

EMEA DC Meeting Statement – 3 October 2024

Issue no. 2024073001

1. Is there a Successor to Telecom Italia S.p.A.?

- (a) The EMEA DC met on 1 October 2024 to finalise discussions in respect of the DC Question.
- (b) The EMEA DC determined that:
 - (i) Optics Bidco S.p.A. (**Optics**) succeeded to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of Telecom Italia S.p.A. (the **Reference Entity** or **TIM**) as a result of the two-step exchange of certain notes issued or guaranteed by the Reference Entity; and
 - (ii) more than twenty-five per cent. of the Relevant Obligations of TIM remained with TIM.
- (c) Accordingly, both Optics and TIM are Successors for the purpose of 2014 Transactions in respect of TIM. The EMEA DC determined that the Succession Date was 1 July 2024, being the date on which the sale of NetCo was effective.¹

2. Definitions

Where used in this Meeting Statement:

FiberCop means FiberCop S.p.A.

NetCo means FiberCop following the contribution to it, among other things, certain assets and liabilities relating to the network assets and laying infrastructure previously held by the TIM group.

TICAP means Telecom Italia Capital S.A.

TIF means Telecom Italia Finance S.A.

3. Eligible Information considered

- (a) The Eligible Market Participant who submitted the DC Question provided a press release confirming the completion of the sale of NetCo and certain information relating to the first stage of the exchange offers conducted by TIM and TIF.
- (b) The EMEA DC also considered the most recent financial reports for the TIM group² and the unredacted exchange offer memoranda annexed to the listing documents published by Optics on the Luxembourg Stock Exchange website (the **Memoranda**).³
- (c) The EMEA DC noted that in order to identify Relevant Obligations the EMEA DC had to have regard to both Bonds and Loans where the Reference Entity is the borrower and also

¹ See: <https://www.gruppotim.it/en/press-archive/corporate/2024/PR-Closing-NetCo-1-luglio.html>.

² Including the 2023 annual report, the H1 2024 investor information, and the H1 2024 report. See <https://www.gruppotim.it/en/investors/reports-presentations/financial-reports.html#tab1>, <https://www.gruppotim.it/en/investors/reports-presentations/presentations-webcasts/2024.html> and <https://www.gruppotim.it/en/investors/reports-presentations/financial-reports.html>.

³ Available on the Luxembourg Stock Exchange page for the Reference Entity under the “Documents” tab: <https://www.luxse.com/issuer/OpticsBidco/113469>.

Bonds and Loans for which the Reference Entity has provided a Qualifying Guarantee. The EMEA DC concluded that the information in the Exchange Memoranda was likely to be the most appropriate information to have regard to as it sets out information as to the identity of both borrowers and guarantors. The figures used in this Meeting Statement are taken from the Memoranda, supplemented where relevant by figures from the financial information.

- (d) The EMEA DC noted that the Memoranda envisaged that a “Push-Down Merger” may take place between Optics and NetCo. However, the EMEA DC has not received any Eligible Information stating that such merger has in fact occurred and has not considered it further.

4. NetCo Acquisition and Exchange of Notes

- (a) On 18 April 2024, each of the Reference Entity, TIF, and TICAP launched exchange offers with respect to the notes issued by it (respectively the **Original TIM Notes**, the **Original TIF Notes**, the **Original TICAP Notes** and together the **Original Notes**).⁴ Such Original Notes are listed at the end of this Meeting Statement.
- (b) According to Eligible Information published by the Reference Entity, step one of the exchange involved the Original Notes being exchanged for an equal aggregate principal amount of new securities issued in each case by the same issuer as the relevant series of the Original Notes and, if applicable, benefiting from a guarantee from the Reference Entity (such exchange the **First Exchange** and such notes the **First Exchange Notes**). Such First Exchange Notes would have “*substantially the same terms as the terms of the corresponding series of the Original Notes, including maturity, interest rate, interest payment dates and restrictive covenants and except for provisions relating to the [Second Exchange] and minimum denomination provisions*”.⁵
- (c) The TIM group announced that the exchange offer was successful, with the First Exchange occurring (i) with respect to an aggregate principal amount of €3,310,538,000 of the Original TIM Notes and €359,142,000 of the Original TIF Notes, on 8 May 2024;⁶ and (ii) with respect to an aggregate principal amount of \$2,000,011,000 of the Original TICAP Notes, on 21 May 2024.⁷
- (d) A further mandatory exchange occurred on the closing of the sale of NetCo on 1 July 2024.⁸ All of the First Exchange Notes were mandatorily exchanged without the need for further action by the relevant holders for an equal aggregate principal amount of the corresponding series of notes issued by Optics (the **Second Exchange**). Such notes were subsequently listed on the Luxembourg Stock Exchange with listing documents dated 1 July 2024.

