ratio;
- (iii) the report pursuant to Civil Code Art. 2501-*quinquies* by the Board of Directors of VOD Towers; and
- (iv) the VOD Towers Merger Financial Position.

A copy of Inwit's quarterly financial position at September 30, 2019, which constitutes its baseline financial position for the Merger approved on November 5, 2019, is already available to the public as required by laws and regulations, as is a copy of its three latest annual financial statements.

These financial positions now serve as baselines for the Merging Companies in accordance with Civil Code Art. 2501-*quater*, given the time that has elapsed since signature of the Framework Agreement, which originally set the baseline positions for the Merger pursuant to Civil Code Art. 2051-*quater* as Inwit's financial position at June 30, 2019 and VOD Towers's financial position at August 31, 2019.

To supplement the Merging Companies' baseline financial positions pursuant to Civil Code Art. 2501-*quater*, considering that VOD Towers and Inwit will not be merged until the Spin-off has taken place, the annexes to the Merger Plan also include VOD's financial position for the Towers Unit updated as of September 30, 2019, unaudited and prepared in accordance with Italian GAAP on the basis of VOD's IAS/IFRS-compliant accounts as of that date (while annexed to the Framework Agreement and used for the purposes of the Spin-off was VOD's financial position for the Towers Unit as of March 31, 2019, the closing date of VOD's latest financial period, prepared on the basis of VOD's financial statements drawn up in accordance with Italian GAAP).

2.1.2 *Related party transaction*

As noted in the introduction, the Merger is part of the overall Transaction that qualifies as a “material” related party transaction pursuant to and for the purposes of the RPT Regulations and RPT Procedure.

In accordance with the RPT Procedure, the RPT Committee participated in the preparatory phase of the Transaction as a whole, and on July 26, 2019 expressed its favorable opinion. That opinion was published as an annex to the Disclosure Document, which is available for consultation.

2.1.3 *Significant merger pursuant to Art. 70 of the Issuers' Regulation*

Pursuant to Art. 70 of the Issuers' Regulation and the general criteria stated in its Annex 3B for assessing the significance of mergers, the Merger also meets the definition of a “significant” operation. Because Inwit has chosen, in accordance with Art. 70(8) of the Issuers' Regulation ⁽²⁾, to opt out of the requirement stated in Art. 70(6) thereof, it will not have to provide public access to the disclosure document prepared as described in Issuers' Regulation Annex 3B.

2.1.4 *Baseline accounting documentation for the Merger*

As mentioned above, the motion to approve the Merger will be made to the Shareholders' Meeting pursuant to and for the purposes of Civil Code Art. 2501-*quater*, on the basis of:

- (i) for the Surviving Company, the quarterly accounts at September 30, 2019, approved by Inwit's Board of Directors on November 5, 2019;
- (ii) for the Non-Surviving Company, the VOD Towers Merger Financial Position.

2.2 **Rationale for the Merger from the perspective of the Merging Companies**

The purpose of the Transaction is to combine under a single corporate entity (Inwit) the Italian transmission towers currently owned by Inwit and VOD, thus creating the largest tower operator in Italy with a combined portfolio of more than 22,000 towers throughout the country.

The Transaction will afford the more rapid achievement of certain goals than in the case of two standalone companies; for example:

- Stronger, faster development of 5G technology through the more efficient use of network infrastructure in both urban and rural areas, thus contributing to Italy's technological advancement;

(2) Art. 70(8) of the Issuers' Regulation states as follows: "*Without prejudice to the disclosure obligations of law and unless the regulation adopted by the market operator provides otherwise, issuers may waive the obligation stated in paragraph 6, notifying CONSOB, the market operator, and the public to this effect when they apply for admission to trading of their shares. Issuers must provide information on this choice, including in the financial reports published in accordance with Article 154-ter TUF.*"

- Accelerated investment in innovative solutions in Italy, such as small cells, new sites, and fiber-to-the-towers (“**FTTT**”), including through the preferred supplier clause and Guaranteed Services (as defined below);
- Improved efficiency and opportunities in the management of rental expense and other costs;
- Increased hosting, thanks to (i) Inwit's stronger national presence in support of all market players; (ii) the Guaranteed Services (as defined below) of TIM and VOD; and (iii) the nationwide extension of the current sharing agreement between TIM and VOD for passive network infrastructure in rural areas.

The key benefits of the Transaction to Inwit are as follows:

- Reduced concentration of revenue from a single customer. In 2020, Inwit's revenue from TIM and Vodafone will amount to roughly 45% of turnover each;
- Increased percentage of long-term contractualized revenue under MSAs, as a result of (i) extending the Master Service Agreement (“**MSA**”) – to be signed by Inwit and VOD and by Inwit and TIM on the Closing Date, with effect from the Effective Date – to all of TIM's and VOD's current hosting services on Inwit/VOD sites; and (ii) TIM's and VOD's commitment to buy certain services from Inwit (new sites, new outdoor small cells, new hospitality services on existing sites) (the “**Guaranteed Services**”). In 2020, contractualized revenue will exceed 80% of the total (up from approximately 70% reported by Inwit in 2018);
- Extended duration of Inwit's MSA with TIM and Vodafone: initial eight-year duration, renewable for unlimited eight-year periods. In partial derogation of the above, if there is a “change of control” (i.e. TIM/VOD EU no longer holds joint control of Inwit with VOD EU/TIM, or control of Inwit pursuant to Civil Code Art. 2359[1] and [2]), then each party to the TIM MSA/VOD MSA will have the option to renew automatically the TIM MSA/VOD MSA for an additional eight-year period starting from the date the option is exercised, subject to renewal for a further eight years (hence 16 years in total), without the other party being entitled to withdraw. Should TIM or Inwit exercise this option during the first eight years of the TIM MSA, or should VOD or Inwit exercise the option during the first eight years of the VOD MSA, any withdrawal already notified will be null and void (unless certain conditions described in the Disclosure Document are met in the case of withdrawal by TIM or VOD);
- Greater visibility into investments, thanks to Inwit's role as preferred supplier not only of new sites but also of small cells and FTTT;
- Optimized financial structure: through the Financing, which will cover (among other items) the Price and the Extraordinary Distribution, Inwit's overall cost of capital will decrease and its earnings per share will increase.

3 ECONOMIC AND FINANCIAL PLAN; SOURCES OF FUNDING FOR THE SURVIVING COMPANY'S OBLIGATIONS POST-MERGER

3.1 Economic and financial plan

As mentioned in the Merger Plan, although the Merger is not the result of an acquisition with debt and therefore Civil Code Art. 2501-*bis* does not apply, Inwit and VOD Towers have decided to comply with its provisions on a voluntary basis because the Surviving Company post-Merger will retain debt contracted for the purchase of the Minority Holding in VOD Towers and the Extraordinary Distribution (if any).

Including for the purpose of assessing the sustainability of the debt post-Merger, Inwit's management has prepared an economic and financial plan for the period 2019-2027 (the “**Combined Plan**”), approved by Inwit's Board of Directors on November 18, 2019 at the same time the Merger Plan was approved.

Within the confines of the information in its possession and the restrictions posed by antitrust law, the Board of Directors of VOD Towers, without having conducted independent tests or assessments of the Combined Plan or the assumptions on which it was developed by Inwit's management – including in consideration of the antitrust restrictions – and without prejudice to the commitments VOD has assumed under the Service Agreements, took note of the Combined Plan on November 18, 2019 for the purposes of preparing the Merger documentation.

The Combined Plan is based on 2019-2027 economic and financial projections for Inwit and VOD Towers (or rather, the Towers Unit) in a standalone perspective, according to Inwit's and VOD's management teams.

The Combined Plan:

- takes as a benchmark the pro-forma accounts as of December 31, 2018, which preview the effects of the Transaction except for those relating to debt and the use of capital resources. The pro-forma accounts are based on Inwit's annual financial statements for the year ended December 31, 2018, and on the pro-forma accounts of VOD Towers as of the same date (due diligence performed by KPMG Advisory S.p.A. and analysis performed, at Inwit's request, by Deloitte Financial Advisory S.r.l.). The Boards of Directors of Inwit (as far as Inwit's performance is concerned) and of VOD Towers (concerning the performance of VOD Towers post-Spin-off) report that as of the Merger Plan approval date, there have been no significant events or noteworthy departures from expectations;

- contains income statement, balance sheet, and cash flow projections for the period 2020-2027. These projections have been reached considering the effects of the Transaction (assuming a Closing Date in 2020) and, therefore, the synergies expected to be realized as a result of the Merger;
- reflects, in projected trends for revenue, costs, and capex: (i) the service agreements to be signed by Inwit and TIM and by Inwit and VOD, provided for in the Framework Agreement, to cover the services rendered to TIM and VOD; (ii) the existing service agreements involving Inwit and VOD Towers; (iii) an estimate of new hosting contracts to be acquired while the Combined Plan is in effect, based on the rigorous selection of commercial opportunities according to strict profitability and cash-producing criteria taken as guidelines for future commercial endeavors;
- assumes, with specific regard to the financial structure: (i) that the bridge facility (BF), which is temporary by definition, will be refinanced immediately after the Closing Date with a medium/long-term loan (e.g. one or more bond loans, if more advantageous and longer-lasting than the BF); and (ii) that the billion euro term loan facility (TLF) will be refinanced in keeping with the goal of maintaining an efficient financial structure (i.e. with regard for the weighted average cost of capital);
- assumes – with Inwit's Board of Directors having evaluated the company's financial position, business plan, expected cash flows, rating, and available strategic options – that the annual dividend proposed will amount to at least 80% of the prior year's net profit (after non-recurring items).

The Combined Plan takes a bottom-up approach, considering Inwit and VOD Towers as going concerns that will continue to develop traditional operations (mobile operator hosting, FWA, etc.) and innovative services, primarily small cells, FTTT, and the Internet of Things (“**IoT**”).

The Combined Plan follows the same International Financial Reporting Standards (“**IFRS**”) reporting and measurement criteria used to prepare Inwit's financial statements for the year ended December 31, 2018 and the pro-forma financial position of VOD Towers as of December 31, 2018, except for the accounting treatment of costs relating to the loan to be contracted with third parties in 2020. In the Combined Plan these costs have been fully expensed the year they are expected to be incurred, rather than deducted from the loan balance in accordance with the amortized cost method. Although this accounting treatment differs from IFRS, it does not affect the quantification of expected future cash flows of the company resulting from the Merger. IFRS will also be followed in preparing that company's annual financial statements.

On a provisional basis, the Combined Plan allocates entirely to goodwill the difference between the value assigned in the transaction to the Non-Surviving Company and the pure carrying amount of its net assets, until the Surviving Company, once it acquires more detailed information, can determine whether that difference should be allocated to other assets and liabilities through the purchase price allocation procedure envisaged by IFRS 3 – Business Combinations. Consistent with the accounting standards, goodwill has not been amortized.

The Combined Plan is also compliant with IFRS 16. For details, see the presentation of Inwit's results for the first quarter of 2019, available online at www.inwit.it - Investors - Presentations and Webcasts.

For the sake of thoroughness, note that although the Closing Date is assumed to be June 30, 2020, the 2020 figures are pro-forma, assuming for comparative purposes only that the Merger has taken place on January 1, 2020 and therefore covering 12 full months of Inwit post-Merger operations.

It is understood that if the Merger takes place on another date, the timing of the Combined Plan could differ from what is presented below.

The main economic and financial variables are as follows:

- Revenue:
 - o estimated at 0.8 billion euros in 2020, of which 80% is guaranteed by TIM and VOD;
 - o expected to grow through 2027 at a CAGR of 5% to 7%;
- EBITDA (following IFRS 16):
 - o estimated at 0.7 billion euros in 2020, or 90% of revenue;
 - o EBITDA margin for 2027 expected to be in line with or slightly higher than in 2020;
- Capital expenditure, split into (i) recurring, (ii) non-recurring, and (iii) leases under IFRS 16:
 - o recurring capex, mostly for maintenance, is estimated at 0.01 billion euros per year over the course of the plan, in line with the track records of Inwit and VOD Towers;
 - o non-recurring capex refers chiefly to the development of new services, such as small cells, FTTT, and IoT. Based on past investment by Inwit and VOD Towers, it is estimated at 0.2 billion euros in 2020 and expected to fall below 0.1 billion euros in 2027;

for FTTT services specifically, Inwit will grant TIM and VOD indefeasible rights of use (“IRU”) to its fiber optic network for a multi-year period, at a price based on a predefined maximum percentage of the network construction cost. Therefore, at the cash flow level, in year one Inwit will incur the entire investment cost, but will receive upfront the entire sum from TIM and VOD;

- capex for leases under IFRS 16 are estimated at 0.1 to 0.2 billion euros per year over the life of the plan;
- operating free cash flow (calculated as EBITDA – change in net working capital – change in provisions – capital expenditure and financial charges associated with IFRS 16 – change in financial liabilities due to IFRS 16):
 - estimated at 0.6 billion euros in 2020;
 - estimated at 80-85% of EBITDA in 2027;
- recurring free cash flow (calculated as EBITDA – taxes – change in net working capital – change in provisions – recurring capex – financial expense – capital expenditure and financial charges associated with IFRS 16 – change in financial liabilities due to IFRS 16):
 - estimated at 0.4 billion euros in 2020;
 - expected to top 0.6 billion euros in 2027.

