Time for TIM

After presiding over years of poor governance and value destruction at Telecom Italia, Vivendi is seeking to retake control of the Company.

An examination of Vivendi’s track record makes the March 29 vote an easy choice for Telecom Italia’s shareholders:

Vivendi’s nominees are unsupportable.

March 2019
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01 A Clear Choice
Executive summary
What is at Stake for TIM Shareholders?

This presentation is intended to provide shareholders with a review of recent events at TIM and an overview of the reasons we believe shareholders should again reject directors nominated by Vivendi.

- Ten months ago, TIM shareholders unaffiliated with Vivendi voted overwhelmingly to install a new and independent Board of Directors.

- At the same time, shareholders supported the Vivendi-appointed CEO, hoping he would succeed and represent all shareholders. Unfortunately, his performance and behaviour proved deeply disappointing.

- The now-independent Board of Directors made the correct decision to replace the CEO and selected an experienced candidate with the capabilities and commitment to deliver value for all TIM shareholders.

- We now believe the Company’s Board has the right composition and that the Company has achieved more in its first 100 days under the new CEO than the previous CEO had accomplished in over a year.

- Unfortunately, Vivendi has continued to be a profoundly negative and harmful nuisance for the Company with a relentless public relations campaign filled with misinformation and waged solely for the purpose of regaining control of TIM.

  - As the latest example of the hollow nature of Vivendi’s attacks, TIM’s Board of Statutory Auditors rejected in principle all accusations made by Vivendi against TIM’s current Board of Directors.

- Any examination of the companies controlled by Bolloré, including Vivendi, demonstrates that Bolloré’s track record of poor corporate governance practices makes any candidate he puts forward unsupported.

It is time for TIM and its independent Board to be free to implement its sound strategy.

It is time for TIM to deliver sustainable shareholder value.

It is time for TIM, in the words of its new CEO, to become a “normal company.”
Ten Months Ago, Shareholders Voted for Change

In May 2018, shareholders overwhelmingly voted to release TIM from Vivendi’s control.

“At this point, *Vivendi appears to be more of a liability than an asset for TIM*... The declining relationship with the Italian government, the ever-present conflict of interest, and the fact that having a media company as de-facto controlling shareholder has apparently restricted TIM’s strategic alternatives, all make a case for supporting Elliott’s nominees.“

ISS Special Situations Research, April 9, 2018

“On balance, we consider there is a *dearth of redeeming commentary available in relation to Vivendi’s continuing involvement with Telecom Italia*”

Glass Lewis Proxy Paper, April 7, 2018

“We welcome Elliott’s intention to challenge Vivendi’s direction and coordination over TI as we agree that *Vivendi’s conflict of interest implied governance issues and capped TI’s share price performance.*“

Banca IMI, March 19, 2018

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1. Source ISS voting analytics. Percentage of votes cast at May 2018 meeting excluding Vivendi’s stake. Calculated on shareholders who voted for one of the two slates at the AGM.
The Newly Independent Board Has Shown Sound Stewardship

After observing the CEO’s poor performance and concerning conduct, the now-independent board upheld its duty to all shareholders by replacing Vivendi’s hand-picked CEO.

### CEO change at TIM was an appropriate step

- **X** TIM’s performance under Mr. Genish was very poor
- **X** Mr. Genish was participating in Vivendi’s public attacks by attacking his own Board through the press
- Mr. Genish was withholding important information from the Board, as detailed by the Board itself and affirmed by an investigation by TIM’s Board of Statutory Auditors
- **X** Mr. Genish was an infrequent presence at TIM’s HQ, and refused to move to Italy despite taking on such an important role

### Promising signs under the new CEO

- **✓** Shareholders have responded positively to the new CEO
- The plan announced on February 21 represents an important break from past missteps, focusing on delivery and execution
- The new team appears open-minded to creative solutions to unlock value, including the separation of the NetCo and sector consolidation
- **✓** The new CEO announced a promising new agreement with Vodafone on both active and passive mobile infrastructure sharing, meaningfully reducing duplicative capex for 5G roll-out

The new Board is doing exactly what they were entrusted to do by shareholders:

**Holding management accountable and ensuring that the best leaders are running the Company**

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Additional details on slide 18.
Vivendi Refuses to Respect the Will of Shareholders

Since losing control of TIM as a result of losing the support of unaffiliated shareholders, Vivendi has engaged in a relentless campaign to undermine the Company.

Since losing control of TIM, Vivendi has:

- **Refused to enter into constructive dialogue** with Elliott and other stakeholders that could have resulted in finding common ground, instead of continued distractions and needless acrimony for the Company.
- **Rejected the Board’s removal of Vivendi’s hand-picked CEO**, who deeply underperformed as leader and failed to fulfill even the most basic responsibilities as CEO.
- **Made dozens of irresponsible public statements** attacking the Company, the Board, and fellow shareholders.
- **Demanded a special meeting to retake control** less than 8 months after shareholders voted for a new and independent board.
- **Repeatedly threatened to continue waging proxy fights** until it successfully regained control.

“"The new governance is a concern to us, the risk of dismantling and governance that would not take into account the shareholders’ interest may cause Vivendi to consider as permitted by law, to request the convening of a Shareholders’ Meeting to propose to reorganize the board of directors.”

