

PRESS RELEASE

**In Q2 2011 Ebitda of 74 M€ was recorded (+32 M€ vs. 2010).
Operating profit of 17 M€ (+31 M€ vs. 2010).**

**In the first half of 2011 Ebitda of 43 M€ was recorded (+59 M€ vs. 2010).
Operating loss down to -69 M€ (+60 M€ vs. 2010).
Passenger (+5.7%) and revenues (+7%) grew.**

Further improvement in the quality of service (flight punctuality up to 88%, +6 p.p.).

Rome, 29 July 2011 – The Board of Directors of Alitalia - Compagnia Aerea Italiana S.p.A. held today in Rome its meeting chaired by Mr. Roberto Colaninno, in which it approved the midyear consolidated financial accounts for the Group, which was fully illustrated by the Managing Director Mr. Rocco Sabelli.

In the half year closed on 30 June 2011, the Alitalia Group transported 11.2 million passengers (+ 5.7% vs. the first half of 2010), whose rise was particularly pronounced in the second quarter (+8.8% vs. 2010). Load factor was 68%, in line with the level of the same period last year.

Total revenues for the period were equal to 1,561 M€, up 7% from the first half of 2010 (1,459 M€).

Through the Cargo Belly service, Alitalia transported 28,021 tonnes of goods in the half year considered (+ 21.6% vs. H1 2010). Cargo Belly revenues for the period were equal to 48.18 M€, growing 13% vs. 1H2010 (42.61 M€).

In the period ancillary revenues significantly grew thanks to long term commercial partnerships, based on the Group's brand and customer base.

Ebitda for the half year amounted to +43 M€ (+59 M€ Vs. H1 2010), and the second quarter Ebitda was positive for 74 M€ (+32 M€ Vs. Q2 2010).

The operating result (EBIT) for the half year amounted to -69 M€ (Vs. -129 M€ on 30 June 2010, or +60 M€) and the second quarter was positive for 17 M€ (-14 M€ in Q2 2010).

Net result for the half year amounted to -94 M€ (-164 M€ vs. the level at 30 June 2010, or +70 M€), of which -5 M€ in the second quarter (-33 M€ in Q2 2010, up 28 M€).

The improvement of financial results was even more significant taken into account that, compared to 2010, the impact of higher costs (associated with the cost of fuel, the fleet upgrade project and the end of the labour costs benefits), and the crisis in Northern Africa and Japan, reached a total of 200 M€.

In particular, fuel costs (which increased from an average value of nearly 78 dollars per barrel in H1 2010 to around 108 dollars per barrel in 2011) amounted to 460 M€, or up 130 M€.

Northern Africa and Japan, both key markets for Alitalia, recorded an overall downturn in revenues, of approximately 10% (25 M€ of lower revenues than H1 2010).

Such results have been achieved also thanks to significant improvements in productivity and efficiency, and to long term strategic agreements in the areas of Maintenance and Information Technology (with partners such as Air France Industries and Amadeus).

Net financial debt improved to 813 M€ as on 30 June (from 839 M€ as on 31 Dec. 2010) and it is mainly composed by the owned aircraft fleet debt which fell from 774 to 697 M€ in the period, due loan repayments and the positive euro/dollar exchange rate.

As on 30 June, total liquidity, inclusive of undrawn credit lines, was 356 M€ as a result of the foregoing loan repayments, which were partially compensated for by new credit lines.

As of June 30 total Alitalia Group headcount was 14,448, with an increase Vs. 31.12 2010 of 195 units, of which 150 among pilots and flight attendants.

As on 30 June, the operating fleet consisted of 150 aircraft. The entry of 27 new aircraft delivered since 2009 (4 Airbus A330s, 22 new Airbus A320s and 1 Airbus A319) reduced to 8.9 years the average fleet age, which is currently among the youngest in Europe.

The fleet renewal plan will continue in the second half of the year with the delivery of further 10 new aircraft (1 Airbus A330, 4 Airbus A319s and the first 5 Embraer E-jets envisaged by the Regional Fleet renewal and development plan). Preliminary activities were also initiated for the complete renewal of cabin interiors of the 10 long-haul Boeing B777s. By May next year, these aircraft will be fitted with the same seats and the same travel-classes as those of the new Airbus A330s of Alitalia.

With regard to operations, the half year under review saw further progress in service levels Vs. the already high levels achieved in 2010. Completion factor was at 99.8% and on time performance at 88% (plus 6 percentage points from the same period of 2010 and plus 16 points from the same period of 2009). The number of mishandled baggage was 6.1 per 1,000 passengers and sensibly lower than the period-on-period levels of 9.9 and 14.7 respectively of 2010 and 2009.

The investments in new aircraft, the improved operational performance and service levels, and the offering of new destinations have caused a significant increase in the customer satisfaction level from 80% in H1 2010 to 84% in H1 2011.

In the half year considered, Alitalia opened 10 new routes, of which 2 operated by Air One *Smart Carrier*. The two new intercontinental destinations of Rio De Janeiro and Beijing (which marked the beginning of Alitalia operations in China), both inaugurated on 1 June, for the summer season recorded average load factors of 89% and 76% respectively.

The outlook for the third quarter – based on the estimated result for July and on the booking portfolio for the months of August and September – shows an important acceleration of passenger and revenue growth Vs. Q3 2010. Growth will be particularly driven by the intercontinental segment. In July, traffic with Japan was again positive (+5% vs. 2010), thus rewarding Alitalia's decision to keep its capacity substantially unchanged even after the earthquake that beset the country last March. On 1 July, Air One inaugurated 7 new routes operated by the new base of Pisa.

Alitalia's partnership with Air France-KLM has continued positively. As early as in the second year of partnership, the targeted synergies envisaged for the first three have been reached. This result favours a further advancement of the partnership with new forms of commercial and industrial collaborations.

The Board of Directors expressed its satisfaction with the results, which were fully in line with the financial and operational targets to the extent that, considering the positive outlook for the second half of the year the operational break-even target is therefore confirmed for this year.

The Board of Directors also approved the guidelines of the new Plan of 2012/2015, which by valuing the results achieved so far will aim at further network and fleet developments, as well as improving the operating and financial performance.

The main strategic drivers of the new Plan will include: the strengthening of Fiumicino as a hub for Southern Europe in the context of the SkyTeam alliance; the development of the intercontinental and international activities; the enlargement to other markets of the Transatlantic Joint Venture with Air France-KLM and Delta; the development of Air One *Smart Carrier*, also through the potential opening of new basis in Italy in addition to those of Milan Malpensa and Pisa; the network adjustment to the seasonality of traffic flows; the increase of fleet utilisation; and the optimisation of short-to-medium haul aircraft unit capacity.

On 14 June, the shareholder Macca S.r.l. increased its stake in the share capital of Alitalia from 1.24% to 1.42% following the share purchase by shareholder Ottobre 2008 S.r.l.

| | H1 2011 | H1 2010 | Variation |
|------------------------------|------------|------------|-----------|
| Transported passengers | 11,200,000 | 10,600,000 | + 5.7 % |
| Revenues in M€ | 1,561 | 1,460 | + 7 % |
| Ebitda in M€ | +43 | -16 | +59 |
| Operating result in M€ | -69 | - 129 | + 60 |
| Net result in M€ | -94 | - 164 | + 70 |
| Full A15 network punctuality | 88% | 82 % | + 6 p.p. |
| Customer satisfaction | 84% | 80 % | + 4 p.p. |

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