

COMPANIES OF THE ALITALIA GROUP
under extraordinary administration (in A. S.)

As a consequence of indiscretions appearing in the press today, the Extraordinary Administrator, Mr Augusto Fantozzi, releases the present document at the request of the Italian Stock Exchange Controller (Consob) in order to ensure parity of information for all parties concerned. With reference to the offer put forward by CAI-Compagnia Aerea Italia S.p.A. on 31 October (hereinafter the "Offer"), outlined in the press release on 3 November, the Administrator communicates that CAI has proposed an overall amount of 1 billion euros for the purchase of all the assets and contracts referred to in the offer.

As stated on 3 November, the Extraordinary Administrator confirms that the offer put forward by CAI is subject to examination as part of the procedure and that, in particular, an evaluation process is being carried out not only by the independent estimator appointed by the Ministry for Economic Development in compliance with article 4, paragraph 4-quater, of decree no. 347 of 2003, converted by law no. 39 of 2004, further modified by law no. 166 of 2008, but also by the advisor appointed by the administration procedure.

Therefore, this communication describes the contents of the offer without prejudice for any appropriate evaluation and determination by the administration procedure and the competent authorities.

The amount proposed by CAI has been divided amongst the companies under extraordinary administration to whom the offer is addressed, and will be paid in several tranches partly in cash and partly by settling debts that the purchaser has taken over, and by paying the mathematical balance between specific debit and credit items, as follows:

- for the assets and contracts of Alitalia, the overall offer by CAI amounts to 900 million euros, settlement of which will take place (i) by paying an amount estimated at 275 million euros, (ii) by accepting the release of debts deriving from mortgage contracts on aircraft under ownership transfer together with any interest and additional charges which have accrued up until the closing of the operation (indicated by CAI as 30 November 2008), to date estimated at an overall amount of 625 million euros, and (iii) by paying or releasing, according to each case, the mathematical balance between specific debit and credit items (in particular, taking into account such items as pre-paid tickets and the relative boarding entitlements which are not used or not refunded at closing);
- for the assets and contracts of Alitalia Servizi, the sum offered by CAI amounts to 57 million euros, to be paid partly in cash and partly by taking over the difference between credit-debit items;

- for the assets and contracts of Alitalia Airport, the sum offered by CAI amounts to 7 million euros, to be paid partly in cash and partly by taking over the difference between credit-debit items;
- for the assets and contracts of Alitalia Express, the sum offered by CAI amounts to 19 million euros, to be paid partly in cash and partly by taking over the difference between credit-debit items;
- for the assets and contracts of Volare, the sum offered by CAI amounts to 17 million euros, to be paid partly in cash and partly by releasing, according to each case, the mathematical balance between specific debit and credit items (taking into account such items as pre-paid tickets and the relative boarding entitlements which are not used or not refunded at closing).

As far as cash payments are concerned, the offer made by CAI envisages that an overall amount of 100 million euros will be paid on the closing date of the operation (indicated by CAI as 30 November 2008). CAI's offer states that the rest of the amount will be calculated according to the credit and debit items transferred, and will be paid:

- (i) regarding Alitalia, Alitalia Express and Volare, to be settled in two equal instalments, after the necessary calculation, within 180 days and 24 months respectively of the operation's closing date, and
- (ii) regarding Alitalia Servizi and Alitalia Airport, to be settled, after the necessary calculation, within 180 days of the operation's closing date.

CAI's offer states that payment of the deferred part of the amount will be guaranteed by fidejussion issued by a leading bank.

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As far as the scope of the offer is concerned, defined as "unique and inseparable", CAI has independently drawn up a detailed Business Plan, which is attached to the offer, covering a period of five years. This plan envisages the purchase of assets, juridical relations, as well as credits and liabilities of Alitalia, Alitalia Servizi, Alitalia Airport, Alitalia Express and Volare (hereinafter "Companies in A.S.") which CAI feels have an essential function for airline operations and are necessary for implementing the said Business Plan, also in light of the planned integration with the Air One group.