The Combined Plan is based on assumptions of future events and actions to be taken by Inwit's management, which may or may not occur, and events and actions concerning the main financial and economic variables or factors that influence these over which Inwit's directors and managers have no or limited control, such as:

- inflation: in most cases, the annual trend in contractualized revenue for Inwit and VOD Towers is indexed to inflation;
- market developments concerning Mobile (5G), Fixed Wireless Access (FWA), and Internet of Things (IoT) in terms of size, growth, and timing, as reflected in the Combined Plan;
- increase in the share of revenue not earned under the Master Service Agreements to be signed with TIM and VOD on the Closing Date;
- development of new technologies with respect to those factored into the Combined Plan, though difficult to foresee at this time;
- renegotiation of the main terms and conditions of rent payable upon expiration of the corresponding agreements;
- ability of Inwit post-Merger to refinance, during the timeframe of the Combined Plan, the bridge facility and term loan facility with other forms of medium/long term debt, in keeping with the goal of maintaining an efficient financial structure;

- potential worsening of the international economy and any impact this may have on Inwit's non-recurring capex;
- potential loss of business due to the failure to renew current service agreements between Inwit and its customers or the renegotiation of these when they expire;
- failure to materialize of the investment opportunities identified in the Combined Plan;
- lower return on investment than assumed in the Combined Plan;
- change in the mix of Guaranteed Services, in accordance with the contractual agreements (i.e. provided the net economic and financial flows for Inwit remain unaltered).

Due to the uncertainty associated with the occurrence, extent, or timing of any future event, it is important to note that actual quantities may differ significantly from those assumed in the Combined Plan, even if such events do take place.

The Combined Plan is presented below:

<i>(Billions of euros except where otherwise stated)</i>	2020PF⁽¹⁾	2027E	CAGR 2020PF-2027E
Revenues	0.8		+5% - 7%
EBITDA ⁽²⁾	0.7		+5% - 7%
EBITDA margin ⁽²⁾	90%	In line or slightly above 2020	
Maintenance capex (recurring capex)	0.01	In line with 2020	
Growth capex (non recurring capex)	0.2	Lower than €0.1bn	
Operating Cash Flow (OpCF) ⁽³⁾	0.6	OpCF as percentage of EBITDA: 80% - 85%	
Recurring Free Cash Flow ⁽⁴⁾	0.4	Higher than €0.6bn	

Notes: (1) 2020 figures are pro-forma, assuming for comparative purposes only that the Merger has taken place on January 1, 2020; (2) EBITDA is shown before transaction costs; (3) Calculated as EBITDA – change in net working capital – change in provisions – capital expenditure and financial charges associated with IFRS 16 – change in financial liabilities due to IFRS 16; (4) Calculated as EBITDA – taxes – change in net working capital – change in provisions – recurring capex – financial expense – capital expenditure and financial charges associated with IFRS 16 – change in financial liabilities due to IFRS 16.

3.2 Debt taken on by Inwit for the Transaction

In order to conduct the Transaction, including the purchase of the Minority Holding in VOD Towers and the Extraordinary Distribution (if any), on the Closing Date Inwit and the Banks will sign the contract for the Financing, to be disbursed on that date under the terms and conditions reported in the commitment letter signed by Inwit and the Banks on July 26, 2019.

As mentioned, based on the numbers in the Combined Plan, Inwit estimates it will use 2,970 million euros of the Financing to complete the Transaction (the “**Debt**”). Specifically, the funding for the Transaction would be raised as follows:

- (i) 1.5 billion euros through an 18-month bridge facility (“**BF**”), extendable for a further six months, repayable all at once with interest charged at the Euribor plus 90-270 bp, depending on duration (starting spread: 90 bp);
- (ii) 1 billion euros through a five-year term loan facility (“**TLF**”), repayable all at once with interest charged at the Euribor plus 100-275 bp, depending on the leverage ratio (initial spread: 155 bp);
- (iii) an additional 470 million euros through a five-year revolving facility (“**RF**”) of 500 million euros, with interest charged at the Euribor plus 70-245 bp, depending on the leverage ratio (initial spread: 125 bp).

In accordance with the commitment letter, the Financing agreements will require Inwit – as from December 31, 2020 – to maintain its ratio of total net debt to EBITDA at 7.0x or lower, to be checked every six months.

The BF, TLF, and RF are meant to service: (i) the loan for the acquisition of the Minority Holding in VOD Towers and all related costs and fees; (ii) the Extraordinary Distribution; (iii) the refinancing of any existing debt held by Inwit; and (iv) cash needs, if any.

Inwit's cost of debt post-Merger, through this use of the bank facilities, is estimated at 1.5% to 1.7% on the basis of current interest rates depending on when the BF is refinanced.

Inwit, as reflected in the Combined Plan and as shown in the table below, expects to have 4.0 billion euros of debt as of December 31, 2020 (assuming a Closing Date of June 30, 2020). Note that:

- the BF is represented prudently as the current portion of bank debt, hence assuming it is refinanced sometime after December 31, 2020. As described above, however, Inwit plans to refinance the BF (which is temporary by definition) immediately after the Closing Date, with a medium/long term loan; likewise, immediately after the Closing Date, Inwit plans to pay back all or part of the RF drawdown by taking out a medium/long term loan;

- finance lease liabilities mostly concern the adoption of IFRS 16.

<i>(Billions of euros)</i>	2020E
Banks debt	2.9
- of which current	1.9
- of which non-current	1.0
Leasing liabilities and other financial liabilities	1.1
Net Financial Debt	4.0

3.3 Sources of funding for the Surviving Company's obligations post-Merger; debt sustainability analysis

Inwit's Board of Directors believes that the Surviving Company post-Merger will be able to satisfy the obligations of the Merger with the resources it expects to generate under the Combined Plan – which has undergone a specific independent business review (the “**IBR**”) by Analysys Mason – and by accessing the bond and credit markets to refinance the BF and reimburse the RF.

Regarding the resources the Surviving Company expects to generate:

- revenue and cash flow are expected to be lower yet still sizable and stable, even in the event of unfavorable scenarios as presented in the Sensitivity Analysis (see below);
- the cash expected to accumulate in the Combined Plan before the distribution of dividends, determined each year by the Board of Directors in office, is almost equal to the amount of debt taken out to conduct the Transaction and allows a drastic reduction in debt, as confirmed by the Sensitivity Analysis (see below);
- this cash, of course, is available for complementary and alternative uses, such as the repayment of maturing loans, the distribution of dividends, the pursuit of extraordinary operations, and so forth. The analysis has been conducted solely from the *ex ante* perspective available to Inwit's Board of Directors as of November 18, 2019, that is, with a view to judging whether these resources, before their possible future use for other purposes, can ensure that the debt is sustainable.

As mentioned above, the 1.5 billion euro BF has a duration of 18 months (extendable for an additional 6 months) and will be repaid in full at maturity. The company plans to refinance the BF through direct recourse to the bond market, so it can diversify its sources of funding and obtain the best mix of maturities and costs. In keeping with the temporary nature of this facility, it is likely to be refinanced during the first market window following the Closing Date.

The table below shows the trend in expected cash flows (generated and absorbed) during the life of the Combined Plan, making it possible to assess Inwit's capacity post-Merger to meet the obligations arising from the Transaction pursuant to the second paragraph of Civil Code Art. 2501-*bis* (including those associated with the Financing), assuming the shareholders adopt a payout policy that sets dividends at approximately 80% of each year's net profit.

<i>(Billions of euros)</i>	2020E 6 months⁽²⁾	2023E⁽³⁾	2027E⁽⁴⁾
Cumulated Operating Cash Flow (net of taxes) ⁽¹⁾	0.2	1.7	4.3
Cumulated Capex	(0.1)	(0.7)	(1.1)
Cumulated Cash Flow for debt service	0.0	1.0	3.2
Cumulated financial expenses	(0.0)	(0.2)	(0.4)
Cumulated change in financial liabilities	(0.0)	(0.1)	(0.5)
Cumulated FCFE	(0.0)	0.7	2.3
Cumulated ordinary dividends	--	(0.7)	(2.1)
Cumulated Cash Flow	--	--	0.2
Net Financial Debt/EBITDA	5.7x	4.2x	3.0x

Notes: (1) Calculated as EBITDA – change in net working capital – change in provisions – capital expenditure and financial charges associated with IFRS 16 – change in financial liabilities due to IFRS 16 – Taxes; (2) Assuming a Closing Date of June 30, 2020. Cumulative figures from June 2020 to December 2020; (3) Cumulative figures from June 2020 to December 2023; (4) Cumulative figures from June 2020 to December 2027.

Regarding the post-Merger payout policy, according to the Shareholders' Agreement (the key content of which has already been published in accordance with Art. 122 TUF and Art. 130 of the Issuers' Regulation), “*subject to the decision of Inwit's Board of Directors, which will consider, among other factors, Inwit's business plan, expectations for growth and cash generation, rating, and available strategic options, TIM and VOD EU agree that Inwit will aim to distribute an annual dividend of at least 80% of the year's net profit (adjusted for one-off and non-recurring items).*”

Sensitivity Analysis

Inwit's analysis of its ability as Surviving Company to pay back the Debt on time, which it conducted with assistance from leading independent advisors, is based on the Combined Plan (base scenario) and on unfavorable alternative scenarios (the “**Sensitivity Analysis**”) that simulate varying degrees of failure to reach the following goals:

- development of small cells;
- revenue from the rental of macro sites to tenants other than TIM and Vodafone;
- gradual renegotiation and improved efficiency of ground leases.

A less likely stress test scenario was also developed, combining the three unfavorable scenarios and assuming they all occur at the same time.

Another measure of debt sustainability is compliance with one of the most common financial covenants included in loan agreements, i.e. the ratio of net debt to EBITDA. In all scenarios (base and unfavorable), the ratio is satisfactory. In detail:

	Cumulated Cash Flow for debt service (Billions of euros)			Net Financial Debt/EBITDA (x)		
		2023E	2027E		2023E	2027E
Small Cells	100%	1.0	3.2	100%	4.2x	3.0x
	75%	1.0	3.1	75%	4.3x	3.1x
	63%	1.0	3.1	63%	4.3x	3.1x
	50%	1.0	3.1	50%	4.4x	3.2x
Revenues macro sites 3rd party	100%	1.0	3.2	100%	4.2x	3.0x
	75%	1.0	3.0	75%	4.3x	3.1x
	63%	1.0	3.0	63%	4.4x	3.1x
	50%	0.9	2.9	50%	4.4x	3.2x
Ground lease	100%	1.0	3.2	100%	4.2x	3.0x
	75%	1.0	3.1	75%	4.2x	3.0x
	50%	1.0	3.1	50%	4.2x	3.0x
	25%	1.0	3.1	25%	4.3x	3.1x
Stress test		0.9	2.7		4.8x	3.6x

Even in the case of the stress test, the less likely occurrence in which all three unfavorable scenarios happen at once, Inwit would generate an estimated 2.7 billion euros in cumulative cash flow to service its debt and achieve a debt/EBITDA ratio of 3.6x at the end of the Combined Plan period.

3.4 Conclusions

Given the above, it is reasonable to expect Inwit to be able to meet the financial commitments arising from the Financing, in terms of both principal and interest. The cash that is likely to be generated over the life of the Combined Plan will be sufficient to satisfy the obligations arising from the Transaction pursuant to the second paragraph of Civil Code Art. 2501-*bis*, while allowing Inwit to continue investing in its business.

4 THE SWAP RATIO AND THE CRITERIA USED TO DETERMINE IT

4.1 The Swap Ratio and the values given to the Merging Companies

The Swap Ratio, which was already established in the Framework Agreement (which, as mentioned, defines the commitments of Inwit, TIM, VOD EU and VOD in relation to the Operation) was determined by the Boards of Directors of Inwit and of VOD Towers following a weighted valuation carried out during the negotiations for the entire Operation by the parties to the Framework Agreement, including on the one hand Inwit and TIM as its controlling shareholder and VOD on the other (as the owner of the Towers Unit) and VOD EU as the sole shareholder of VOD and of the newly formed VOD Towers, taking into account the nature of the Operation and adopting valuation methods which are commonly used, also internationally, for operations of this type by companies operating in the relevant industry, and which are suited to the characteristics of each Merging Company.

The Inwit Board of Directors, when discussing and approving the Framework Agreement, relied on the report prepared by its financial advisor Mediobanca on 26 July 2019, containing a *fairness opinion* about the operation, and specifically about the Swap Ratio. The *fairness opinion* concluded that the proposed Swap Ratio was fair from a financial point of view.

For completeness, please also refer to the fairness opinion given by Equita on 26 July 2019 regarding the congruency of the Swap Ratio from a financial viewpoint. This opinion (the “**Equita Opinion**”) was attached to the opinion of the RPT Committee and was also taken into account by the Inwit Board of Directors in the valuation of the Swap Ratio.

The fairness of the Swap Ratio (as well as the reasonableness of the indications in the Merger Plan concerning the funds required to satisfy Inwit’s post-Merger obligations) will, as indicated in the foregoing paragraph 2.1.1, also form the subject of the Swap Ratio Fairness Report to be provided by the Joint Expert, and this will also be made available to the shareholders of the Merging Companies and to the public in accordance with the provisions of law.

4.2 The Swap Ratio and the valuation methods used to determine it

4.2.1 *Swap Ratio*

The Swap Ratio – which is included in all the valuation intervals described in the following paragraph – is equal to 360,200,000 new Inwit shares with no nominal value, which are allocated to VOD EU in return for the cancellation, at the time of the swap, of the shareholding of 56.6% that it will hold in VOD Towers on the Closing Date. The remaining 43.4% share held by Inwit after the purchase at a price of Euro 2,140,000,000, will be cancelled with no swap.

No cash consideration will be paid, subject to the provisions on the adjustment procedure described above.

The Inwit Board of Directors approved the Swap Ratio following a reasoned, in-depth valuation of the Merging Companies. This was done by adopting valuation methods that are commonly used, also internationally, in similar operations by companies operating in the same industry.

The VOD Towers Board of Directors approved the Swap Ratio after adopting the reasoned, in-depth assessments of the Merging Companies that had already been done by the parties to the Framework Agreement and in particular by the parent company VOD EU and by the subsidiary VOD.

