

**Tiscali: Board of Directors approves 1Q2008 results
Increase in turnover, profitability and users**

- Consolidated revenues at EUR 276.4 million, up by 43% on an annual basis
- EBITDA at EUR 48.3 million, up by 92% on an annual basis
- ADSL users number 2.45 million, an increase of more than 500 thousand on an annual basis and of approx. 74 thousand on a quarter basis. Broadband market share increases in Italy
- Strategic review process: industrial operators shortlisted

Cagliari, 12 May 2008

The Board of Directors of Tiscali, which met today, has approved the 1Q2008 results.

Within the strategic review process that commenced last February, the Board of Directors has analysed the expressions of interest received by primary industrial operators which recognise the industrial value of Tiscali, both as a whole and for the operating companies in Italy and the UK.

The Board of Directors has therefore defined a shortlist, mandating the Chairman and CEO Mario Rosso to continue the discussion and negotiation of those expressions of interest, with the objective of maximising, in a short time frame, the value for all shareholders.

1Q08 results: Revenues +43%, EBITDA +92%

Tiscali Group revenues for the first quarter 2008 totalled EUR 276.4 million, an increase of 43% over EUR 193.2 million in the same quarter 2007. The growth is linked to an increase of ADSL revenues (+39%) and voice revenues (+11%), thanks to the success, both in Italy and in the UK, of offers such as *double play*.

Access to the Internet and voice represents in the quarter more than 80% of the Group total revenue, testimony of the success of the business model implemented by Tiscali in the last two years.

The Group profitability had a positive evolution, with a Gross Operating Income (EBITDA) before provisions of EUR 48.3 million, an increase of 92% compared to EBITDA of EUR 25.2 million recorded during the first quarter 2007, profitability based on growing revenues increased by four percentage points (17% in the first quarter 2008 compared to 13% in the first quarter 2007).

The data is also indicative of the positive outcome of the integration process of the broadband and voice division of Pipex with the activation of network and personnel synergies along with the migration of clients to the Tiscali network in line with the timing expected by the plan.

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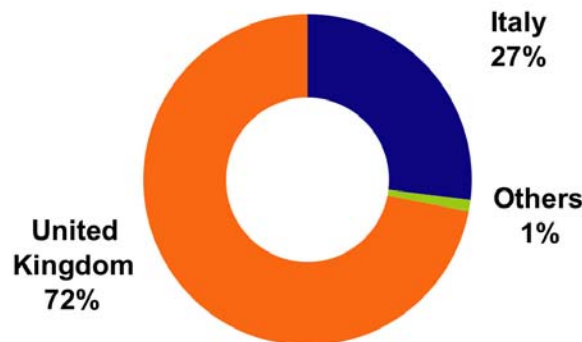
www.tiscali.com

ADSL users have grown by more than 500 thousand compared to 31 March 2007 (74,000 in the quarter) reaching more than 2.456 million clients, of which more than 1.13 million LLU customers and over 1 million clients purchasing "bundled" services (voice with VoIP and CPS and internet access). This growth has allowed the Group to increase the broadband market share in Italy (to ca 6%) and to keep ca 12% in the UK, a share of the new additions to the broadband market of respectively 10% and 7%, despite the greater competitive pressure, nevertheless increasing the average Group ARPU for broadband service to retail users going from EUR 29 per month in 2007 to EUR 30 per month in the first quarter 2008.

The launch on larger scale of IPTV services (Tiscali TV) and virtual mobile phone services in Italy in the second half of the year are expected to have an outstanding effect on acquiring customers and building customer loyalty.

We also report that following the merger of Tiscali Italia S.p.A. and Tiscali Services S.p.A. effective 1 January 2008, the figures detailed in this report concerning the Italian subsidiary includes, in Tiscali Italia, the new consolidation area on a like-for-like basis as in the quarterly report at 31 March 2007.

REVENUES BY GEOGRAPHIC AREA



* The item Others includes revenues derived from the subsidiaries Tinet and other minor subsidiaries.

