

**REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS'  
MEETING PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/98 AND  
ARTICLE 2429, PARAGRAPH 3, OF THE CIVIL CODE.**

To the Shareholders' Meeting of Tiscali SpA

During the financial year ending at 31 December 2009, we carried out our legally required oversight activity in accordance with the Code of Conduct for Boards of Statutory Auditors recommended by the National Council of Chartered Accountants.

While detailed analysis of the contents of the financial statement is not assigned to us, we report that we oversaw the general entries made to it and its compliance with the law in terms of preparation and structure.

In compliance with the CONSOB Notice of 6 April 2001, as implemented by the Notices of 4 April 2003 and 7 April 2006, we report as follows:

- We monitored compliance with the law and the Company Articles of Association.
- We obtained the required information from the Directors on activity and on transactions of major business, financial or equity significance, carried out by the Company or its subsidiaries, and we can reasonably assure you that the actions that were approved and implemented comply with the law, the bylaws and general criteria of business functionality, and therefore are not manifestly imprudent, hazardous or potentially in conflict of interest or contradictory to the decisions taken by the Shareholder Meeting, or likely to compromise the integrity of shareholder equity.
- Within our jurisdiction, we looked into and oversaw the adequacy of the organization of the Company, compliance with the principles of correct administration and the adequacy of the provisions issued by the company to its subsidiaries pursuant to Article 114, Paragraph 2 of Legislative Decree No. 58/98, by collecting information from the various managers and meetings with the independent auditors to exchange data and significant information. In this regard, we have no special comments to report.
- Article 2 of Law No. 262 of 28 December 2005 introduced a series of changes to Legislative Decree No. 58/98, including the provision in Paragraph 1 of Article 151, allowing the Board of Statutory Auditors of the Parent Company to request information on the progress of corporate operations or to inquire directly to administrative and supervisory bodies of subsidiaries about specific affairs. With regard to Article 2 of Law No. 262, the Board of Statutory Auditors has asked that the Board of Statutory Auditors of the subsidiary Tiscali Italia SpA send copies of the minutes of its meetings every six months, for the purposes of obtaining information about the administration and control

systems and general trends at the subsidiary. In this regard, no significant data or information has emerged which must be shown in this report.

- We assessed and monitored the adequacy of the internal auditing system and the administrative and accounting system as well as its reliability of the latter to present management facts correctly, by obtaining information from respective department managers, examining corporate documents, and analyzing the results of the work carried out by the independent auditing company, while overseeing the activity of the internal audit manager. In this regard we have no particular comments to report.
- The Company has adopted the "Model for Organization, Management and Control pursuant to Legislative Decree No. 231/2001". During the financial year, the Board of Statutory Auditors reported the need to re-establish full operational functionality according to this model, including the joint nature of the oversight body, which currently consists only of the internal audit manager. We note that the process of updating the organization model is in progress at this time, and will include the new cases of violations introduced with the most recent legal provisions.
- There have been no significant intercompany transactions reported to us pursuant to Article 150 of Legislative Decree No. 58/98.
- We did not detect the existence of unusual or atypical transactions with third parties, companies of the group or related parties. We note the existence of non-recurring transactions tied to the restructuring of financial debt, the effects of which are described in the consolidated financial statement under "*Non-recurring transactions*".
- Transactions with related parties were broken down in the management report, where the asset and business values were summarized; see the specific paragraph in the consolidated financial statement, entitled "*Transactions with related parties*".
- No violation reports were received pursuant to Article 2408 of the Civil Code, nor were there claims by third parties.
- Pursuant to Article 150, Paragraph 2, of Legislative Decree No. 58/98, we held meetings with representatives of the Independent Auditing Firm and no significant data or information emerged which must be shown in this report.

The audit company Reconta Ernst & Young SpA is issuing its own reports on the company and consolidated financial statements, which contain information about business continuity and about some disputes that could be significant, concerning which we refer you to the aforesaid reports. We believe that the aforesaid information does not require additional comment on our part.

- In compliance with Article 149, No. 1(c)bis of Legislative Decree No. 58/98, we take note that in their Report on Corporate Governance, the Directors specified that the Tiscali

group adheres to and complies with the Code for Self-Governance for Italian listed companies published in March 2006. We clearly noted compliance with the standards required by the aforesaid Code; in its various aspects, this compliance is the subject of the Report on Corporate Governance which the Board of Directors has made available to you, to which we refer you for more up-to-date and complete information on the subject.