As indicated in paragraph 2.2, this valuation also took into account the fact that on the Closing Date, the Operation involved the signing of a new *Master Service Agreement* with TIM (the TIM MSA) and of a *Master Service Agreement* with VOD (the VOD MSA) with largely identical content.

The most significant changes compared to the *Master Service Agreement* currently in existence with TIM, and which are reflected in the VOD MSA - and which were taken into account in the valuation – include: (i) the extension to national level of the current agreement for the sharing of passive network infrastructure between TIM and VOD in rural areas; (ii) the commitment by TIM and VOD to buy certain services (new sites, new outdoor small cells and new hosting on existing sites) from Inwit, and (iii) the option for TIM and VOD to withdraw, respectively, from 290 sites each, over 8 years.

These provisions will speed up the reaching of certain operational targets for the two companies on a stand-alone basis, as illustrated in the market presentation of the Operation dated 26 July 2019, to which please refer for more details (“Vodafone partnership” presentation of 26 July 2019 available at www.inwit.it, in the section “Investors/Presentations and webcasts”).

The valuation also took into account the positive impact of the optimisation of Inwit's financial structure which the Operation entails.

Finally, the Board of Directors took into account the considerations made by Mediobanca as contained in its fairness opinion, and agreed with the method, assumptions and final considerations given in that opinion. During the Board discussion that preceded the approval of the Framework Agreement, the Board of Directors also took into account the Equita Opinion regarding the determination of the Swap Ratio.

4.2.2 *Valuation methods*

For the purposes of the Merger, in line with what takes place in similar operations, the values of the Merging Companies were determined on a going-concern basis on the assumption of “normal” operating conditions, and on a stand-alone basis, in other words based on the current configuration – including the fact that they are able to maintain their active and passive hosting contracts – and the future prospects for the Merging Companies, considered independently without taking into account the potential synergies deriving from the Merger.

Consistency and comparability were the primary considerations in the choice of the valuation methods and their mode of application. The methodological principle, in line with similar operations, is the relative value estimate, which focuses not on the determination of absolute financial values of the companies involved in the merger, but instead on the obtaining of comparable values in order to identify fair swap ratios.

Taking into account the available information, the purpose of this valuation, the valuation practice in line with national and international standards, the characteristics of Inwit and VOD Towers (which by their nature are very similar), the type of operation, the reference market and the fact that VOD Towers is not a listed company, the following valuation methods were identified:

- the Market Multiples Method; and
- the Discounted Cash Flow method.

Market Multiples Method

The Market Multiples method is based on an analysis of the stock market prices of a sample of companies comparable to the one being valued. Using this method, a series of ratios between the stock-market value and various significant parameters is calculated. The average of the ratios thus obtained is then applied to the fundamentals of the company being valued in order to obtain the theoretical market value.

The application of the Market Multiples Method involved the following phases:

- *Identification of the companies comparable to the Merging Companies*

Inwit and VOD Towers, by their nature, are very similar companies. Both companies operate in the same industry and have an almost identical number of towers (approximately 11,000 sites each), and a very similar MNO - the ratio between the number of MNO hosts and the number of towers – (1.64x for Inwit and 1.59x for VOD Towers).

In addition, both operate exclusively in Italy and do not have exposure to the broadcasting sector. These characteristics, together with the fact that the financial carve-outs and stand-alone profit and financial projections of VOD Towers were constructed on the basis of a *Master Service Agreement* between VOD and VOD Towers which reflects that of TIM and Inwit, means that the companies have almost identical financial volumes and growth profiles.

Taking into account the high level of comparability, Inwit was identified as the reference company for the valuation of VOD Towers.

For the purposes of valuing the Swap Ratio, the Inwit value obtained at different stock exchange prices and target prices by the research analysts, before and after the Operation was announced to the market on 21 February 2019, was compared against the value of VOD Towers obtained by applying the corresponding Inwit multiples.

The Merging Companies were also compared against a selected sample of *TowerCos*. As it is important, where possible, to ensure conditions of comparability between the companies being valued and those in the reference sample, the analysis first involved the selection of a sample obtained by excluding those *TowerCos* with exposure in the broadcasting sector.

This led to the selection of a sample consisting of the following companies: American Tower, Crown Castle and SBA (“**TowerCo US**”).

- *Choice of multipliers*

In line with the prevailing practice used in valuations in the towers sector, in which the Merging Companies operate, the following multipliers were used: *Enterprise Value/EBITDA* (EV/EBITDA) and *Equity Value/RFCF* (Eq.V/RFCF).

The multiples were calculated with reference to the period 2018-2020.

The chosen multiples were applied to the corresponding EBITDA and RFCF values of the Merging Companies.

Discounted Cash Flow method

Discounted Cash Flow is an analytical financial valuation method. It allows for the valuation of specific medium and long-term growth prospects for the companies being valued, independently of the market sentiment, but taking into account the growth plan of the company and its prospects for growth within its business.

Determination of the equity value using DCF is part of the broader spectrum of valuations based on the flow method.

The flow method considers the Enterprise Value (EV) as the current value of a succession of future flows generated by the company, taking into account the value on expiry of the company (Terminal Value or TV).

The valuation is based on the following formula:

$$EV = \sum_{i=1}^n \frac{FCFF_i}{(1+WACC)^i} + \frac{TV}{(1+WACC)^n}$$

where:

- FCFF = Unlevered annual operating free cash flow expected in the period i
- n = provisional number of years
- WACC = Weighted Average Cost of Capital

The Equity Value is thus determined by subtracting from the EV the amount of the debt and other non-operational adjustments at the time t=0.

The application of the DCF involves determining the weighted average cost of capital (WACC) of the individual Merging Companies, on the basis of which the business plan cash flows and the terminal value are discounted, determined on the basis of the cash flow normalised beyond the express period of the plan for both the Merging Companies.

$$WACC = K_D(1 - t) \times \left(\frac{D}{D + E}\right) + K_E \times \left(\frac{E}{D + E}\right)$$

where:

- K_d = Cost of Debt
- K_e = Cost of Equity
- D = Debt
- E = Equity
- t = Tax rate

The cost of debt is the cost of debt over the medium and long-term, net of the fiscal effect. On the other hand, the cost of Equity is the return expected by the investor, which takes into account the risk associated with the investment calculated on the basis of the Capital Asset Pricing Model, according to the following formula:

$$K_e = rf + \beta (rm - rf)$$

where:

- rf = expected rate of return of a risk-free investment
- β = the coefficient that measures the correlation between the expected return on the investment being analysed and the expected return from the market
- rm = average return expected from the equity investments on the market
- (rm - rf) = Equity Risk Premium (ERP)

Results summary

For each valuation method, the following table shows the interval of the number of Inwit shares to be allocated to VOD EU in return for the cancellation of the shareholding of 56.6% that it will hold in VOD Towers on the Closing Date.

Valuation method		Millions of Inwit shares against 56.6% of VOD Towers	
		Minimum	Maximum
Multiples Method	Multiples of Inwit	347	388

	Multiples of US TowerCo	357	375
Discounted Cash Flow method		357	375

The fairness of the shares allocated to VOD EU, which are fully within the ranges shown in the above table, is also apparent from the valuations done by Mediobanca and Equita, and formalised in their respective *fairness opinions*.

4.2.3 Problems with the valuation

As required by Article 2501-*o* of the Civil Code, the main issues encountered by the Board of Directors during the Swap Ratio determinations, are summarised below.

The Board's considerations in determining the Swap Ratio have to be seen in the light of certain limits and issues which are typically found in this type of analysis, and also in light of the specific characteristics of Inwit and VOD Towers. Although each of the chosen methods is a recognised valuation method that is normally used both in Italy and internationally, the Operation does present intrinsic, specific limitations. The following aspects are some of the main difficulties:

- (i) by their nature, profit and financial forecasts may be uncertain and subjective, and depend on the realisation of the hypotheses and assumptions used in their formulation;
- (ii) the identification and application of the various valuation methods requires a series of hypotheses and estimates considered reasonable in Italian and international practice, and which are determined on the basis of information that inevitably contains elements of uncertainty.
- (iii) much of the work done by Inwit and the Towers Unit is based on active and passive hosting contracts with predefined expiry dates; these will affect the timeframe of the profit and financial forecasts of Inwit and VOD Towers. It was also assumed that the regulatory and technological context will remain the same as the current circumstances;
- (iv) with specific reference to the Market Multiples method, there is a limited number of listed companies that are objectively comparable enough to be used as an accurate, reliable benchmark for the Market Multiple valuation method - this is based on a series of elements (such as size, business mix, investments cycle, growth rates, geographical exposure, economic results, financial structure, fiscal regulations and coverage by research analysts).

5 PROCEDURE FOR THE ALLOCATION OF ORDINARY INWIT SHARES AND ACCRUAL DATE

The New Inwit Shares, calculated on the basis of the Swap Ratio, will be issued by Inwit and allocated to VOD EU on the Effective Date, in return for the cancellation of VOD EU's shareholding in VOD Towers.

This swap will take place without any expense or commission being paid by the shareholders of the Non-Surviving Company.

The New Inwit Shares will be made available to VOD EU on the Effective Date.

In addition, Inwit will do everything necessary to ensure that the New Inwit Shares are listed on the MTA from the time of issue.

Further information about how the New Inwit Shares are allocated will be published as necessary, in a press release on the Inwit website (www.inwit.com).

The accrual date of the New Inwit Shares will be the same as for the Inwit shares in circulation on the Effective Date, they will be subject to centralised management by Monte Titoli S.p.A. according to the dematerialisation rules, and they will give VOD EU the same rights as for the ordinary shares currently in circulation.

6 DATE OF POSTING OF THE MERGING COMPANIES' OPERATIONS ON THE INWIT FINANCIAL STATEMENTS, ALSO FOR TAX PURPOSES

For statutory purposes, the Merger will take effect from the Effective Date; From that date, Inwit will take over all the relationships previously held by VOD Towers, assuming the associated rights and obligations.

For the purposes of accounting (with the posting of the Non-Surviving Company's operations on the financial statements of the Surviving Company) and for fiscal purposes, the Merger will take effect from the Effective Date.

7 TAX IMPLICATIONS OF THE MERGER

From the perspective of Italian direct taxation, the Merger is "neutral". Under Art. 172 of Presidential Decree 917 of 22 December 1986 (Income Tax Consolidation Act "TUIR") the Merger will not give rise to any positive or negative taxable income items for the merging companies.

Any merger differences that may arise as a result of the operation will not form any taxable income for the Surviving Company, as the merger is irrelevant for the purposes of income taxation. Fiscally, the assets received by the Surviving Company will be received on the basis of the last value recognised for the purposes of income taxes for the Non-Surviving Company (principle of "recognised fiscal values").

As there are no reserves under tax suspension, nor any reserves that would be subsequently allocated to the share capital of the Non-Surviving Company, the specific provisions of

Article 172 paragraph 5 TUIR do not apply.

With regard to the effective date of the Merger for accounting and fiscal purposes, see paragraph 6 of this Report.

The payment obligations of the Non-Surviving Company, including those relating to tax advances and retentions on other entities' income, will be fulfilled by the Non-Surviving Company until the Effective Date; after that date these obligations will be fully transferred to the Surviving Company.

With regard to the shareholders of VOD Towers, under Article 172 paragraph 3 TUIR, the swap of VOD Towers shares with Inwit shares does not, for corporation tax purposes, constitute the distribution of gains or losses, nor the earning of income.

Regarding indirect taxation, the Deed of Merger is subject to a fixed-rate registration tax according to Article 4 paragraph b) of Part I of the Tariff annexed to Presidential Decree no. 131 of 26 April 1986. Under Article 2 paragraph 3f) of Presidential Decree no. 633 of 26 October 1972, transfers of assets as a result of the Merger are not relevant for the purposes of VAT.

8 PROVISIONS ON THE STRUCTURE OF THE SHAREHOLDER BODY OF THE SURVIVING COMPANY POST-MERGER, AND APPLICATION OF THE “WHITEWASH” PROCEDURE

The major shareholders of Inwit on the date of this Report are shown in the table in paragraph 1.1.2. On that date, TIM is the owner of 360,200,000 ordinary Inwit shares representing 60.033% of the share capital.

On the Effective Date, and as a result of the Merger, VOD EU will hold 360,200,000 shares corresponding to 37.513% of the Inwit share capital. TIM will continue to hold 360,200,000 shares which, as a result of the post-Merger dilution, will correspond to 37.513% of the Inwit share capital on the Effective Date.

On the Effective Date, TIM and VOD EU will continue to hold a joint share in the Inwit share capital corresponding to 37.513% each, and they will jointly control Inwit through the Shareholders' Agreement.

Conditional on the effectiveness of the Merger, TIM, VOD EU and Inwit have agreed to hold an Inwit Board of Directors' meeting during which the directors will acknowledge that TIM's direction and coordination of Inwit will be considered terminated, and will agree to proceed with all the necessary formalities in that regard.

The Shareholders' Agreement also includes a commitment by TIM and VOD EU not to exercise – jointly or separately – any direction or coordination of Inwit after the Effective valuation or throughout the duration of the Shareholders' Agreement.

The table below shows the changes in the Inwit shareholder body, post-Merger.

Shareholder	% share capital
TIM	37.5%
VOD EU	37.5%
Market	25%

As can be seen from the above scenario, on the Effective Date VOD EU will have voting rights exercisable at the Surviving Company's shareholders' meeting, which are higher than the threshold under Article 106 of the Finance Consolidation Act (TUF). Therefore, in accordance with the TUF, completion of the Merger will create an obligation for VOD EU and/or TIM to launch a public offer for all holders of shares in the Surviving Company, relating to all the shares they hold which are admitted for trading. However, under Article 49 paragraph 1g) of the Issuer's Regulation, a purchase above the Article 106 TUF threshold does not require a full public offer if *"it is the result of a merger or spin-off approved by a Meeting resolution of the company whose shares would otherwise be the subject of the offer and, without prejudice to Articles 2368, 2369 and 2373 civil code, without the vote against of the majority of the shareholders present at the Meeting, other than the shareholder acquiring the shareholding that exceeds the relevant threshold and the shareholder(s) who hold, also jointly, the majority share or relative majority if above 10 percent"* ("whitewash").

