



## PRESS RELEASE

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

Milan, 30 October 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 September 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.

September posted a better than expected result, following the combined effect of opposite trend among which the good holding of revenues and savings on fuel costs, partially counterbalanced by operating costs higher than expected due to the Euro/Dollar exchange rate and the higher provision for bad debt related to the worsening of credit situation.

The year – to – date result as of September is in higher than expected in the plan.

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

September posted a net loss, in line with expectation. Despite the result, thanks to the gain posted in July and August, Eurofly is not in the situation described by art. 2446 Italian civil code.

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		30.09.08		31.08.08	
Total		Total	with related parties	Total	
Euro/000					
6.955	A. Cash	(1)	3,768	-	7,029
-	B. Derivative contracts included in cash	(1)	-	-	-
<b>6.955</b>	<b>C. Net cash and equivalents (A) + (B)</b>		<b>3,768</b>	-	<b>7,029</b>
-	<b>D. Current financial receivables</b>		-	-	-
15.914	E. Current bank debt	(1)	15,486	-	15,000
-	F. Derivative contracts included in bank debt	(1)	-	-	-
514	G. Current portion of non-current debt		537	-	537
4.323	H. Current financial debt		-	-	-
<b>20.751</b>	<b>I. Current financial debt (E) + (F) + (G) + (H)</b>		<b>16,023</b>	-	<b>15,537</b>
<b>13.796</b>	<b>J. Net current financial debt (I) - (C) - (D)</b>		<b>12,255</b>	-	<b>8,508</b>
-	<b>K. Non-current financial receivables</b>		-	-	-
3.268	L. Non-current bank debt		2,754	-	2,754
-	M. Bonds issued		-	-	-
-	N. Other non-current debt		-	-	-
<b>3.268</b>	<b>O. Non-current financial debt (L) + (M) + (N)</b>		<b>2,754</b>	-	<b>2,754</b>
<b>17.065</b>	<b>P. Net financial debt (J) - (K) + (O)</b>		<b>15,009</b>	-	<b>11,262</b>
<b>Reconciliation with cash flow and balance sheet tables:</b>					
(8.960)	(1) Net cash and equivalents		(11,718)	-	(7,971)

In line with expectations, net financial position at the end of September is equal to € 15 million, vs € 11.3 million in July.

The composition of the net financial position is the following: (i) € 3.8 million net cash, lower than € 7 million posted in August; (ii) € 15.5 million of current bank debt, in line with August; (iii) € 0.5 million is the short term portion of mortgage loan, in line with August figure; (iv) € 2.7 million long term portion of mortgage loan, as the previous month. Net cash is negative for € 11.7 million, to be compared with € 8.0 million in August.

#### 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 30 September 2008 is provided below.

**30.09.08**

<b>Euro/000</b>	<b>Granted</b>	<b>Use</b>	<b>% of use</b>
Cash facilities	16,000	15,486	96.8%
Bank guarantees facilities	11,637	9,826	84.4%
<b>Total</b>	<b>27,637</b>	<b>25,312</b>	<b>91.6%</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 30 September 2008, there were no outstanding tax, social security or employee payables. There were also no outstanding debts to related parties. As for trade payables, € 19.8 million was past due, with €3.3 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 30 September 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 other two counterparts. 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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