



## PRESS RELEASE

### **Monthly report in accordance with Article 114, paragraph 5 of Legislative Decree 58/98**

Milan, 27 November 2008 – The following report is issued by Eurofly S.p.A. in compliance with Consob's request, in accordance with Article 114, paragraph 5 of Legislative Decree 58/98, for monthly reporting on the capital, financial position and operating results of the company.

#### **1) Agreements with Meridiana**

No significant new agreements to pursue commercial and operational synergies were entered into with Meridiana in October 2008.

#### **2) Update on any changes and adjustments to the targets laid down in the Industrial Plan**

Last 30 July 2008 Eurofly's Board of Directors approved the 2008/2012 Business Plan. For all the details, please refer to the press release issued in the same day.

October posted a better than expected result, following the savings on fuel costs, related to the decrease reported by oil price.

The year-to-date result as at 31 October 2008 is better than expected in the Plan.

#### **3) Capital, financial position and operating results**

In line with expectations, October posted a net loss, lower than expected. Following the performance reported, at 31 October 2008 Eurofly is in the situation described by art. 2446 Italian civil code.

Taking the forthcoming beginning of the capital increase into consideration, the Board of Directors reserves to value again the situation within few weeks.

Last 10 September 2008 Eurofly's shareholders' meeting approved a Euro 44 million capital increase, with subscription rights as art 2441 Italian civil code. Last 29 August Meridiana took irrevocable commitment to subscribe Euro 20 million in the operation.

The financial position is described below.

#### 4) Net financial position

The table below shows the net financial position with detailed information on short-, medium- and long-term assets and liabilities.

| 31.12.07        | Importi in Euro/000 |   | 31.10.08      | 30.09.08             |               |
|-----------------|---------------------|---|---------------|----------------------|---------------|
| Total           |                     |   | Total         | With related parties | total         |
| 6,955           | A                   | Cash (1)  | 4,523         | -                    | 3,768         |
| -               | B.                  | Derivatives contracts included in cash (1)          | -             | -                    | -             |
| <b>6,955</b>    | <b>C.</b>           | <b>Net cash and cash equivalents (A) + (B)</b>      | <b>4,523</b>  | -                    | <b>3,768</b>  |
| -               | <b>D.</b>           | <b>Current financial receivables</b>                | -             | -                    | -             |
| 15,914          | E.                  | Current bank debt (1)                               | 15,688        | -                    | 15,486        |
| -               | F.                  | Derivative contracts included in back debt (1)      | -             | -                    | -             |
| 514             | G.                  | Current portion of non current debt                 | 537           | -                    | 537           |
| 4,323           | H.                  | Other current financial debt                        | -             | -                    | -             |
| <b>20,751</b>   | <b>I.</b>           | <b>Current financial debt (E) + (F) + (G) + (H)</b> | <b>16,225</b> | -                    | <b>16,023</b> |
| <b>13,797</b>   | <b>J.</b>           | <b>Net current financial debt (I) - (C) - (D)</b>   | <b>11,703</b> | -                    | <b>12,255</b> |
| -               | <b>K.</b>           | <b>Non current financial receivables</b>            | -             | -                    | -             |
| 3,268           | L.                  | Non current financial debt                          | 2,754         | -                    | 2,754         |
| -               | M.                  | Bond issued   | -             | -                    | -             |
| -               | N.                  | Other non current debt                              | -             | -                    | -             |
| <b>3,268</b>    | <b>O.</b>           | <b>Non current financial debt (L) + (M) + (N)</b>   | <b>2,754</b>  | -                    | <b>2,754</b>  |
| <b>17,065</b>   | <b>P.</b>           | <b>Net financial debt (J) - (K) + (O)</b>           | <b>14,457</b> | -                    | <b>15,009</b> |
| <b>Net cash</b> |                     |   |               |                      |               |
| (8,960)         | (1)                 | Net cash and cash equivalents                       | (11,166)      | -                    | (11,718)      |

Net financial debt at the end of October is equal to € 14.5 million, posting an improvement vs € 15 reported in September. The composition of the net financial debt is the following: (i) € 4.5 million net cash, higher than €3.8 posted in September; (ii) € 15.7 million of current bank debt, in line with the previous month; (iii) € 0.5 million is the short term portion of mortgage loan, stable; (iv) € 2.7 million long term portion of mortgage loan, in line with September. Net cash is negative for € 11.2 million, to be compared with € 11.7 million in September.

#### 5) Short-term guarantees provided by the banking system, amounts used and any repayment requests

The breakdown of the short-term guarantees and the amounts used by item as of 31 July 2008 is provided below.

| <b>31.10.08</b>            |                |               |                 |
|----------------------------|----------------|---------------|-----------------|
| <b>Euro/000</b>            | <b>Granted</b> | <b>Use</b>    | <b>% of use</b> |
| Cash facilities            | 16,000         | 15,688        | 98.1%           |
| Bank guarantees facilities | 12,007         | 10,769        | 89.7%           |
| <b>Total</b>               | <b>28,007</b>  | <b>26,457</b> | <b>94.5%</b>    |

Included in the bank guarantees facilities described above, there is a bank guarantee facility of 4.2 million US\$, related to a location agreement of 5 aircrafts, fully covered by cash pledge of Meridiana. Eurofly settled a deposit in favour of Meridiana of the same amount.

#### **6) Description of the main covenants and negative pledge and indication of compliance with them**

The debt restructuring plan incorporates various clauses, including a negative pledge clause, as well as financial covenants to be realized every six months at the end of December, with reference to the figures included in the approved annual report, and of June, with reference to the figures included in the approved half yearly report.

For all the details of the debt restructuring plan refer to the press release issued last 28 November 2007.

#### **7) Report on outstanding debt, including financial, commercial, tax-, and benefit-related debt and amounts owed to employees**

As at 31 October 2008, there were no outstanding tax, social security or employee payables. There were also no outstanding debts to related parties. As for trade payables, €25.1 million was past due, with €4.1 million being past due by more than one year. There are no suspensions of supply in effect. There are no demands for payment, other than those that are a part of ordinary administration.

As at 31 October 2008 court orders totalling € 2.7 million had been received. These orders relate mainly to Alitalia (10 court orders amounting to €2.6 million) and another three counterparties. Regarding the court orders related to Alitalia, judge granted the temporary execution to the court order of €251,987.14.

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The Financial Reporting Officer, Maurizio Cancellieri, has stated in accordance with Article 154 bis, paragraph 2 of the Consolidated Finance Act (Testo Unico della Finanza) that the accounting information contained in this press release is consistent with the documentary findings, and the accounting entries and records.

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