As indicated in the Framework Agreement, the Operation is subject, among other things, to the fact that the Merger (and the Operation in general) does not create an obligation for TIM and/or for VOD EU (or the parent companies or companies controlled by it or subject to joint control) to launch a public offer on the ordinary Inwit shares pursuant to the TUF; this is in application of the exemption of Article 49 paragraph 1g) of the Issuers' Regulation.

In view of this, the shareholders are informed that, assuming that the current shareholder structure is confirmed on the date of the Inwit Shareholders' Meeting called to approve the Merger, the resolution approving the Merger will only take effect if it is approved also in application of the whitewash procedure referred to in Article 49 paragraph 1g) of the Issuers' Regulation.

9 EFFECTS OF THE MERGER ON SHAREHOLDERS' AGREEMENTS

On the date of the Merger Plan and of this Report, there are no agreements between the major shareholders within the meaning of Article 122 TUF, apart from the provisions of the Shareholders' Agreement and the Framework Agreement.

For more information about the Shareholders' Agreement, refer to the excerpt from Articles 122 TUF and 129 of the Issuers' Regulation published on the website www.inwit.it, in the section “*governance/shareholders' agreements*” and to the essential information from Articles 122 TUF and 130 of the Issuers' Regulation available on the same website, www.inwit.it, in the section “*governance/shareholders' agreements*”.

Please note that as provided for in the Framework Agreement, subject to the occurrence of the Conditions Precedent, on the date of signature of the Deed of Merger, TIM and VOD will sign the Shareholders' Agreement relevant under Article 122 TUF with effect from the Effective Date.

10 THE BOARD OF DIRECTORS' ASSESSMENT OF THE EXISTENCE OF A RIGHT OF WITHDRAWAL AND THE PARTIES ENTITLED TO EXERCISE IT

The Merger does not give the right of withdrawal to any shareholders who may not approve it, as it does not constitute any of the cases of withdrawal identified in Article 2437 of the Civil Code.

Shareholders, in consideration of the above, the Board of Directors of Inwit now submits the following proposal for your approval:

“The Extraordinary Meeting of Shareholders of Inwit

- *having acknowledged the filing of the Merger Plan for the merger by incorporation of Vodafone Towers S.r.l. into Inwit under Articles 2501b and 2501g of the Civil Code, and of the further documentation published and deposited at Inwit's head office;*
- *having examined and discussed the Merger Plan and the Report by the Board of Directors of Inwit, which was prepared in accordance with article 2501 - quinquies of the Civil Code and voluntarily in accordance with Article 20501 - bis of the Civil Code and with Article 70 of the Issuers' Regulation, in accordance with table 1 in Annex 3A;*
- *acknowledging the reference financial situation of Vodafone Towers S.r.l. to 30 September 2019, being the financial situations for the merger pursuant to Article 2501c of the Civil Code;*
- *acknowledging the report of the auditing firm PWC prepared in accordance with Article 2501a paragraph 5 of the Civil Code;*
- *acknowledging the fairness opinion prepared in relation to the swap ratio pursuant to Article 2501f of the Civil Code, by BDO Italia S.p.A. as the joint independent expert appointed by the Court of Milan;*
- *acknowledging that the stipulation of the Deed of Merger is in any case subject to the condition precedent of the occurrence (and/or waiver) of the conditions listed in the preamble to the Board of Directors' Report*

resolved

- (i) *to approve the Merger Plan for the merger by incorporation of Vodafone Towers s.r.l. into Inwit, as recorded on the Milan Companies Register [●] and published on the Company's website, including the swap ratio indicated therein, and the new Inwit By-laws, on condition that this resolution will only take effect if it is approved without the vote against of the majority of the shareholders present at the meeting other than the shareholder acquiring the shares that exceed the relevant threshold and the shareholder(s) who hold, also jointly, the majority share or relative majority if above 10%, in accordance with Article 49 paragraph 1g) of the Issuers' Regulation;*
- (ii) *to approve the issue of 360,200,000 ordinary shares with no increase of the Inwit share capital, to be allocated to Vodafone Europe B.V. in return for the cancellation of its shareholding in Vodafone Towers S.r.l., to service the Swap Ratio indicated in the Merger Plan; the new shares will have the same accrual date as that of the ordinary shares in circulation on the effective date of the Merger, and must be listed on the MTA with effect from that date;*
- (iii) *to acknowledge that the resolution approving the Merger, passed in accordance with Article 2502 of the Civil Code and by application of Article 49 paragraph 1g) of the Issuers' Regulation, exempts Vodafone Europe B.V. and/or TIM S.p.A. from having to launch a public offer for all the shares of the Surviving Company; and*
- (iv) *to grant the Board of Directors, and on its behalf the Chairman and CEO, individually, full powers of sub-delegation and the right to appoint special representatives for individual acts or categories of act, and all the powers necessary to: (a) implement the Merger and render the above-mentioned resolution legally enforceable; (b) stipulate and sign the Deed of Merger and in general carry out or arrange for the carrying out of any amending or supplementary act, and sign or arrange for the signing of any documents required under the applicable laws, to the extent considered necessary or even only appropriate for the execution of the above resolutions and in general for the successful outcome of the operation; (c) establish, in the Deed of Merger, the Effective Date of the Merger pursuant to Article 2504a paragraph 2 of the Civil Code, in accordance with Borsa Italiana, taking into account that on that date the new shares will have to be listed on the MTA - within 15 days after the last entry of the Deed of Merger on the relevant Companies Register;*
- (v) *to grant the Board of Directors, and the Chair and CEO on its behalf, individually, with full powers of sub-delegation and the right to appoint special representatives for individual acts or categories of act, all the necessary powers to accept or introduce into the above resolutions any non-substantial changes, supplements or deletions that may be required, at the request of the authorities or for the purposes of entry on the Companies Register, and to proceed with the legal depositing and registration with an express declaration of ratification and approval, and to do anything else that may be necessary to implement these resolutions”.*

AMENDMENTS TO THE BY-LAWS

As required by table 3 in Annex 3A of the Issuers' Regulation, below is an indication of the changes made to the text of the By-laws in force on the date of this Report. The Inwit Shareholders' Meeting called to approve the Merger will also be asked to approve these amendments, subject to approval of the Merger, in accordance with Article 49, paragraph 1 g) of the Issuers' Regulation and with effect from the Effective Date.

1 REASONS FOR THE PROPOSED AMENDMENTS

The amendments to Articles 11, 13, 16, 18, 22 and 23 of the current bylaws are intended to reflect (i) the new shareholder body of the Issuer which, on the Effective Date, will see TIM and VOD EU holding a joint share (37.513%) in the share capital of Inwit, and (ii) the new rules on the corporate governance of Inwit which those companies have set out in the Shareholders' Agreement and have agreed to align with the New Inwit By-laws in accordance with the legal and regulatory limits.

The amendments to Article 5 of the current bylaws are intended to take into account the issue of the New Inwit Shares to service the Swap Ratio.

2 COMPARISON OF THE TEXT OF THE CURRENT BYLAWS WITH THE NEW INWIT BY-LAWS

In consideration of the above, the Inwit Board of Directors intends to present for examination and evaluation by the Meeting the current text of the bylaws, to which the following main changes have been made (without considering the purely formal amendments); the paragraph numbering is that of the New Inwit By-laws:

- Article 5: the number of ordinary shares, which takes into account the New Inwit Shares, has been changed;
- Article 11: a qualified quorum has been introduced (75% of the share capital with the right to vote at the Meeting) for the approval of decisions on particularly important matters, so that according to the shareholdings as of the Effective Date, the vote in favour of TIM and the vote in favour of VOD EU will be required for such approvals;
- Article 13: the minimum number of directors has been increased from 7 to 10 while the maximum number remains the same at 15, and it has been established that the number of members will be determined according to the results of the vote on the election (para. 13.1); the presence on the Board of at least one-third of the lessor represented gender compared to the total, will only be recognised if there is a mandatory provision in the applicable law, or if it is recommended in the Corporate Governance Code in the event that Inwit has accepted it (para. 13.2 and 13.5); the reference to the list submitted by the outgoing Board of Directors has been eliminated, and there is a provision that the Board of Directors must be elected not only in accordance with the law (including the connection with the list obtaining the highest number of votes at the Meeting) but also in accordance with the provisions

of the bylaws (para. 13.3); the provision according to which all directors are considered to have resigned if there is no longer a majority of the members of the Board has been eliminated, and there is now a provision that the whole Board will be considered to have resigned if at least five directors who were appointed by the Meeting, are no longer in office (para. 13.18); there is now a provision that the loss of the requirements of independence prescribed by the legal and regulatory provisions in force at the time will not result in removal from office if the legally-required minimum of directors still meets those requirements (para. 13.4); the definition of “Qualified List” has been introduced in order to facilitate the reading of the voting list system introduced in the subsequent articles (para. 13.8); there is a summary of the four voting list procedures that will apply depending on the outcome of the vote (para. 13.9); if the voting produces only one Qualified List or none at all, (i) the number of members of the Board of Directors will be a fixed number, in other words always 13 (10 from the list obtaining the highest number of votes and 3 from the other voted lists, if any) or 10 (if there is only one list), while the provision that the number of directors to be elected from each list must be calculated proportionately, has been eliminated ; (ii) there is now no longer the possibility that, if there are multiple candidates obtaining the same quotient, the one from the list that elected the smaller number of directors will be elected, and there is an alternative provision – to the option already provided for – of a ballot by the Meeting (para. 13.10); if the votes produce two Qualified Lists and neither of them obtains a number of votes higher than 50% of the Company’s capital with voting rights, there is a provision that the number of members of the Board will be 13 (5 of whom will be taken from each Qualified List in the order in which they are named on the list, and 3 from the other voted lists, if any) or 10 (if there are only two qualified lists mentioned above) (para. 13.11); if the votes produce two Qualified Lists and one of them obtains a number of votes higher than 50% of the Company’s capital with voting rights, there is a provision that the number of members of the Board will be 13 (10 of whom will be taken from the Qualified List with the highest number of votes, 2 from the second Qualified List and 1 from the most-voted of the other lists - if any - in the order in which they are named on the lists) or 12 (if there are only two of the above mentioned Qualified Lists) (para. 13.12); if the votes produce three Qualified Lists, the number of members of the Board will be 13 (4 of whom will be taken from each Qualified List and 1 from the most-voted of the other lists - if any - in the order in which they are named on the lists) or 12 (if there are only three of the above mentioned Qualified Lists) (para. 13.13); there is a provision regarding the rule for appointing directors who meet the independence requirements if, according to the criteria in the above paragraphs, the minimum number has not been elected or no director from among the 10 named on the minority list meets the independence requirements, with the express condition that if the minimum number of independent directors is not reached even by applying the above criteria, the Meeting will make the decision according to the legal majorities (para. 13.14); to guarantee gender balance, if this is not guaranteed by applying the election criteria mentioned above, there is a provision that there will not be replacement of the directors elected from the Majority List, but of those elected from each list from which at least 4 directors were taken, or if there are no such lists, the Meeting will decide in

accordance with the legal majorities and may disregard the points in paragraphs 13.10(4), 13.11(4) and 13.12(5) (which provide for the election of a total of 10 or 12 directors) or – and for the remainder – in substitution of the last-elected members of the most represented gender taken from the most-voted list (para. 13.15); there are various criteria relating to the substitution of directors, depending on whether (a) there is a need to replace or more of the directors taken from a Qualified List from which, when the Board of Directors was elected (i) a number of directors (i) not exceeding 5 or (ii) 10 directors, or (iii) 5 or 10 directors was taken, and no substitution was possible in accordance with the criteria applicable to the cases in (i) and (ii) above or (b) there is a need to replace one or more of the directors taken from a list other than a Qualified List; there is now no longer a limit – equivalent to one-fifth of the total - on the quota to be reserved to the less represented gender during the first term of office of the Board of Directors following the Company's public listing (para. 13.17);

- Article 16: a qualified quorum has been introduced (the presence and vote in favour of at least 9 or 8 directors depending on how they were elected based on the application of the voting list) for the approval of particularly important Board matters;
- Article 18: the non-delegable matters reserved to the Board of Directors now include the exercise, discontinuance or settlement of any judicial or extrajudicial action between Inwit and related parties with a value of more than Euro 200,000 (for each individual exercise, discontinuance of settlement, or for related operations) (para. 18.2); in exercising its right to appoint an Executive Committee, to delegate powers to individual directors or to appoint directors-general and legal representatives for certain operations, the Board of Directors has to operate in accordance with the provisions of the company bylaws (para. 18.3), and thus for the election of the Financial Reporting Officer (para. 18.5);
- Article 22: in the composition of the Board of Statutory Auditors, the limits on gender balance only apply to the extent that this is a mandatory provision of law or is a requirement of the Corporate Governance Code of Borsa Italiana S.p.A. (para. 22.1); the information required by law has now been included among the information to be deposited along with each list (para. 22.6); with reference to the election of the members of the Board of Statutory Auditors, there is now a provision that the laws and regulations on the connection to the list obtaining the highest number of votes at the Meeting has to be respected, and there are different criteria for the elections depending on whether, after the votes (i) there is only one Qualified List or none at all, (ii) there are two Qualified Lists and neither of them obtains a number of votes exceeding 50% of the Company's capital with voting rights, (iii) there are two Qualified Lists and one of them obtains a number of votes in excess of 50% of the Company's capital with voting rights, (iv) there are three Qualified Lists; there is also a provision that if, following the application of the above criteria, the gender balance has not been respected, it is not the most recently elected name from the Majority List that will vacate the position, but the second name of the most represented gender elected from the most voted list, and the subsequent references to that list will be adapted accordingly (para. 22.11); the Chairman of the Board of Statutory

Auditors will no longer be elected from the Majority List but from the least voted list from which a standing member was elected (para. 22.12); in the event that a statutory auditor resigns and is replaced, (i) the reference to the Majority List and Minority List has been eliminated and there is a generic provision regarding the resignation of the statutory auditor from a list, and the related replacement with a statutory auditor from the same list from whom the outgoing auditor was elected, and (ii) there is now a simplified reference to the legal and statutory requirements in the case of the election of replacement statutory auditors in accordance with Article 2401 of the Civil Code (para. 22.14); in the event the Chairman is unable to act, there is a provision that he/she will be replaced by the oldest standing auditor, and the requirement that the Chairman also has to be elected from among the oldest auditors has been eliminated (para. 22.17).

