

Paris, March 11, 2019

## **1- Paul Singer / Elliott practices 2- Elliott in TIM**

### **1. Paul Singer / Elliott practices**

- **Elliott received the highest fine ever issued from the AMF:** in 2014, the AMF Enforcement Committee fined Elliott Advisors and Elliott Management a total of €16 million. Elliott Advisors (UK) was found to have sent Elliott Management inside information about the existence of negotiations prior to the sale by the Elliott investment fund of its stake in the capital of APRR to Eiffarie. This is the largest fine ever issued by the AMF
- **Elliott targeting children and families of key individuals at target companies** “On at least three occasions, according to both court testimony and the accounts of seven people who spoke with Fortune, children of people facing the hedge fund’s attack have been pulled into the fray in some way, in an apparent bid to gain either information on or leverage against their parents. In an instance involving Norbert Essing, an Arconic PR consultant in Germany, neighbors of his children in London received visits from people asking about drug abuse by them or their father.” (*Inside Elliott Management: How Paul Singer’s Hedge Fund Always Wins*, Fortune, 15-Dec-2017)
- **Singer unapologetic about Elliott’s hardball tactics** “As The Nation has commented previously, Singer is unapologetic about the hardball tactics he pioneered. Singer disregards the unspeakable damage his fund does to citizens.” (*Paul Singer—market master or litigious vulture?*, CADTM, 23-Jun-2016)
- **Elliott’s Damage to Citizens** “Paul Singer’s destruction of Delphi devastates thousands of families, earns him over \$1 billion” (*Paul Singer—market master or litigious vulture?*, CADTM, 23-Jun-2016) // Singer’s Elliott Management, along with Silver Point Capital and Dan Loeb’s Third Point, blocked an earlier sale proposed by the Treasury Department, which would have saved 15 of 29 Delphi plants and countless jobs. Holding Delphi at financial gunpoint, the hedge funds were able to extract additional compensation by shuttering additional factories across the country. Dan Loeb, whose hedge fund also got in on the deal, boasted that “virtually no North American unionized labor” remained after the hedge funds rampaged through the company. In the final bankruptcy deal, Delphi’s 20,000 retirees lost up to 70% of their pensions, an estimated 8,500 workers lost their jobs nationwide, and all but four factories were shuttered. (*Paul Singer—market master or litigious vulture?*, CADTM, 23-Jun-2016)
- **Singer on Income Inequality** “[...] a passionate defender of the 1% and a rising Republican power broker. [...] The billionaire shows little sympathy for the plight of the 99%” (*Mitt Romney’s hedge fund kingmaker*, Fortune, 26-Mar-2012)
- **Singer funding climate change denialist** “Singer was recently revealed to be a funder of intractable climate change denialist Bjørn Lomborg, having provided nearly a third of

Lomborg's foundation's revenue in 2013" (*Paul Singer—market master or litigious vulture?*, CADTM, 23-Jun-2016)

- **Elliott in Congo** "While Singer was trying to strong-arm the Congolese government for significant profit, the country was in the throes of one of the most significant food shortages in the world, twice ranking top ten in the World Food Programme's list of Hunger Crises" (*Paul Singer—market master or litigious vulture?*, CADTM, 23-Jun-2016)
- **Elliott on Asbestos** Elliott is known for taking positions in distressed companies. Owen Corning was sued by workers who were "dying and injured by their asbestos." The companies filed for bankruptcy and agreed to pay all they could to the victims. Elliot bought Corning at a price "next to nothing". A campaign then began attacking the workers, claiming they were "faking it." ("*Elliott has 'vulture picnic' in Korea Inc.*", Korea Times, 12-Jun-2015)
- **Elliott on Dirt-Digging** "Still, dirt-digging and other aggressive tactics, while controversial, have the benefit of exerting power beyond what money can buy. And they shed light on just what distinguishes Elliott from its less successful peers. «To do activism really, really well, you have to be not only smart and persistent, but you have to be willing» says David Rosewater, who advises companies as the global head of Morgan Stanley's shareholder activism and corporate defense group, and who has previously represented Elliott as an attorney. «Not everybody is willing to be the bad guy»." (*Inside Elliott Management: How Paul Singer's Hedge Fund Always Wins*, Fortune, 15-Dec-2017)

## 2. Elliott in TIM

### 2.1 Elliott's "Time for TIM" presentation

1. Document full of misleading information and twisting of facts that fit the character of Elliot as an unethical activist fund: The document is an insult to the intelligence of TIM's shareholders
2. Elliot prefers not to address the outcome of breaches of corporate governance and laws by the chairman
3. Elliot refused to address its collar mechanism and its misalignment with other shareholders
4. Elliot running from accountability - they had controlled the board since May 2018. This board prevents management from operating and disagrees with them on assets fire sale, and creates a dysfunctional environment that has affected TIM's share price
5. Their document includes old themes that are not relevant to proxy agency opinions. Scenarios have changed dramatically since then, when they misled shareholders as well proxy agencies
6. Despite Elliott's lies, Vivendi has no intention to control TIM or to appoint anyone as chairman or CEO
7. Vivendi is a long-term investor with no collar tricks and only one objective: a neutral board that represents all shareholders
8. New slate proposed is made up of top executives with high integrity who will act as independents and will bring new dynamics and expertise needed for the board
9. Keeping the status quo is keeping bad governance in place serving only the interests of Elliot. Shareholders should act now.