*Arnaud de Puyfontaine, Vivendi CEO, May 17, 2018*

“A Board with any single party in control faces the likely prospect of continued proxy challenges by the other party.”

*Vivendi Presentation, February 25, 2019*
Turning a Corner After Years of Vivendi Control

Vivendi’s control of TIM was disastrous. The Company is finally recovering from the damage.

Under a new CEO, TIM is regaining lost credibility

“Ultimately we believe that the measures that TI has announced so far look sensible and put the company on track for improving trends.”

Credit Suisse, February 27, 2019

“We have met TI management on the road, feedback from investors so far on the new CEO is positive and that he comes across well.”

BAML, February 27, 2019

“Telecom Italia boss Luigi Gubitosi is sending the right signals.”

Lisa Jucca, Reuters, February 21, 2019
Why Would Anyone Vote for Vivendi?

Vivendi has proven – beyond a shadow of a doubt – that its interests at TIM are **not aligned with shareholders** and that its **contempt for good governance practices makes its candidates impossible to support**

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<tr>
<th>Not Aligned</th>
<th>Unsupportable</th>
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<tr>
<td>Bolloré, through his control of Vivendi, has a <strong>lengthy track record of conflicts of interests</strong> with TIM and its other minority shareholders</td>
<td>Bolloré has a <strong>track record of poor corporate governance practices</strong> across his controlled companies</td>
</tr>
<tr>
<td>Economically, <strong>Bolloré benefits significantly more from profits at Vivendi than he does from profits at TIM</strong>. This conflict has been amplified by business relationships between Vivendi and TIM</td>
<td>Companies under Bolloré’s control have a history of <strong>eroding shareholder rights, egregious conflicts of interest, and a lack of transparency</strong></td>
</tr>
<tr>
<td>Bolloré’s <strong>other interests in Italy are under pressure</strong> and control of a nationally strategic telco asset offers Vivendi leverage to catalyse improved outcomes at these other companies at the expense of TIM interests</td>
<td>Recently, <strong>Bolloré has overtly pivoted to focus on legacy-building</strong> and is positioning Vivendi to become controlled by his family, indefinitely</td>
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“More damning, in our view, is the **startling wealth of information strongly indicating that, all other things held equal, Vivendi intends to direct Telecom Italia in the service of its own interests and without regard to the overwhelming majority of otherwise unaffiliated investors.**”

**Glass Lewis**, Telecom Italia Proxy Paper, April 7, 2018
The Choice is Clear: Vivendi’s Nominees are Unsupportable
We believe the choice at the upcoming TIM AGM should be an easy one for shareholders

**Stability and Value Creation**

Provide Telecom Italia with much-needed stability by giving the existing independent Board and new management space and time to implement their well-reasoned strategy, without delay or distraction

Allow unconflicted exploration of various strategic alternatives, including consolidation of the Italian telecom network

Affirm the principle that an independent Board should work for all shareholders

**Vivendi Control**

Return control to Vincent Bolloré’s Vivendi, an entity that oversaw massive value destruction at TIM

Return control to the group with overt conflicts of interest that stands to benefit at the expense of minority shareholders

Install directors nominated by a group which has zero regard for good governance and has worked tirelessly to alienate the rights of minority shareholders at other companies

Shareholders have already seen what happens when Bolloré and Vivendi control TIM

No one wants round two
02 Not Aligned

Vivendi’s interests at Telecom Italia are at odds with other shareholders
How Vivendi Fits into Bolloré’s Empire
Understanding how Bolloré’s holding company is structured, and where Vivendi sits within its sprawling network

Bolloré is perhaps the most complicated listed company in the world.
At the center of the company today and core to Bolloré’s legacy building effort is:

“His prepping Vivendi almost as a family company to be passed onto the next generation.”
Tom Singlehurst, Citi, October 17, 2017

“Vincent Bolloré seems to be managing Vivendi more for his family and inheritance interests than for the benefit of all Vivendi shareholders.”
Denis Branche, Phitrust, October 17, 2017
How Does TIM Fit into Vivendi?

We believe that Vivendi, itself a very complicated business, is being run for the benefit of Bolloré. If returned to Vivendi control, TIM would become just another pawn in this empire.

All of which, therefore, begs the question:

What does Vivendi really want with TIM?
So, What are Vivendi’s Motives with TIM?

Vivendi’s interests in TIM have little – if anything – to do with its stock performance

“Other” Italian Assets

TIM is a strategic asset:

It is Italy’s fourth largest employer and owns assets under Golden Power regimes owing to national interest

Controlling TIM provides Bolloré with helpful leverage in the context of its other Italian investments, including:

- Vivendi is #2 shareholder with 30% shares but (i) its votes are capped to 10% because of the Gasparri law and (ii) free float is only 24%, making it difficult to exit the investment with market operations
- Bolloré is #2 shareholder with 7.9% of the shares
- Bolloré has a 0.1% direct stake but Mediobanca is #1 shareholder with 13% stake