- Article 23: there is no longer a provision whereby the remainder of the net profits reported on the financial statements, less the legal reserve, has to be used for the allocation of dividends authorised by the Meeting and/or for any other purposes that the Meeting considers appropriate or necessary.

Below is the text of the current bylaws together with a column of comparison with the proposed amendments to Articles 5, 11, 13, 16, 18, 22 and 23, shown in bold.

Text of current By-laws	Proposed amended text of By-laws
<p>ARTICLE 5 – SHARE CAPITAL</p> <p>5.1 The subscribed and fully paid-up share capital is equal to Euro 600,000,000, divided into 600,000,000 ordinary shares with no par value.</p> <p>5.2 The share capital may be increased, including by non-cash contributions, within the limits permitted by law.</p> <p>5.3 In resolutions to increase the share capital by issuing shares for cash, the right of pre-emption may be excluded for up to a maximum of 10% (ten per cent) of the previously existing capital, provided the issue price corresponds to the market value of the shares and this is confirmed in a report prepared by an external auditor or external audit firm.</p>	<p>ARTICLE 5 – SHARE CAPITAL</p> <p>5.1 The subscribed and fully paid-up share capital is equal to Euro 600,000,000 divided into <u>960,200,000</u> ordinary shares with no par value.</p> <p>5.2 The share capital may be increased, including by non-cash contributions, within the limits permitted by law.</p> <p>5.3 - In resolutions to increase the share capital by issuing shares for cash, the right of pre-emption may be excluded for up to a maximum of 10% (ten per cent) of the previously existing capital, provided the issue price corresponds to the market value of the shares and this is confirmed in a report prepared by an external auditor or external audit firm.</p>
<p>ARTICLE 11 - ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETINGS</p> <p>11.1 The quorums for Shareholders' Meetings to be validly constituted and able to make resolutions are determined by law.</p>	<p>ARTICLE 11 - ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETINGS</p> <p>11.1 The quorums for Shareholders' Meetings to be validly called and quorate are provided by law, <u>subject to Article 11.2 below.</u></p> <p><u>11.2 For the purposes of adopting decisions on the following matters, the Meeting will pass resolutions with the vote in favour of at least 75% of the capital with voting rights present at</u></p>

	<p><u>the Meeting:</u></p> <p>(a) <u>Merger and spin-off (apart from the resolutions of merger and demerger contained in Article 18.2 which are within the remit of the Board of Directors, as provided for therein);</u></p> <p>(b) <u>transfer of the company headquarters abroad, and conversion;</u></p> <p>(c) <u>voluntary dissolution;</u></p> <p>(d) <u>increase or reduction of capital, apart from (i) increases of capital without limitation or exclusion of the option rights authorised in the case of losses, in the circumstances referred to in Article 2447, and (ii) increases of capital without limitation or exclusion of the option right, if the subscription price (including premium) is at least equal to the arithmetical average of the closing share prices on the MTA market during the six months preceding the notice of meeting called to authorise the capital increase) and that (x) service the investments approved by the Board Directors or (y) are necessary to prevent or remedy the breach of covenants contained in finance contracts to which the Company is party, or situations of insolvency regarding the Company or (z) they were authorised in the presence of losses in those circumstances referred to in Article 2446;</u></p> <p>(e) <u>other amendments to the bylaws (including the amendments to this Article 11) except for (i) increases or reductions of capital referred to in paragraph (d) above excluded from the application of the qualified majority contained in this Article 11.2, (ii) resolutions falling within the remit of the Board of Directors in accordance with the provisions of paragraph 18.2; it is thus understood, purely for the sake of clarity, that the resolutions referred to in paragraph (i) above will be approved with the quorums required by law;</u></p> <p>(f) <u>resolutions authorising major related party transactions pursuant to Article 2364 paragraph 1(5) of the Civil Code.</u></p>
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ARTICLE 13 - COMPOSITION OF THE BOARD OF DIRECTORS

13.1 - The Company shall be managed by a Board of Directors consisting of a minimum of 7 (seven) and a maximum of 15 (fifteen) Directors, at least one third of whom shall be of the less represented gender, rounding any fractions up to the next whole number.

13.2 The Shareholders' Meeting shall establish the number of members of the Board of Directors before proceeding to appoint them, and this number shall remain unchanged until a new resolution establishes a different number. It shall also establish their term of office, subject to the maximum legal limits.

13.3 Should a majority of the seats on the Board of Directors become vacant for any cause or reason, the remaining Directors shall be deemed to have resigned and they shall cease to hold office from the time the Board of Directors has been reconstituted by persons appointed by the Shareholders' Meeting.

13.4 The Board of Directors shall be appointed, in accordance with the applicable laws and regulations, on the basis of slates presented by the shareholders pursuant to the subsections below, or by the outgoing Board of Directors.

13.5 A minimum number of the Directors appointed by the Shareholders' Meeting, corresponding to the minimum prescribed by the legal and regulatory provisions in force at the time, must fulfil the requirements of independence set out in the legal and regulatory provisions in force at the time.

Loss of these requirements shall determine removal from office. Loss by a director of the requirements of independence prescribed by the legal and regulatory provisions in force at the time shall not result in removal from office if the minimum number of directors fulfils said requirements as prescribed by the regulations in force.

13.6 Each shareholder may present or participate in the presentation of one slate only and each candidate may appear on only one slate on pain of ineligibility. Slates that contain a number of candidates greater than or equal to three must ensure that both genders are present, in such a way that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the whole number.

13.7 Slates may only be submitted by shareholders

ARTICLE 13 - COMPOSITION OF THE BOARD OF DIRECTORS

13.1 The Company is administered by a Board of Directors formed of a minimum of ~~7 (seven)~~ **10 (ten)** up to a maximum of ~~15 (fifteen)~~ **13 (thirteen)** Directors, of which the less-represented gender must equate to at least one-third of the total, with rounding to the higher number if there is a fraction: **if there is a mandatory legal requirement or if the Company has accepted the Corporate Governance Code of Borsa Italiana S.p.A.**

~~13.2 Before proceeding with the election, the Meeting will determine the~~ number of members of the Board of Directors, ~~and that number will remain the same until determined otherwise;~~ the duration will be determined according to the outcome of the election, ~~subject to the legal maximum limits, voting on the election of the Board as specified in Articles 13.9 to 13.13.~~

~~13.3 Should a majority of the seats on the Board of Directors become vacant for any cause or reason, the remaining Directors shall be deemed to have resigned and they shall cease to hold office from the time the Board of Directors has been reconstituted by persons appointed by the Shareholders' Meeting.~~

~~13.3~~ The election of the Board of Directors will take place in accordance with the applicable provisions of laws and regulations **(including the connection with the list obtaining the highest number of votes at the Meeting)**, on the basis of the lists presented by the shareholders in accordance with the following paragraphs, ~~or by the outgoing Board of Directors~~ and in accordance with these By-laws.

~~13.54~~ A minimum number of the directors elected by the Meeting, corresponding to the legal and regulatory minimum applicable at the time, must meet the independence requirements stipulated by the current laws and regulations.

~~Loss by a director of the requirements of independence prescribed by the legal and regulatory provisions in force at the time~~ will not result in removal from office if the **minimum** number of directors fulfils the requirements **as prescribed by the regulations in force.**

~~13.65~~ A shareholder can only present or contribute to the presentation of a single list and each candidate may only appear on a single slate, failing which they will be ineligible for election. **Slates containing three or more candidates, where**

who alone or together with other shareholders hold the number of shares representing the amount of the share capital established by the Consob regulations.

13.8 With each slate, the following must be filed, within the period of time specified by the legal and regulatory provisions in force at the time: (i) information on the identity of the shareholders who presented the slate, indicating their total shareholdings, (ii) the acceptances of their candidacies by the individual candidates, and (iii) the declarations with which said candidates attest, at their own responsibility, that there exist no causes of ineligibility or incompatibility, and that they possess the requirements prescribed for their respective offices. Together with the declarations, a curriculum vitae shall be filed for each candidate setting out their main personal and professional data with an indication of the positions held in management and control bodies of other companies and of the grounds for their qualifying as independent in accordance with the criteria established by law and the Company. Any changes that occur up to the day the Shareholders' Meeting is held must be promptly notified to the Company. The slates for which the aforementioned prescriptions have not been observed shall be considered as if not presented.

13.9 Each person entitled to vote may vote for one slate only.

13.10 The Board of Directors shall be elected as specified below:

1) from the slate which has obtained the greatest number of votes (the so-called Majority Slate) four fifths of the directors to be elected shall be chosen, in the progressive order in which they are listed on said slate, rounding any fractions down to the nearest whole number;

2) without prejudice to compliance with the applicable laws and regulations concerning the link with the Majority Slate, the remaining directors shall be taken from the other slates; to that end, the votes obtained by the various slates shall be divided successively by progressive whole numbers from one up to the number of directors to be elected. The quotients thus obtained shall be progressively assigned to the candidates on each slate in the order specified thereon. The quotients thus assigned to the candidates on the various slates shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected. If more than one candidate obtains the same quotient, the candidate from the slate that has not

this is a mandatory legal requirement or is a recommendation of the Corporate Governance Code of Borsa Italiana S.p.A., if the Company has accepted it, must ensure that both genders are present, so that the less represented gender represents at least one third of the total, with rounding to the higher number if there is a fraction.

13.7 6 Slates may only be submitted by shareholders who, alone or together with other shareholders, hold the number of shares representing the amount of the share capital established by the Consob regulations.

13.8 7 With each slate, the following must be filed, within the period of time specified by the legal and regulatory provisions in force at the time: (i) information on the identity of the shareholders who presented the slate, indicating their total shareholdings, (ii) the acceptances of their candidacies by the individual candidates, (iii) the declarations with which said candidates attest, at their own responsibility, that there are causes of ineligibility or incompatibility, and that they possess the requirements prescribed for their respective offices and (iv) **the other information required by the applicable laws and regulations.** Together with the declarations, a curriculum vitae shall be filed for each candidate setting out their main personal and professional data with an indication of the positions held in management and control bodies of other companies and of the grounds for their qualifying as independent in accordance with the criteria established by law and the Company. Any changes that occur up to the day the Shareholders' Meeting is held must be promptly notified to the Company. The slates for which the aforementioned prescriptions have not been observed shall be considered as if not presented.

13.9 Each person entitled to vote may vote for one slate only. For the purposes of these By-laws, "Qualified List" means any list obtaining a number of votes higher than 25% of the Company's capital with voting rights.

13.9 For the election of the Board of Directors:

1) if there is only one Qualified List or none at all, after the votes, the provisions of article 13.10 will apply;

2) if, after the voting, there are two Qualified Lists and neither of them has obtained a number of votes higher than 50% of the Company's capital with voting rights, the provisions of Article 13.11 will apply;

3) if, after the voting, there are two Qualified

yet elected any director or that has elected the smallest number of directors shall be elected.

If none of such slates has yet elected a director or all of them have elected the same number of directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes shall be elected.

If the composition of the resulting board does not reflect gender balance, taking into account their ranking order on the slate, the last candidates of the more represented gender elected from the Majority Slate shall forfeit their post to ensure compliance with this requirement, and shall be replaced in the necessary number by the first candidates not elected from the same slate who are of the less represented gender. In the absence of candidates of the less represented gender on the Majority Slate in sufficient number to proceed with the replacement, the Shareholders' Meeting shall supplement the board with the majorities required by law, thus ensuring that the requirement is met.

13.11 In appointing directors who for any reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting shall resolve on the basis of the majorities required by law, ensuring that the requirements of the law and the Bylaws regarding the composition of the board are respected.

13.12 If in the course of the financial year one or more vacancies occur on the Board, the procedure specified in Art. 2386 of the Italian Civil Code shall be followed.

13.13 At the first appointment of the Board of Directors after the listing of the Company, the quota to be assigned to the less represented gender (in both the Board of Directors and the related slates) shall be limited to one fifth of the total; in the event of a fractional number, it shall be rounded up to the nearest whole number.

Lists and one of them has obtained a number of votes higher than 50% of the Company's capital with voting rights, the provisions of Article 13.12 will apply;

4) if there are three Qualified Lists, after the votes, the provisions of article 13.13 will apply;

13.10 In the case mentioned in article 13.9, para. 1), the Board of Directors will be elected as follows:

1) there will be 13 members of the Board of Directors, subject to paragraph 4) below;

~~1) 2) from the slate which obtained the highest number of votes **at the Meeting (the Majority Slate) four fifths of the** 10 directors to be elected shall be chosen, in the progressive order in which they are listed on the slate, ~~rounding any fractions to the nearest whole number;~~~~

~~2) 3) **without prejudice to compliance with the applicable laws and regulations concerning the link with the Majority Slate,** the remaining 3 directors shall be taken from the other slates; to that end, the votes obtained by the various slates shall be divided successively by progressive whole numbers **from one up to the number of directors to be elected.** The quotients thus obtained shall be progressively assigned to the candidates on each slate in the order specified thereon. The quotients thus assigned to the candidates on the various slates shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected. If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected any director ~~or that has elected the smallest number of directors shall be elected.~~ **Alternatively, there will be a ballot by the Meeting, with the candidate obtaining the most votes being elected (from among those with the same quotient on those slates);**~~

4) subject to the provisions of Articles 13.14 and 13.15 below, if there are no other lists, there will be 10 members of the Board of Directors, in accordance with paragraph 2) above.

