

The Extraordinary Meeting of Tiscali has approved all items in the agenda, in particular:

1. Elimination of the par value of shares and regrouping in the ratio of 1 share for every 10 existing shares;
2. Reduction of capital for losses, pursuant to Article 2446 of the Civil Code;
3. Capital increase in cash under paragraph 1 of Article 2441 of the Civil Code, up to a maximum of EUR 190 million through the issue of ordinary shares without par value, together with free warrants, at a price of EUR 0.01 (EUR 0.10 after the reverse stock split) per share;
4. Capital increase in accordance with art. 2441 paragraph 1 of the Civil Code, in cash, up to a maximum of EUR 46.5 million through the issue of ordinary shares without par value at EUR 0.01 (EUR 0.10 after reverse stock split) per share;
5. Delegation to the Board of Directors in accordance with art. 2443 paragraph 2 of the Civil Code, to increase the share capital in accordance with art. 2441 paragraph 1 of the Civil Code, with payment, in one or more tranches, to be executed within three years from the decision to delegate, up to a maximum of EUR 25 million, through the issue of ordinary shares without par value.

- Clearance from the European antitrust for the sale of Tiscali UK to the Carphone Warehouse Group

Cagliari, 30 June 2009

The Extraordinary Meeting of Tiscali, which has met today in third call, has approved all agenda items. In particular:

Point 1 - Elimination of the par value and reverse stock split: the Extraordinary Meeting has decided to eliminate the indication of the par value of the Tiscali ordinary shares currently in circulation; consequently, the shares will be represented by shares without par value. The Extraordinary Meeting has decided to regroup 616,545,485 ordinary shares, currently in circulation, to 61,654,548 ordinary shares with no par value, with simultaneous replacement of the old shares and allocation to shareholders at a ratio replacement of 1:10 i.e. a new ordinary share without par value every ten old shares held before the reverse stock split.

The operations of replacement of shares pursuant to the reverse stock split will be made by authorized intermediaries who, at no cost for the shareholders, will provide them with the services necessary for the treatment of any share fractions which may possibly be originated. The terms and timing of the reverse stock split will be determined in consultation with the competent Authorities and, in particular, with Borsa Italiana S.p.A., by notifying the market in due course.

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Point 2 – Reduction of share capital: the Extraordinary Meeting has resolved to reduce, in the absence of available reserves and legal reserves, the share capital from EUR 308,272,742.50 to EUR 156,071,496.25 in order to fully absorb the losses recorded on 31 March 2009, i.e. the losses carried forward from previous year, amounting to EUR 151,830,398, and the further loss of EUR 370,848 recorded as of 31st March 2009.

Points 3 and 4 – Capital increases 1 and 2: the Extraordinary Meeting has resolved upon a **First Capital Increase**, divisible, in cash, for a maximum of EUR 190,000,000 by means of issue of ordinary shares with no par value, regular entitlements, to be offered in option to shareholders in proportion to the participation owned, at the issue price of EUR 0.01 for each newly issued share (EUR 0.1 after reverse stock split, if the stock split is executed before the execution of the capital increase). This capital increase, offered in option to shareholders, would be functional to cover part of the debt of the Company, and would be guaranteed:

1. for ca EUR 32 million, even indirectly, by the shareholder Renato Soru, through the exercise of part of its rights;
2. for ca GBP 10 million, equivalent to approximately EUR 11 million, from minority shareholders of Tiscali UK Ltd, Video Networks International Ltd (VNIL);
3. for the remainder, by the senior lenders.

Any part of the subscription by the guarantors may be released with compensation, in whole or in part, of credits held by the guarantors towards the Company.

The senior lenders have expressed their willingness to write off a portion of their credit for an amount equal to EUR 0.3123 per each Euro subscribed by the market in cash under the First Capital Increase up to a maximum amount of ca EUR 46.5 million.

The terms and timing for subscription to the First Capital Increase will be determined by the Board of Directors of Company within the powers attributed by the EGM and also taking into account the situation of financial markets.

Moreover, each new share issued related to the First Capital Increase will have a free warrant attached to be exercised into new ordinary shares of Tiscali. The warrants could circulate separately from the shares and will entitle to subscribe new shares of the Company on the basis of a ratio of one ordinary share for every twenty warrants. The warrants can be exercised from the day of the stock market opened after the first month following the issuance of warrants until December 15th, 2014, pursuant to the terms described in the regulation made available to shareholders, in accordance with the law.

The capital increase for the exercise of the warrants will be implemented by the issue, in one or more tranches, of ordinary shares, without par value, regular entitlements, to be reserved exclusively to the exercise of those warrants, for an issue price equal to EUR 0.08 (EUR 0.80 after reverse stock split), inclusive of a premium of EUR 0.07 (EUR 0.70 after reverse stock split).

