



Meridiana fly Rights Issue

Roadshow presentation

July 2010

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- ✈ **Introduction**
- ✈ Meridiana fly overview
- ✈ Company strategy
- ✈ Financial highlights
- ✈ Conclusion
- ✈ Appendix



Offer size

- ✈ Issuance of 714,044,394 new shares for a total amount of Euro 39,986,496.06
- ✈ Approx. 105% of the outstanding share capital

Offer structure

- ✈ Capital increase with pre-emptive subscription rights
- ✈ Fully guaranteed by Meridiana SpA
- ✈ Public offering in Italy. The prospectus for the public offering in Italy is not intended to constitute an offering of securities in the United State of America, in Canada, Japan or Australia or in any other jurisdiction in which the offering is subject to specific authorization by the relevant competent Authorities

Issue terms

- ✈ Issue price of Euro 0.056 per share
- ✈ 21 new shares for 20 existing shares

Offering documents

- ✈ Italian Prospectus. Any investment decision should be made solely after a careful reading and review of the Italian Prospectus

Use of proceeds

- ✈ Strengthen Meridiana fly's balance sheet and its equity position
- ✈ Gather part of the financial resources needed to implement the company's integration plan of Eurofly and Meridiana aviation business



19 July

- ✈ Start of subscription period
- ✈ Shares trade ex rights
- ✈ Starting of rights trading period

30 July

- ✈ End of rights trading period

6 August

- ✈ End of subscription period
- ✈ Value date of payment of new shares

By 11 August

- ✈ Press release on Rights Issue results at the end of the subscription period



Meridiana SpA commitment

The Rights Issue is fully guaranteed by Meridiana SpA, the major shareholder (78.91%)*

- ✈ Meridiana SpA irrevocably undertook to guarantee up to €40 million rights issue of Meridiana fly
- ✈ Meridiana SpA has already anticipated part of its commitment: €20 million cash through non interest bearing loans, out of which €10 million as Shareholder's Contribution for future share capital increase (included in the company's equity)
- ✈ In order to increase Meridiana fly's free float, Meridiana SpA has declared the intention to subscribe only part of its rights, anyway maintaining a controlling stake (at least 50.1%)

Akfed commitment

Full support from AKFED to finance company's operations

- ✈ AKFED, a financial institution linked to His Highness Aga Khan, beneficial owner of Meridiana fly, undertook an irrevocable commitment to provide Meridiana fly with up to €30 million in cash lines which will fully cover, together with the Rights Issue proceeds, the financing needs of the Business Plan, as a back-up of existing and new credit lines under negotiation with the company's lending banks

* Meridiana SpA stake in Meridiana fly as of 15 July 2010



1

SOUND BUSINESS MODEL

- ✈ The new Meridiana fly's hybrid model envisages
 - One industrial entity with two separate brands and commercial activities
 - Stronger focus on core customers and destinations
 - Relatively medium size allowing to reach material economies of scale
 - Diverse sources of revenues combining both Line and Charter activities

2

STRONG COMPETITIVE POSITIONING IN ITALY

- ✈ Second largest player in the Domestic Market with approx. 16%* capacity share, behind incumbent Alitalia / Airone (about 50%)*
- ✈ Strong competitive positioning in core Sardinian market (Olbia and Cagliari airports) and in a few other Italian airports, where the company has a strong reputation among customers (punctuality and regularity, which is currently in line with the top carriers in this sector, and respectively 85% and 99%)*
- ✈ Leading position in connecting Italy to selected leisure areas (Egypt, Maldives and Kenya)

3

INTEGRATION OF THE AVIATION BUSINESS

- ✈ Strong financial support from the major shareholder
- ✈ The strengthening of company's balance sheet after the Rights Issue will provide Meridiana fly with a new platform to implement the integration plan
- ✈ New CEO appointment (Mr. Massimo Chieli) is the confirmation of shareholders' attention in marking a change within the management team, with regard to the opportunity of managing at best this new and challenging phase starting after the combination

* OAG Max Online/anna.aero, Meridiana Annual Report, IATA, Management Analysis



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Meridiana

- ✈ The airline division of the Group started operations as Alisarda in the summer of 1963, with a single Beechcraft C-45. The aim was to provide a fast and reliable service between Olbia Venafiorita airport and the major Italian cities
- ✈ In 1974 operations moved to the new “Costa Smeralda” airport
- ✈ The Meridiana name was adopted in 1991, in connection with a shift in the airline’s network from Sardinian routes to mainline Italian domestic markets and with the opening of the Florence hub operation

Eurofly

- ✈ The other airline arm of the Group, Eurofly, was set up in 1989 as a charter operator based in Turin
- ✈ It later became the charter arm of the Alitalia group. In 2003 the company was sold to a Private Equity, becoming an independent carrier
- ✈ In 2005 Eurofly was listed on Milan Stock Exchange
- ✈ At the end of 2006, Meridiana acquired a 29.9% stake in Eurofly, which increased to 59.6% in the following years

