

**Tiscali: Board of Directors approves the 2009 Draft Financial Statement
Ebitda and customer base growth above expectations
EBIT positive at EUR 11,4 million
Italy Net Profit at EUR 16.3 million**

Cagliari, 26 March 2010

The Tiscali S.p.A. Board of Directors, which met today:

1. Examined and approved the 2009 Draft Financial Statement, which saw growth in EBITDA and EBIT;
2. Called the Shareholders Meeting for 27 and 28 April 2010, respectively in first and second call.

2009 results¹

- Consolidated revenues at EUR 290.3 million, equal to 97% of the 2009 target.
- Group EBITDA before provisions at ca EUR 88.2 million, an increase of 2.7% on annual basis, +26% of the 2009 target.
- Group EBIT was EUR 11.4, up from 2008.
- Group EBIT 4Q09 positive for EUR 6.1 million
- Group Net Profit 4Q09 at EUR 33.5 million
- Italian Operation Net Profit at EUR 16.3 million
- Broadband and voice customers: 609,000, above targets; ADSL customers: 570,000 as at 31 December 2009, of which 303,000 dual play customers, an increase of 19% compared to the year before (254,000).

¹ Group results as at 31 December 2009 were calculated by posting Tiscali UK to *discontinued operations*, consequently recalculating the results for 2008 to make them comparable.

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Tiscali S.p.A. Board of Directors has approved the 2009 Draft Financial Statement. Annual results confirmed as valid the restructuring process and the business re-launch undertaken by the Company.

Tiscali Group: EBITDA +2.7% on annual basis and 26% above targets

Tiscali Group revenues in 2009 amounted to EUR 290.3 million, compared to the EUR 325.1 million recorded in 2008.

In 2009, internet access and voice services – the Group's core business – represented approximately three-quarters of total turnover. Group profitability was up, with the Gross Operating Result (Adjusted EBITDA) before provisions amounting to EUR 88.2 million, an increase of 2.7% compared to adjusted EBITDA of EUR 85.9 million in 2008.

Profitability as a percentage of revenues therefore increased by 4% (30% in 2009, compared to 26% in 2008)

At the end of 2009, ADSL users in Italy totalled about 570,000, of which more than 387,000 were direct customers (LLU) and Dual Play customers were 303,000, with an increase of 19% YoY.

Tiscali Group results for 2009 include the English subsidiary as a discontinued operation, therefore reflecting the English company in the net results for the period, as well as the associated capital loss on disposal.

Group Revenues by business segment

Access

This segment includes revenues from broadband (ADSL) and narrowband (dial-up) Internet access services and the flat component of bundled offers, and generated revenues during the year of EUR 135.8 million, representing about 47% of the Group's total revenues during the year, with respect to the figure in the same period in 2008 of EUR 157.2 million.

Voice: VoIP +20.5% YoY

The voice segment includes both the traditional telephone service and a component of the VoIP traffic generated by Voice over IP services bundled with internet access. During 2009, Voice revenues were in line with the preceding period. In absolute terms, voice revenues amounted to EUR 94.3 million in 2009, compared to EUR 95 million in 2008. Total voice revenues included EUR 64.6 million from voice traffic components generated by VoIP services, up 20.5% YoY (EUR 53.6 million in 2008).

Business services

Revenues from business services (VPN, housing, hosting services, domains and leased lines), excluding those from access and/or voice products for the same customer base which are already included in their respective business segments, amounted to EUR 27.6 million in 2009, a 13.5% decrease from the EUR 31.9 million in 2008.

Media and value added services

In 2009, revenues from the media and value added services segment (derived from direct and indirect advertising through commercial agreements with search engines) amounted to EUR 17.6 million, down from the previous year (EUR 31.1 million). The decrease was caused by the difficult market situation and the effects of restructuring the sales area, on which the company is counting to develop the business line in 2010. This process has been already started and saw in the first quarter 2010 the signing of several commercial agreements in order to enhance the portal network of Tiscali:ADV.

