



TISCALI S.p.A.

Registered office in Cagliari, Località Sa Illetta, State Highway 195, km. 2.3

Share capital EUR 92,016,815.67

Tax ID Code, VAT No., and Cagliari Business Registry No. 02375280928

***BOARD OF DIRECTORS REPORT EXPLAINING THE PROPOSALS IN THE
AGENDA FOR THE ORDINARY SHAREHOLDERS MEETING OF 27 AND 28 APRIL
2010, PREPARED PURSUANT TO ARTICLE 3 OF MINISTERIAL DECREE 437/1998***

Cagliari, 26 March 2010

Dear Shareholders,

This document was prepared by the Board of Directors of Tiscali S.p.A. ("Tiscali" or the "Company"), in compliance with current legislation, with regard to the Ordinary Shareholders Meeting of Tiscali, convening on first call on 27 April 2010 at 11:00 at the registered office, and if necessary on second call on 28 April 2010 at 11:00 at the registered office, to discuss and approve the following agenda:

- 1. Approval of the company financial statement for the year ending 31 December 2009. Related and consequent decisions.**

* * *

1. **Approval of the company financial statement for the year ending the 31 December 2009. Related and consequent decisions**

Dear Shareholders,

[A] copy of the draft company financial statement of Tiscali S.p.A. (the “**Company**”) as at 31 December 2009, assembled from the reports of the Directors, the Board of Statutory Auditors and the independent auditing firm, has been filed at the registered office and at the Borsa Italiana S.p.A., in accordance with current regulations. In particular, for an explanation of the draft financial statement in question, please see the management report of the Directors.

The draft financial statement of the parent company shows losses for 2009 of **EUR 248,253,760.51**, regarding which the Shareholder Meetings of 30 June 2009 and 22 December 2009 approved the creation of reserves for coverage, by lowering authorized share capital and using the share premium reserve, in the amount of **EUR 252,931,145.83**.

Therefore, we propose approving the company financial statement in its entirety and the individual entries to maintain a total of **EUR 4,677,385.32** in the loss coverage reserve.

On this subject, we propose that you approve a motion in line with the following proposal:

"The Ordinary Shareholders Meeting of Tiscali S.p.A., having analyzed the draft company financial statement as at 31 December 2009, drawn up from the legally required reports, and having heard the explanation of the Chair,

resolves

1. *To approve the financial statement for 2009, in its totality and its individual entries, as prepared by the Board of Directors, which has been given broad discretion*

in carrying out its duties;

2. *To maintain the loss coverage reserve as at 31 December 2009 at **EUR 4,677,385.32**;*

3. *To confer upon the Chairman and the interim Chief Executive Officer the broadest powers, including powers of delegation to the extent allowed by law, to carry out this resolution, and to make such necessary or appropriate formal additions, changes or deletions requested by competent authorities to have this entered in the business registry."*

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Dear Shareholders,

Please vote for the proposals shown above.

Cagliari, 26 March 2010



Tiscali S.p.A.

For the Board of Directors

The Chairman, Renato Soru