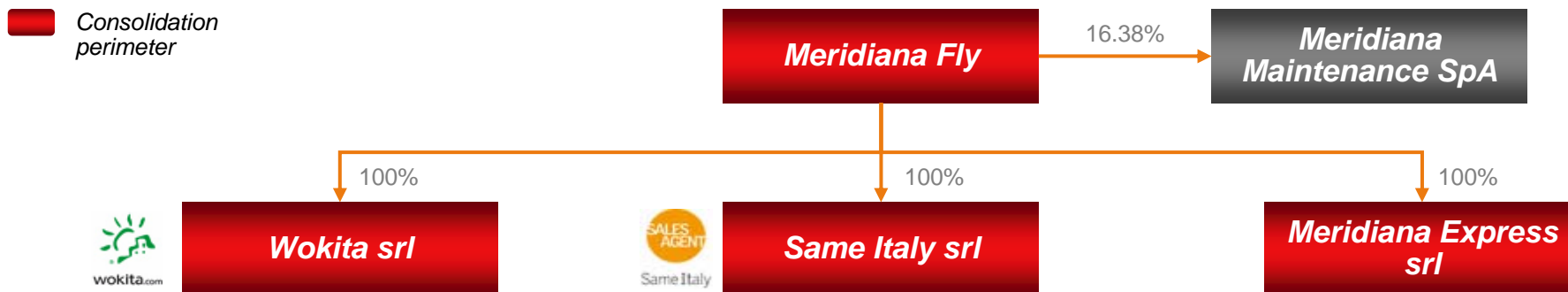
Effective on February 28, 2010, Meridiana aviation business was contributed into Eurofly creating Meridiana fly, the second largest airline company in Italy, thanks to the combination of two renowned and historical names in the air transport business



- ✈ Meridiana fly, **the only Italian airline listed on the Milan Stock Exchange** offers its customers **a network comprising both leisure and business destinations** in Italy, Europe and around the world, with a **weekly offering of more than 1,100 flights** focusing on the five **main base airports** of **Olbia, Milan Malpensa, Verona, Florence and Cagliari**
- ✈ The Company currently **operates a fleet of 38 aircraft** (to be 39 within July), including **17 MD-80s, 3 A330s, 11 A320s** – soon to be 12 –, **4 A319s** and **3 ATR 42s** (wet lease)
- ✈ An ongoing **fleet renewal program** aimed at **introducing more A320s has been launched**, while a complete cabin interiors re-vamp project on the Airbus fleet has now been completed
- ✈ **The MD-80 fleet will be transferred to Meridiana Express subsidiary**
- ✈ **Meridiana Express** will act as a **capacity provider, allowing Meridiana fly to face and exploit its typical seasonal demand** without any need for summer wet-leases



Meridiana fly employees: 1,669 people, out of which 590 in-ground staff and 1,079 in-flight staff (as of March 2010)



- ✈ **Wokita Srl**, founded in February 2006 to promote the development of online tour operating business within the Meridiana group, is active in the creation and marketing of tour packages and in the direct sale of individual services via its portal
- ✈ **Same Italy Srl**, operates as the general sales agent for Meridiana fly in Italy and for the tour operator Wokita in the trade (travel agencies) and business segment; its purpose is to create group synergies and streamline commercial distribution costs
- ✈ **Meridiana Express Srl**, founded in March 2010, is entirely controlled by Meridiana fly. Meridiana Express aims at furnishing aircraft for short and medium range charter and scheduled line activities during summer in order to reach a wider target of passengers, reduce costs and enhance the operational flexibility. The summer peak will be covered through Meridiana Express' MD-80 aircraft (very low fixed costs and high variable costs), using crews recruited from the Alitalia Redundancy Fund
- ✈ **Meridiana Maintenance SpA**, founded in September 2009, was created in order to provide maintenance, repair & overhaul on aircraft. Meridiana Maintenance's shareholders are:
 - (i) Meridiana SpA - 83.06% (to be reduced to 50.03%*)
 - (ii) Meridiana fly - 16.38% (to be reduced to 9.87%*)
 - (iii) Financial partner SFIRS (Società Finanziaria Industriale Rinascita Sardegna) 0.42%
 - (iv) Iberia 0.14%

* After a reserved capital increase to be subscribed by SFIRS and Iberia by November 2010

