



TISCALI S.p.A.

Registered office: SS195 Km 2.3, Sa Illetta, Cagliari

Paid-in share capital EUR 92,019,513.67

Tax Code, VAT reg. no. and no. of registration in

Cagliari Companies' Register 02375280928

***BOARD OF DIRECTORS' REPORT ON THE PROPOSALS IN THE AGENDA FOR
THE ORDINARY SHAREHOLDERS' MEETING OF 30 APRIL 2013, PREPARED
PURSUANT TO ARTICLE 3 OF ITALIAN MINISTERIAL DECREE 437/1998***

Cagliari, 29 March 2013

Dear Shareholders,

this document was prepared by the Board of Directors of Tiscali S.p.A. ("Tiscali" or the "Company"), in compliance with current legislation, with regard to Tiscali's ordinary shareholders' meeting in single call for 30 April 2013 at 11.00 am at the registered office to discuss and approve the following:

Agenda

1. Integration of the Board of Directors. Related and consequent decisions;
2. Approval of the financial statements at 31 December 2012. Related and consequent decisions;
3. Examination of the first section of the Remuneration report. Related and consequent decisions.

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1. Integration of the Board of Directors. Related and consequent decisions

Dear Shareholders,

Following the resignation of Board Member Victor Uckmar, the Board of Directors, during the meeting held on 28 August 2012, co-opted Ms. Assunta Brizio pursuant to Article 2386 of the Italian Civil Code. According to this regulatory provision, a member of the Board of Directors will need to be appointed during the meeting called on 30 April 2013.

It should be specified that in the event of the election of a single member of the Board of Directors, the voting list appointment mechanism is not applicable, article 11 (Board of Directors) of the Articles of Association, specifying its use only in the event of integral renewal of the Board.

Having specified the above, we invite you to vote to appoint a director and determine the relevant fee and duration in office; in this respect, the Board of Directors proposes confirming Ms. Assunta Brizio for this office, already co-opted in the board meeting of 28 August 2012. The Board proposes that Ms. Brizio remains in office, as the rest of

the Board, until the approval of the 2014 financial statements and receives a gross annual fee of EUR 25 thousand, without any variable remuneration or attendance token, as is the case for the other non-executive directors.

Attached to this report are a copy of Ms. Brizio's *curriculum vitae* and the relevant declaration for the acceptance of the candidature and to state the non existence of causes of ineligibility or incompatibility as well as the existence of the honourable and professional qualifications required under the Articles of Association. We thus propose you to adopt a resolution in line with this proposal:

“The Ordinary Shareholder’s Meeting of Tiscali S.p.A., having regard to the Directors’ report and having heard the explanation of the Chairman,

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1. *to appoint Assunta Brizio as Director of the Company and for her to remain in office for the same duration as the other members of the board and thus until the date of the Meeting called to approve the financial statements as at 31 December 2014;*
2. *to set Ms. Assunta Brizio’s gross annual fee at EUR 25,000.00 (twenty five thousand);*
3. *to confer upon the Chairman and the interim Managing Director the broadest powers to, also through attorneys and to the extent allowed by law, carry out this resolution and to make such necessary and appropriate additions, changes or deletions that may be requested by competent authorities for registration in the companies’ register.”*

2. Approval of the financial statements at 31 December 2012. Related and consequent decisions

Dear Shareholders,

a copy of the draft annual financial statements of Tiscali S.p.A. (the “**Company**”) as at 31 December 2012, approved by the Board of Directors in the meeting of 29 March

2013 and assembled with the reports of the Directors, the Auditors and the company appointed to audit the accounts, has been filed, in compliance with current legislation, at the registered office and with Consob and will be available in the company website www.tiscali.com – *Governance/Shareholders' meetings* section on 8 April 2013. For the illustration of the draft annual financial statements reference is made to the Directors' report in particular.

The draft annual financial statements of the Company show losses for 2012 of EUR 3,115,420.00. We propose approving the financial statements in their entirety and the individual entries, and bring forward the losses accumulated at 31 December 2012 equal to EUR 26,647,908.50.

We thus propose you to adopt a resolution in line with this proposal:

“The Ordinary Shareholders' Meeting of Tiscali S.p.A., having analysed the draft annual financial statements at 31 December 2012, assembled with the legally required reports, and having heard the explanation of the Chairman,

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1. *to approve the 2012 financial statements in their entirety and individual entries, as prepared by the Board of Directors, which has been given broad discretion in carrying out its duties;*
2. *to carry forward the losses accumulated at 31 December 2012 equal to EUR 26,647,908.50;*
3. *to confer upon the Chairman and the interim Managing Director the broadest powers to, also through attorneys and to the extent allowed by law, carry out this resolution and to make such necessary and appropriate additions, changes or deletions that may be requested by competent authorities for registration in the companies' register.”*

3. Examination of the first section of the Remuneration report. Related and

consequent decisions.

Dear Shareholders,

pursuant to article 123-ter of Italian Legislative Decree 58/1998, the Meeting convened annually for the approval of the financial statements is called to express its final vote as regards the policy adopted by the Company on the subject of remuneration of the members of the board of directors, general directors and executives with strategic responsibility and the procedures used to adopt and implement these policies. It is specified that, pursuant to par. 6 of the mentioned Article 123-ter of Italian Legislative Decree 58/1998, the Meeting was called to resolve in favour or against the first Section of the Remuneration report only, containing the Company remuneration policy, without this resolution being binding.

The first Section of the Remuneration report only, containing the Company policy regarding the remuneration of the Directors and executives with strategic responsibility, drawn up in compliance with Attachment 3A, schemes 7-bis and 7-ter, of CONSOB regulation no. 11971 of 14 May 1999 is submitted to your approval. The same section was made available to the public according to the law and can be consulted in the website www.tiscali.com together with the second section of the same report, which is not the subject of a resolution. We thus propose you to adopt a resolution in line with this proposal:

“The Ordinary Shareholder’s Meeting of Tiscali S.p.A., having analysed Section 1 of the Remuneration report,

r e s o l v e s

- 1. to express a favourable opinion to Section 1 of the Remuneration report 2012, as prepared by the Board of Directors;*
- 2. to confer upon the Chairman and the interim Managing Director the broadest powers to, also through attorneys and to the extent allowed by law, carry out this resolution.”*

Dear Shareholders,

We invite you to express your favourable opinion on the proposals illustrated above.

Cagliari, 29 March 2013

Tiscali S.p.A.

On behalf of the Board of Directors

The Chairman, Renato Soru