



TISCALI S.p.A.

Legal offices in Cagliari, in Sa Illetta, S.S. 195 km. 2.3

Paid-up Share Capital EUR 308.272.742.50

Tax Identification Number, VAT Identification Number and registration in the
Companies' Register of Cagliari no. 02375280928

***BOARD OF DIRECTORS EXPLANATORY REPORT ON AGENDA PROPOSALS OF
THE ORDINARY SHAREHOLDERS' MEETING ON 29 AND 30 APRIL 2009,
PREPARED PURSUANT TO ARTICLE 3 OF THE MINISTERIAL DECREE 437/1998.***

Cagliari, 14 April 2009

Dear Shareholders,

this document was prepared by the Board of Directors, in accordance with the effective legislation, in relation to the Ordinary Shareholders' Meeting of Tiscali S.p.A., called in its first meeting for 29 April 2008 and in its second meeting for 30 April 2009, to resolve on the following agenda:

1. Approval of the statutory financial statements at 31 December 2008. Inherent and consequent resolutions.
2. Resolutions pursuant to article 2446 of the civil code.
3. Nomination of a member of the Board of Directors. Inherent and consequent resolutions.
4. Nomination of the Board of Statutory Auditors and of its President. Determination of the Auditors' compensation. Relative and consequent resolutions.

* * *

1. **Approval of the statutory financial statements at 31 December 2008. Inherent and consequent resolutions.**

Dear Shareholders,

copy of the draft statutory financial statements of Tiscali S.p.A. (the "**Company**") at 31 December 2008, with reports of the Directors, Auditors and the auditing company attached, is deposited in accordance with the effective legislation, at the registered offices and Borsa Italiana S.p.A. For an explanation of the draft statement in question, the Directors' management report in particular should be referenced.

Therefore, you are invited to approve the statutory financial statements of the Company at 31 December 2008 which close with a loss of EURO 981,324 million. The losses amassed at 31 December 2008 are equal to EURO 1,142,688 million.

We propose the approval of the statutory financial statements both in their entirety and in their individual items, and to cover the losses amassed at 31 December 2008, limited to the amount of EURO 990,857 million by way of integral use of the share premium reserve, which is thereby written off and for the remaining part of the losses equal to EURO 151,831 million to be carried forward.

In this regard, we propose the adoption of a resolution in line with the following proposal:

"The Ordinary Shareholders' Meeting of Tiscali S.p.A., having analysed the draft statutory financial statements at 31 December 2008, with the legislation attached, and having heard the statement of the President,

resolves

1. *to approve the financial statements at 2008, both in their entirety and in their individual items, as it is prepared by the Board of directors, which is not liable for its own management;*
2. *to cover the losses amassed at 31 December 2008, limited to the amount of EURO 990,857 million by way of integral use of the share premium reserve, which is thereby written off and to carry forward the remaining part of the losses equal to EURO 151,831 million.*
3. *to confer to the President and Chief Executive Officer pro tempore every authority so that, even by way of attorneys and with the observance of the terms and conditions of the law, he carries out this resolution, as well as produce additions, modifications and formal repeals that may be requested by the competent authorities for registry in the Companies' registry."*

* * *

2. Resolutions pursuant to article 2446 of the civil code

Dear Shareholders,

every comment relative to the second point of the agenda will be fully contained in the Board of Directors report pursuant to article 74 of the Regulation of the National Commission for Companies and the Stock Exchange no. 11971 of 14 May 1999 (as successively modified), issued in conformity with Attachment 3A to the same regulation, and which will be provided to the public under the law.

Refer, therefore, to said report.

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3. Nomination of a member of the Board of Directors. Relative and consequent resolutions.

Dear Shareholders,

Mr. Renato Soru was nominated as a member of the Board of Directors by cooptation by the Board of last 19 March, pursuant to article 2386 of the civil code. Under this legislative provision, in the scope of the shareholders' meeting called for 29 and 30 April 2009, it is therefore necessary to proceed with the nomination of a member of the Board of Directors and, therefore, to the confirmation or otherwise of Mr. Renato Soru as a member of the management body.