4 Airbus A 319-112
in operating lease



**11 A320 for domestic
and
international links**
in operating lease



**3 A330-200 for the
intercontinental links**
in operating lease



**17 McDonnell Douglas
MD82**
7 in operating lease
10 property

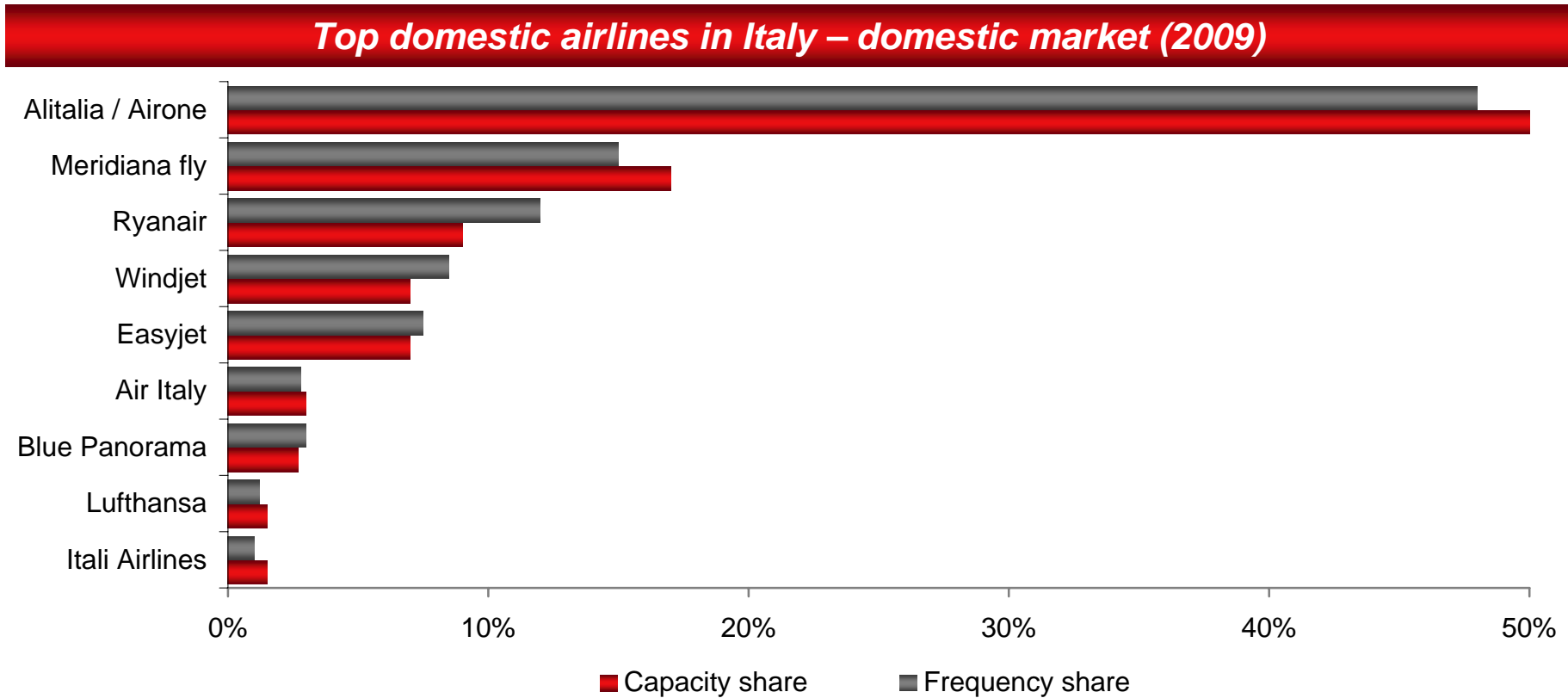


3 ATR 42
in wet lease



Alghero, Amsterdam, Ancona, Barcelona, Bari, Bologna, Cagliari, Cairo, Cancun*, Casablanca, Catania, Chisinau, Colombo, Dakar, Firenze, Fuerteventura, Helsinki, La Romana*, Lametia Terme, Lampedusa, London (LGW), Madrid, Male, Malta*, Mauritius, Milano (LIN, BGY and MXP), Mombasa, Moscow (DME), Napoli, New York JFK, Nice, Olbia, Palermo, Pantelleria, Paris CDG, Pescara, Pisa, Pristina, Punta Cana*, Rimini, Roma, Sharm-el-Sheikh, Tel Aviv, Tenerife, Tortoli, Torino, Trapani, Venezia, Verona, Zanzibar

* code-share as marketing carrier



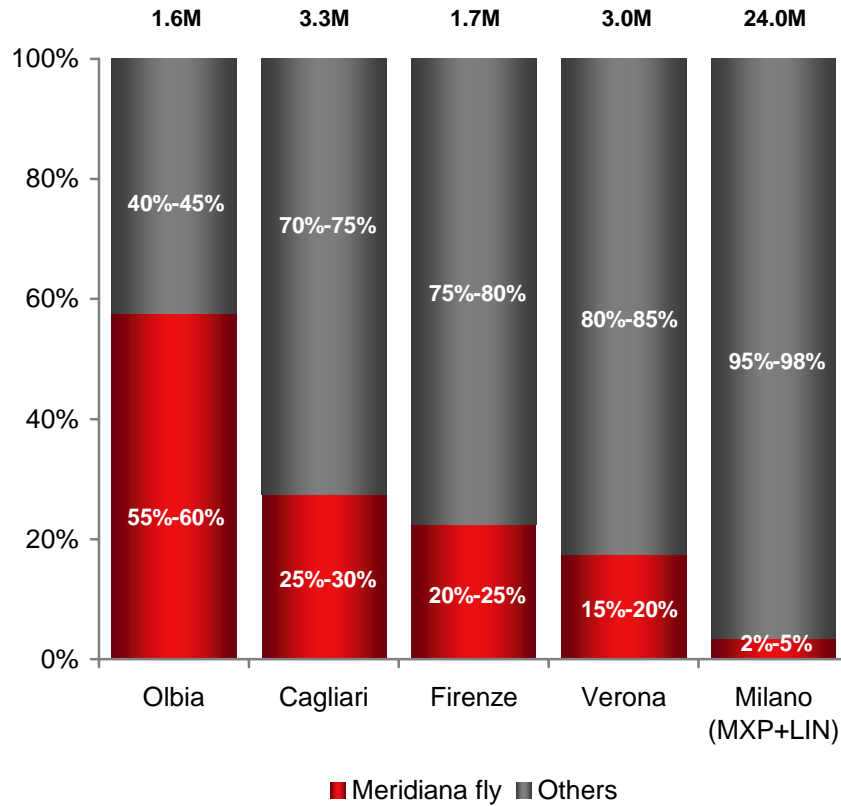
Meridiana fly is the second Italian airline in terms of domestic frequency and capacity market shares, behind Alitalia / Airone