### 2.2 Elliott claim for "Truly independent Board" - Elliott-nominated TIM Board misconducts

Elliott claims that TIM has a truly independent Board. As confirmed and documented in TIM's Statutory Auditors report, the Elliott-nominated Board of Directors has been responsible for **many**

**irregularities and repeated breaches of civil code, internal regulations, TUF (Italian financial code) and corporate governance rules, including:**

- **Organising shadow Board meetings**
- **Disseminating insider and price sensitive information to third parties, in a clear breach of Market Abuse Regulation (MAR)**
- **Chairman Conti misleading TIM's Statutory Auditors**
- **Appointing advisors without following TIM's internal policies**, as was the case for the appointment of Bonelli Erede as legal advisors on the process concerning the ousting of CEO Amos Genish
- **Conducting the search for a new CEO without considering external candidates.**
- **Hiring Elliott advisors (Bonelli Erede and Vitale & Co.)** which is a clear conflict of interest as well as the demonstration of how Elliott is de facto controlling TIM's Board and has the ability to push its own agenda

In addition, a key representative of Elliott (Giorgio Furlani) allegedly participated in several shadow board meetings.

### 2.3 Alignment with other shareholders

- **Elliott is not working for the benefit of all shareholders, but only for itself.** Its objectives are short-term and not aligned to those of other TIM shareholders. The fact that a number of Elliott advisors have been hired by TIM shows i) Elliott's ability to de facto control TIM's Board and ii) the ability to push its own agenda
- **Collar allows Elliott "empty voting"**, i.e. decoupling of economic interests and voting rights

### 2.4 Elliott lies / misconduct

- Mentioning in their latest presentation that "TIM's Board of Statutory Auditors **rejected in principle all accusations made by Vivendi**".
- **Accusing Vivendi of seeking to retake control.** Vivendi is proposing an independent Board, replacing Elliott's five tainted Directors with five truly independent and extremely competent Directors
- **Questioning standing and independence of Vivendi candidates.** Facts show that Vivendi candidates are: i) more competent in Telco than current Elliott's Members and ii) truly independent according to Italian laws, with proven experience in managing and supervising large listed companies
- **Mentioning that Vivendi wants to return to DigiTim.** Vivendi will support any proposals that are shown to be in the best long-term interest of all TIM shareholders and other stakeholders, including alternative fixed network business models, enhanced FCF generation, deleveraging initiatives, potential sale of non-strategic assets, simplification of the capital structure and resumption of dividend payments
- **Attacking the Bolloré Group and "Vivendi's motives with TIM"** with preposterous allegations, in an attempt to deflect attention from TIM. The answer is straightforward:
  - Vivendi has invested c. €4bn in Telecom Italia and has no derivatives. Its interests are perfectly aligned with those of all other long-only TIM shareholders
  - Elliott owns a collar that caps its upside at €0.4809, enabling "empty voting" by decoupling economic ownership of shares from voting rights. Their interests are

plainly not aligned with those of other TIM shareholders; their investment strategy is unclear

- **Deceiving investors in many ways**, including opportunistically stating to support the former CEO ahead of the 2018 AGMs in order to amass votes, to then orchestrating the undermining of his activities from day 1
- **Promising to deliver independent candidates and first-class corporate governance**, while in reality dictating the agenda to their candidates who appear fully coordinated under Elliott's control and have repeatedly delivered a succession of self-interested actions
- **Blocking the appointment of Michel Sibony**: It is unclear how the appointment of Michel Sibony would have any impact on the alleged "profit shift", as Elliott failed to explain / demonstrate / provide any evidence on how Mr. Sibony, an individual with significant proven experience in procurement, has operated or what sort of benefits he would have produced for Vivendi. ~50% of planned professional services renegotiation were completed under Mr. Sibony as announced by TIM during their Q2-18 release.
- **Implying that C+ / TIM JV proposal is still under Consob investigation**; Consob confirmed that it was right to treat this transaction as a one of "minor importance"
- **Commenting falsely on Havas contract**. No action was taken by the Board elected in May 2018 with regards to this contract. Havas continues to be TIM's main agency and its ad campaign is award-winning
- **In general, all related-parties' transactions have been approved by TIM's Board, including in 2018**. TIM 2018 annual report mentions that [courtesy translation from Italian]:
  - "during FY 2018, no major related-party transactions have taken place"; "operations with related parties, when not regulated by specific laws, have taken place at arm's length, and their execution has occurred complying with internal procedures"

### **About Vivendi**

*Since 2014, Vivendi has been focused on building a world-class content, media and communications group with European roots. In content creation, Vivendi owns powerful, complementary assets in music (Universal Music Group), movies and series (Canal+ Group), publishing (Editis) and mobile games (Gameloft) which are the most popular forms of entertainment content in the world today. In the distribution market, Vivendi has acquired the Dailymotion platform and repositioned it to create a new digital showcase for its content. The Group has also joined forces with several telecom operators and platforms to maximize the reach of its distribution networks. In communications, through Havas, the Group possesses unique creative expertise in promoting free content and producing short formats, which are increasingly viewed on mobile devices. In addition, through Vivendi Village, the Group explores new forms of business in live entertainment, franchises and ticketing that are complementary to its core activities. Vivendi's various businesses cohesively work together as an integrated industrial group to create greater value. [www.vivendi.com](http://www.vivendi.com)*