

**Tiscali: Board of Directors**

Cagliari, 6th March 2009

The Board of Directors of Tiscali S.p.A. has reviewed today the status of the negotiations for the disposal of certain UK assets, within the strategic process announced to the market during 2008.

The Board of Directors of Tiscali has also analysed the outlook for the business in Italy and in the UK and the overall financial structure of the Group, and in particular of the existing financial debt.

***Negotiations for the disposal of the UK assets***

Given the time frame of the negotiations with BSKyB for the disposal of certain UK assets of the Tiscali Group, which have not resulted in an agreement to date, due to the worsening of the market environment in which the potential buyer also operates, the Board of Directors has acknowledged that it is *de facto* impossible to proceed with the above mentioned negotiations.

***Analysis of the business and of the financial situation***

The Board of Directors has also analysed the key preliminary results for 2008 and the financial position of the Group, also in view of the deteriorating macro-economic conditions and of the increasingly difficult sector-wide competitive scenario

Therefore, the Board of Directors has resolved upon the preparation of new Business and Financial Plans allowing the Tiscali Group to commence a process aimed at restructuring the financial debt and at guaranteeing the long-term financial equilibrium. While preparing these Plans, the Company intends to ask for a period of suspension of payment of interests, capital and financial *covenants*, in order to achieve the above mentioned objectives.

The table below summarises the long-term bank debt structure of the Group which as of 31<sup>st</sup> December 2008 amounted to EUR 500 million nominal value and which was originally underwritten by JPMorgan and Intesa Sanpaolo; approximately 30% of the debt has been subsequently underwritten by four additional financial institutions.

	<b>Amount</b>	<b>Maturity</b>
<b>Term Loan</b>	EUR 400 million	13.09.2014
<b>Credit Facility</b>	EUR 50 million	31.12.2011
<b>Revolving Credit Facility</b>	EUR 50 million	31.12.2011

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The next interest payments are due on March 11th and on March 13th, for a total of ca EUR 11 million. The financial covenants which, on the basis of the pre-closing results as of 31.12.2008, are not consistent with the contractual levels, are included solely in the Credit Facility and in the Revolving Credit Facility.

The Company will appoint industrial, financial and legal *advisors* to draw up the Business and Financial Plans, and to assist in the debt renegotiation process.

**Other deliberations**

The Board of Directors has also deliberated upon the postponement of the approval of the draft 2008 annual accounts to 27<sup>th</sup> March 2009, in order to have more visibility on the commencement of the negotiation process with the financing banks. The Business Plan guidelines will also be submitted to the Board of Directors on that date.

Preliminary 2008 figures for the Group with a consolidation perimeter consistent with 2007, show revenues of ca EUR 1 billion, in line with the targets, and an EBITDA of ca EUR 200 million, lower than August 2008 targets but broadly consistent with the market consensus.

**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 added-value services and other technologically advanced products.*

*At 30 September 2008, Tiscali had a total of around 3.1 million active users in Italy and the UK. Of these, ca 2.4 million were ADSL subscribers*

*The Tiscali website may be accessed at [www.tiscali.com](http://www.tiscali.com).*