Gross operating result (EBITDA) : +2.7% YoY and +26% of the 2009 target

The adjusted Gross Operating Result (EBITDA) for the year, before provisions for risks, write-downs, depreciation and amortisation, was EUR 88.2 million, an increase of 2.7% compared to the EUR 85.9 million in 2008 and more than 26% of the target for 2009 shown in the strategic plan.

In 2009, EBITDA net of write-downs of receivables and other provisions was EUR 69.8 million (24% of revenues), with an increase of 6% YoY (EUR 65.9 million, or 20% of revenues).

During the year, **indirect operating costs** stood at EUR 82.8 million (29% of revenues), down by 34% from the previous year (EUR 125.1 million, 38% of revenues).

Operating result (EBIT):

In 2009, the operating result (EBIT), net of provisions and restructuring costs equal to EUR 10 million, was positive by about EUR 11.4 million, compared to the loss of EUR 14.2 million recorded during 2008.

Net result

Net result of the Group for 2009 was negative by EUR 384.8 million, and worse than the net loss of EUR 242.7 million in 2008. This was influenced mainly by the capital losses posted for the disposal of the UK subsidiary and TiNet, about EUR 372.4 million, capital loss coming from the disposal of Tiscali UK, for about EUR 345 million, and including the waiver of intercompany receivables and the reclassification of the reserve for differences on translation.

Tiscali Italia SpA: EBITDA +15% and net profit at EUR 16.3 million

<i>Million of euros</i>	31 December 2009	31 December 2008
Revenue	287.8	313.5
<i>of which ADSL revenue</i>	120.3	124.6
<i>of which Voice revenues</i>	94.3	95.1
EBITDA	88.1	76.3
EBIT	24.7	(17.4)

In 2009, Tiscali Italia SpA recorded revenues of EUR 287.8 million, a decrease of 8% compared to the EUR 313.5 million in the same period in 2008. In particular, revenues from ADSL access services amounted to EUR 120.3 million, down slightly by 3% compared to the EUR 124.6 million in 2008. This reflects the implementation of the new quality policy for the customer base which saw, particularly during the first half, a reduction of the customer base itself due to the adoption of more restrictive policies for handling non-responding customers in arrears. Voice revenues totalled EUR 94.3 million during the year, essentially in-line with the year before (EUR 95.1 million)

As at 31 December 2009, the number of ADSL customers totalled 570,000, down slightly from 31 December 2008 (586,000), but up slightly from 30 June 2009 (549,000). This is due to the increased registrations of more than 64% compared to the first half 2009, a confirmed trend also for the first two months of 2010. Of this number, 387,000 were connected to the Tiscali network infrastructure (unbundled - LLU), up from 31 December 2008 (385,000).

About 303,000 customers subscribed to the double play services offer (data and voice via the Internet), up about 49,000 from 31 December 2008. The customer base using dial-up access (narrowband) and CPS voice services stood at around 134,000 users.

The unbundling network coverage in Italy at 31 December 2008 amounted to 585 sites (600 currently), up 20% compared to the number of sites at 31 December 2008 (486) and in line with the expansion targets for the network which expect 686 sites within the first half of 2010.

Tiscali Italia S.p.A. closed 2009 with a Gross Operating Result (Adjusted EBITDA) of EUR 88.1 million (31% of revenues), an increase of 16% compared to the EUR 76.3 million (24% of revenues) of 2008.

Indirect operating costs went from EUR 105.4 million in 2008 to EUR 73.2 million in 2009 (down 31%); within that number, marketing costs dropped about 53.3% on an annual basis (from EUR 35.5 million in 2008 to EUR 16.6 million in 2009).

Compared to the preceding period, gross operating result (adjusted EBITDA) grew, notwithstanding the reduction in revenues. This was caused especially by the improvement in the overall cost structure, the optimising of sales expenses and the reduction in staff costs.

In 2009, the operating result (EBIT) for Tiscali Italia S.p.A. was a positive EUR 24.7 million compared to the loss of EUR 17.4 million in 2008. The difference is due to provisions and to the programme to restructure and reduce operating costs and indirect costs by about EUR 20.4 million.