13.11 If ~~none of the slates elected a director or if they all elected the same number~~ as Article 13.9, paragraph 2), the Board of Directors will be elected as follows:

1) there will be 13 members of the Board of Directors, subject to paragraph 3) below;

2) 5 directors will be taken from each Qualified List in the order in which they were listed on it;

3) the other 3 directors will be appointed in

	<p>accordance with paragraph 3 in article 13.10;</p> <p><u>4) subject to the provisions of Articles 13.14 and 13.15 below, if there are no other lists, the candidate will be elected from the slate with, there will be 10 members of the Board of Directors, in accordance with paragraph 2) above.</u></p> <p><u>13.12 In the case mentioned in article 13.9, para. 3), the Board of Directors will be elected as follows:</u></p> <p><u>1) there will be 13 members of the Board of Directors, subject to paragraph 5) below;</u></p> <p><u>2) from the Qualified List that obtained the highest number of votes, 10 directors will be taken, in the order in which they are named on the list;</u></p> <p><u>3) 2 directors will be taken from the second Qualified List in the order in which they were listed on it;</u></p> <p><u>4) the other director is the first most-voted candidate on the other lists;</u></p> <p><u>5) subject to articles 13.14 and 13.15 below, in the event of a tie, in the absence of votes on other lists, the absence of votes; other lists, the number of members of the Board of Directors is 12 elected in accordance with the provisions of paragraphs 2) and 3) above.</u></p> <p><u>13.13 In the case of quotient, mentioned in article 13.9, para. 4), there will be a new vote the Board of Directors will be elected as follows:</u></p> <p><u>1) there will be 13 members of the Board of Directors, subject to paragraph 4) below;</u></p> <p><u>2) by the entire Meeting, with, 4 directors will be taken from the second Qualified List in the order in which they were listed on it;</u></p> <p><u>3) the other director is the first candidate obtaining the simple majority, of the most-voted of the other lists;</u></p> <p><u>4) subject to the provisions of Article 13.14 below, if there are no other lists, there will be 12 members of the Board of Directors, in accordance with paragraph 2) above.</u></p> <p><u>13.14 If the composition of the Board deriving from articles 13.10 to 13.13 does not include, among the elected directors, the minimum number of directors meeting independence requirements as provided for in the provisions of laws and regulations in force at the time, the</u></p>
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last-elected name on each slate that elected at least one director and that did not elect even a single director who meets the independence requirements – starting from the most-voted list – will be replaced, taking into account the order in which the candidates are listed, from the first candidate who was not elected from that list, who meets the requirements. If 10 directors were taken from the most-voted list, none of whom have the independence requirements, the last two names elected from that list will be replaced, taking into account the order in which the candidates were listed, from the first two candidates who were not elected from the same list, who do meet the requirements.

If the above provision does not apply or does not allow compliance with the minimum number of directors who have the independence requirements, the Meeting will appoint a number of directors, with the legal majorities, who have these requirements, where necessary to ensure that the minimum number of directors with independence requirements as provided for in the current laws and regulations, is respected, in replacement of the non-independent directors taken from the least voted lists (other than a Qualified List), if there are any, starting from the least voted list. If there are no lists other than the Qualified Lists, the Meeting will appoint a number of directors, with the legal majorities, who have these requirements, where necessary to ensure that the minimum number of directors with independence requirements as provided for in the current laws and regulations, is respected, and paragraphs 13.10(4), 13.11(4), 13.12(5) and 13.13(4) will not apply.

13.15 If the composition of the Board is subject to the gender balance obligation, if the composition of the board resulting from articles 13.10 to 13.13 does not allow respect for the gender balance, taking into account the order of listing of the candidates, the names last elected from the Majority List of the most represented gender on each list from which at least four directors were taken, will be substituted to the extent necessary to ensure compliance with the gender balance requirement, from the first unelected candidates on the same list of the less represented gender. If, on the lists from which at least four directors were taken, there are no candidates from the least represented gender on the Majority List of a sufficient number to proceed with the substitution,

or if there are no lists from which at least four directors were taken, the Meeting will replace the members of the Board with the legal majorities, to ensure compliance with the requirement, and may disregard paragraphs 13.10(4), 13.11(4) and 13.12(5), or - for any remainder - in substitution of the last elected names of the most represented gender taken from the most voted list.

~~13.11~~ ~~16~~ In appointing directors who for any reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting will pass its resolution on the basis of the legal majorities, ensuring that the requirements of the law and the Bylaws regarding the composition of the board are respected.

~~13.12~~ ~~17~~ If one or more vacancies arise on the Board during the course of the year, subject to article 13.18 below, the following procedure will be observed in accordance with article 2386 of the civil code:

~~13.13~~ During the first term of office of the Board of Directors following the Company's public listing, the quota to be reserved to the less represented gender (both on the Board of Directors and on the related lists) will be one-fifth of the total, with rounding to the higher unit if there is a fraction¹ if there are one or more vacancies created by directors taken from a Qualified List from which no more than five directors were taken - when the Board of Directors was elected - the outgoing director(s) will be replaced through co-optation by the Board of Directors, with the first candidate(s) from the same Qualified List who was/were not elected when the Board of Directors was elected - if there are any such candidates - and if this is required in order to comply with the independence requirements (and/or gender requirements) as prescribed in current laws or regulations (and also in the self-governance rules, with reference to gender balance), they have the same independence (and/or gender) requirements as the outgoing directors. If the next available Meeting does not confirm the directors who were co-opted as described above, the whole Board shall resign and its mandate will end with effect from the time when the Board of Directors is re-elected by the Meeting. The directors will have to call a Meeting to appoint the new Board of Directors. If the Board of Directors cannot co-opt the first unelected candidate(s) taken from the same Qualified List from which the outgoing

directors were taken (if there are not enough unelected candidates or those with the same independence (or gender) requirements as the outgoing directors): (i) the Board of Directors may proceed in accordance with paragraph 4) below if it concerns a Qualified List from which up to 4 directors were taken at the time the Board of Directors was elected; (ii) paragraph 3) will apply if it concerns a Qualified List from which five directors were taken at the time the Board of Directors was elected;

2) if there are vacancies created by one or more directors taken from a Qualified List from which 10 directors were taken at the time the Board of Directors was elected, the Board of Directors may co-opt the new directors pursuant to Article 2386 civil code (guaranteeing, within the Board, compliance with the independence and/or gender requirements as prescribed by the current laws or regulations, or also by the self-governance rules on gender balance) provided that their appointment is approved by the Board of Directors with the vote in favour of at least six serving directors taken from the above-mentioned Qualified List or who have previously replaced directors taken from the same list in accordance with this paragraph 2). If the next available Meeting does not confirm the directors who were co-opted as described in this paragraph 2), the whole Board shall resign and its mandate will end with effect from the time when the Board of Directors is re-elected by the Meeting. The directors will have to call a Meeting to appoint the new Board of Directors.

3) If there are vacancies created by one or more directors taken from a Qualified List from which five or ten directors were taken at the time the Board of Directors was elected and it was not possible to carry out the substitution in accordance with the above paragraphs 1) and 2), the whole Board shall resign and its mandate will end with effect from the time when the Board of Directors is re-elected by the Meeting. The directors still in office will have to call a Meeting to appoint the new Board of Directors.

4) if there are vacancies created by one or more directors who were taken from a list other than a Qualified List, the Board of Directors may replace the outgoing directors pursuant to Article 2386 civil code, by a decision passed with an absolute majority. If the next available Meeting does not confirm the directors thus co-

	<p>opted, the same Meeting shall elect the <u>replacements, by a resolution passed with the legal majority.</u></p> <p><u>13.18 Whenever there are vacancies for at least five members of the Board of Directors appointed by a Meeting resolution (including the directors who were confirmed by a Meeting resolution following a replacement pursuant to article 13.17 above), for any cause or reason, the whole Board shall resign and its mandate will end with effect from the time when the Board of Directors is re-elected by the Meeting. The directors still in office will have to call a Meeting to appoint the new Board of Directors.</u></p>
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ARTICLE 16 - VALIDITY AND MINUTING OF BOARD RESOLUTIONS

16.1 For the resolutions of the Board of Directors to be valid, a majority of the serving Directors must be present, and a majority of the Directors in attendance must have voted in favour.

16.2 The resolutions of the Board of Directors shall be minuted in the register of resolutions of the Board to be maintained and retained pursuant to art. 2421, no. 4 of the Italian Civil Code, signed by the Chairman and Secretary, or by a Notary. When prescribed by law, or if the Chairman should deem it advisable, the resolutions shall be minuted by a Notary chosen by the Chairman of the Board of Directors.

ARTICLE 16 - VALIDITY AND MINUTING OF BOARD RESOLUTIONS

16.1 For the resolutions of the Board of Directors to be valid, a majority of the serving Directors must be present, and a majority of the Directors in attendance must have voted in favour, **subject to the provisions of articles 16.3 and 16.4 below.**

16.2 The resolutions of the Board of Directors shall be minuted in the register of resolutions of the Board to be maintained and retained pursuant to art. 2421, no. 4 of the Civil Code, signed by the Chairman and Secretary, or by a Notary. When prescribed by law, or if the Chairman should deem it advisable, the resolutions shall be minuted by a Notary chosen by the Chairman of the Board of Directors.

16.3 Board of Directors' decisions on the matters referred to in article 16.4 require the presence and vote in favour of:

(a) at least 9 directors if the Board of Directors was appointed in accordance with paragraph 13.10 or paragraph 13.11 or paragraph 13.12;

(b) at least 8 directors if the Board of Directors was appointed in accordance with paragraph 13.13.

16.4 The resolutions of the Board of Directors on the following matters are subject to the qualified majorities referred to in article 16.3 above:

(a) approvals and amendments of budgets and industrial plans, including detailed operational plans relating to investments, price lists and annual cost-cutting plans to reduce operating costs;

(b) the election and revocation (including the award and revocation of the related powers) of the CEO and Chairman of the Board of Directors and determination of their remuneration (without affecting the right to grant the directors powers for specific deals or operations), and the election and revocation (and determination of powers) of an Executive Committee;

(c) the acquisition or disposal of shares, companies or business units, secured property rights and other immovable assets with a value of more than Euro 5 million per operation;

(d) the taking out of new finance agreements or the acceptance of new financial liabilities

	<p><u>that lead to an increase in the debt/net equity ratio compared to what was indicated in the industrial plan approved by the Board of Directors, or an increase in indebtedness of more than 6 times the EBITDA (debt, net equity and EBITDA as the object of the most recent market disclosure);</u></p> <p><u>(e) the approval of “capex” or “opex” with a total cumulative annual value of more than 10% of the amounts indicated in the approved industrial plans and budgets;</u></p> <p><u>(f) the approval of stock option plans or other forms of incentives for the directors and/or key personnel;</u></p> <p><u>(g) the approval of motions to the shareholders’ meeting on matters that require the reinforced meeting quorum referred to in article 11.2;</u></p> <p><u>(h) the carrying out of operations or the amendment of contracts with related parties of an amount higher than Euro 500,000 per operation or series of operations, with the exclusion in any case, regardless of amount, of the exercise, discontinuance or settlement of any judicial or extrajudicial action between the Company and the related parties;</u></p> <p><u>(i) the approval of resolutions for the merger by incorporation into INWIT S.p.A. of companies of which INWIT S.p.A. holds at least 90% of the shares, and the transfer of the company’s head office within Italy, as provided for in article 18.2 herein;</u></p> <p><u>(j) the appointment of the CFO and the Director General.</u></p>
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ARTICLE 18 - POWERS OF THE BOARD - DELEGATED POWERS

18.1 - The Board of Directors shall be responsible for the overall management of the Company, since all matters not expressly reserved to the Shareholders' Meeting by law or these Bylaws are within its jurisdiction.

Within the limits established by law, the Board of Directors shall be entrusted with deciding on the merger into INWIT S.p.A. or demerger in favour of INWIT S.p.A. of companies of which INWIT S.p.A. owns at least 90% of the shares or capital, the reduction of the share capital in the event of the withdrawal of shareholders, the revision of the Bylaws to conform with statutory provisions, the relocation of the Company's registered office within Italy, and the opening and closing of secondary offices.

To implement its own resolutions and manage the Company, the Board, subject to the limits provided for by law, may:

- create an Executive Committee, establishing its powers and the number of its members;
- delegate suitable powers, establishing the limits thereof, to one or more Directors, possibly with the title of Chief Executive Officer;
- appoint one or more General Managers, establishing their powers and duties;
- appoint attorneys in fact, who may be members of the Board of Directors, for specific transactions and for a limited period of time.

18.4 The Board of Directors may set up committees from among its members charged with giving advice and making proposals and shall establish their powers and duties.

18.5 The Board of Directors shall appoint the manager responsible for preparing the Company's accounting documents, subject to the mandatory opinion of the Board of Statutory Auditors. Unless revoked for just cause after consulting the Board of Statutory Auditors, the term of office of the manager responsible for preparing the Company's accounting documents shall end with that of the Board of Directors that appointed him/her.