- As indicated in the Report on Corporate Governance, we note that for almost all of 2009, the Internal Audit Committee consisted of only one member. The Committee was therefore re-established in December 2009, following the appointment of the new Board of Directors.
- During 2009, Reconta Ernst & Young SpA and other entities belonging to its network provided various professional services other than auditing the company and consolidated financial statements. Total fees accruing for 2009 may be summarized as follows:

	EUR/000
Accounting audit (company and consolidated financial statements)	561
Other services (prospectus, etc.)	407
Total	968

- During the accounting year, the Board of Statutory Auditors issued its own observations pursuant to Article 2446 of the Civil Code, on 16 April 2009, 11 June 2009, and 11 December 2009, in addition to issuing its own opinion on the compensation of directors (Article 2389 of the Civil Code).
- On the subject of opinions required by law, the independent auditing firm Reconta Ernst & Young SpA issued its report on the half-year report as at 30 June 2009 and a report on provisional data contained in the prospectus for the authorized share capital increase filed with Consob on 9 October 2009.
- In accordance with Article 149, Paragraph 2 of Legislative Decree No. 58/98, the oversight activity described above was carried out in 13 meetings of the Board of Statutory Auditors, two meetings of the Internal Audit Committee, and participating in all 21 meetings of the Board of Directors.

During the oversight activity and based on information obtained from the independent auditing firm, we observed no omissions and/or censurable facts and/or irregularities or in any case facts significant enough to require reporting to the oversight bodies or mentioning in this report.

Within the scope of our duties, we express a favourable opinion, recommending approval of the company financial statement as at 31 December 2009, together with the management report as presented by the Board of Directors.

Pursuant to Article 144-*quinquiesdecies* of the Regulation for Issuers (Consob Regulation implementing Legislative Decree No. 58/98), we have attached to this report the list of positions that each of the members of the Board of Directors held in companies per Book V, Title V, Chapters V, VI and VII of the Civil Code as at the date that this report was issued.

Cagliari, 12 April 2010

THE BOARD OF STATUTORY AUDITORS

PAOLO TAMPONI

PIERO MACCIONI

ANDREA ZINI

LIST OF POSITIONS IN COMPANIES PER BOOK V, TITLE V, CHAPTERS V, VI AND VII OF THE CIVIL CODE HELD AS AT 12 APRIL 2010, PURSUANT TO ARTICLE 144-*QUINQUESDECIES* OF THE REGULATION FOR ISSUERS (CONSOB REGULATION IMPLEMENTING LEGISLATIVE DECREE NO. 58/98)

**Paolo Tamponi**

Company	Position	Expiry date
Cons. Marittimo Ogliastra s.c.a.r.l.	Chairman of the Board of Directors	Until withdrawn
Auditors Associati Srl	Managing Director	Until withdrawn
Tiscali Italia Srl	Statutory auditor	Until approval of the financial statements as at 31.12.2009
Portovesme Srl	Statutory auditor	Until approval of the financial statements as at 31.12.2010
CoopFin SpA	Chairman of the Board of Statutory Auditors	Until approval of the financial statements as at 31.12.2010
Hosteras SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2010
Sarmed Srl	Statutory auditor	Until approval of the financial statements as at 31.12.2011

**Piero Maccioni**

Company	Position	Expiry date
Auditors Associati Srl	Chairman of the Board of Directors	Until withdrawn
Abbanoa SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2011
Hosteras SpA	Chairman of the Board of Statutory Auditors	Until approval of the financial statements as at 31.12.2010
SAR-MED Srl	Chairman of the Board of Statutory Auditors	Until approval of the financial statements as at 31.12.2011
Portovesme Srl	Statutory auditor	Until approval of the financial statements as at 31.12.2010
Calacavallo SpA	Chairman of the Board of Statutory Auditors	Until approval of the financial statements as at 31.12.2011
Casa di cura Villa Elena Srl	Statutory auditor	Until approval of the financial statements as at 31.12.2011

**Andrea Zini**

Company	Position	Expiry date
Santa Barbara Investimenti Srl	Sole Director	Until withdrawn
Bareca Srl	Sole Director	Until withdrawn
3G Italia SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2010
H3G SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2010
3lettronica Industriale SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2010
Gabbiani Angelo SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2010
Immobiliare Diana SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2011
Immobiliare Sant'Angelo SpA	Chairman of the Board of Statutory Auditors	Until approval of the financial statements as at 31.12.2011
Rivolta Carmignani SpA	Chairman of the Board of Statutory Auditors	Until approval of the financial statements as at 31.12.2012
Nuova Iniziativa Editoriale SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2010
Manifattura Colombo Trecate SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2010
A.D. Srl	Statutory auditor	Until approval of the financial statements as at 31.12.2010
FRAL Srl	Statutory auditor	Until approval of the financial statements as at 31.12.2011
Nuova Società Editrice Finanziaria SpA	Statutory auditor	Until approval of the financial statements as at 31.12.2010