Profit Dollars for Vivendi

- Vivendi is incentivised to shift profits to the detriment of TIM minority shareholders
- The Bolloré Group controls Vivendi with 29% of the voting rights
  - For every $1 of profit, the Bolloré Group receives almost 6x more from Vivendi compared to the same $1 profit at TIM. TIM’s profits are currently shared with minority shareholders representing 82% of the economic capital¹
  - Vivendi trades at a P/E² of 24x compared to 8x at TIM, such that when capitalization effects are included, $1 of profit at Vivendi is 16x more valuable for Bolloré Group than making the same $1 profit at TIM
- Vivendi can use – and has used – control of TIM to generate profits for itself:
  - Vivendi’s own Chief Value Officer, Michel Sibony, was appointed as TIM’s Head of Procurement Unit and Real Estate - an overt conflict of interest
  - Under Vivendi control, TIM awarded a lucrative advertising contract to Vivendi-controlled Havas worth €91m in 2017
  - It proposed a joint venture with Canal Plus at very punitive terms for TIM, currently under CONSOB investigation

Source: Bloomberg, Websites of Vivendi, Mediaset, Mediobanca, and Generali

¹ Calculated using Vivendi economic stake of 18% in TIM (calculated as market value of Vivendi stake in TIM ordinaries on TIM market capitalisation) and Bolloré Group economic stake of 27% in Vivendi (calculated as Bolloré shares in Vivendi as reported on 2018 Vivendi financial statement on Vivendi outstanding shares net of treasuries).
² Calculated using Bloomberg (BEST_PE_RATIO) as of 03-May-2019.
For Bolloré, simple maths shows how value creation at TIM is a low priority

“Bolloré has a track record of using minority holdings to pursue control and profit goals, as demonstrated across Bouygues, Aegis and more recently, Vivendi itself. Vivendi’s stake in Telecom was part of a significant media buying spree, taking in Italian broadcaster Mediaset, along with Banijay Group and Radionomy Group, as well as launching takeovers of Canal+ and Gameloft, and prompting some to compare Bolloré’s ambition to that of Rupert Murdoch.

The changes at Telecom didn’t just represent a governance concern for other shareholders. The Italian government saw Vivendi’s growing influence as a threat to competition — and national security. The French conglomerate was already on the radar of the Italian communication regulator Autorità per le Garanzie nelle Comunicazioni due to similar stake building at Mediaset, and the potential for de facto control over multiple entities threatened to violate EU anti-monopoly regulation. Forced to waive its voting rights at one or the other, Vivendi set a 10% cap at Mediaset while continuing to exercise its Telecom stake in full.”

Glass Lewis, May 25, 2018

Source: Bloomberg, Vivendi annual report
¹ Calculated using Vivendi economic stake of 18% in TIM (calculated as market value of Vivendi stake in TIM ordinaries on TIM market capitalisation) and Bolloré Group economic stake of 27% in Vivendi (calculated as Bolloré shares in Vivendi as reported on 2018 Vivendi financial statement on Vivendi outstanding shares net of treasuries).
Understanding TIM saving shares

• TIM is one of the few remaining Italian companies with saving shares
• Savers are given the right to an enhanced dividend, but no voting rights
• Saving shares are inefficient for the Company because they represent a significant cash leakage
• In TIM’s case, given the Company has not been paying dividends on ordinary shares, this leakage amounted to €166 million per annum
• A saving shares conversion would allow EPS and substantial Free Cash Flow accretion
• The conversion dilutes the percentage ownership of common stockholders as the savers are issued regular shares

Why TIM hasn’t converted its saving shares

• Ordinary shareholders were called for an EGM in December 2015 to approve the saving share conversion; however, a 2/3 majority was required to be approved
• With 24% of the shares outstanding, Vivendi had an effective blocking minority
• Vivendi announced its opposition to shares conversion, claiming that “conditions were not right”
• Vivendi has recently said they would be in favor at “the right conditions,” echoing what they said in 2015 when they blocked conversion; however, we believe that because of the effect of the conversion on their ability or potential ability to control TIM, they will never be in favor of this value-creating transaction

How much TIM shareholders have paid for Vivendi’s opposition to conversion since 2015

| Conversion Cash Contribution Lost | €0.6bn |
| Annual dividend to Savers Paid   | €0.2bn |
| Years Passed                     | 3     |
| Total Dividend to Savers Paid    | €0.5bn |
| Total Missed Deleverage          | €1.1bn |
| As % of TIM Market Cap           | ~ 10% |

What conversion means to Vivendi’s stake

When asked to choose between creating value for the Company or retaining an additional 7% of voting rights, Vivendi chose the voting rights

1 Calculation shows the impact of the missed cash contribution from a 100% voluntary conversion under the terms proposed by TIM Board of Directors in 2015, i.e. saving shareholders contributing €9.5 cents per saver converted receiving in exchange 1 ordinary share, and of the dividends the Company had to pay to saving shareholders in 2016, 2017 and 2018 of €2.75 cents per saver as per Company by-laws given no dividends on ordinary shares have been distributed.

2 Using 1:1 conversion ratio.
Former CEO Underperformed and Prioritised Vivendi Over TIM

The new and independent Board upheld its duty to all shareholders by removing Mr. Genish, who withheld important performance information for months according to an investigation by TIM’s Board of Statutory Auditors.