Investments

The extension of the unbundling network and the consequent operating investments relating to the connection and activation of new ADSL customers during the year generated investments of about EUR 40.8 million, including EUR 25.8 million for investments in intangible assets and about EUR 15 million for investments in tangible assets. The investments were entirely associated with Tiscali Italia S.p.A.

Financial position: NFP improved

At 31 December 2009, the Tiscali Group held cash and cash equivalents totalling EUR 23.1 million, against a net financial debt, at the same date, of EUR 211.2 million (clearly improving with respect to EUR 601.1 million at 31 December 2008, relating solely to operating activities). This important achievement is due to the activities the Company undertook relating the restructuring plan aiming at a new and sustainable financial equilibrium.

<i>Millions of euros</i>	Notes	31 December 2009	31 December 2008
A. Cash on Hand	(1)	16.2	24.2
B. Other cash equivalents		6.9	12.7
C. Securities held for trading		-	-
D. Cash and cash equivalents (A) + (B) + (C)		23.1	36.9
E. Current financial receivables		6.4	5.3
F. Noncurrent financial receivables	(2)	6.5	1.4
G. Current bank payables	(3)	24.5	510.0
H. Current portion of medium/long-term borrowings		-	-
I. Other current financial payables (*)	(4)	10.8	21.4
J. Current financial debt (G) + (H) + (I)		35.3	531.4
K. Net current financial debt (J) – (E) – (F) – (D)		(0.7)	487.7
L. Non-current bank payables	(5)	152.9	-
M. Bonds issued		-	-
N. Other non-current payables (**)	(6)	59.0	113.4
O. Non-current financial debt (L) + (M) + (N)		211.8	113.4
P. Net financial debt (K) + (O)		211.2	601.1

(*) includes leasing payables

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

- (1) Includes EUR 8.5 million from the sale of unexercised option rights.
- (2) The entire amount represents the receivable vis-à-vis the purchaser of the TiNet Group (Talia) as a deferred component of the price.
- (3) Includes the bank debt of Tiscali Italia S.p.A. and Tiscali S.p.A. totalling 13.6 million euros.
- (4) Includes EUR 4.3 million in short-term leases in Italy.
- (5) Includes the total new debt to Senior Lenders, which was restructured to run from 3 July 2009 for a nominal amount of EUR 158.5 million, plus interest from 3 August 2009 until 31 December 2009.
- (6) Includes the "Sale and Leases Back Sa Illetta" debt of EUR 59 million.

In order to ensure consistency with the data provided in former reports, the above table includes VAT receivables under current financial receivables and guarantee deposits under other cash equivalents. The table below provides a reconciliation of the above financial position with the financial position prepared in accordance with Consob Notice No. DEM/606-4293 of 28 July 2006.

<i>Millions of euros</i>	31 December 2009	31 December 2008
Consolidated net financial debt	211.2	601.1
Other cash, cash equivalents and current financial receivables	6.8	15.3
Consob consolidated net financial debt	218.0	616.4

On 3 July, the Company sold its activities in the United Kingdom for a payment of GBP 236 million. The proceeds from the sale were used partly to reimburse the financial debt to Senior Lenders (about GBP 180 million), and to pay off debts to the management of Tiscali UK (about GBP 8 million).

After partially repaying the debt to the Senior Lenders (EUR 207 million), the remaining debt of EUR 332.8 million was restructured for a nominal EUR 158.5 million (about EUR 164 million including interest accruing as at 31 December 2009). The remaining part, called Facility D1 and Facility D2 (a nominal EUR 174.3 million, including interest as at 18 November 2009 of EUR 177.8 million), was repaid (Facility D1) and written off (Facility D2) following a share capital increase initiated on 12 October 2009 and concluded on 11 November 2009, with 100% subscription by the market and by the shareholder Renato Soru.