5. Relevant Obligations

- (a) The list of Relevant Obligations of the Reference Entity is set out in Annex 1. The Original Notes are listed in Part 1 and the other Relevant Obligations of the Reference Entity identified by the EMEA DC are listed in Part 2.
- (b) The EMEA DC identified a total of €9,420 million of notes directly issued by the Reference Entity (including the notes subject to the exchanges). The Original TIF Notes in an amount of €1,015 million and the Original TICAP Notes in an amount of \$4,000 million were

⁴ See press release by TIM Group of 18 April 2024: <https://www.gruppotim.it/en/press-archive/corporate/2024/PR-Notes-Exchange-18-04-24.html>.

⁵ See: <https://www.gruppotim.it/en/press-archive/corporate/2024/PR-Notes-Exchange-18-04-24.html>.

⁶ See: https://tifinance.lu/NEWS/Notice_to_Investors_TIFinance%20Exchange_Offer_Results_Announcement_240502.pdf.

⁷ See: https://ticapital.lu/press_release/TICAP_Results_Announcement.pdf.

⁸ See: <https://www.gruppotim.it/en/press-archive/corporate/2024/PR-Closing-NetCo-1-luglio.html>.

guaranteed by the Reference Entity. The EMEA DC determined that the guarantees given by the Reference Entity in respect of the Original TIF Notes and the Original TICAP Notes constituted Qualifying Guarantees and so were Relevant Obligations of the Reference Entity prior to the First Exchange.

- (c) The EMEA DC considered that the two exchanges formed part of a Steps Plan for the purposes of Section 2.2(i) of the 2014 Definitions. This is on the basis that the exchanges were clearly linked and part of an overall plan to transfer the debt to Optics. The EMEA DC considered that this constituted a series of successions on the basis that (i) the issuer of the replacement First Exchange Notes was an entity other than the Reference Entity (it is not required to be an entity other than the existing issuer of the Original Notes) and (ii) whilst the Reference Entity continued to provide a guarantee, such guarantee was not a Relevant Guarantee as such guarantee would be automatically released upon the occurrence of the mandatory Second Exchange. Alternatively, the EMEA DC noted that the two exchanges were part of an overall arrangement to transfer the relevant Bonds to Optics. Such arrangement will give rise to a Steps Plan unless there is no series of successions as also required by Section 2.2(i) of the 2014 Definitions. There would not be a series of successions if the Reference Entity remained a provider of a Relevant Guarantee in respect of the First Exchange Notes – however, in such case the First Exchange Notes would directly constitute Relevant Obligations and the outcome of the analysis would be the same.
- (d) The Succession Date in respect of such a Steps Plan was the date of the Second Exchange (being the date of the final succession) and the amounts succeeded by Optics were equal to the aggregate principal amount of the First Exchange Notes.

6. Successor determination

- (a) Based on the information provided in respect of the exchange offers, Optics succeeded the Reference Entity to €3,310,538,000 in directly issued bonds and €359,142,000 and \$2,000,011,000 in guaranteed bonds.
- (b) The 2014 Definitions are not prescriptive as to how to convert currencies for the purposes of the Successor analysis. However, based on publicly available historic FX rates in respect of 1 July 2024, immediately prior to the final step in the succession (i) the \$2,000,011,000 of transferred USD bonds were equivalent to approximately €1,863,610,250, and (ii) the total \$4,000,000,000 of Original TICAP Notes was equivalent to approximately €3,727,200,000.
- (c) Using the above figures, and by reference to the Relevant Obligations listed in Annex 1:⁹
 - (i) the total aggregate amount of the Relevant Obligations prior to the succession was approximately €19,222,200,000; and
 - (ii) the aggregate amount of the Relevant Obligations succeeded to by Optics was €5,533,290,250,

and Optics therefore succeeded to approximately 28.8% of the Relevant Obligations of TIM. The remainder remained with TIM.

⁹ The exact amounts and the correct percentage are subject to the exchange rate used and to the discussion in Annex 1, but the EMEA DC considered that accounting for such fluctuations in exchange rates on 1 July 2024 would still result in a figure exceeding 25%.

- (d) Accordingly, the EMEA DC determined that both Optics and TIM were Successors for the purpose of 2014 Transactions in respect of the Reference Entity, and that 1 July 2024 was the Succession Date.