Source: OAG Max Online/anna.aero, Meridiana Annual Report, IATA, Management Analysis

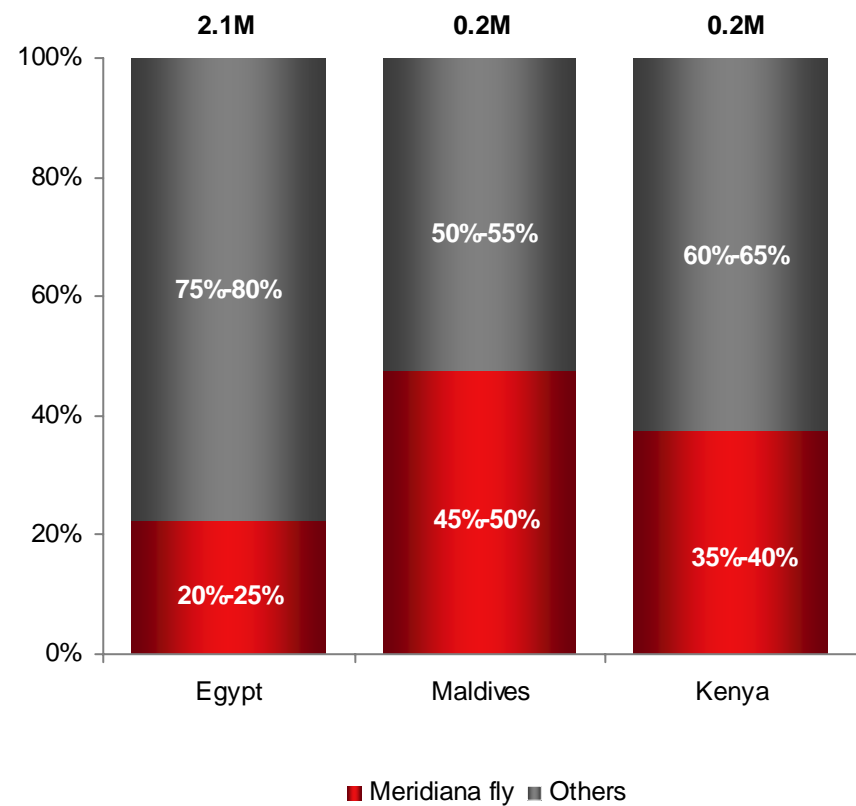


* Referred to transit passengers in the station

**Market Share*
Selected Italian Airports (2009)**



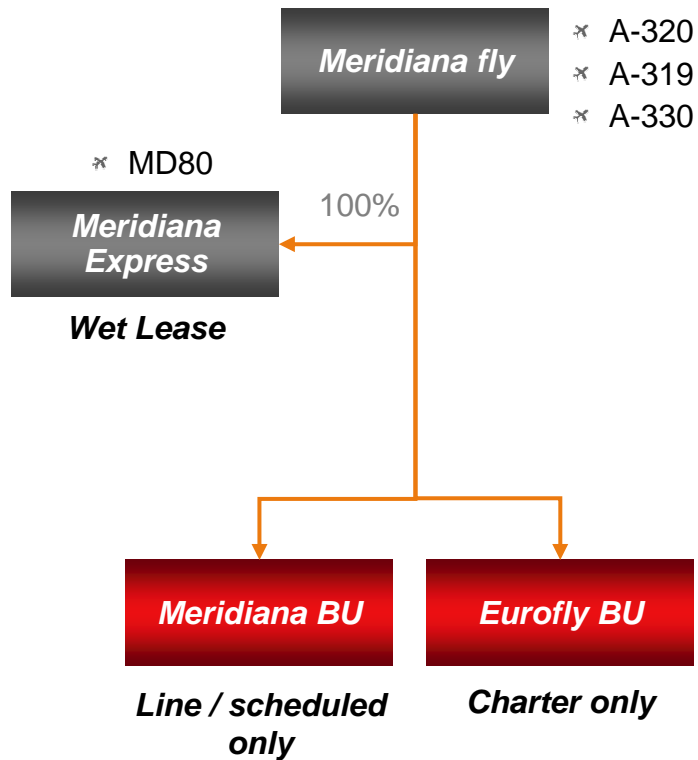
**Market Share*
Selected Charter destinations from Italy (2009)**





**Strong competitive positioning in core Sardinian market and in a few other Italian airports
Primary air carrier from Italy to Maldives, Egypt and Kenya**

Source: OAG Max Online/anna.aero, Meridiana Annual Report, IATA, Management Analysis





 Legal entity
 Business Unit

Corporate structure

- ✈ **One industrial company** (Meridiana fly) **with 2 commercial Business Units** (Meridiana & Eurofly)
- ✈ **One capacity provider company** (Meridiana Express)

Business scope

- ✈ Meridiana Fly: **carry out all operations on behalf of the 2 BUs**
 - Meridiana BU: Line/Scheduled services only
 - Eurofly BU: Medium & long haul charter only
- ✈ Meridiana Express: **Wet lease (ACMI) of MD80s to Meridiana Group and other clients** (incl. Celestair)

Fleet

- ✈ **Meridiana Fly: Airbus fleet**
- ✈ **Meridiana Express: MD-80s fleet**

Brand

- ✈ Line and Charter business managed under **2 different brands**
- ✈ **Existing Meridiana logo and livery adopted by Meridiana Express**
- ✈ **Existing Eurofly logo and livery for Charter LH**
- ✈ **New logo & livery for the Line business** (evolving consistently with Eurofly logo) – under evaluation

