

## Tiscali: Information to the market pursuant to Art. 144 Legislative Decree 58/98

Cagliari, 30<sup>th</sup> October 2009

In compliance with Consob's request sent to the Company on 14<sup>th</sup> July 2009, pursuant to Article 114 comma 5 of Law Decree N. 58/98 the Company provides to the market the following information referred to September 30th 2009.

### ■ NET FINANCIAL POSITION OF TISCALI GROUP AND OF TISCALI S.P.A, HIGHLIGHTING SHORT TERM AND LONG TERM DEBT

<i>EUR (000)</i>		<b>Tiscali Group 30th September 2009</b>	<b>of which: Tiscali S.p.A. 30<sup>th</sup> September 2009</b>
	<i>Note</i>		
A. Cash	(1)	21,936	4,198
B. Other cash equivalents		-	-
C. Securities held for trading		-	-
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>		<b>21,936</b>	<b>4,198</b>
<b>E. Current financial payables</b>		<b>-</b>	<b>-</b>
F. Non-current financial payables	(2)	6,389	479
G. Current bank payables	(3)	189,981	667
H. Current portion of non-current debt		-	-
I. Other current financial payables	(4)	37,705	-
<b>J. Current financial debt (G) + (H) + (I)</b>		<b>227,686</b>	<b>667</b>
<b>K. Net current financial debt (J) - (E) - (D) - (F)</b>	(5)	<b>199,361</b>	<b>(4,010)</b>
L. Non-current bank payables		161,173	-
M. Bonds issued		-	-
N. Other non-current payables	(6)	58,767	-
<b>O. Non-current financial debt (L) + (M) + (N)</b>		<b>219,940</b>	<b>-</b>
<b>P. Net financial debt (K) + (O)</b>		<b>419,301</b>	<b>(4,010)</b>

Notes:

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- (1) *Includes part of the proceeds from the sale of TiNet collected at closing*
- (2) *The entire amount represents the credit to the purchaser of TiNet Group (Talia) for the deferred component of the price*
- (3) *Includes the outstanding debt to Senior Lenders, amounting to EUR 176.5 million (inclusive of interest from 3.07.09 to 31.08.09), in addition to bank debt of Tiscali Italia SpA and Tiscali S.p.A. for EUR 13.4 million*
- (4) *Includes the debt to the shareholder Andalas for EUR 31.1 million and EUR 7.5 million, short-term debts for leasing in Italy*
- (5) *Includes the amount of new debt to the Senior Lenders from 03/07/09, for an amount of EUR 160.3 million (inclusive of interest from 03.07.09 to 30.09.09)*
- (6) *Includes the debt "Sale and Lease Back Sa Illetta" for EUR 59.1 million*

The net financial position above refers to the Tiscali Group, without including the subsidiary Tiscali UK, sold to the Carphone Warehouse Group on 3 July 2009.

As communicated to the market, on July 3<sup>rd</sup> 2009, the Company sold the operations in the United Kingdom, for a consideration of GBP 236 million. The proceeds of the disposal were used for the partial repayment of financial debt to the Senior Lenders (ca GBP 180 million), in addition to the payment of debts to the management of Tiscali UK (ca GBP 8 million) and of debts to former minority shareholders of VNIL (ca GBP 7 million).

Net of the partial repayment of the debt to the Senior Lenders for EUR 207 million, the outstanding debt, amounting to EUR 332.8 million has been restructured for a nominal amount of EUR 158.5 million (EUR 161.2 million including interest at 30.09.09), and the remaining part, amounting to nominal EUR 174.3 million (EUR 176.5 million inclusive of interest to 30.09.09) will be reimbursed, compensated or cancelled after the capital increases 1, currently under execution, and of capital increase 2 (to be executed, if needed, by 28<sup>th</sup> of February, 2010).