18.6 The manager responsible for preparing the Company's accounting documents must be an expert in the fields of administration, finance and control and satisfy the integrity requirements established for directors. Failure to satisfy these

ARTICLE 18 - POWERS OF THE BOARD - DELEGATED POWERS

18.1 - The Board of Directors shall be responsible for the overall management of the Company, since all matters not expressly reserved to the Shareholders' Meeting by law or these Bylaws are within its jurisdiction.

18.2 Within the legal limits, the Board of Directors remit includes the following duties **(which cannot be delegated):** **(i)** decisions on the merger **by** incorporation into INWIT S.p.A. or of spin-offs in favour of INWIT S.p.A. of the companies in which INWIT S.p.A. holds at least 90% of the shares or units; **(ii)** reduction of the share capital in the event of withdrawal of a shareholder; **(iii)** amending the Bylaws to comply with **mandatory** provisions of law; **(iv)** the transfer of the Company's head office within Italy, and the opening or closing of secondary offices; **(v) the exercise, discontinuance or settlement of any judicial or extrajudicial action between the Company and related parties, of a value of more than Euro 200,000 (per individual exercise, discontinuance or settlement, or for related operations).**

18.3 To implement its own resolutions and manage the Company, the Board, subject to the limits provided for by law, **and in accordance with these bylaws (including the provisions of article 16.4) may:**

- create an Executive Committee, establishing its powers and the number of its members;
- delegate the necessary powers and determine the limits of the authority, to one or more Directors, possibly with the title of Chief Executive Officer;
- appoint one or more General Managers, establishing their powers and duties;
- appoint attorneys in fact, who may be members of the Board of Directors, for specific transactions and for a limited period of time.

18.4 The Board of Directors may set up committees from among its members charged with giving advice and making proposals and shall establish their powers and duties.

18.5 The Board of Directors will appoint the Financial Reporting Officer after obtaining the mandatory opinion of the Board of Statutory Auditors, **in accordance with the provisions of these bylaws.** Unless revoked for just cause after

<p>requirements shall entail removal from the position, which must be announced by the Board of Directors within thirty days of its learning of the failure.</p>	<p>consulting the Board of Statutory Auditors, the term of office of the financial reporting officer shall end with that of the Board of Directors that appointed him/her.</p> <p>18.6 The manager responsible for preparing the Company's accounting documents must be an expert in the fields of administration, finance and control and satisfy the integrity requirements established for directors. Failure to satisfy these requirements shall entail removal from the position, which must be announced by the Board of Directors within thirty days of its learning of the failure.</p>
<p>ARTICLE 22 - BOARD OF STATUTORY AUDITORS</p> <p>22.1 - The Board of Statutory Auditors shall consist of 3 (three) standing Auditors, including at least one Auditor from the less represented gender. The Shareholders' Meeting shall also appoint 2 (two) alternate Auditors, one of each gender.</p> <p>22.2 For the purposes of the provisions of Ministry of Justice Decree no. 162 of 30 March 2000, art. 1, subsection 3, the topics and sectors of activity connected with or inherent to the activity undertaken by the Company, and set out in its company purpose, are considered to be strictly relevant to those of the company.</p> <p>22.3 - The appointment of the Board of Statutory Auditors shall be in compliance with the applicable laws and regulations on the basis of slates presented by shareholders.</p> <p>22.4 Each shareholder may present or participate in the presentation of one slate only and each candidate may appear on only one slate on pain of ineligibility.</p> <p>22.5 - Slates may only be submitted by shareholders who alone or together with other shareholders hold the number of shares representing the amount of the share capital established by the Consob regulations.</p> <p>22.6 With each slate, the following must be filed, within the period of time specified by the legal and regulatory provisions in force at the time: (i) information on the identity of the shareholders who presented the slate, indicating their total shareholdings, (ii) the acceptances of their candidacies by the individual candidates, and (iii) the declarations with which said candidates attest, at their own responsibility, that there exist no causes of ineligibility or incompatibility, and that they possess the requirements prescribed by the</p>	<p>ARTICLE 22 - BOARD OF STATUTORY AUDITORS</p> <p>22.1 The Board of Statutory Auditors consists of 3 (three) permanent auditors, <u>(of whom at least one must be from the least represented gender, where this is a mandatory requirement of law, or a requirement of the Corporate Governance Code of Borsa Italiana S.p.A., where accepted by the Company).</u> The Meeting of Shareholders will appoint another 2 (two) substitute auditors, <u>(one from each gender: if there is a mandatory legal requirement or if it is a recommendation in the Corporate Governance Code of Borsa Italiana S.p.A.).</u></p> <p>22.2 For the purposes of the provisions of Ministry of Justice Decree no. 162 of 30 March 2000, art. 1, subsection 3, the topics and sectors of activity connected with or inherent to the activity undertaken by the Company, and set out in its company purpose, are considered to be strictly relevant to those of the company.</p> <p>22.3 - The appointment of the Board of Statutory Auditors shall be in compliance with the applicable laws and regulations on the basis of slates presented by shareholders.</p> <p>22.4 Each shareholder may present or participate in the presentation of one slate only and each candidate may appear on only one slate on pain of ineligibility.</p> <p>22.5 - Slates may only be submitted by shareholders who alone or together with other shareholders hold the number of shares representing the amount of the share capital established by the Consob regulations.</p> <p>22.6 With each slate, the following must be filed, within the period of time specified by the legal and regulatory provisions in force at the time: (i) information on the identity of the shareholders who</p>

applicable law and regulations and by the Company @Bylaws@.

22.7 Together with the declarations, a curriculum vitae for each candidate shall be filed setting out their personal and professional details with an indication of the positions held in management and control bodies of other companies. Slates for which the provisions above have not been observed shall be considered as not having been presented.

22.8 Any variations that might occur prior to the day the Shareholders' meeting actually takes place must be promptly notified to the Company.

22.9 - The slates shall be divided into two sections: one for candidates to the position of standing Auditor and the other for candidates to the position of alternate Auditor. Slates which in one or both sections contain three or more candidates must ensure the presence of both genders in said section, so that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the next whole number.

The first candidate in each section shall be selected from among the external auditors entered in the appropriate register who have worked on external audits for a period of not less than three years.

22.10 - Each person entitled to vote may vote for only one slate.

22.11 The Board of Statutory Auditors shall be elected as specified below:

1) from the slate which obtained the highest number of votes at the Meeting (the Majority List, 2 permanent members and 1 substitute member will be taken, in the order in which they were listed;

2) the remaining Standing Auditor and the other Alternate Auditor shall be chosen from the second slate that obtains more votes during the Shareholders' Meeting and that is not connected, pursuant to the applicable laws and regulations, to the Majority Slate (the Minority Slate), in the progressive order they are listed on the slate;

If the composition of the board, or of the category of alternate Auditors that results does not respect the gender balance, taking their order in the list for the respective sections into account, the last person elected from the Majority Slate of the more represented gender shall forfeit their appointment to ensure compliance with this requirement, and shall be replaced by the first unelected candidate of the less represented gender on the same slate and the same section. In the absence of candidates of the less represented gender in the relevant section

presented the slate, indicating their total shareholdings, (ii) the acceptances of their candidacies; (iii) declarations in which they confirm, under their own responsibility, that there are no grounds for disqualification or incompatibility, and also confirming the existence of the applicable legal and regulatory requirements, and of the company's bylaws- **and (iv) the other information required by law.**

22.7 Together with the declarations, a curriculum vitae for each candidate shall be filed setting out their personal and professional details with an indication of the positions held in management and control bodies of other companies. Slates for which the provisions above have not been observed shall be considered as not having been presented.

22.8 Any variations that might occur prior to the day the Shareholders' meeting actually takes place must be promptly notified to the Company.

22.9 - The slates shall be divided into two sections: one for candidates to the position of standing Auditor and the other for candidates to the position of alternate Auditor. Slates which in one or both sections contain three or more candidates must ensure the presence of both genders in said section, so that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the next whole number.

The first candidate in each section shall be selected from among the external auditors entered in the appropriate register who have worked on external audits for a period of not less than three years.

22.10 - Each person entitled to vote may vote for only one slate.

22.11 **the Board of Statutory Auditors will be elected as follows, without prejudice to the rules of laws and regulations regarding the connection to the list obtaining the highest number of votes at the Meeting:**

1) if, after the vote, there is only one Qualified List or none at all, (i) two permanent auditors and one substitute auditor will be taken, in the order in which they were listed, from the list that obtained the highest number of votes at the Meeting (the Majority List); and (ii) the other permanent member and the other substitute member will be taken, in the order in which they were listed, from the second list obtaining the majority of votes of the shareholders at the Meeting, if it is not connected (as defined in the laws and regulations) to the Majority List (the Minority

of the Majority Slate, the Shareholders' Meeting shall appoint the standing or alternate Auditors that are missing with the majorities required by law, ensuring that the requirement is met

22.12 The @@Standing Auditor@@ chosen from the Minority Slate is appointed as the Chairman of the Board of Statutory Auditors.

22.13 In appointing statutory Auditors who for any reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting shall vote on the basis of the majorities required by law, ensuring compliance with the requirements of the law and the Bylaws regarding the composition of the board and the category of alternate Auditors.

If an Auditor from either the Majority List or the Minority List should cease to hold office, the alternate from the Majority List or from the Minority List shall take their place, without prejudice to respect for the requirements of the Bylaws regarding the composition of the corporate body. The appointment of Auditors to fill vacancies on the Board of Statutory Auditors pursuant to art. 2401 of the Italian Civil Code shall be resolved by the Shareholders' Meeting by an absolute majority of those voting and in any effect in accordance with the principle of the necessary representation of minorities, as well as the requirements of the Bylaws on gender balance. The principle of the necessary representation of the minority shareholders shall be deemed to have been respected in the case of the appointment of the Alternate Auditor chosen from the Minority Slate who has taken the place of a Standing Auditor chosen from the same slate.

22.15 After notifying the Chairman of the Board of Directors, the Board of Statutory Auditors may call, as provided for by law, a Shareholders' Meeting or a meeting of the Board of Directors or the Executive Committee. This power to call meetings may be exercised individually by each Statutory Auditor, except for the power to call a Shareholders' Meeting, which must be exercised by at least two Statutory Auditors.

22.16 Participation in the meetings of the Board of Statutory Auditors may – if the Chairman verifies the necessity – be by means of telecommunication techniques that permit participation in the discussion and informational equality for all those taking part.

22.17 If the Chairman is absent or unable to act, the most senior of the other standing Auditors shall

List);

2) if, after the votes, there are two Qualified Lists and neither of them has obtained a number of votes higher than 50% of the Company's share capital with voting rights, (i) from each Qualified List, one permanent auditor and one substitute auditor will be taken as per the order on the list, and (ii) one permanent auditor will be taken from the third-most voted list, according to the order on that list;

3) if, after the votes, there are two Qualified Lists and one of them has obtained a number of votes higher than 50% of the Company's share capital with voting rights, (i) from the Qualified List obtaining the highest number of votes, 2 permanent auditors and 1 substitute auditor will be taken as per the order on the list, and (ii) one permanent auditor and one substitute auditor will be taken from the second-most voted list, according to the order on that list;

4) if, after the votes, there are three Qualified Lists (i) 1 permanent auditor and 1 substitute auditor will be taken from the most voted Qualified List, (ii) 1 permanent auditor and 1 substitute auditor will be taken from the second-most voted list and (iii) as per the order on the list, and (ii) one permanent auditor will be taken from the third Qualified List.

If the composition of the board is subject to the obligation on gender balance, if the composition of the board or the category of substitute auditors does not allow for respect of the gender balance, taking into account their order in the list for the respective sections, ~~the last person elected from the Majority Slate~~ the second person of the more represented gender shall forfeit their appointment to ensure compliance with this requirement, and shall be replaced by the first unelected candidate of the less represented gender on the same slate and the same section. In the absence of candidates of the less represented gender in the relevant section of the Majority Slate, the Shareholders' Meeting shall appoint the standing or alternate Auditors that are missing with the majorities **required by law**, ensuring that the legal requirement is met.

22.12 The Chairman of the Board of Statutory Auditors will be the permanent auditor taken from the Majority List. least voted list from which a permanent member was elected.