	Domestic	International
Network	✈ Connections with Sardinia: <ul style="list-style-type: none"> • Under Public Service Obligation (PSO) regulation from Milan and Rome and minor Italian airports to/from Olbia and Cagliari 	✈ Connections from/to Italy and major Western European countries (Florence as international network centre)
	✈ Operating with A319, A320 and MD82 fleet	✈ Operating with A319, A320 and MD82 fleet
	✈ Point to point connections between Italian cities	✈ Increasing connections with Eastern European countries (launched in 2006 and recently strengthened in Moldova and Kosovo)
	✈ Connections to/from Sicily and smaller Sicily Islands (Lampedusa and Pantelleria)	

Mainly leisure customers, three sales channels (travel agency, call centre, on line)



Medium Haul

Long Haul

Network

- ✈ Below 5 hours flights
- ✈ Operating with **A320** fleet
- ✈ **Mediterranean** destinations
- ✈ **High seasonality**

- ✈ Above 5 hours flights
- ✈ Operating with **A330** fleet
- ✈ **Intercontinental** destinations
- ✈ **Reverse seasonality**

- ✘ Dynamic network
- ✘ Capacity sold to Tour Operators
- ✘ International destinations
- ✘ Focus on leisure

Customer

- ✈ **Tour operators buy** the entire **capacity** or part of it, **undertaking the risk** of selling seats
- ✈ Charter **contracts** are **negotiated in advance** (around six months before the flight)
- ✈ Charter contracts provide the **possibility of adjusting agreed prices** to changes in fuel cost and EUR/USD exchange rate
- ✈ Charter contracts includes **penalties in case of cancellation**
- ✈ Tour operators should **pay in advance** with respect to flights departure
- ✈ Tour operators can reserve seats on flights and **release** them to Meridiana fly in case of unsold seats



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Major trends

Continuous **pressure on margins** and consequent focus on **lower costs** and **higher load factors**

Overcapacity issue

Stronger strategic **focus on key customers**

Further **consolidation** to obtain full scale **synergies**

One industrial entity

- ✈ Maximize synergies through **one industrial entity in charge of all the operations** (scheduling, fleet, crew, ...) **allocating sales responsibility to two commercial business units** (Line and Charter)

Separate brands & commercial activities

- ✈ Line and Charter brands & products managed as **separate commercial activities**
- ✈ **Improve** distinctiveness vs. competition (especially LCCs)

Stronger focus on core customers and destinations

- ✈ Increase **focus on core destinations** and **“high-end leisure” customers**
- ✈ **Leverage market share in medium-haul destinations** (Egypt) with higher service level to sustain yield
- ✈ **Preserve current core charter routes** (Indian Ocean, East Africa) and continue to **offer a full range of products to Tour Operators**
- ✈ **Optimize network** by distinguishing Line from Charter, reducing or re-allocating capacity

Strategic alliances

- ✈ Strengthen current marketing alliances with **oneworld** carriers (Iberia, British Airways, Finnair and others) and exploit potential commercial agreements with other players



Focus on synergies

- ✈ Maximize synergies through **one industrial entity in charge of all the operations** (scheduling, fleet, crew, ...) **allocating sales responsibility to two commercial business units** (Line and Charter)
- ✈ Estimated overall €70m cumulated cost synergies in 2010-15, in the following areas:
 - **Overheads:** headcount reduction by eliminating G&A overlaps
 - **Saving on crew costs:** following the integration, application of Eurofly contract to Meridiana crews and application of job-security agreement
 - **MD80 Wet Lease Ops:** Meridiana Express and network integration benefits
 - **Crew optimization:** reduction in the crews average number per aircraft

Straightforward marketing strategy

- ✈ Line and Charter brands & products managed as **separate commercial activities**
 - Maintain dedicated sales forces
 - Develop separated marketing campaigns to target core customers of two businesses (Consumers vs. Tour Operators)
 - Adopt typical commercial approach for each business (stimulate traffic on routes for line vs. develop a customized offer for Tour Operators)

- ✈ *Improve **distinctiveness vs. competition** (especially LCCs)*
 - Strengthen ground services to minimize time constraint for customers (fast check-in, priority lines, fast baggage delivery, ...)
 - Develop customized services for premium customers
 - Connect main origin airports (Linate, Fiumicino, Firenze, Verona)

Narrowing business focus

- ✈ **Increase focus on core destinations and “high-end leisure” customers**
 - Define core markets and primarily develop leadership position from/to these destinations
 - Develop knowledge and leadership presence on high-end leisure destinations (e.g. Emerald coast, Maldives, Kenya, ...)
- ✈ **Leverage market share in medium-haul destinations** (Egypt) with higher service level to sustain yield
 - Offer best-in-class services (flight schedule, on board services, ground assistance, ...) to maximize brand recognition and awareness by major Tour Operators
- ✈ **Preserve current core charter routes** (Indian Ocean, East Africa) and continue to **offer a full range of products to Tour Operators**
- ✈ **Optimize network** by distinguishing Line from Charter, reducing or re-allocating capacity
 - Sales of available seats both to direct customers and Tour Operators limited to destinations with presence of low cost and traditional carriers



At a glance

- ✈ In the past two years, Meridiana fly has been active dealing with **oneworld** carriers, implementing a growing number of commercial agreements