Italy: +25% ADSL revenues, +57% voice revenues

Tiscali Italia S.p.A. (new perimeter) recorded revenues of EUR 75.2 million in the first quarter, compared to EUR 64.4 million during the same quarter in 2007, an increase of 17%. The revenues from ADSL access services are EUR 28.6 million, an increase of 25% compared to EUR 22.8 million during the first quarter 2007. ADSL revenues also include bundled offers with voice, for the "flat" component. The traffic generated, on the other hand, is included in the "Voice" revenue line.

Voice revenues are EUR 21.8 million in the quarter, an increase of 57% compared to the first quarter 2007 (EUR 13.9 million).

At 31 March 2008, in Italy, Tiscali has recorded a net increase of more than 110,000 new ADSL customers compared to 31 March 2007 (+28,000 in the quarter, equal to about 10% of the net new additions of the quarter) bringing the total client base for this service to 580,000 of which more than 350,000 LLU. In Italy, in this quarter, the broadband market share has increased and is approximately 6%.

The customers that during the same time period have subscribed to the *double play* services in Italy (data and voice via the internet) are more than 74,000 bringing the total customers to that service to 185,000. The customer base that utilizes *dial-up* access services (*narrowband*) and CPS voice are about 500,000.

The unbundling network coverage in Italy at 31 March 2008 is equal to 1,150 sites (55% of lines) of which around 500 sites are direct *unbundling* and 650 virtual *unbundling*.

The average ARPU for broadband services in Italy is EUR 29 per month, in line with the objectives of the plan.

With the launch on a wider scale of IPTV (Tiscali TV) (extended to 9 cities starting in May 2008) and of mobile communication, we expect an increase of the ARPU and an increase of customer loyalty.

United Kingdom: Revenues +55%, voice revenues +57%

Tiscali UK during the quarter has recorded revenues of EUR 197.9 million, an increase of 55% compared to the first quarter of 2007 (revenues for EUR 128.0 million).

This performance is the result of growth in the segment of ADSL access services that have recorded revenues of EUR 116.0 million (59% of total revenues) during the quarter, compared to EUR 81.1 million during the first quarter 2007, an increase of 43%. Voice services, which include analogue products sold along with ADSL services, have generated revenues of EUR 60.9 million, an increase of 147% compared to EUR 24.7 million during the same period in 2007.

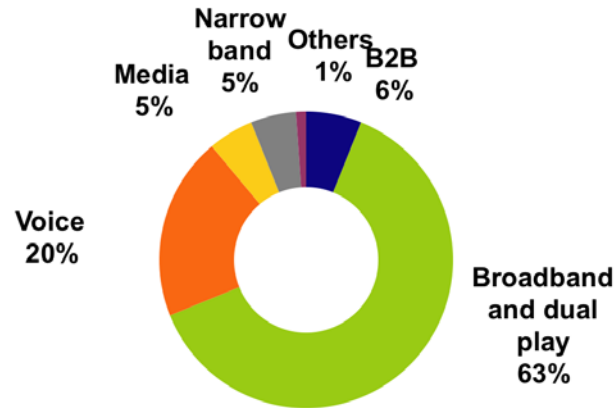
The ADSL users acquired at 31 March 2008 are about 390,000 compared to 31 March 2007 (+46,000 during the quarter) reaching 1,875,000 users, of which 780,000 direct customers, and about 830,000 customers subscribed to dual play services. Broadband market share at 31 March 2008 has remained constant at roughly 12%.

The network coverage in unbundling in the United Kingdom at 31 March 2008 is equal to 850 sites (55% of lines).

The average ARPU for broadband services in UK is equal to EUR 29 per month in line with the objectives of the plan.

REVENUES BY BUSINESS LINE

Break-down of revenues by business line and access mode



Access: +73 ADSL customers in 1Q08

This segment includes revenues of access services to the internet in *broadband* mode (ADSL) and *narrowband* (*dial-up*) and generated revenues during the quarter of EUR 159.8 million, representative roughly of 58% of the Group total revenues during the quarter, an increase of 25% compared to the numbers of the same period in 2007 (EUR 128.1 million). If we analyse ADSL revenues alone, that include the component “*flat*” of the access services offers and *bundled* voice, we record an increase of revenues during the first quarter 2008 compared to first quarter 2007 of 39% (EUR 144.6 million compared to EUR 103.9 million).