Following the shareholder vote in 2018, Elliott and the vast majority of shareholders supported Mr. Genish and hoped that he would succeed. Unfortunately, between the vote and November, Mr. Genish’s performance proved deeply disappointing.

CEO change at TIM was an appropriate step

- The Company showed no signs of deleverage
- A deteriorating top-line and no urgency to improve operating efficiencies
- Despite being CEO of one of the largest Italian employers, Mr. Genish continued to live in London and was an infrequent presence at TIM’s HQ
- Mr. Genish attacked independent directors on his own Board through the press
- Mr. Genish withheld important information on the Company’s performance from the Board
- Mr. Genish had previously underperformed as CEO of telecom incumbents

Mr. Genish: “Vivendi’s man” in the boardroom

|
| Amos Genish has a long history with Vivendi |
| Relationship with Vivendi began when Vivendi acquired GVT (run by Mr. Genish) in Nov 2009 |
| Vivendi sold GVT to Vivo in May 2015 and Mr. Genish became CEO of Vivo |
| Mr. Genish left Vivo in late 2016 for “personal reasons”
and joined Vivendi as Chief Convergence Officer |
| In November 2017, a Vivendi-controlled Board named Mr. Genish CEO of TIM |

Genish performance as a telco incumbent CEO

- Vivo vs. IBOVESPA Index
  - (8.0)%
- TIM vs. SXKE Index
  - (24.1)%

Mr. Genish: “Vivendi’s man” in the boardroom

“[O]ne person with direct knowledge of the boardroom spats maintained that Mr. Genish was “Vivendi’s man”…”

Financial Times, November 13, 2018

1 Report by the Board of Statutory Auditors is available at https://www.telecomitalia.com/content/dam/telecomitalia/it/archivio/documenti/Investitori/AGM_e_assemblee/2019/Relazione-del-Collegio-Sindacale-ex-art-153-del-dlgs-5898.pdf
Vivendi’s Public Attacks Have Not Helped TIM

Since losing control of the Board, Vivendi has delivered multiple on-the-record attacks. The ongoing conflict has not helped TIM shares in another clear sign that Vivendi’s interests lie outside of shareholder returns.

But Telecom Italia’s problems are also self-inflicted. Barely concealed battles between Chief Executive Amos Genish, who was appointed by Vivendi, and the Elliott-appointed board over strategy are likely alienating other investors.”

Stephen Wilmot, The Wall Street Journal, November 9, 2018

Source: Bloomberg.
Vivendi’s Attacks on TIM CEO Luigi Gubitosi

Despite his credibility in leading TIM and **impressive early performance**, Vivendi is working hard against TIM new CEO

— Vivendi’s presentation from February 2019
## Vivendi’s Disingenuous Pivots

Wiseley sensing that regaining control of Telecom Italia would be challenging, Vivendi’s latest presentation claims that Vivendi is open to supporting initiatives that it previously opposed.

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<tr>
<th>Value creation ideas</th>
<th>Today</th>
<th>Vivendi’s Presentation</th>
<th>In Reality</th>
</tr>
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<tbody>
<tr>
<td><strong>Independent Board of Directors</strong></td>
<td>![Check] Board is majority independent</td>
<td>![Exclamation] In favour of an independent Board</td>
<td>There is already an independent Board in place. Vivendi’s campaign and nominees proves that Vivendi simply wants a Board it can control</td>
</tr>
<tr>
<td><strong>Conversion of Saving Shares</strong></td>
<td>![Check] New CEO spoke in favour of conversion</td>
<td>![Exclamation] Vivendi is in favour of shares conversion at the “right market conditions”</td>
<td>“Market conditions” will never be right for Vivendi to lose voting power, as they have demonstrated twice before</td>
</tr>
<tr>
<td><strong>Disposal of Non-Core Assets such as Sparkle</strong></td>
<td>![Check] Exclusive negotiations on Persidera. On Sparkle: “evaluate partnerships to accelerate growth and to unlock strategic optionality”</td>
<td>![Exclamation] “Will support any proposals that are shown to be in the best long-term interest of all TIM shareholders…including…potential sale of non-strategic assets”</td>
<td>Vivendi’s track record at TIM suggests that they are wary of any asset sales which may create value but decrease their regional influence</td>
</tr>
<tr>
<td><strong>NetCo Consolidation and Valorisation</strong></td>
<td>![Check] In favour of NetCo consolidation. Fact finding first before taking decisions. NDA with Open Fiber</td>
<td>![Exclamation] “Elliott push for a network fire sale” and “Vivendi will support a merger of Open Fiber with TIM”</td>
<td>On March 1, 2019—five days after publishing its presentation—Vivendi’s CEO and TIM director Arnoud De Puyfontaine said, “Vivendi is totally against the spin-off of Telecom Italia network”1</td>
</tr>
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Source: Vivendi’s presentation from February 2019
1“Telecom: De Puyfontaine, We Are Totally Against Network Separation,” Radiocor, March 1, 2019
Vivendi’s Proposed Slate Lacks Sufficient Independence

Vivendi’s slate is bundled together, and a number of its nominees have close ties to the Bolloré empire or are simply not suitable candidates to serve.

