

**The Board of Directors of Tiscali approves:**

- **The disposal of Tiscali UK Ltd to the Carphone Warehouse Group plc**
- **The guidelines of the debt restructuring plan of the Group**

Cagliari, 8<sup>th</sup> May 2009

The Board of Directors of Tiscali SpA has approved the cash disposal of Tiscali UK Limited to the Carphone Warehouse Group plc for a total Enterprise Value of GBP 255.5 million (including certain working capital debt of ca GBP 20 million).

The completion of the transaction is subject to regulatory approval and the finalisation of the Group's debt restructuring agreements.

Within the above mentioned transaction, it is foreseen an agreement with VNIL (minority shareholder and lender of Tiscali UK), involving the buy-back of the minority stake and a partial debt write-off.

As of 31<sup>st</sup> December 2008, Tiscali UK, leading ADSL operator in the UK market with 10% broadband market share, had ca 1.7 million ADSL subscribers. Reported 2008 revenues and EBITDA (net of provisions) stood at ca GBP 535 million and GBP 67 million, respectively.

*"The disposal of Tiscali UK to the Carphone Warehouse Group and the restructuring of Tiscali Group's indebtedness reflect the willingness to focus on the re-launch of the Italian activities with an adequate capital structure. The transaction should be considered in light of the strong consolidating trend in the highly competitive UK market, evaluating Tiscali UK activities as a whole, thus preserving the value of its industrial assets and know-how within the Carphone Warehouse Group",* said Mario Rosso, Chairman and CEO of Tiscali SpA.

The Board of Directors has also approved the key terms of the debt restructuring plan, in line with the financial and capital requirements to support Tiscali's industrial plan. Key goals of the restructuring plan, which the lenders have made themselves available to support, will be the reduction and rescheduling of the debt and the revision of its conditions, also through the utilization of cash proceeds from the sale of Tiscali UK and the strengthening of the Group's capital structure, to be pursued through a capital increase for a maximum of EUR 210 million, which will be guaranteed in full.

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It is foreseen that Mr Soru will undertake to vote in favour of the capital increase resolution and to underwrite, directly or indirectly, part of the capital increase. The debt restructuring plan will be presented to the market shortly, as soon as all of its elements will have been defined.

*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.*

#### **Information on Tiscali**

**Tiscali S.p.A.** (Borsa Italiana, Milan: TIS) is one of the leading alternative telecommunications companies 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, and value-added services and other technologically advanced products. As at 31 December 2008, Tiscali had a total of roughly 2.9 million active users in Italy and the UK. Of these, over 2.3 million were ADSL subscribers

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