ADSL customer base acquired during the first quarter is 74,000, bringing the total customers who access this service to more than 2.4 million (2,456,000), of which half (1.1 million) activated as direct customers, that is they are connected to the Tiscali network in *unbundling* mode (ULL).

Voice: +112% YoY

The voice segment, that includes both traditional telephone service and a component of variable traffic generated by voice services on IP offered in bundled mode with development of voice services, is part of the plan that makes Tiscali the supplier of integrated Telecommunication services. These services have actually allowed us to achieve a significant revenues growth performance during the first quarter of the year (+112%), in particular thanks to the offers of voice products (both in analogue and VoIP mode) offered to the customers at the same time as the access services. The voice revenues of the first quarter 2007 are a total of EUR 39.2 million, compared to EUR 82.9 million for the first quarter 2008, of which EUR 31.8 million is from dual play services.

Business Services: +35% YoY

During the first three months of 2008, the revenues from business services (VPN services, housing, hosting, domains and leased lines), therefore excluding those from access and/or voice products for the same customer base, which are included in their respective business

lines, were EUR 17.6 million, an increase of 35% over the EUR 13.0 million in the first quarter of 2007.

The numbers incorporate the acquisition of Pipex B2B users in England and a greater focus on the development of services in Italy.

Media and value added services

In the first quarter of 2008, the revenues in this segment (linked to direct and indirect advertising through commercial contracts with search engines) amounted to EUR 12.9 million, an increase of 3% compared to the first quarter revenues in 2007 (EUR 12.4 million). The number per country records and increase of 24% of these revenues in Italy and of 6% in the United Kingdom, at constant currency rates.

GROSS OPERATING RESULT (EBITDA): +92% YoY

The Gross Operating Result (EBITDA) of the quarter, before provisions for risks, write-downs, depreciation and amortisation was EUR 48.3 million, an increase of 92% over EUR 25.2 million in the first quarter of 2007.

In terms of the impact percentage-wise on revenues for the period, this result's increase, from 13% to 17%, is linked to an improvement in the Gross Margin and the reduction of the incidence on the revenues of indirect costs.

In the first quarter of 2008, EBITDA net of write-downs of receivables and other provisions is EUR 40.8 million (15% of revenues), double over the comparable number of the first quarter in 2007 (EUR 20.1 million, 10% of revenues). The data highlights a significant improvement with the quality and management of receivables.

During the quarter, **indirect operating costs** were EUR 81.5 million (29% of revenues) lower in terms of incidence on revenues compared to the first quarter of the previous year (EUR 63.9 million, 33% of revenues).

OPERATING RESULT (EBIT)

During the first quarter of 2008 the Operating result is negative by EUR 16.4 million compared to the negative result of EUR 16.8 million of the first quarter of the previous year. In the first quarter 2008 the operating result, net of provisions, is negative by EUR 4.2 million, a significant improvement compared to the loss of EUR 15.9 million recorded during the first quarter of 2007.

OPERATING RESULT BY GEOGRAPHICAL AREA

The gross operating result (EBITDA) by geographical area reported below is net of intra-group costs (mainly the services rendered by the parent company and Information Technology services). The data does not include write-downs of receivables per country.

Tiscali Italia S.p.A. (new perimeter) ended the first quarter 2008 with a net operating result of EUR 11.8 million (16% of revenues) an increase of 25% over EUR 9.4 million (15% of revenues) in the first quarter 2007 (10% of revenues).

The improved results are totally linked to the improvement of the gross margin, also linked to the migration of customers to the proprietary network infrastructure.

In the first quarter of 2008, the operating result (EBIT) for Tiscali Italia S.p.A. is negative by EUR 3.5 million, an improvement compared to the loss of EUR 4.1 million in first quarter 2007, despite the greater amortisation and depreciation.

The gross operating result recorded by the subsidiary Tiscali UK (United Kingdom) during the first quarter 2008 is EUR 34.7 million (18% of revenues), double compared to EUR 17.1 million (13% of revenues) from first quarter 2007. The increase is linked to the acquisition of Pipex, to the improvement of the gross margin and to the decrease of indirect costs, in percentage of the revenues.