After this, the remaining Group indebtedness to Senior Financial Institutions as at 31 December 2009 totalled EUR 158.5 million:

- **Tranche A:** maximum amount of EUR 100 million and duration of 5 years;
- **Tranche B:** maximum amount of EUR 38.5 million and duration of 6 years;

- **Tranche C:** maximum amount of EUR 20 million and duration of 7 years, to be repaid with funds from the release of the encumbered account for the Tiscali UK sale, or through the so-called Third Authorised Share Capital Increase.

Events after the year end

Tiscali Italia SpA: new organisation for customer service activities, portal content re-organization and sales' network strengthening

- On 7 January 2010, Tiscali announced that it had decided to bring customer assistance in-house, as part of its own recovery programme on the Italian market, to improve the quality of the technical and administrative customer assistance and to optimise the use of internal resources. Internalising customer assistance before and after the sale represents one of the critical factors for success in telecommunications, in addition to the cost savings.
- On 15 March 2010 Tiscali signed an agreement with Monster, LabItalia and Tesi On Line for the enrichment of its online Job Channel content of tiscali.it
- On 16 March 2010, Tiscali, through its Tiscali ADV, signed an agreement with Ansa to collect and sell advertising space on Ansa.it, one of the principal information sites in Italy.
- On 24 March 2010 Tiscali and SEAT Pagine Gialle, one of the main operators at world level in the sector of multimedia profiled advertising, announced their agreement to bring the services and content of Paginegialle.it to Tiscali.it and to the IIMeteo.it site, which belongs to the circuit of Tiscali: ADV, Tiscali's licensee for online advertising.

Outlook and prospects

During 2009, the Group took action to re-establish its asset equilibrium and launched a recovery phase for its marketing activities. In particular, the following actions had financial and equity effects on the financial statements for 2009. The substantial improvement of the equity, economic and financial situation has also made it possible for the company to field a series of actions to relaunch the business substantially in the second half of 2009.

In 2010 the Company will still fulfil its mission of a full telco operator, further strengthening its sales' force, enhancing its technological infrastructure, improving further the quality of its customer service, as reported in the Business Plan. Moreover, the company will pay a particular attention to the reinforcing of its web-media positioning with the aim of fully exploiting the relaunch of the Tiscali brand and thus attracting more advertising spenders.

Business Plan

The principal targets of the business plan announced to the market on 12 October 2009 remain essentially unchanged and valid.

Shareholders' Meeting Convened

The Tiscali Board of Directors has called the Ordinary Shareholder Meeting to approve the 2009 financial statement on 27 April 2010, with the second call scheduled for 28 April 2010 at 11:00, at the registered offices in Cagliari.

STATEMENT OF THE APPOINTED MANAGER

I, the undersigned, Luca Scano, manager in charge of drawing up the corporate accounting documents of Tiscali SpA, declare – pursuant to paragraph 2, Article 154-bis of the Italian Finance Consolidation Act – that the annual 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.

Luca Scano



CONSOLIDATED INCOME STATEMENT	31 December 2009	31 December 2008 Restated
(Millions of euros)		
Revenue	290.4	325.1
Other income	3.2	5.3
Purchase of materials and outsourced services	159.1	195.7
Staff costs	39.2	51.1
Other operating costs	7.1	(2.4)
Gross operating result (adjusted EBITDA)	88.2	85.9
Write-downs of receivables from customers	17.9	17.1
Stock option plan cost	0.5	2.9
Gross operating result (EBITDA):	69.8	65.9
Restructuring costs, provisions for risk reserves and write-downs	11.7	27.3
Amortisation/depreciation	46.7	52.8
Operating result	11.4	(14.2)
Share of results of equity investments valued using the equity method	-	(0.1)
Net financial income (charges)	(13.9)	(88.4)
Pre-tax result	(2.6)	(102.7)
Taxes on income	(12.1)	(25.0)
Net result from operating activities (on-going)	(14.6)	(127.7)
Result from assets disposed of and/or destined for disposal	(372.4)	(143.4)
Net result	(387.0)	(271.1)
Minority interests	(2.2)	(28.4)
Group Net Result	(384.8)	(242.7)