### Vivendi’s 2019 director nominees

<table>
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<tr>
<th>Name</th>
<th>Identified Issues</th>
<th>Independent/Suitable?</th>
</tr>
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</table>
| **Franco Bernabè**                  | • Previously proposed by Vivendi on TIM BoD in 2017 and in 2018 as non-independent director  
• Appointed as CEO by Telco in 2007, when Mediobanca was Telco #1 shareholder and Bolloré was Mediobanca #2 shareholder | ✗                     |
| **Gabriele Galateri di Genola**     | • Joined Mediobanca BoD and Executive Committee in 2003 together with Mr. Bolloré  
• In 2011, became chairman of Generali with Mr. Bolloré appointed Vice Chairman the previous year  
• Bolloré is #2 shareholder of Mediobanca which is #1 shareholder of Generali | ✗                     |
| **Robert Van der Valk**             | • Supported Vivendi’s directors in 2018 TIM proxy contest  
• Currently an officer of a UK company named Innvotec 6 LLP, which was branded as a sophisticated tax avoidance scheme by HM Revenue and Customs | ✗                     |
| **Flavia Mazzarella**               | • Former deputy general manager at the Italian insurance regulator, which was accused of not exercising its controlling functions on Italian insurer Fondiaria Sai  
• Bolloré has been condemned for market manipulation on Fondiaria Sai controlling shareholder, Premafin, and had to pay a €3m fine while also being prohibited from roles in listed companies in Italy for 18 months | ☹                     |
| **Francesco Vatalaro**              | • No issues identified                                                             | ✓                     |

Vivendi’s Track Record at TIM Speaks for Itself

TIM lost more than 50% of its value under Vivendi’s Board and CEO

TIM Total Return
From Vivendi joining Board until the end of the Amos Genish Regime¹

¹. Source: Bloomberg. December 15, 2015 through November 13, 2018
Bolloré’s contempt for good governance makes any slate put forward by him, or his controlled companies, unsupportable.
THE EMPIRE BUILDING STRATEGY

“Since the ascent of Vincent Bolloré to the Chairmanship of Vivendi, the company’s strategy has evolved, with Vivendi taking significant but non-controlling stakes in a number of companies - including Telecom Italia (23.94% stakes), Mediaset (28.8% stakes), Ubisoft (26.6% stakes) and Fnac Darty (11.27% stakes) - seeking to penetrate the boards and influence the direction of these companies. Vincent Bolloré’s strategy has recently faced higher obstacles due to government interests or other large shareholder blocks which opposed Vivendi’s moves (e.g. Telecom Italia). **Governance risks faced by minority investors at each of these companies will be centered on the alignment of interests with Vincent Bolloré.** With Vincent Bolloré typically seeking board representation by accruing a sizable stake, but one which does not trigger a requirement for a mandatory bid, a bid premium may not be forthcoming.

Vincent Bolloré effectively controls Vivendi despite holding only 20% of the shares. This influence comes courtesy of a double voting rights provision and the placement of key Bolloré allies in senior leadership roles at Vivendi. His interests may dominate board decisions, all the more so that the audit and pay committees lack full independence.

This is particularly concerning in light of the apparent **poor track record of Vivendi with regards to ethical behaviour;** which include **allegations of corruption, editorial interference, related party transactions involving other entities of the empire and executive misconduct.** This may indicate that the board’s functions to effectively oversee and control management decisions in the interests of the investors’ base are indeed hindered."

MSCI ESG Research LLC, June 21, 2018
Contempt for Good Governance

A review of Bolloré's corporate governance practices demonstrates that unaffiliated shareholders must not support any slate put forward by Bolloré and his related companies.

<table>
<thead>
<tr>
<th>Governance Issue</th>
<th>Bolloré Track Record</th>
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<tbody>
<tr>
<td>Board of Directors</td>
<td>Consistently installs family members and loyalists across all related companies</td>
</tr>
<tr>
<td>Shareholder Rights</td>
<td>Works actively against the rights of minority shareholders</td>
</tr>
<tr>
<td>Compensation</td>
<td>Provides little disclosure on compensation practices and incentive schemes</td>
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<tr>
<td>Transparency</td>
<td>Sets up companies to be remarkably complicated in an effort to obscure effective analysis</td>
</tr>
<tr>
<td>Ethics</td>
<td>Troubling volume of ethical concerns</td>
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“Investors suffer in the Vincent Bolloré game of thrones. . . . it begs the question of whether others should go along on his opaque quest.”

John Gapper, Financial Times, April 13, 2016

"Shareholders who want transparency, certainty, and good corporate governance should probably look elsewhere."

Leila Abboud, Bloomberg, December 16, 2015
Clear Trends in Bolloré Governance Record

TIM governance has improved since independent directors replaced the Vivendi-controlled Board; meanwhile Vivendi’s own shareholder rights have collapsed.

Note: According to ISS, "Governance QualityScore uses a numeric, decile-based score that indicates a company’s governance risk relative to their index or region. A score in the 1st decile (QS:1) indicates relatively higher quality governance practices and relatively lower governance risk, and, conversely, a score in the 10th decile (QS:10) indicates relatively higher governance risk." To learn more: www.issgovernance.com/esg/rankings/governance-qualityscore
Boards of Directors: Friends & Family
Across several different companies in Bolloré’s empire, a common theme is the disregard for independence

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“Alleged unethical behavior is not new in the Bolloré empire; revealing structural mismanagement of such risks, further magnified by lack of effective board oversight.”