The performance of the operating result in the first quarter 2008 is negative by EUR 8.1 million, an improvement compared to the loss of EUR 8.5 million during first quarter 2007, despite the greater amortisation and depreciation (EUR 29.5 million in the first quarter 2008 over EUR 22.3 million in the first quarter 2007). The data, net of reorganization costs of EUR 7.9 million linked to the acquisition of Pipex, places the subsidiary in the United Kingdom at an operating break-even point.

NET RESULT OF THE GROUP

The net result of the first quarter of 2008 was negative by EUR 37.5 million, compared to the net loss of EUR 42.5 million in the first quarter of 2007. The result reflects interest costs equal to ca EUR 23 million for the quarter.

Investments

During the first quarter, the extension of the unbundling network and the consequent operating investments related to the connection and activation of new ADSL customers generated new investments for approximately EUR 46.5 million, of which EUR 27.5 million ascribable to investments in intangible assets and approximately EUR 18.9 million to investments in tangible fixed assets. Investments in Italy were equal to approximately EUR 13 million, while in the United Kingdom they totalled approximately EUR 33 million.

FINANCIAL POSITION

As at 31 March 2008, the Tiscali Group held cash and cash equivalents totalling EUR 109.4 million, whereas net financial debt in relation to continuing operations stood at ca EUR 520 million (ca EUR 636 million as at 31 December 2007).

The financial position solely relating to continuing operations is summarised in the following table:

EUR 000	31 March 2008	31 December 2007
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A. Cash	91,639	134,231
B. Cash equivalents	17,722	16,290
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	109,361	150,521
E. Current financial payables	13,044	12,130
F. Current bank payables	22,136	176,204
G. Current portion of non-current debt	-	-
H. Other current financial payables (*)	19,402	19,502
I. Current financial debt (F) + (G) + (H)	41,539	195,706
J. Net current financial debt (I) – (E) – (D)	80,866	33,054
K. Non-current bank payables	449,635	450,053
L. Bonds issued	45,205	43,842
M. Other non-current payables (**)	106,083	109,553
N. Non-current financial debt (K) + (L) + (M)	600,924	603,448
O. Net financial debt (J) + (N)	520,057	636,503

(*) includes leasing payables

(**) includes leasing payables and payables due to shareholders

The decrease in current bank payables was related to the repayment of the EUR 150 million bridging loan provided by Banca IMI and JP Morgan in July 2007 using the proceeds from the share capital increase for approximately EUR 150 million, that ended in February 2007.

The item non-current payables included the residual loan provided on 13 September 2007 by Banca Intesa Sanpaolo and JP Morgan, for a total amount of EUR 446.4 million. The loan equal to a nominal value of EUR 450 million, of which EUR 50 million not yet used, was accounted for using the amortised cost method. Other non-current payables (EUR 106.0 million) include EUR 30 million for the interest-bearing loan at market rates provided by the shareholder Andalas Limited in 2004.

Moreover, the figure includes payables due to leasing companies for financial lease contracts, the debt resulting from the sale & leaseback transaction for the Cagliari office (for EUR 58.6 million), leasing contracts for network equipment, servers and other equipment that are directly involved in the production process.

The bonds issued, amounting to EUR 45.2 million, consist of a convertible bond subscribed for by Management&Capitali in December 2007 for a nominal value of EUR 60 million with an annual rate of 6.75%. The bond was accounted for at fair value, net of transaction charges. The fair value (EUR 67.2 million) was partly allocated to the long-term debt (EUR 45.2 million) and partly to an equity reserve (EUR 22.0 million).

SIGNIFICANT EVENTS AFTER THE QUARTER END

Appointment of the new Board of Directors and audit mandate to Ernst&Young

On 29 April 2008, the Ordinary Shareholders' Meeting of Tiscali appointed the new Board of Directors. The new Board is composed of five members: Mario Rosso (Chairman and Managing Director), Massimo Cristofori, Francesco Bizzarri and Arnaldo Borghesi (reappointed) and the new independent director Umberto De Julio.

Moreover, Ernst & Young S.p.A. was assigned by the Meeting with the audit mandate for the FY 2008-2016.

