

**Tiscali shareholders' meeting:
Approval of 2006 annual report and stock option plan
Borghesi and Sabelli confirmed as Directors**

Cagliari, 3 May 2007

■ **Approval of 2006 annual report**

Tiscali's Shareholders' Meeting, held today in Cagliari, has approved, at its ordinary meeting, the annual report for the year closed as at 31 December 2006, confirming the data of the annual report approved by the Board of Directors on 20 March 2007.

In the financial year ended on 31st December 2006, the Tiscali Group concentrated in Italy and in the United Kingdom where the Company also focussed its product and infrastructural investments. In addition, Tiscali completed the acquisition of Video Networks in September 2006, consistently with the objective of strengthening its positioning in the UK market and of developing a triple play offer by introducing an IPTV service.

Financial year 2006 was also characterised by a rebalancing of the financial situation of the Group, with the reimbursement of all the outstanding bonds and the replacement of the structured loan provided by Silver Point Finance with a credit line of EUR 280 million underwritten by Banca Intesa San Paolo. The new loan, with significantly better terms for the Group, is evidence of a renewed confidence of the banking system in Tiscali's business plan and related prospects for growth.

The following are some highlights of the performance of operations of the Tiscali Group referring to the 2006 financial year:

- Revenue growth: EUR 678.5 million, +28% compared to the previous year: the perimeter includes the United Kingdom, Italy, TINet and a number of minor subsidiaries.
- Increase of ADSL subscribers in direct access: out of 3.5 million active customers, over 1.8 million are the ADSL subscribers, with an increase of 618 thousand customers in the financial year. Over 584 thousand are direct (ULL) customers.
- Profit growth: EBITDA in the financial year amounted to EUR 100.4 million (15% of revenue), +44% YoY
- Net result of continuing operations: (EUR -59.7 million) improved by 44% compared to the previous year's loss of EUR 106.9 million .

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■ **Appointment of two members of the Board of Directors**

The Ordinary Shareholders' Meeting of Tiscali also voted the appointment of the two non-executive Directors, Arnaldo Borghesi and Rocco Sabelli, appointed by the Board of Directors on 20 December 2006, following the resignation of directors Victor Bischoff and Gabriel Pretre.

Arnaldo Borghesi, 52, graduated in Business Administration from the Bocconi University in Milan. He is one of the founding partners of Borghesi, Colombo and Associates, an advisory company specialized in corporate finance which Mr Borghesi founded together with Paolo Colombo in 2006. Before, Mr Borghesi held senior positions in important companies: he has been the CEO of Lazard & Co Italia from 1998 to 2006, founder and partner of Vitale Borghesi & C from 1993 to 1998, later merged with Lazard, and general manager of Sabaudia Finanziaria/Cofide, part of the De Benedetti Group. Moreover, Borghesi is a member of the Cini Foundation of Venice and professor of Finance at the Cà Foscari University in Venice.

Rocco Sabelli, graduated in Chemical Engineering in Rome, developed his career in the Eni Group, where in 1992 became Chairman and CEO of Nuova Ideni, an industrial holding company. In 1993 he joined the Telecom Italia Group, where in 1995 he became general manager of TIM. In 1999 he was appointed director of the Italian market for the fixed lines and internet services and afterwards he was in charge of the business unit Wireline Services. In 2002 he was one of the founding members of Omniainvest, an industrial holding company controlled by Roberto Colaninno and in 2003 he was appointed CEO of IMMSI Spa, a industrial and real estate services holding company listed on the Milan stock exchange. In October 2003, after the acquisition by IMMSI of the Piaggio Group, he was appointed CEO of Piaggio, position which he held till October 2006.

With these two members joining the Board of Directors, the Company has consolidated its governance in parallel with the strengthening of its financial position..

■ **Approval of the Stock Options Plan**

The Shareholders' Meeting approved the share-based incentive plan for the Chief Executive Officer Tommaso Pompei and a maximum of 40 employees of the parent Company and its Italian subsidiaries.

The Chief Executive Officer will be allocated no. 3,593,143 options for the purchase of as many ordinary shares of the company, to be covered by purchases of treasury shares that will be executed on the basis of the authorisation given by the Ordinary Shareholders' Meeting. A maximum of 4,244,131 options to subscribe to a new issue of an identical number of company shares will be attributed to employees, to be covered by a share capital increase approved by the same Shareholders' Meeting.

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The options may be exercised in one or more instalments in the six months following the third anniversary of allocation, at an issue price equal to the arithmetic average of Official Italian Stock Exchange Prices for Tiscali shares in the month preceding allocation, in accordance with relevant tax regulations. Terms and conditions of the plan are the same as the ones approved by the Board of Directors and released to the market on 20th March.

■ **Authorisation to purchase treasury shares**

Lastly, still in the ordinary session, the Shareholders' Meeting has authorised the Board of Directors to purchase, for the purpose of the stock option plan dedicated to the Chief Executive Officer, up to a maximum of no. 3,593,143 ordinary shares, at a price comprised between the nominal value and the Official Italian Stock Exchange prices for company shares as recorded on the trading day preceding execution of each single purchase operation, increased no more than 1%. The authorisation lasts for 18 months.

■ **Approval of capital increase for the Stock Options Plan**

Tiscali's Shareholders' Meeting, following the approval in its ordinary session to the stock option plan for employees, at the extraordinary session has resolved for a capital increase in cash, with the exclusion of pre-emption rights, through issuance of maximum no. 4,244,131 ordinary shares for maximum no. 4,244,131 options, valid for the subscription of ordinary shares, to be allocated to employees.

■ **Judgment of the Amsterdam Court of Appeal in relation to WOL**

After the conclusion of the Shareholders meeting Tiscali has been informed that concerning the proceedings started by VEB (a Dutch association of shareholders) against World Online with regard to the IPO of the company in March 2000, before Tiscali bought WOL - the Amsterdam Court of Appeal today, amending the decision rendered by the District Court in first instance, ruled that the IPO prospectus was in parts incomplete and that World Online should have corrected certain inaccurate views that existed in the media prior to the IPO with respect to Ms Brink's shareholding in World Online. World Online will review the full content of the judgment and consider a possible appeal to the Dutch Supreme Court.

The judgment by the Court of Appeal only concerns the question whether World Online can be held liable. The amount of damages incurred by plaintiffs as a result of the above, if any, should eventually be decided on in separate proceedings yet to be started.

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