The initial commercial cooperation with Iberia started on March 4, 2008, with the Spanish flag airline putting its code as marketing carrier on Meridiana fly operated domestic services. The cooperation with the Spanish flag carrier includes Technical Services, whereas Meridiana fly performs extended checks on the airframes of Iberia aircraft, and Iberia performs heavy maintenance on Meridiana fly fleet engines



Meridiana fly cooperates with British Airways on a slot lease agreement in Milan Linate, and has a code sharing agreement for the route Florence London. The cooperation also currently involves a bilateral interline agreement and a crew positioning agreement



A code-sharing agreement between Meridiana fly and Finnair started in June 2009, involving all flights from Finland to Italy as well as connections within the Meridiana network

- ✈ Meridiana fly is in cooperation with Air Burkina, Air Mali and Air Uganda, all part of Group Celestair (AKFED group) in maintenance and IT services
- ✈ Meridiana fly cooperates also with Air Moldova on the Milan, Verona and Rome services to Chisinau and with WindJet in the Italian domestic market

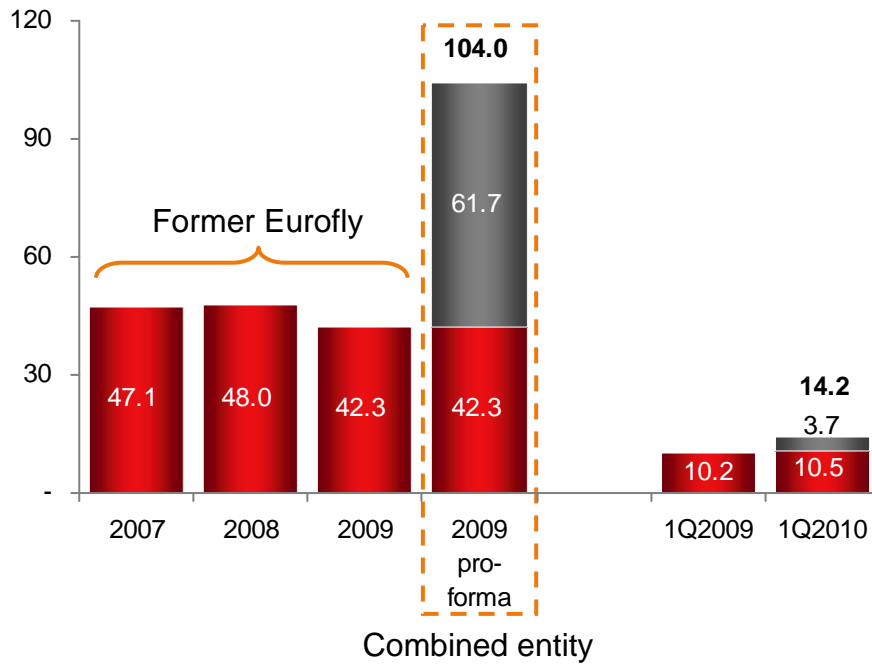
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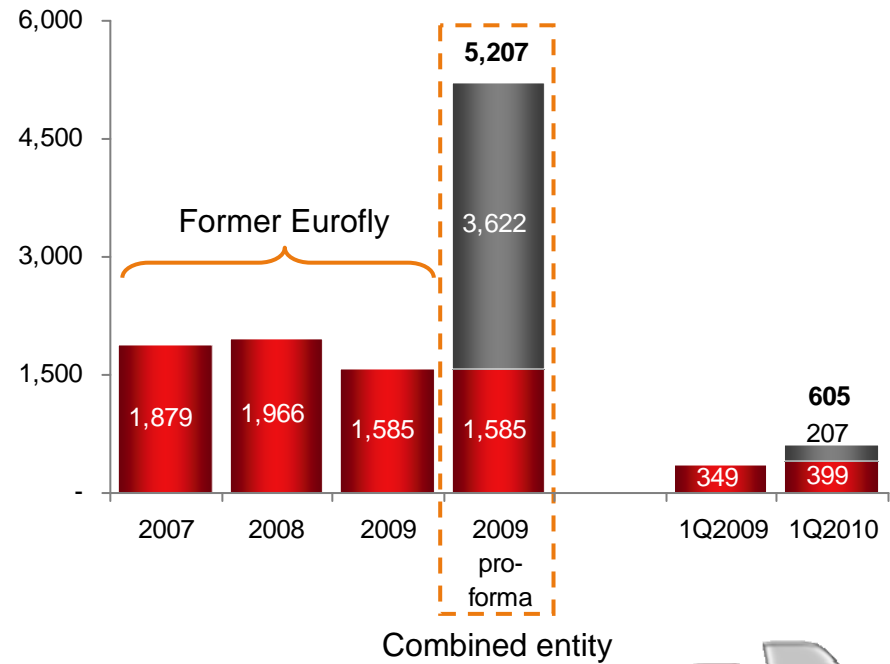
Meridiana fly 2009 pro-forma data

- ✗ 104.0 k flight hours
- ✗ Number of passengers equal to 5,207 k

Flight hours (000s)



Passengers carried (000s)



