

Tiscali: Extraordinary Shareholders' Meeting approves capital increase

Cagliari, 22nd June 2006

Tiscali's Extraordinary Shareholders' Meeting has approved today in third call the proposed capital increase with waiver of pre-emption rights for a maximum nominal value of EUR 13,837,517 through the issuance of a maximum 27,675,034 new ordinary shares at EUR 0.50 nominal value each.

The capital increase, corresponding to 6.98% of the existing share capital, is exclusively dedicated to the reimbursement of the "EUR €209,500,000 4.25 per cent Guaranteed Equity Linked Bonds due 2006", issued by Tiscali S.p.A's subsidiary Tiscali Finance SA on September 26th 2003 and expiring on September 26th 2006.

Pursuant to the "soft mandatory" clause provided for in the Bonds, the execution of the capital increase will allow Tiscali Group to reimburse the Bonds, based on the current stock price, partially through new shares. This will allow to convert part of Tiscali's debt in equity capital while limiting the cash out for the reimbursement and increasing the free float with institutional shareholders.

At today's share price, the portion of the Bonds to be repaid in shares would amount to ca EUR 65 million, whereas the cash top up would be ca EUR 145 million.

In view of crystallising the value of the capital increase, Tiscali may be putting in place certain hedging structures. In relation to such hedging instruments, the main shareholders of the Tiscali Group may be granting a stock lending.

It has to be pointed out that, as communicated on May 12nd 2006, Tiscali S.p.A. reached an agreement with Silver Point increasing the existing senior secured facility and bringing the total commitment to EUR 220 million, EUR 50 million of which were drawn in August 2005. The additional EUR 170 million will be mainly utilised for the repayment of the Equity-Linked Bonds due in September 2006.

With the implementation of the above transactions to reimburse the Equity-Linked Bonds, Tiscali will complete the repayment of all outstanding public market Bonds issued between 2000 and 2003, for a total amount of over EUR 600 million. Tiscali Group has therefore met its commitments with the market while consolidating its balance sheet and financial structure and realising a significant organic growth of the business.

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 cautious assumptions. 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.

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