

Press Release

Tiscali: The Board of Directors of Tiscali resolves upon a share capital increase of up to EUR 150 million and approves the investment of Management&Capitali in EUR 60 million of bonds convertible into Tiscali shares

Cagliari, 19th November 2007

Share capital increase of up to EUR 150 million

The Board of Directors of Tiscali SpA (Tiscali) has exercised the powers granted by the EGM of Tiscali SpA on 31st August 2007 for a maximum amount of EUR 220 million, resolving upon a share capital increase of up to EUR 150 million to be offered with pre-emption rights for Tiscali's shareholders. It is expected that the capital increase will be executed in the first months of 2008, depending on market conditions, and that the capital increase proceeds will be utilised to partially refinance the debt related to the acquisition of the broadband and voice division of Pipex in the UK. The terms of the capital increase will be set closer to the offer. Banca IMI and JPMorgan will act as lead managers of the future underwriting consortium.

Management&Capitali: EUR 60 million bonds convertible into Tiscali SpA shares

Tiscali has also signed an agreement whereby Management&Capitali SpA (M&C) will underwrite EUR 60 million of subordinated bonds convertible into Tiscali new shares. The bonds will be issued by a Luxembourg company controlled by Tiscali SpA, which will also guarantee the bonds.

The coupon has been set at 6.75% per annum and will be paid at maturity or upon early conversion, if any. The conversion price has been set at EUR 2.7 per share, which corresponds to a 16% premium over the closing reference price recorded on Friday 16th November. The bonds will not be convertible for one year from issuance.

The number of shares underlying the bonds, in case of early conversion, is ca 22.2 million (5% of the Company's share capital before the EUR 150 million capital increase).

At maturity, if the bonds are not converted, M&C will receive a number of new Tiscali shares – at a price equal to the 20-day average of the official price ("Prezzo Ufficiale") prior to maturity – to reimburse the par value (EUR 60 million) plus accrued interests. In any case, the number of shares to be issued will not be higher than 10% of today's share capital (ca 42.4 million shares).

"We are glad to have closed this important agreement with Management&Capitali, which is complementary with the capital increase with pre-emption right in the implementation of the financial and development strategy of the Group", said Tommaso Pompei, CEO of Tiscali.

The Board of Directors of Tiscali has therefore called today the Extraordinary Shareholders' Meeting to approve a capital increase with waiver of pre-emption rights



for shareholders, pursuant to article 2441 of the Italian Civile Code. The EGM has been called on 19th, 20th and 21st of December in first, second and third call, respectively. The issuance of the bonds is expected in 2007.

About Tiscali

Tiscali S.p.A. (Borsa Italiana, Milan: TIS: TIS) is one of the main independent European telecommunication companies. With one of the largest and most interconnected IP networks in the world, Tiscali is able to supply its customers, residential and business, with a full range of services: Internet access, both dial-up and ADSL, voice, VoIP, media, value added services (VAS), and other technologically advanced products. As of 31 March 2007, Tiscali had 3.4 million active users in Italy and the UK. More than 2 million were ADSL customers, of which 787,000 received unbundled services.

Tiscali's corporate website can be found at www.tiscali.com.

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