To be precise in this regard, to resolve the nomination of a member of the Board of Directors the mechanism of nomination by list vote will not be applied, under article 11 (Board of Directors) of the Articles of Association for the only case of integral renewal of directors.

Given the above, we invite you to proceed with the vote for the nomination and the resolution of compensation and duration of the appointment of the director; in this regard, the Board of Directors proposes to confirm Mr. Renato Soru in this office.

A copy of Mr. Renato Soru's C.V. and the statement with which he accepts the candidacy and attests, on his own responsibility, to the inexistence of any cause for ineligibility or incompatibility as well as the existence of the requisites of honorability and professionalism prescribed for the appointment by the applicable provision and statute are attached to this report.

We propose, therefore, to adopt a resolution in line with the following proposal:

"The Ordinary Shareholders' Meeting of Tiscali S.p.A., being aware of the Directors' Report and having heard the statement of the President,

resolves

1. *to nominate Renato Soru as Director of the Company and that he remain in office for the same duration of time as the other members of the management body and therefore until the date of the Meeting called for the approval of the statutory financial statements at 31 December 2010;*
2. *to resolve, in EURO 25,000.00 (twenty-five thousand) the annual gross compensation of Renato Soru;*
3. *to confer to the President and Chief Executive Officer pro tempore every authority so that, even by way of attorneys and with the observance of the terms and conditions of the law, he carries out this resolution, as well as produce additions, modifications and formal repeals that may be requested by the competent authorities for registry in the Companies' registry."*

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4. Nomination of the Board of Statutory Auditors and its President. Resolution of the compensation of Auditors. Relative and consequent resolutions.

Dear Shareholders,

the office of the current Auditors of the Company will expire on the date of the Meeting called for the approval of the statutory financial statements which was closed at 31 December 2008.

Thereby, new members of the Board of Statutory Auditors must be nominated.

Regarding the election of new Auditors, it is noted that, pursuant to the Statute, the current members of the Board of Statutory Auditors can be re-elected and that Article 18 ("Board of Statutory Auditors") of the Corporate Statute indicates that:

"The Board of Statutory Auditors is composed of three Statutory Auditors and two Deputy Auditors nominated by the Shareholders. The Auditors have a three-year commitment and can be re-elected. The termination of the Auditors at the end of the term goes into effect only when the Board has been reconstituted.

The Board meetings can be held also aided by telecommunication methods, according to the methods indicated in article twelve (Calling and conducting the meeting of the Board of Directors) of this statute.

The Shareholders who nominate the Auditors and the President of the Board of Statutory Auditors resolve their due compensation.

The nomination of the Board of Statutory Auditors comes about based on the lists presented by members on which five candidates must be indicated, three for the office of Statutory Auditor and two for the office of Deputy Auditor, listed in order of he who has the most years of professional experience.

Each shareholder cannot present or apply to present more than one list, even through a third party or by way of a trust company. Each candidate can be on only one list, under penalty of ineligibility.

The only shareholders with the right to present a list are those who individually or together with other shareholders represent the percentage of shares having the right of voting in the Ordinary Shareholders' Meeting pursuant to the applicable provision, which will be indicated in the notice of calling of the Shareholders' Meeting.

The lists presented by members must be deposited, as will also be indicated in the notice of convocation, at the offices of the Company at least fifteen days before the date set for the first convocation of the Shareholders' Meeting. Where, at the expiry of the aforementioned term, only one list, or only lists related to each other under the applicable provision, has/have been deposited, lists may be presented until the fifth day successive to that date, and the percentage of foreseen participation for the presentation of lists is reduced to half.