ANNEX 1

IDENTIFIED RELEVANT OBLIGATIONS OF THE REFERENCE ENTITY

PART 1

THE ORIGINAL NOTES

- (a) The below lists (i) Original TIM Notes (ii) the Original TIF Notes and (iii) the Original TICAP Notes (together the **Original Notes**).

The Original TIM Notes

- (i) €750,000,000 2.875 per cent. Notes due 28 January 2026 (ISIN: XS1846631049);
- (ii) €1,000,000,000 3.625 per cent. Notes due 25 May 2026 (ISIN: XS1419869885);
- (iii) €1,250,000,000 2.375 per cent. Notes due 12 October 2027 (ISIN: XS1698218523);
- (iv) €1,250,000,000 6.875 per cent. Notes due 15 February 2028 (ISIN: XS2581393134);
- (v) €1,500,000,000 7.875 per cent. Notes due 31 July 2028 (ISIN: XS2637954582);
- (vi) €1,000,000,000 1.625 per cent. Notes due 18 January 2029 (ISIN: XS2288109676); and
- (vii) €670,000,000 5.250 per cent. Notes due 17 March 2055 (ISIN: XS0214965963).

The Original TIF Notes

- (viii) €1,015,000,000 7.750 per cent. Guaranteed Notes due 24 January 2033 (ISIN: XS0161100515).

The Original TICAP Notes

- (ix) \$1,000,000,000 6.375% USD Original Notes due 2033 (ISIN: US87927VAF58 (SecReg) / US87927VAC28 (Rule 144A) / UST92762AC63 (Reg S));
- (x) \$1,000,000,000 6.000% USD Original Notes due 2034 (ISIN: US87927VAM00);
- (xi) \$1,000,000,000 7.200% USD Original Notes due 2036 (ISIN: US87927VAR96); and
- (xii) \$1,000,000,000 7.721% USD Original Notes due 2038 (ISIN: US87927VAV09).

- (b) The total amount of Original Notes is therefore €8,435 million plus \$4,000 million.

PART 2

OTHER IDENTIFIED RELEVANT OBLIGATIONS OF THE REFERENCE ENTITY

- (a) Based on Eligible Information, the EMEA DC was aware of the following bonds and loans of the Reference Entity outstanding prior to the Succession Date in addition to the Original Notes:¹⁰
- (i) €1,000 million notes due 15 April 2025 (ISIN: XS1982819994);
 - (ii) €1,000 million notes due 30 September 2025 (ISIN: XS1497606365);
 - (iii) loan agreement with Banca Nazionale del Lavoro S.p.A. in an aggregate principal amount of €100 million;
 - (iv) loan agreement with Bank of America Merrill Lynch Designated Activity Company in an aggregate principal amount of €100 million;
 - (v) a facility agreement backed by a guarantee of SACE S.p.A., which in turn is backed by a counter guarantee by the Republic of Italy, in an aggregate principal amount of €2,000 million;
 - (vi) term loans for an aggregate amount of €1,060 million under a number of facilities from the European Investment Bank; and
 - (vii) term facility agreement for an aggregate amount of €1,500 million entered into by TIM on 4 April 2024 to refinance short-term indebtedness of the TIM group, with an additional €300 million drawn in May 2024.

Along with the Original Notes, the EMEA DC concluded that these were Relevant Obligations of the Reference Entity.

- (b) The EMEA DC was aware of the following bonds and loans in the group of the Reference Entity which, based on Eligible Information, did not constitute Relevant Obligations of the Reference Entity prior to the Succession Date:
- (i) a revolving credit facility of the Reference Entity in an aggregate principal amount of €4,000 million, which was undrawn the day before the Succession Date;
 - (ii) a fully drawn term loan of FiberCop in the amount of €1,500 million, which did not benefit from a guarantee by the Reference Entity; and
 - (iii) certain loans borrowed and debentures issued by the Brazilian subsidiaries of the Reference Entity, which do not appear to benefit from a guarantee by the Reference Entity.
- (c) The total amount of Relevant Obligations excluding the Original Notes is therefore €7,060 million.

¹⁰ See the listing documents of the Optics notes available on the Luxembourg Stock Exchange page for Optics under the “Documents” tab: <https://www.luxse.com/issuer/OpticsBidco/113469>. Such listing documents attached the unredacted exchange offer memoranda by TIM, TIF and TICAP which set out the figures used in this Annex 1. The additional €300 million referred to in limb (vii) is referred to in the H1 2024 report.