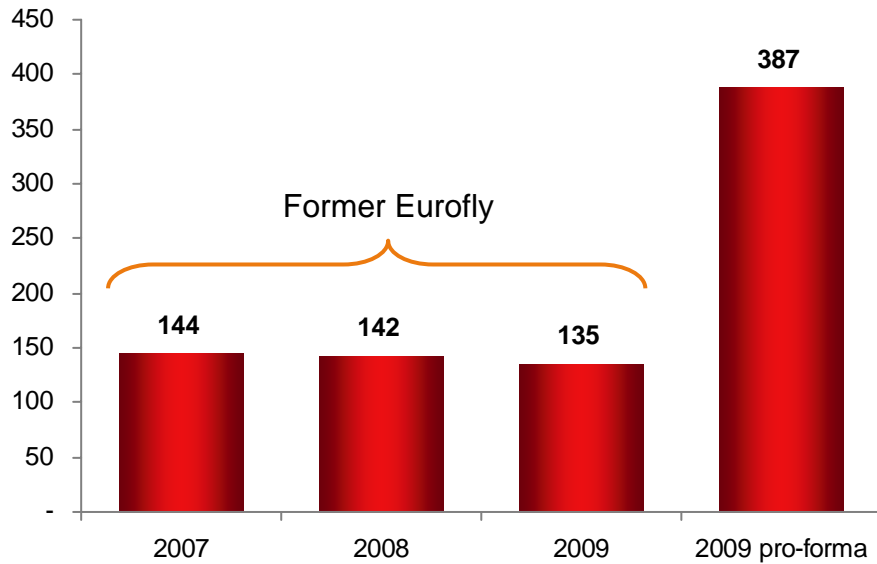
Note: Pro forma data for 2009 includes the figures relating to aviation business of Meridiana, as if the integration had occurred on 1 January 2009. 1Q2009 are Eurofly stand alone data, whilst 1Q2010 are Eurofly stand alone data for January and February, including the contribution of Meridiana aviation business starting from March

2009 pro-forma results

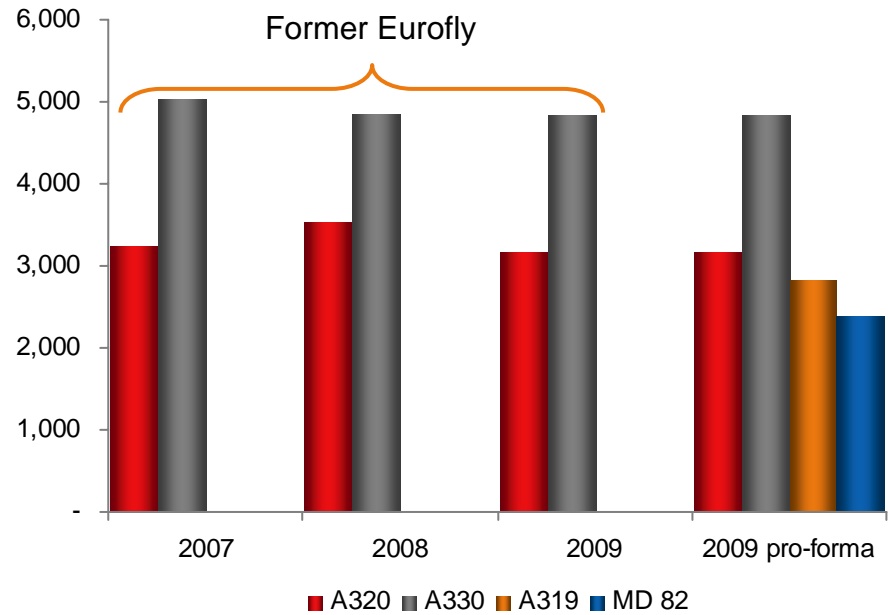
Meridiana fly 2009 pro-forma data

- ✗ Fleet availability equal to 387
- ✗ A319 and MD 82 included in the fleet

Fleet availability



Fleet productivity



Note: **Fleet availability** represents the number of months within the year during which the aircraft has been available. **Fleet productivity** is an indicator of efficiency and is calculated as the ratio between the number of flight hours and the fleet availability annualized

2009 pro-forma results

Meridiana fly 2009 pro-forma data

- ✕ Revenues equal to € 652.5 million
- ✕ EBITDAR € 55.2 million
- ✕ Net result -€ 34.8 million
- ✕ Net debt € 16 million
- ✕ Net equity € 4.7 million

(€m – FYE 31/12)	2007	2008	2009	2009PF	1Q2009	1Q2010
Total revenue	331.7	378.8	293.6	652.5	79.6	88.2
<i>y-o-y growth</i>		14.2%	(22.5%)			10.8%
EBITDAR	31.2	36.3	20.8	55.2	9.1	4.8
<i>% total revenue</i>	9.4%	9.6%	7.1%	8.5%	11.5%	5.4%
EBITDA	(14.7)	(6.4)	(20.7)	(7.4)	(2.0)	(6.2)
<i>% total revenue</i>	(4.4%)	(1.7%)	(7.0%)	(1.1%)	(2.6%)	(7.0%)
EBIT	(22.3)	(16.8)	(29.8)	(28.7)	(3.7)	(8.6)
<i>% total revenue</i>	(6.7%)	(4.4%)	(10.2%)	(4.4%)	(4.6%)	(9.7%)
Net income	(21.8)	(18.5)	(34.1)	(34.8)	(4.1)	(8.1)
<i>% total revenue</i>	(6.6%)	(4.9%)	(11.6%)	(5.3%)	(5.1%)	(9.2%)
Equity	(5.4)	28.4	(3.1)	4.7	26.8	(1.4)
Net debt	17.1	(5.6)	19.6	16.0	3.6	24.6 *
Capital employed	11.7	22.9	16.5	20.7	30.4	23.2