MSCI ESG Research LLC, June 21, 2018

1 Proposed as Vivendi director to replace Vincent Bolloré. 2 Marie-Annick Darmaillac serves as Vivendi’s Vice President of Corporate Social Responsibility and Compliance. She does not sit on the Board of Directors. 3 Directors as per 2017 Annual Report.
"It's my legacy. I’m the seventh generation of Bolloré's, and I can’t imagine a world where I don’t pass the torch to my daughters one day."

Yannick Bolloré, as reported by New York Times, October 26, 2015

It's official: Vivendi is Vincent Bolloré's family fiefdom. Shareholders can come along for the ride, but they must accept the risk that the chairman -- and largest holder with a 14 percent stake -- puts his interests before theirs.

Leila Abboud, Bloomberg, May 17, 2016

“Vivendi's hereditary chairmanship is a strange approach to corporate governance. The episode [anointing Yannick the next CEO of Vivendi] is pretty bizarre by usual corporate governance norms. But, when it comes to Vivendi, unsurprising. Needless to say, Yannick was approved. The nomination committee is four strong, of whom three are Bolloré appointees (including Vincent himself). For years, Bolloré denied he was trying to build a media dynasty through his minority stake in Vivendi. Then last June, he admitted his aim was to place Yannick at the helm.”

Alex Webb, Bloomberg, April 20, 2018
Shareholder Rights: A Closer Look at Vivendi

Bolloré forced minorities to allow Florange Act’s multiple voting at 2015 AGM, by rapidly growing his stake before the vote. Since the passage of the act, a double-voting mechanism, Vivendi has underperformed its potential.

2015 Vivendi AGM

Investors asked Vivendi to maintain the “one share, one vote” principle
- Approval threshold to avoid Florange Act was 2/3 of voters
- Bolloré’s large stake blocked the common-sense reform

“Mr. Bolloré was so concerned about the [Florange Act] vote that he nearly tripled his stake in Vivendi this year, raising it in four increments to 14.5 percent from around 5 percent, a holding with a market value approaching €5 billion, or $5.4 billion.”

The New York Times, April 17, 2015

“Instead, by supporting double voting, he casts himself as the wealthy insider trying to grasp greater control.”


Vivendi share price since 2015 AGM

Note: Voting percentages calculated on 2015 Vivendi AGM attendees
Shareholder Rights: Plans to Fortify Vivendi for Generations

Plans are already in motion to ensure that Bolloré’s control over Vivendi is absolute.

On February 14, 2017, Vivendi announced that it will be advocating for a share repurchase plan to push Bolloré voting rights above 50%.

“French billionaire Vincent Bolloré treats publicly listed Vivendi like a family hedge fund. The latest example is a share buyback of up to 7.9 billion euros that will give the tycoon greater control without requiring him to cough up a penny. Any activist investor who wants to break into Bolloré’s fortress will have to move quickly... The 30 billion-euro conglomerate has subpar corporate governance: Bolloré single-handedly calls the shots and on Thursday moved to install a second son on the board. Meanwhile the company’s confusing jumble of assets, including Universal Music Group, Canal+ and ad agency Havas, have few clear synergies and accordingly trade at a hefty discount. Chief Executive Arnaud de Puyfontaine, a Bolloré lieutenant, has said the music label alone is worth 35 billion euros – more than the current value of the whole parent group... Bolloré’s Vivendi fortress would be almost impregnable if he has nearly two-fifths of the vote.”

Liam Proud, Reuters, February 15, 2019

“Bolloré using VIV’s balance sheet to increase his stake/share of UMG’s upside. In our view, investors should reject the OPRA... at €25. We believe Bollore is effectively getting creeping control for a very small premium (i.e. the forgone opportunity to sell shares at a small premium), while it will see him take a disproportionate share of UMG’s upside. This is not a Governance issue, in our view, as minorities can choose to reject the OPRA and demand a higher tender price. Rather it is Bolloré exploiting Vivendi’s discount to his (and our) fair value.”

JP Morgan, February 15, 2019

Minority shareholders are treated as second-class citizens in Bolloré’s Empire.
Compensation: Lack of Transparency and Poorly Structured

A common theme at Bolloré companies: **Pay is opaque** and **not aligned with minority shareholders**. Below is a selection of Glass Lewis critiques of Bolloré-controlled companies

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**Bolloré**

[T]he Company **does not compare well to its peers in terms of the ratio between pay and performance**... The Company’s deputy CEO, Cyrille Bolloré, received a base salary increase of 29.6% during the past fiscal year. Glass Lewis views high fixed pay raises with skepticism, as such remuneration is not directly linked to performance and may serve as a crutch when performance has fallen below expectations. Further, we note that a large increase in base salary has a compounding effect on the amount of short- and long-term incentives granted to an executive, since such awards are often granted as a fixed percentage of base salary. In this case, we note that the Company has justified this increase in salary by making reference to an increase in Mr. Bolloré’s duties within the Group (Notice of Meeting, p.18). However, it **does not make any substantial justification of this decision, declining to provide shareholders with any detail as to the increase of duties which justify this increase in fixed salary.**

Glass Lewis, Bolloré Proxy Paper 2018

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**Vivendi**

The Company **has failed to provide a full description of performance goals** under all metrics of the annual bonus and the long term incentive plan. We believe clearly defined performance targets are essential for shareholders to fully understand and evaluate the Company’s procedures for quantifying performance into payouts for its executives.