CAI's offer therefore concerns assets, contracts, credits and liabilities. In particular:

- (a) regarding the assets of the companies in A.S., the offer made by CAI concerns the purchase of ownership (in principle, free of charges, encumbrances and third party rights) of the following categories of assets belonging to the companies in A.S., for the quantity relating to each company:
 - 64 aircraft owned by the companies in A.S. (in more detail, six B777-200 ERs, one B767-300, thirteen A321-100s, nine A320-200s, twelve A319-100s, eleven MD80s

and twelve MD-82s), also under mortgage, with their engines and spare engines (a total of 163 engines), owned by the sellers;

- all takeoff and landing rights and all the rights of overflying and traffic rights, whether used or not, except for flights relating to "All Cargo" transport, which will be transferred subject to consent of the airport coordinators and flight authorities involved from time to time;
 - all the figurative and denominative logos and trademarks, the registered domain names used and usable by the companies in A.S., copyright and author's royalties on publications, titles and contents of editorial products, as well as all other rights of economic exploitation linked to intellectual property and other materials protected by copyright;
 - some portions of the plant, machinery, equipment and office furnishings;
 - registered cars, vehicles and other mobile equipment, excluding vehicles based at foreign airports relating to the Cargo business;
 - software and all IT systems and networks, hardware and equipment;
 - databases owned by the sellers, used or usable, referring to the assets and contracts involved in the offer;
 - all the company know-how;
 - part of the unsold inventory stocks, used or usable by the companies in A.S. for the exercise of their business activities;
 - shareholder participation in Oporto Ltd, S.I.T.A. inc. Foundation and S.I.T.A. SC.
- (b) regarding the contracts, CAI's offer concerns the transfer (or takeover) of contracts and juridical relations characterised by a high level of criticality for ensuring air transport services without interruption, and by the effective absence of suitable alternatives (or of suitable short-term alternatives) also in the light of the commitments taken on, or forecast, in CAI's Business Plan
- the leasing contracts relating to 29 aircraft held under leasing agreements by the companies in A.S. (in particular, four B777-200 ERs, five B767-300s, six ERJ-170s, ten A321-100s, two A320-214s and two A320-200s) with the related 58 engines;
 - part of the contracts with third-party suppliers of goods or services held by the sellers;
 - contracts with airline companies;
 - contracts with seven agencies supplying temporary workers, concerning 31 people;

- two contracts with Embraer for an option to purchase aircraft;
 - part of the contracts held by the sellers to supply goods or services to third parties;
 - contracts of commercial collaboration relating to the “MilleMiglia” programme including agreements with companies who have joined the “Alicorporate” programme;
 - any other contracts which, prior to the contract’s execution date, CAI might identify as having the same critical and irreplaceable features as those mentioned above.
- (c) as far as credits are concerned, CAI’s offer involves the transfer of the following categories of credits, with no guarantee by the sellers regarding fulfilment by the third parties responsible for settlement:
- credits relating to the transferred contracts;
 - credits towards agencies that are members of IATA and who are paid through the BSP systems;
- (d) as far as liabilities are concerned, CAI’s offer involves acceptance of liabilities, by means of takeover release, for the following categories of debts:
- debts relating to the transferred contracts; debts deriving from mortgage contracts on the aircraft whose ownership is being transferred, at the same time agreeing to the cancellation of the first-degree mortgages set up as guarantees of debts deriving from the financing contracts encumbering the aircraft and the engines remaining the property of the companies in A.S. (in particular, seven financing agreements stipulated with the Banca Popolare di Milano Soc. Cop. a r.l., Hypovereinsbank Hungaria RT, Efibanca-Ente Finanziario Interbancario S.p.A , Export-Import Bank of the United States, Barclays Bank Plc, Banca Monte dei Paschi di Siena S.p.A., Banca Popolare delle Marche S.p.A. and Banca Popolare di Novara Soc. Cop. a r.l., and two financing agreements set up with GE Corporate Banking Europe S.A.S. and PK AirFinance S.A.).

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The Extraordinary Administrator will take immediate steps to communicate his decisions regarding the offer put forward by CAI.

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The Extraordinary Administrator intends to go ahead with presenting the programme, as per article 4, paragraph 2 of legislative decree no. 347 of 2003, to the appropriate authorities during the coming week.

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The Extraordinary Administrator
Mr Augusto Fantozzi

Rome, 5 November 2008

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