* of which €20m towards Meridiana SpA

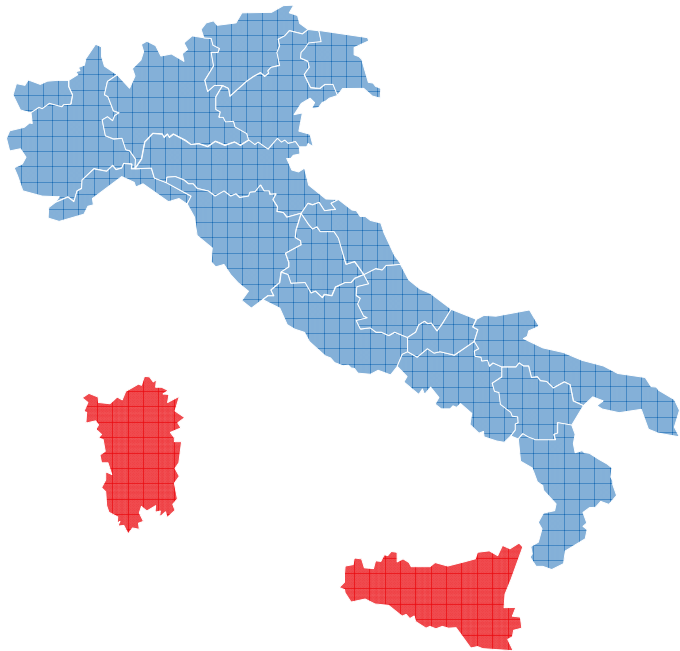
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| <div style="background-color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin: 0 auto 10px auto;">1</div> <p style="color: white; font-weight: bold; text-align: center;">SOUND
BUSINESS
MODEL</p> | <ul style="list-style-type: none"> ✈ The new Meridiana fly's hybrid model envisages <ul style="list-style-type: none"> • One industrial entity with two separate brands and commercial activities • Stronger focus on core customers and destinations • Relatively medium size allowing to reach material economies of scale • Diverse sources of revenues combining both Line and Charter activities |
| <div style="background-color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin: 0 auto 10px auto;">2</div> <p style="color: white; font-weight: bold; text-align: center;">STRONG
COMPETITIVE
POSITIONING IN
ITALY</p> | <ul style="list-style-type: none"> ✈ Second largest player in the Domestic Market with approx. 16%* capacity share, behind incumbent Alitalia / Airone (about 50%)* ✈ Strong competitive positioning in core Sardinian market (Olbia and Cagliari airports) and in a few other Italian airports, where the company has a strong reputation among customers (punctuality and regularity, which is currently in line with the top carriers in this sector, and respectively 85% and 99%)* ✈ Leading position in connecting Italy to selected leisure areas (Egypt, Maldives and Kenya) |
| <div style="background-color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin: 0 auto 10px auto;">3</div> <p style="color: white; font-weight: bold; text-align: center;">INTEGRATION OF
THE AVIATION
BUSINESS</p> | <ul style="list-style-type: none"> ✈ Strong financial support from the major shareholder ✈ The strengthening of company's balance sheet after the Rights Issue will provide Meridiana fly with a new platform to implement the integration plan ✈ New CEO appointment (Mr. Massimo Chieli) is the confirmation of shareholders' attention in marking a change within the management team, with regard to the opportunity of managing at best this new and challenging phase starting after the combination |

* OAG Max Online/anna.aero, Meridiana Annual Report, IATA, Management Analysis

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- ✈ **Appendix**



- ✈ In air transport, **Public Service Obligation** or **PSO** is an arrangement in which a governing body or other authority offers an auction for subsidies, permit the winning company a monopoly (or a oligopoly when more than one company accept the PSO on a single route) to operate a specified service of public transport for a specified period of time for the given subsidy. This is done in cases where there are not enough revenue for routes to be profitable in a free market, but where there is a socially desirable advantage in this transport being available
- ✈ The auctioneer will specify a number of terms of the service, such as **frequency**, **size of airplane**, **timing of service**, the maximum permitted fare paid by some or all the available seats, **maximum price for residents** and/or other specifications related to service and quality

- ✈ In the Italian PSO's routes from Sardinia and Sicily, the operator will be granted all revenues, and will bid the authority for the amount paid and accepted by the authority. On some routes from Sardinia the only privilege is the monopoly, no subsidies are given by the authority

Meridiana fly offers the following routes in PSO

Sardinia

Between **Olbia** and Roma Fiumicino, Milano Linate

Between **Alghero** and Milano Linate

Between **Cagliari** and Roma Fiumicino, Milano Linate

- ✕ Monopoly (Olbia)
- ✕ Monopoly system with Alitalia (Cagliari and Alghero)
- ✕ Yearly concession
- ✕ No public subsidies

Between **Olbia** and Bologna, Verona

Between **Cagliari** and Bologna, Verona, Torino, Firenze, Napoli, Palermo

- ✕ Monopoly
- ✕ Yearly concession
- ✕ Public subsidies on some routes

Sicily

Between **Pantelleria** and Palermo, Trapani

Between **Lampedusa** and Catania, Palermo

- ✕ Monopoly
- ✕ Yearly concession - Expiring date August 2010
- ✕ Public subsidies on all routes