Glass Lewis, Vivendi Proxy Paper 2018

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**Havas**

Finally, we are most concerned by the payout calculation under both the short and long-term incentive. Under the terms disclosed in the remuneration policy, the CEO becomes eligible to receive 50% of the annual bonus if only one out of four targets is met, and 100% of award if only two out of four targets are met. Similarly, under the long-term incentive plan, the entire award will vest if just two out of four performance targets are met. We question the Company’s decision to make incentive awards payable in full for on-target achievement of only half the metrics considered, and **we are troubled by the Company’s failure to disclose what this on-target performance is.**

Glass Lewis, Havas Proxy Paper 2017

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**TIM**

Glass Lewis has **severe reservations about supporting the Company's remuneration policy.** As highlighted above, we are severely concerned by the quantum of the potential payout under the Company’s Special Award; further, we are **troubled by the fact that the Company did not appear to have taken into account significant shareholder dissent on the plan, and did not propose any modification to its terms.**

Glass Lewis, Telecom Italia Proxy Paper 2017
Transparency: Impossibly Complicated Structures

Bolloré’s circular ownership structures across his complex entities are used to entrench control and exploit gains at the expense of other minority shareholders.

In 2015, Muddy Waters Research wrote an extensive report articulating the complexity of Bolloré SA. The report can be found at: [www.muddywatersresearch.com/research/bol/complexity-creating-arbitrage](http://www.muddywatersresearch.com/research/bol/complexity-creating-arbitrage)

“BOL has likely been misunderstood because the complexity of its structure makes it infeasible to use Excel to estimate the percentage of circular ownership. We engaged consultants that created a program to do the calculations necessary. The main issue with understanding BOL’s structure is that it has circles within circles within circles.”

Muddy Waters, February 17, 2015

“Analysts call Bolloré SA one of the most complicated business structures they’ve seen, designed to protect family control. Children of Vincent Bolloré run key businesses.”

Barron’s, January 13, 2018

“Counselled by who would become his mentor, Antoine Bernheim, Bolloré created a series of holding companies. And invested in a plethora of industrial activities. “It is absurd in the context of economic efficiency, but intelligent in the context of dynastic continuity,” explains Bolloré.”

Géraldine Meignan, L’Express, June 1, 2010

“There is a sense that Vivendi is now being run in a less transparent way, with one investor making decisions based on information which we don’t have.”

Claudio Aspesi, Bernstein Research, March 8, 2015

From Muddy Waters Research report:

To get a sense of how complex the relationships actually are, we diagrammed the ownership of one of the subsidiary entities, Financière Moncey. In the diagram, which we show below, one needs to go nine levels deep in order to close all loops.
Ethics: Running Afoul of Italian Regulators

For years, Vivendi has had issues with Italian regulators over rule violations.

No Golden Power Notification - the law requiring companies to notify the government of activities deemed to be of strategic importance in the defense and national security sector
- A potential fine against TIM, with consequent damage for all of its shareholders
- The Company continues to be in a critical situation with respect to Golden Power as proven by recent Executive Vice-Chairman resignation

Vivendi’s failure to disclose strategic guidance to the Italian government has allowed competition in the network to grow
- TIM fixed-line network ultra broadband coverage was low in 2015, therefore Open Fiber was started by Enel together with CDP in order to exploit the opportunity and allow the government to meet a 2020 EU directive on digital divide

Breaking the Gasparri Law
- By building a stake of almost 30% in Mediaset, Vivendi breached the concentration threshold in telecom and media under the Gasparri law
  - Vivendi is required to sell one of its two stakes as stipulated by AGCOM to avoid Vivendi having an influence on both companies
  - At present, Vivendi has appealed this decision and has not yet disposed of its stakes

CONSOB investigations (that are publicly known…)
- Appointment of Bolloré’s associate, Michel Sibony, as a TIM procurement consultant, and the lack of independence of Félicité Herzog
- Canal Plus JV
- Sale of Persidera
- Premafin scandal resulted in Bolloré’s €3 million fine and 18-month prohibition from any role in Italian listed companies

Ethics: Bolloré Charged with Corruption

Bolloré’s newfound concerns for good governance are in direct contrast with the abysmal track record across his corporate holdings.

Major criminal corruption charges in France

• In April 2018, Vincent Bolloré, Gilles Alix (Bolloré Group CEO), and Jean-Philippe Dorent (Havas) were indicted as part of an investigation into port management contracts in Togo and Guinea.

• In both cases, French authorities are investigating whether Havas provided heavily discounted services to presidential candidates in exchange for Bolloré Ports winning lucrative government contracts.

• French authorities also indicted Vincent Bolloré personally for “bribery of a foreign public official and complicity in breach of trust and forgery and use of forgery”.