The Extraordinary Meeting has also approved a **Second Capital Increase**, in cash, for a maximum amount of EUR 46,500,000 at a price of EUR 0.01 (EUR 0.1 after the reverse stock split) per share, through the issuance of ordinary shares with no par value, regular entitlements, to be offered in option to shareholders in proportion to the number of shares owned.

The total amount of this second capital increase will be determined according to the amount of cash subscriptions by the Market in the First Capital Increase.

The terms and timing for subscription will be determined by the Board of Directors also in line with the requirements of the Company and market conditions.

It is expected that the capital increases 1 and 2, consistently with the necessary authorizations and the market and Company's conditions, will be executed, respectively, by the end of the year and by the first quarter of 2010; with regard to the ordinary shares for the exercise of the warrants pursuant to the terms and conditions of the Warrants.

Point 5 – Capital Increase 3: in relation to the fifth item on the agenda, the Extraordinary Meeting has resolved to delegate to the Board of Directors, pursuant to art. 2443 second paragraph of the Civil Code, to increase the share capital in cash, in one or more tranches, within three years from the resolution of delegation for a maximum amount of EUR 25,000,000 to be implemented through the issuance of ordinary shares without par value, to be offered in option to shareholders in proportion to the shares owned in accordance with art. 2441, first paragraph, of the Civil Code.

As a result of the delegation, the Board of Directors may executed the further **third capital increase**, aimed at the repayment of “Tranche C” of the debt (as described below), if not previously repaid with the release of proceeds from the sale of the UK assets held in escrow. If no payment was due as indemnification to the Talk Talk Group, the third capital increase will not be executed, even partially.

The terms and timing for subscription will be approved by the Board of Directors pursuant to the requirements of the Company and the condition of financial markets and the subscription price will be equal to the average market price of the Tiscali shares recorded in the three months prior to the last business day preceding each offering of shares on Tiscali, subject to Article 2346, fifth paragraph, of the Italian Civil Code.

■ **Financing and subscription agreements**

The Board of Directors of Tiscali S.p.A. has reviewed and approved the Financial Plan and the Financing and Subscription Agreements as indicated by the Framework Agreement signed on 29th May, in relation restructuring of the debt of the Group.

The Financing and Subscription Agreements are conditional upon the occurrence of certain conditions, including the endorsement of the Industrial and Financial Plan by an independent expert, expected to be released shortly, the confirmation by CONSOB of the applicability of the exemption in art. 49, letters b) and d) of the Issuers' Regulation, and the completion of the sale of Tiscali UK to the Carphone Warehouse Group, for which the European antitrust authority has provided clearance today.

As already reported to the market, the Framework Agreement involves:

- ca EUR 500 million of senior debt, in addition to related interest, subject to the standstill agreement;
- ca EUR 100 million of debt vs the minority shareholders of Tiscali UK (VNIL);

- ca EUR 30 million of debt towards Andalus, a company held by the shareholder Renato Soru, in addition to related interests.

The Financing Agreements relate to:

1. Debt facilities, totalling EUR 165 million, according to new terms and conditions, including:

- i. Tranche A: amounting to EUR 100 million, with a maturity of 5 years;
- ii. Tranche B: amounting to EUR 45 million, with a maturity of 6 years;
- iii. Tranche C: amounting to EUR 20 million, with a maturity of 7 years, to be repaid with funds arising from the release of the bound on sale in UK, or even through a capital increase, the execution of which has been delegated to the Board of Directors with today's resolution.
- iv. Financing up to a maximum of ca EUR 190 million, with a maturity of 6 and 8 months, relating to the capital increases resolved upon today and described above.

Timetable

As already indicated, it is expected that the increases Capital 1 and 2 will be offered to the market and underwritten, respectively, by the end of the current year and by the first quarter of 2010.

The new Business Plan and Financial Plan will be presented to market in line with the timetable for the capital increases and before their execution.

This press release contains some statements of an anticipatory nature founded on the current expectations or on projections about future events. The aforementioned anticipatory statements depends on known and unknown risks, uncertainties and considered presuppositions. Furthermore, this press release contains some pro forma financial information not subject to audit review. Tiscali does not assume any commitment to publicly update or modify the anticipatory statements, either because of new information, or because of future events or otherwise. In light of the aforementioned risks, uncertainties and presuppositions, the anticipatory statements contained in this press release could be unconfirmed. Each statement relative to past occurrences or activities is not to be considered as a statement that these occurrences or activities will continue in the future.

Information about Tiscali

Tiscali S.p.A. (Italian Stock Market. Milan: TIS) is one of the principal alternative telecommunications companies in Europe. With one of the broadest and most interconnected networks based on IP technology in the world Tiscali furnishes its clients, privates and companies, with a wide array of services: dial-up and ADSL Internet access, voice, VoIP, media, value added services and other technologically advanced products.

At 31 March 2009, Tiscali registered in Italy and in the UK a total of about 2.7 million active users. Of these, over 2.2 million subscribe to ADSL.

Tiscali's website can be found at www.tiscali.com