Launch of Tiscali TV

In May 2008, following the launch in three cities (Milan, Rome and Cagliari in December 2007) Tiscali strengthened its IPTV service and reached 6 new cities: Bologna, Florence, Genoa, Naples, Palermo and Turin, for a total coverage of more than 4 million of lines.

In all these cities, Tiscali offers an even richer programme schedule, thanks to important agreements signed with Sony Pictures Television International and Disney-ABC International Television with regard to contents, and to the new Man-ga! channels, in cooperation with Yamato Video.

This service – which includes an IP and DTT Television offer – will be gradually extended to the entire Italian territory through Tiscali own network. TISCALI TV is integrated into a market context in which Internet television plays a key role and fully meets the requirements of the new viewers.

STATEMENT OF THE APPOINTED MANAGER

I, the undersigned, Massimo Cristofori, manager in charge of drawing up the corporate accounting documents of Tiscali SpA, declare – pursuant to paragraph 2, art. 154-bis of the Finance Consolidation Act – that the quarterly results contained in this press release correspond to the documentary results, books and accounting records of the parent company and to the information provided by the companies included in the consolidation area.

Information on Tiscali

Tiscali S.p.A. (Borsa Italiana, Milan: TIS) is one of the leading alternative telecommunications operators in Europe. With one of the broadest and most interconnected IP technology-based networks worldwide, Tiscali supplies a wide range of services to its customers, both private individuals and companies, namely: Internet access through dial-up and ADSL, as well as voice, VoIP, media, added-value services and other technologically advanced products.

As at 31st March 2008, Tiscali counted both in Italy and the UK a total of 3.5 million active users. Of these, over 2.45 million were ADSL subscribers.

The Tiscali website may be accessed at www.tiscali.com.

CONSOLIDATED INCOME STATEMENT
(EUR 000)

31st March 2008 31st March 2007

Revenues	276,437	193,189
Other income	1,482	1,216
Purchase of materials and outsourced services	203,133	143,767
Payroll and related costs	24,843	25,181
Other operating costs	1,596	250
Gross operating result	48,347	25,207
Write-downs of receivables from customers	5,996	4,935
Provisions for stock options	1,542	136
Gross operating result after write-downs of receivables and other provisions	40,809	20,136
Restructuring costs, provisions for risks and write-downs	12,139	872
Amortization/depreciation	45,035	36,041
Operating result	(16,364)	(16,777)
Share of profit or losses of associates with equity method	-	(142)
Net financial income (Charges)	(22,799)	(12,657)
Other net financial income (Charges)	-	(13,321)
Pre-tax result	(39,163)	(42,897)
Income taxes	(228)	44
Profit (Loss) from continuing operations	(39,392)	(42,941)
Profit (Loss) from discontinued and/or discontinuing operations and/or held for sale	(580)	(1,070)
Net result	(39,971)	(44,012)
Minority interests	2,472	1,469
Net result of the Group	(37,500)	(42,543)

CONSOLIDATED BALANCE SHEET <i>(EUR 000)</i>	31st March 2008	31st December 2007
<i>Non current assets</i>	1,172,902	1,210,692
<i>Current assets</i>	376,295	389,249
Assets held for sale	-	-
Total Assets	1,549,196	1,599,941
Shareholders' Equity (Group)	245,631	169,647
Minority interests	32,435	37,322
Total Shareholders' equity	278,066	206,970
<i>Non current liabilities</i>	767,095	786,623

Current liabilities	504,035	606,348
Liabilities directly related to assets held for sale	-	-
Total Shareholders' equity and liabilities	1,549,196	1,599,941

This press release contains a number of estimates based on current expectations and forecasts of future events. The aforesaid estimates depend on known and unknown risks, uncertainties and other assumptions. Furthermore, this press release contains some unaudited pro-forma financial data. Tiscali does not undertake to publish updates or modify estimates, whether due to the availability of more recent information or future events or otherwise. In the light of the above risks, uncertainties and assumptions, the estimates contained in this press release may not be confirmed. Any statement made with regard to previous performance or activities should be treated as a statement to the effect that such performance or activities will continue in the future.

PRESS RELEASE