• In December 2018, Bolloré SA was charged with “corruption and foreign public officials, breach of trust, connivance of forgery and forgery”.

Learn More:


Ethics: Another “Corruption Scheme” Linked to Bolloré

Bolloré’s investments in palm oil and rubber plantations have been subject to corruption charges

“Corruption scheme” at SOCFIN

• In June 2018, SOCFIN CEO and (still current) Bolloré SA director Hubert Fabri was found guilty in the Criminal Court of Brussels of active corruption. Three subsidiaries and four other executives of SOCFIN were also found guilty of similar charges

• According to press coverage, the criminal court of Brussels ruled that Fabri was guilty of running a “corruption scheme” that paid bribes to a Guinean politician

• Bolloré Group holds a 38.7% stake in SOCFIN, and Fabri has long been a close friend of Vincent Bolloré, according to press reports

LEARN MORE:


Ethics: Allegations of Fraud, Bribery, Manipulation, and More

The list of governance woes continues to grow with allegations and charges across multiple jurisdictions.

Price manipulation in Italy\(^1\)
In January 2014, CONSOB fined Vincent Bolloré EUR 3 million and imposed a 18-month prohibition on holding any board memberships in Italy after it found Bolloré had engaged in stock market rigging in 2010.

Alleged affirmative action violations in South Africa\(^2\)
In 2017, a five-year logistics and warehousing contract worth close to EUR 61 million with South Africa Airways Technical was withdrawn after a forensic audit report found that the tender award was irregular, and included alleged violations of local affirmative action legislation as a result of what appeared to be false claims that the company was 32% black female owned.

The report also claims that Bolloré won the contract with the help of South African Airways employees, who manipulated the bidding process. A senior manager at SAAT was said to be conflicted because his daughter was employed by Bolloré.

The findings of the report were raised in Parliament at the time by the Democratic Alliance, South Africa’s official opposition, which called on the Government to probe the ‘fraudulent’ contract. They are the subject of ongoing debate.

Bribery allegations in Mauritania\(^3\)
In December 2016, Mauritanian President Mohamed Ould Abdel Aziz accused Bolloré Transport & Logistics of offering him a EUR 10 million bribe to let the company manage traffic at the Port of Nouakchott.

Improper contracts in Côte d’Ivoire\(^4\)
In 2003, a Bolloré-led consortium was awarded a 15-year concession to operate the Vridi Container Terminal before the tender process had been completed, leading the serving Minister of Infrastructure to declare the contract null and void, having been awarded without due process. The President of the Ivorian Chamber of Commerce asked, “Why would you accept under the tropics something you would never find acceptable in the West?” The contract stood.

READ MORE ABOUT BOLLORÉ’S TRACK RECORD:

Gabon

“L’affaire des BongoLeaks: Gabon, le braquage du siècle,” Mediapart, March 12, 2015,
https://www.mediapart.fr/journal/international/120315/laffaire-des-bongoleaks-gabon-le-braquage-du-siecle

“BongoLeaks: le rapport qui accuse le clan présidentiel au Gabon,” Mediapart, April 27, 2015,

Ghana

“MPS Ordered Back To Parliament Over $1.5bn Tema Port Expansion Project,” The Chronicle, May 28, 2018,

“Committee calls for port concession agreement review,” Graphic Online, March 1, 2019,

Senegal

“Bolloré blamed for tax evasion in Senegal,” BBC, September 28, 2018,
https://www.bbc.com/afrique/region-45683450

LEARN MORE:

1 – Italy: “Italy watchdog fines Bolloré three million euro for market rigging,” Reuters, January 27, 2014,
https://uk.reuters.com/article/uk-premfin-bollore-consob/italy-watchdog-fines-bollore-three-million-euro-for-market-rigging-idUKBREA0Q1FQ20140127

2 – South Africa: “SAA’s R1BN Shame,” The Sunday Independent, July 2, 2017,


4 – Côte d’Ivoire: “Les ‘sorciers blancs’ de la communication sont de retour à Abidjan,” LeMonde, October 30, 2010,
https://www.lemonde.fr/afrique/article/2010/10/30/les-sorciers-blancs-de-la-communication-sont-de-retour-a-abidjan_1433250_3212.html
Conclusion
The Choice is Clear: Vivendi’s Nominees are Unsupportable
We believe the choice at the upcoming Telecom Italia AGM should be an easy one for shareholders

**Stability and Value Creation**
- Provide Telecom Italia with much-needed stability by giving the existing independent Board and new management space and time to implement their well-reasoned strategy, without delay or distraction
- Allow unconflicted exploration of various strategic alternatives, including consolidation of the Italian telecom network
- Affirm the principle that an independent Board should work for all shareholders

**Vivendi Control**
- Return control to Vincent Bolloré’s Vivendi, an entity that oversaw massive value destruction at TIM
- Return control to the group with overt conflicts of interest that stands to benefit at the expense of minority shareholders
- Install directors indicated by a group which has zero regard for good governance and has worked tirelessly to alienate the rights of minority shareholders at other companies

It is **time for TIM**

- and its independent Board to be free to implement its sound strategy
- to deliver sustainable shareholder value
- in the words of its new CEO, to become a “normal company”
To learn more, visit:

↑ www.Time-for-TIM.com