CONSOLIDATED BALANCE SHEET (Millions of euros)	31 December 2009	31 December 2008
<i>Non-current assets</i>	239.6	890.9
<i>Current assets</i>	188.9	258.1
Assets held for sale	-	56.8
Total Assets	428.6	1,205.8
Group shareholders' equity	(67.0)	10.8
Shareholders' equity pertaining to minority shareholders	-	(6.0)
Total Shareholders' equity	(67.0)	4.8
<i>Non-current liabilities</i>	239.3	229.7
<i>Current liabilities</i>	255.4	949.1
Liabilities directly related to assets held for sale	0.9	22.3
Total Liabilities and Shareholders' equity	427.4	1,205.8

Tiscali S.p.A - Income Statement (EUR)	31 December 2009	31 December 2008
Revenue	10,764,130	17,424,709
Other income	-	-
Purchase of materials and outsourced services	(3,211,228)	(7,883,497)
Staff costs	(5,343,961)	(14,247,742)
Other operating costs	(3,384,065)	(1,769,006)
Write-downs of receivables from customers	(1,814)	-
Other write -downs	(251,763,462)	(972,045,889)
Amortisation	(346,666)	(375,112)
Operating result	(253,287,066)	(978,896,537)
Share of results of equity investments valued using the equity method		
Net financial income (charges)	4,770,678	(1,915,079)
Pre-tax result	(248,516,388)	(980,811,616)
Taxes on income	(184,683)	(262,604)
Net result from operating activities (on-going)	(248,701,071)	(981,074,220)
Result from assets disposed of and/or destined for disposal	447,311	(250,000)
Net result	(248,253,761)	(981,324,220)

Tiscali S.p.A - BALANCE SHEET (EUR)	31 December 2009	31 December 2008
<i>Non-current assets</i>		
Intangible assets	2,348	306,966
Properties, plant and machinery	26,509	68,557
Equity investments	111,989,572	235,743,924
Other financial assets	22,604,609	5,496,440
	134,623,038	241,615,887
<i>Current assets</i>		
Receivables from customers	15,509,490	23,782,983
Other receivables and other current assets	2,119,874	2,421,118
Other current financial assets	-	2,604,475

Cash and cash equivalents	2,430,831	1,373,247
	20,060,194	30,181,823
Assets held for sale	-	-
Totale Attivo	154,683,232	271,797,710
<i>Share Capital and reserves</i>		
Share Capital	92,002,890	308,272,743
Share premium reserve	-	990,857,353
Stock option reserve	4,314,970	3,840,707
Reserve for treasury shares	-	(6,186,581)
Reserve for losses	252,931,146	
Other reserves	(7,248,453)	-
Retained earnings	(248,253,76)	(1,142,687,751)
Total Shareholders' equity	93,746,793	154,096,471
<i>Non-current liabilities</i>		
Other non-current liabilities	2,090,062	3,622,967
Liabilities for pension obligations and staff severance indemnities	202,530	271,188
Provisions for risks and charges	3,662,273	40,220,386
	5,954,865	44,114,541
<i>Current liabilities</i>		
Payables to banks and other lenders	589,964	626,825
Payables to suppliers	15,299,020	22,077,214
Other current liabilities	38,861,256	50,882,660
	54,750,239	73,586,699
Liabilities directly related to assets held for sale	-	-
Total Liabilities and Shareholders' equity	154,683,232	271,797,710



This press release contains certain forward-looking statements based on current expectations and projections in relation to future events. These forward-looking statements may be affected by known or unknown risks, uncertain events and the assumptions made. This press release also contains unaudited pro forma data. Tiscali does not undertake to publish updates or modify any forward-looking statements, either to provide new information or in response to future events or other circumstances. In light of the aforementioned risks, uncertainties and assumptions, the forward-looking statements contained in this press release may not come to fruition. Any statement relating to past performance or activities should not be considered a guarantee of future performance or of such activities continuing in the future.

Information on Tiscali

Tiscali S.p.A. (Borsa Italiana. Milan: TIS) is one of the leading alternative telecommunications companies in Europe. 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 2009, Tiscali had about 704,000 customers in Italy, of which more than 570,000 were ADSL users.

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