22.13 In appointing statutory Auditors who for any

<p>take his/her place.</p> <p>22.18 External audit of the accounts shall be carried out by a firm of external auditors authorised pursuant to law, in accordance with the applicable legal provisions.</p>	<p>reason have not been appointed pursuant to the procedure specified above, the Shareholders' Meeting shall vote on the basis of the majorities required by law, ensuring compliance with the requirements of the law and the Bylaws regarding the composition of the board and the category of alternate Auditors.</p> <p><u>22.14</u> In the event of resignation of an auditor taken from the Majority List or Minority List respectively, he/she will be substituted - where applicable and subject to fulfilment of the legal and statutory requirements regarding Board composition - by an auditor taken from the Majority List or Minority List, the same list from which the outgoing auditor was taken. The appointment of Auditors to fill vacancies on the Board of Statutory Auditors pursuant to art. 2401 of the Italian Civil Code shall be resolved by the Shareholders' Meeting by an absolute majority of those voting and in any effect in accordance <u>with the principle of the necessary representation of minorities, as well as the requirements of the Bylaws on gender balance. The principle of the necessary representation of the minority shareholders shall be deemed to have been respected in the case of the appointment of the Alternate Auditor chosen from the Minority Slate who has taken the place of a Standing Auditor chosen from the same slate.</u> the legal and statutory requirements.</p> <p>22.15 After notifying the Chairman of the Board of Directors, the Board of Statutory Auditors may call, as provided for by law, a Shareholders' Meeting or a meeting of the Board of Directors or the Executive Committee. This power to call meetings may be exercised individually by each Statutory Auditor, except for the power to call a Shareholders' Meeting, which must be exercised by at least two Statutory Auditors.</p> <p>22.16 Participation in the meetings of the Board of Statutory Auditors may – if the Chairman verifies the necessity – be by means of telecommunication techniques that permit participation in the discussion and informational equality for all those taking part.</p> <p>22.17 If the Chairman is absent or unable to act, the most senior of the other standing Auditors shall take his/her place.</p> <p>22.18 External audit of the accounts shall be carried out by a firm of external auditors authorised pursuant to law, in accordance with the applicable legal provisions.</p>
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<p>ARTICLE 23 - ENDING OF THE FINANCIAL YEAR - ALLOCATION OF PROFITS</p> <p>23.1 The financial year shall end on 31 December of each year.</p> <p>23.2 From the net profit reported in the annual accounts, 5% (five percent) shall be allocated to the legal reserve until this reaches an amount equal to one-fifth of the share capital.</p> <p>23.3 The remainder shall be used to pay the dividend determined by the Shareholders' Meeting, and for such other purposes as the Shareholders' Meeting deems most appropriate or necessary.</p> <p>23.4 During the course of the financial year, the Board of Directors may distribute interim dividends to the shareholders.</p> <p>23.5 Dividends not collected within five years of the day they become payable shall be understood to be prescribed in favour of the Company.</p>	<p>ARTICLE 23 - ENDING OF THE FINANCIAL YEAR - ALLOCATION OF PROFITS</p> <p>23.1 The financial year shall end on 31 December of each year.</p> <p>23.2 From the net profit reported in the annual accounts, 5% (five percent) shall be allocated to the legal reserve until this reaches an amount equal to one-fifth of the share capital.</p> <p>23.3 The remainder shall be used to pay the dividend determined by the Shareholders' Meeting, and for such other purposes as the Shareholders' Meeting deems most appropriate or necessary.</p> <p>23. 4 3 During the course of the financial year, the Board of Directors may distribute interim dividends to the shareholders, in accordance with the applicable provisions of law.</p> <p>23. 5 4 Dividends not collected within five years of the day they become payable will revert to the Company.</p>
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2.1 Board of Directors' assessment of the existence of a right of withdrawal

The amendments to the bylaws described above do not give the right of withdrawal to any shareholders who may not approve it, as they do not constitute any of the cases of withdrawal identified in Article 2437 of the Civil Code.

Shareholders, in consideration of the above, the Board of Directors of Inwit now submits the following proposal for your approval:

“The Extraordinary Meeting of Shareholders of Inwit, meeting today

- *having examined the Report by the Board of Directors of Inwit, which was prepared in accordance with Article 125b TUF and with Article 72 of the Issuers' Regulation, in accordance with table 3 in Annex 3A to the same Regulation, and approving the reasons for the proposal contained in that report;*
- *acknowledging that this resolution is conditional on the approval of the Merger in accordance with Article 49 paragraph 1g) of the Issuers' Regulation and that this resolution will therefore take effect from the Effective Date of the Merger;*

resolved

- (I) *to amend articles 5, 11, 13, 16, 18, 22 and 23 of the Inwit By-laws according to the text of the Report, fully approving the text of the new, amended By-laws;*
- (ii) *to grant the Board of Directors, and the Chairman and CEO on its behalf, individually, with full powers of sub-delegation and the right to appoint special representatives for individual acts or categories of act, all the necessary powers to accept or introduce into the above resolutions any non-substantial changes, supplements or deletions that may be required, at the request of the authorities or for the purposes of entry on the Companies Register.”*

APPOINTMENT OF TWO DIRECTORS

Following the resignation of the director Stefano Siragusa, who also held the position of Chairman of the Board of Directors, and of the non-executive director Mario Di Mauro who resigned on 10 May 2019, at the meeting on 15 May 2019 the Board of Directors of Inwit appointed Piergiorgio Peluso as Chairman and Carlo Nardello, both as non-executive directors, by co-optation pursuant to Article 2386 of the civil code and Article 13.12 of the current bylaws, with a decision that was also approved by the board of statutory auditors.

This appointment was also made in accordance with the provisions of law and the bylaws regarding the requirements of the directors and the composition of the Board of Directors. The Board of Directors checked the requirements imposed by the current regulations, and the overall compliance, during its annual self-assessment process.

As provided for in Article 2386 civil code, any directors appointed by co-optation will remain in office until the next Meeting, which is therefore required to pass a resolution in this regard.

Please note the following: (i) the number of directors required by the current article 13 of the Bylaws, in accordance with the Meeting of 13 April 2018, has been set at 11 (eleven); therefore the Meeting will elect two directors (this may take the form of confirming that the co-opted directors), who will remain in office until the end of the term of the whole Board of Directors (i.e. until the date of the meeting called to approve the financial statements for the year ending 31 December 2020), on condition that as of 26 July 2019 and from the Effective Date, all the members of the Inwit Board of Directors (including Piergiorgio Peluso and Carlo Nardello) resigned, as specified below; and (ii) the current composition of the Board of Directors already guarantees compliance with the legal, statutory and self-governance restrictions on gender balance and the presence of an adequate number of independent directors.

The Board of Directors proposes that Piergiorgio Peluso and Carlo Nardello be confirmed as directors for the same term as the current Board, in other words until the date of the Meeting called to approve the financial statements for the year ending 31 December 2020, subject to the above conditions.

For the appointment of the two directors, the Meeting will pass a resolution with the legal majority, without applying the voting list procedure. There are no specific procedures for the presentation of candidates; however, the Board of Directors recommends to any shareholders who do intend to propose a candidate, that the Company be notified with sufficient advance notice to enable the publication at least 21 days prior to the date of the Meeting. In addition, in the case of candidates other than the proposed confirmation of the co-opted directors, suitable documentation for each candidate must also be attached, in the same way as for the presentation of lists for the election of the whole Board of Directors. These proposals will promptly be published in form of a market announcement, and on the company's website.

Finally, please refer to the preamble of this report in relation to the post-Merger governance of Inwit, in other words with regard to the proposed appointment of a new

Board of Directors by a further ordinary meeting of Inwit shareholders which, following the resignation of all the members of the Inwit Board of Directors on 26 July 2019 and with effect from the Effective Date, must be called before the Effective Date, subject, as mentioned, to approval of the Merger in accordance with the whitewash procedure.

Shareholders, in consideration of the above, the Board of Directors of Inwit now submits the following proposal for your approval:

“The Ordinary Meeting of Shareholders of Inwit, meeting today

- *having examined the Report by the Board of Directors of Inwit, which was prepared in accordance with Article 125b TUF and approving the reasons for the proposal contained in that report;*
- *having today acknowledged the resignation from the position of director and Chairman, of Piergiorgio Peluso and of Carlo Nardello as director, who were appointed by co-optation at the meeting of the Board of Directors on 15 May 2019 in substitution of the directors Stefano Siragusa and Mario Di Mauro pursuant to Art. 2386 civil code;*
- *[acknowledging the proposal of the Board of Directors to confirm as directors Piergiorgio Peluso and Carlo Nardello /of the proposals made by the shareholder(s) [●] in relation to the appointment of the two directors,]*

resolved

- (i) *to appoint [●] and [●] as directors, by providing that they will resign together with the Directors currently in office, i.e. with the approval of the financial statements to 31 December 2020;*
- (ii) *to grant the Board of Directors, and the Chairman and CEO on its behalf, individually, with full powers of sub-delegation and the right to appoint special representatives for individual acts or categories of act, all the necessary powers to execute the above resolution and to complete the resulting legal and regulatory requirements”.*

EXTRAORDINARY DIVIDEND

1 DISTRIBUTION OF AN EXTRAORDINARY DIVIDEND TO THE INWIT SHAREHOLDERS, *POST-MERGER*

1.1 Amount of Extraordinary Dividend

In the context of the Operation in concerning the merger of the VOD towers with those of Inwit, the terms and conditions of which are governed by the Framework Agreement, it is agreed that, where the requirements indicated in the agreement are met, an extraordinary dividend will be authorised for all the post-Merger shareholders of Inwit, thus also of VOD EU (the “**Extraordinary Dividend**”) – this will of course be in accordance with the legal limits.

In view of the above, the Extraordinary Dividend will only be distributed if and to the extent that the Merger is implemented and therefore after the Effective Date.

Therefore, subject to the approval of the Merger in accordance with Article 49 paragraph 1g) of the Issuers' Regulation, and with effect from the Effective Date, the Extraordinary Dividend will be authorised at the rate of Euro 0.5936 for each ordinary share in circulation post-Merger, and the total amount incurred in payment of the Extraordinary Dividend will be allocated to the distributable reserves as specified further in paragraph 1.2 below. Taking into account the 600,000,000 shares in circulation on the date of this Report and also including the New Inwit Shares, the total amount of the Extraordinary Dividend to be withdrawn from the available reserves is Euro 570,000,000.

Payment of the Extraordinary Dividend, after detachment of the coupon, will be made with effect from: (i) the first payment date set by the Borsa Italia trading calendar after the Effective Date, in accordance with the applicable provisions of the current “Regulations of markets organised and managed by Borsa Italiana S.p.A.” and the “Instructions on the regulation of markets organised and managed by Borsa Italiana S.p.A.” or (ii) for any date after the Effective Date which may be agreed with the authorities.

In this regard, in determining the total Extraordinary Dividend to be approved by the Meeting, on 18 November 2019 the Board of Directors estimated Inwit's available cash as of the Effective Date, as provided for in the Framework Agreement: (i) taking into account that the Finance will lead to an increase in the debt/EBITDA ratio of up to 6 times (amounts indicated in the most recent market disclosure) which will give Inwit a credit rating of at least BB+ from Standard&Poors, Ba1 from Moody's or an equivalent rating from other leading rating agencies; (ii) deducting the Price; and (iii) taking into account any adjustment described in the preamble to this Report, and Inwit's cash requirement for its ordinary administration.

1.2 Available reserves

With reference to the reserves which will be drawn on in order to distribute the Extraordinary Dividend, as of 31 December 2018, Inwit's financial statements highlighted the existence of available reserves (net of the legal reserve) totalling Euro 828,527 thousand.

The same financial statements to 31 December 2018 also show that the legal reserve amounts to Euro 120,000,000. In accordance with article 2430 paragraph 1 of the civil code, that amount thus equates to one-fifth of the share capital (which is Euro 600,000,000 or Euro 599,777,882 net of own shares).

As a result of the distribution of dividends of 15 April 2019, of Euro 126,553 thousand, Inwit's financial situation on 30 September 2019 shows, for these reserves, a total of Euro 701,974 thousand (net of the legal reserve), of which Euro 660,000,000 if the share premium. The Board of Directors wishes to clarify that these reserves exist in that amount as of today's date.

Considering that the amount to be withdrawn from those reserves to distribute the Extraordinary Dividend is Euro 570,000,000, the amount of these reserves allows the Extraordinary Dividend to be distributed at the proposed rate (Euro 0.5936 per share).

1.3 Taxation

For tax purposes, the Extraordinary Dividend will be taxable as usual for the recipient, based on its fiscal status, according to the provisions of Presidential Decree No. 917 of 22 December 1986 and Presidential Decree 600/1973.

Shareholders, in consideration of the above, the Board of Directors of Inwit, after obtaining the approval of the Board of Statutory Auditors, now submits the following proposal for your approval:

“The Ordinary Meeting of Shareholders of Inwit, meeting today

- *having examined the Report by the Board of Directors of Inwit, which was prepared in accordance with Article 125b TUF and approving the reasons for the proposal contained in that report;*
- *acknowledging that this resolution is conditional on the approval of the Merger of Vodafone Towers Srl into Inwit SpA in accordance with Article 49 paragraph 1g) of the Issuers' Regulation and that this resolution will therefore take effect from the Effective Date of the Merger;*
- *having seen the financial statements of Inwit S.p.A. to 31 December 2018, as approved by the ordinary Meeting on 27 March 2019, and the financial situation of Inwit S.p.A. to 30 September 2019;*
- *acknowledging the Board of Directors' certification as to the current size and availability of the distributable reserves of Euro 701,974 thousand, part of which will be used to distribute the extraordinary dividend, and the information about the current size of the legal reserve, which is Euro 120 million and thus one-fifth of the share capital,*

- *acknowledging that the Board of Statutory Auditors has confirmed the Board of Directors' certification,*

resolved

- (i) *to distribute an extraordinary Dividend of Euro 0.5936 for each ordinary share of Inwit SpA, by using part of the available reserves as resulting from the Company's financial statements to 31 December 2018 totalling Euro 570,000,000, with the clarification that the payment of the Extraordinary Dividend, after detachment of the coupon, will be made with effect from: (i) the first payment date set by the Borsa Italia trading calendar after the Effective Date of the Merger by incorporation of Vodafone Towers Srl into Inwit SpA, in accordance with the applicable provisions of the current "Regulations of markets organised and managed by Borsa Italiana S.p.A." and the "Instructions on the regulation of markets organised and managed by Borsa Italiana S.p.A." or (ii) any date after the Effective Date which may be agreed with the authorities;*
- (ii) *for tax purposes, the extraordinary dividend will be taxable as usual for the recipient, based on its fiscal status, according to the provisions of Presidential Decree No. 917 of 22 December 1986 and Presidential Decree 600/1973;*
- (v) *to grant the Board of Directors and on its behalf the Chairman and CEO, individually, with full powers of sub- delegation and the right to appoint special representatives for individual acts or categories of act, all the powers necessary, in accordance with the provisions of law, to execute the above resolution including but not limited to the power to agree the date for the payment of the extraordinary dividend with the authorities, and for the fulfilment of the resulting legal and regulatory requirements".*

Milan, 18 November 2019

Inwit – Infrastrutture Wireless Italiane
S.p.A.

Piergiorgio Peluso – Chairman

Declaration

The Financial Reporting Officer Rafael Giorgio Perrino hereby confirms, as required by Article 154-*a*, para. 2 TUF, that the accounting information contained in this Report corresponds to the company's accounting records, books and ledgers.