



**PRESS RELEASE**

**THE BOARD OF DIRECTORS MET TODAY**

**Approved the 2007-2009 Industrial Plan**

**Approved the company's financial statements as at 30 April**

**Losses in excess of one-third of share capital – as per Article 2446 of  
the Italian Civil Code**

**Meeting of shareholders set for December 2007**

Milan, 28 June 2007 – The Board of Directors of Eurofly S.p.A. met today.

**1) Approval of the 2007-2009 Industrial Plan**

The Board of Directors approved the 2007-2009 Industrial Plan prepared by the joint Eurofly-Meridiana S.p.A. working group.

*(i) Increases of capital*

The plan calls for the recapitalisation of the company by Meridiana S.p.A., in conjunction with the increase in capital reserved for this shareholder, which will bring their stake to more than 30% of equity with voting rights, transferring certain assets in kind in order to financial stability to Eurofly S.p.A. This will also involve converting the company from an almost exclusively charter carrier to a full-fledged airline, or at least a mixed charter carrier, and the achievement of industrial synergies between the two companies.

The recapitalisation will be done through an increase in capital in kind, reserved for Meridiana S.p.A. in accordance with Article 12, paragraph 4, sentence 1 of the Italian Civil Code, of up to €12 million, which will entail the transfer of a 50% stake in Wokita S.r.l., assuming certain prerequisites required by Meridiana are met, including an exemption from the obligation to make a public tender offer in accordance with Article 49, paragraph 1, letter b of the CONSOB rules for issuers, as referenced in Article 106, paragraph 5, letter a of Italian Legislative Decree 58/1998 (the "bailout" exemption). Wokita is an online tour operator.

Meridiana will also transfer a 50% stake in a company being established for sales in Italy, which is currently a division within Meridiana S.p.A.

The plan also calls for a second increase of capital for cash, open to all shareholders, of between €10 million and €25 million in order to support the business plan itself. In particular, the

company expects that this capital increase will take place in the amount of €10 million in as early as 2008. In that regard, Meridiana S.p.A. has announced that, once the increase of capital in kind has been completed, it intends to subscribe to this second capital increase for cash on a *pro quota* basis.

*(ii) Debt restructuring*

The plan also calls for the company's debt to be restructured with the help of both (i) banks and (ii) Meridiana S.p.A.

In particular, the plan calls for Meridiana S.p.A. to change the amortisation schedule for the shareholder financing through to 31 December 2009.

With regard to bank borrowings, the company is negotiating with three banks, with which it has the most debt exposure and which account for more than 80% of the company's total bank borrowings, for new terms and conditions on their loans and for the restructuring of its debt generally.

Practically speaking, despite the company's current financial difficulties, the banks would agree to grant the company a new loan of up to €15 million in order to restructure its short-term bank borrowings. This loan would be payable in thirty-six (36) months, which is in line with the period covered by the company's Industrial Plan.

The spread applied for the interest rate will be significantly reduced.

**2) Approved the company's financial statements as at 30 April – losses in excess of one-third of share capital – situation as per Article 2446 of the Italian Civil Code**

The Board of Directors has approved the company's financial statements as at 30 April, which show 15.5% growth in total revenues for the first 4 months of 2007, for an increase of €99.6 million over the same period of 2006.

EBITDAR, in the amount of €6.9 million, fell by more than €3.8 million from April 2006. This drop was due both to the different use of the A319 in 2007, as during the first part of 2006 this aircraft was subleased (and so free of operating costs), and to the start-up costs for the new long-haul connections started at the end of 2006 and beginning of 2007 to India and Mauritius (in the amount of €4 million). EBITDAR for mid-range flights remained essentially stable for the two periods in question.

EBITDA, which came to a loss of €7.8 million, worsened by more than €6.7 million from the previous year due both to the factors mentioned above and the increase in leasing costs resulting from the increase in the long-haul fleet.

EBIT came to a loss of €10.5 million. The worsening of €6.8 million from April 2006 was due to the negative margins for the long-haul business unit and the A319.

The net loss for the period came to €12.4 million, as compared with the net loss of €5.9 million at April 2006.

Of this amount, €1.3 million was related to extraordinary operating items and €4 million to the

start-up of new routes.

Net financial position at the end of April came to a negative €31.2 million, worsening by €3.3 million from the figure posted at the end of the prior financial year. Cash and cash equivalents came to a negative €8.3 million, declining by €4.2 million from the end of December 2006 due primarily to the loss for the period, which was partially offset by an improvement in working capital.

Shareholder's equity came to €4.3 million (€16.7 million at 31 December 2006), with a consequent decrease in capital by more than one-third due to losses.

The Board of Directors has noted that this result is in line with the budget forecasts for 2007.

### **3) Extraordinary meeting of shareholders for 2007**

In accordance with Article 2446 of the Italian Civil Code, the Board of Directors has set an extraordinary meeting of shareholders for 13 December (first call) and 18 and 19 December 2007 (second and third call as necessary) in order to approve an increase of capital as described above, subject to a reduction in capital in order to fully cover the extent of the losses that have actually affected the company's capital and, therefore, net of any reserves and/or shareholder contributions.

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