Each list shall include the attached information requested by the applicable provision and indicate the identity of the members that presented it, the percentage of share interest held altogether and a certification indicating the ownership of this share interest, as well as a declaration from members other than those who hold, even altogether, controlling interest or relative majority, attesting to the absence of connection provided for by the provision applicable with these latter. At the bottom of the lists presented by the members, or attached to

these, an exhaustive informative report on the personal and professional characteristics of the candidates shall be supplied. Together with each list, there shall be statements from each candidate accepting the candidacy and attesting, on his own responsibility, to the inexistence of causes for ineligibility or incompatibility as well as the existence of requisites of honorability and professionalism prescribed for the office by the applicable provision and by the statute.

Any list presented without observance of the above indicated measures shall be considered not presented.

Each shareholder cannot vote for more than one list, even if by third person or by way of a trust company.

Anyone who holds the office of Auditor for five terms cannot assume the office again. The Auditors can assume other management and control offices in the limits set by the applicable provision.

At least one of the Statutory Auditors, and at least one of the Deputies, must be chosen from among those registered in the registry of auditors, who have exercised activity of legal accounts auditing for a period of not less than three years. The Auditors who do not fulfil the aforementioned requirements must have gained experience of at least three years in the exercise of specific activities however pertaining to that business. Activities pertaining to that business are understood to be those noted in the corporate purpose referred to in article 3 (Corporate purpose) of this statute and those however relative to the sector of telecommunications.

The following will be elected:

a) , two statutory members and one Deputy from the list that obtained the highest number of votes, in the progressive order with which they are listed;

b) the third Statutory member will be the candidate for the relative office indicated in the first place, among the Statutory Auditors, on the list that will have gained the highest number of votes after the first, among the lists presented and voted on by the members who are not connected, even indirectly, with the members who presented or voted for the list that came out first by number of votes;

c) the second Deputy Auditor will be the candidate for the relative office indicated in the first place, among Deputy Auditors, on the same minority list referred to in the preceding point.

If there is an equal number of votes among the lists presented and voted on by the members who are not connected, even indirectly, with the members who presented or voted for the list which comes out first by number of votes, the candidate from the list which was presented by members who have the majority participation or, subordinately, by the highest number of members, will be elected.

The presidency of the Board of Statutory Auditors is awarded to the candidate in the office of Statutory Auditor indicated in the first place on the list that has the largest number of votes after the first, among the lists presented and voted on by the members who are not connected, even indirectly, with the members who presented or voted for the list which comes out first by number of votes.

If only one list is presented, the first three candidates in progressive order will be elected by the majority Statutory Auditors and the fourth and fifth candidates will be Deputy Auditors. The presidency of the Board will be due to the first candidate.

In case of an anticipated cessation of the office of a Statutory Auditor, he will be substituted by the Deputy Auditor elected among the candidates who belong to the same list of the Auditor who is no longer in office.

The Shareholders provide for the nomination of the Statutory and Deputy Auditors necessary for the integration of the Board of Statutory Auditors following the anticipated cessation of the office in the following way:

a) when Auditors elected on the majority list need to be substituted, the nomination will take place with a majority vote, choosing from among the candidates indicated on the same list as the Auditors to be substituted, who have confirmed at least ten days before the date set for the first convocation of the Shareholders' Meeting their own candidacy, together with the statements relative to the inexistence of causes for ineligibility or incompatibility, as well as the existence of the requisites of honorability and professionalism prescribed for the office by the applicable provision and by the statute;

b) when instead it is necessary to substitute a Statutory Auditor designated by the minority the Shareholders will substitute him with a majority vote choosing from among the candidates indicated on the same list as the Auditor to be substituted, who have confirmed at least ten days before the date set for the first convocation of the Shareholders' Meeting their own candidacy, together with the statements relative to the inexistence of causes for ineligibility or incompatibility, as well as the existence of the requisites of honorability and professionalism prescribed for the office by the applicable provision and by the statute .

The new nominated Auditors' terms expire together with those already in their offices.

The retiring Auditors can be re-elected."

Pursuant to article 148 of the Legislative Decree 58/1998, article 144-septies of the Regulation adopted by National Commission of Companies and the Stock Exchange with resolution 11971/1999 and Article 18 ("Board of Auditors") of the Corporate Statute, in view of the National Commission of Companies and the Stock Exchange resolution 16779 of 27 January 2009, only the Shareholders who individually or together with other Shareholders represent at least 4.5% (four point five percent) of the shares having the right to vote in the Ordinary Shareholders' Meeting shall have the right to present the lists.