The restructured debt, amounting to nominal EUR 158.5 million was accounted for under the amortized cost (IAS 23). It should be noted that, consistently with the requirements of IAS 39, , charges related to debt restructuring (approximately EUR 10 million) were not capitalized on the debt itself, since the principle requires that they should be fully expensed in the Income Statement.

It is to be noted, finally that the net financial position does not include the funds held in escrow in relation to the disposal of Tiscali UK, amounting to ca EUR 41 million.

## ■ OVERDUE DEBT POSITIONS OF THE TISCALI GROUP AS OF 30TH SEPTEMBER 2009

On 30th September 2009 overdue trade payables, net of payment plans negotiated with suppliers, amounted to ca EUR 53.1 million, with a significant improvement of EUR 11 million as compared with the same figure as of 30<sup>th</sup> June 2009.

There were also overdue tax debts for approximately EUR 5.5 million. There were no overdue debts towards the employees or the social security system.

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## ■ POSSIBLE REACTION OF THE CREDITORS OF THE GROUP AT 30TH SEPTEMBER 2009

On 30th September 2009, there were not solicitations for payment, outside of those within the ordinary course of business.

The injunctions for payment received by the Company, which are still being negotiated or opposed to, amounted to a total of EUR 2.15 million. No actions were taken to suspend supply.

## ■ RELATIONSHIPS WITH RELATED PARTIES OF TISCALI S.P.A AND TISCALI GROUP

The Tiscali Group holds relationships with related parties on terms deemed customary in the respective reference markets, taking into account the characteristics of goods and services provided.

In the table below the economic and assets values for Tiscali as of 30th September 2009 arising from meaningful transactions with related parties are summarised.

<b>INCOME STATEMENT VALUES</b>	Note	<b>Tiscali Group 30 September 2009</b>	<b>Of which: Tiscali S.p.A. 30 September 2009</b>
<i>EUR (000)</i>			
Shardna	1	-	-
Interoute	2	(584)	-
<b>TOTAL SUPPLIERS OF MATERIALS AND SERVICES</b>		<b>(584)</b>	-
Andalas SA	3	(1,327)	-
<b>TOTAL</b>		<b>(1,911)</b>	-

<b>BALANCE SHEET VALUES</b>	Note	<b>Tiscali Group 30 September 2009</b>	<b>Of which: Tiscali S.p.A. 30 September 2009</b>
<i>EUR (000)</i>			
Shardna	1	331	-
Interoute	2	(1,820)	-
<b>TOTAL SUPPLIERS OF MATERIALS AND SERVICES</b>		<b>(1,489)</b>	-
Andalas SA	3	(31,204)	-
<b>TOTAL</b>		<b>(32,693)</b>	-

(1) Shardna S.p.A.: company held by the shareholder Renato Soru. The dealings, by the Parent Company, relate to the sub-letting of the Tiscali offices in the suburbs of Cagliari.

(2) Interoute: group entirely owned by the Sandoz Family Foundation, shareholders of Tiscali

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*The costs incurred during the year relate to purchases made by Tiscali SpA Italy related to dark fiber and its maintenance.*

*(3) The shareholder Andalus Limited granted, in fiscal year 2004, an interest-bearing loan at market rates.*

## ■ DECLARATION OF THE EXECUTIVE IN CHARGE OF DRAWING UP THE COMPANY'S ACCOUNTING DOCUMENTS

*I, the undersigned Romano Fischetti, executive in charge of drawing up the Company's accounting documents for Tiscali S.p.A., certify that pursuant to art. 154-bis, subsection 2, of the Legislative Decree 58/98, as subsequently modified, that the accounting information contained in this press release corresponds to the documental results, the books and the accounting entries.*

Romano Fischetti



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*Executive in charge of drawing up the Company's accounting documents*

### **Information on Tiscali**

*Tiscali S.p.A. (Borsa Italiana. Milan: TIS)) is one of the leading alternative telecommunications companies in Italy. 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 June 2009, Tiscali had 750 thousands customers in Italy, of which over 549 thousands using ADSL.*

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

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