Regarding the Auditors' compensation, which is currently determined based on the effective professional fees of certified public accountants, with an increase of 50% for the President, it is proposed to confirm the current compensation or that this is determined based on the effective professional fees of certified public accountants, with an increase of 50% for the President.

Given the above, we invite you to present the candidacies for the office of Auditor, conforming to the statutory regulation cited here above and, based on the proposed candidacies, to proceed with the votation for the election of Auditors and for the resolution of their compensation.

We propose, therefore, to adopt a resolution in line with the following proposal:

"The Ordinary Shareholders' Meeting of Tiscali S.p.A., having knowledge of the Directors' Report, having heard the statement of the President, as the outcome of the list vote procedure

resolves

- 1. to nominate for three years and therefore until the date of the Shareholders' Meeting called for the approval of the statutory financial statements relative to the last year of*

their office

- [°°°] *Statutory auditors*

- [°°°] *Deputy Auditors*

- [°°°] *President of the Board of Statutory Auditors*

2. *to determine* the compensation of the newly-nominated Auditors based on the effective professional fees of certified public accountants, with an increase of 50% for the President;
3. *to confer to the President and Chief Executive Officer pro tempore every authority so that, separately between them, even by way of attorneys and with the observance of the terms and conditions of the law, they allow for the carrying out of this resolution, as well as produce additions, modifications and formal repeals that may be requested by the competent authorities for registry in the Companies' registry."*

Dear Shareholders,

We invite you to declare yourselves favourable to the proposals explained above.

Cagliari, 14 April 2009



Tiscali S.p.A.

For the Board of Directors

President, Mario Rosso

Cagliari, 14 April 2009

Dear Sirs

Tiscali S.p.A.

Sa Illetta

SS 195 km 2.3

09122 Cagliari

**DECLARATION OF ELIGIBILITY
AND OF ACCEPTANCE OF THE OFFICE OF DIRECTOR**

I, Renato Soru, born in Sanluri on 6 August 1957, indicated as candidate for the office of Director of the company Tiscali S.p.A. (the "Company"), with offices in Cagliari, in Sa Illetta, S.S. 195, km 2.3, tax identification number 02375280928

HEREBY DECLARE AND NOTE TO THE COMPANY AND MEMBERS

- that I accept the candidacy for the office of Director of the Company;
- that in my own regard there is not cause for my ineligibility or incompatibility provided for by the effective provision of the Statute;
- that I possess the requisites of professionalism and honorability prescribed for the position by the effective provision of the Statute;
- that I commit myself to communicate in a timely manner to the Company and the Members any relevant variation regarding the contents of this statement.

In witness whereof,

Renato Soru

RENATO SORU

Name: Renato

Surname: Soru

Birth place: Sanluri

Birth date: 6 August 1957

Tax identification number: SRORNT57M06H974L

Residence: Cagliari, CA p.zza Bonaria 8, 09125

Graduated in Economic and Social Studies from Bocconi University in Milan, from 1985 to 1990 he worked in Milan at CBI Merchant where he worked in securities brokerage and derivative financial products.

In 1990 he stopped working as an employee to dedicate himself to the increase of his own work which he had already previously begun in the area of shopping mall development.

In 1995 he started Czech On Line, one of the first Internet companies, which rapidly became the first supplier of Internet access in the Czech Republic.

In 1998, following the liberalisation of the Italian telecommunications market, he left the real estate development sector and founded Tiscali. In 1999 the company was quoted in the New Market and in November of that year Tiscali's project of European expansion began.

Parallel to his career as entrepreneur, in 2004 he undertook a political path which, in June of that same year, brought him to win the election for the Presidency of the Sardegna Region, a position that he held until December 2008.

Cagliari, 5 April, 2009

Renato Soru