

NET DEBT AS OF OCTOBER 31, 2005

- **The Group's net debt as of October 31, 2005, amounted to 1,718 million euros, with a slight increase in net indebtedness of 9 million euros (+0.5%) compared to the situation on September 30, 2005, which was 1,709 million euros (management figures).**
- **The net debt of the parent company Alitalia on October 31, 2005, amounted to 1,713 million euros, with a reduction in net indebtedness of 47 million euros compared to the situation on September 30, 2005.**
- **The Group's cash-to-hand and short-term financial credits on October 31, 2005, amounted to 281 million euros.**

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To comply with instructions from Italy's Securities and Exchange Commission (CONSOB), this document contains information relating to the net financial position on October 31, 2005, (as well as any debts falling due for Alitalia and the Group), published via press releases issued by the end of each month, referring to the previous month.

It should be pointed out that, in line with CONSOB recommendations, and as already reported in a previous press release (issued for the first time on August 30, 2004, relating to the Group's financial situation as of July 31, 2004), **data regarding current portions of amounts falling due within twelve months are no longer classified under medium-/long-term indebtedness, but now form part of data relating to short-term financial debt.**

	September 30, 2005 MANAGEMENT FIGURES		October 31, 2005 MANAGEMENT FIGURES	
	GROUP	ALITALIA	GROUP	ALITALIA
Cash-on-hand and short-term financial credits	(295)	(289)	(281)	(278)
Short-term financial indebtedness	563 (*)	617 (*)	561 (*)	560 (*)
Net short-term financial indebtedness	270	328	280	282
Medium/long-term indebtedness	1,439	1,432	1,438	1,431
Net financial position	1,709	1,760	1,718	1,713
(*) of which current instalments of medium/long-term financial debts falling due within twelve months	558	557	558	557
(all figures in millions of euros)				

The Group's net debt as of October 31, 2005, amounted to 1,718 million euros, with a slight increase in net indebtedness of 9 million euros compared to the situation on September 30, 2005, announced on October 31, 2005.

The net debt of the parent company Alitalia on October 31, 2005, amounted to 1,713 million euros (showing a reduction in net indebtedness of 47 million euros compared to the situation on September 30, 2005) including short-term net financial debts to the subsidiaries (one of which is "*Alitalia Servizi*", split off from the parent company and operational since May 1, 2005).

The following observations on the most important changes that have taken place during the two periods in question refer to the situation for the Group. However, given the preponderance of Alitalia within the whole Group, these observations are in fact representative of the parent company's performance alone; specific facts and figures referring only to Alitalia are glossed by notes.

It should also be noted that the figures in the above table reflect the outcome of management analysis and include several estimated items which, however, do not affect the overall significance of the information.

Furthermore, it should be pointed out that on October 31, 2005, there were several leasing contracts at the Group level (referring almost entirely to fleet aircraft mostly held by the parent company amounting to 241 million euros) whose capital share, including lease closure value, amounted to 262 million euros (of which 45 million euros represent the current capital share falling due within twelve months of the reference date, with 42 million euros held by the parent company). By comparison, the same figure on September 30, 2005, amounted to 267 million euros (of which 46 million euros falling due in the twelve months from the reference date); the corresponding figures for the parent company on September 30, 2005, amounted to 245 and 43 million euros respectively.

It should also be noted that existing debts to banks are almost entirely backed up by real guarantees (mortgages on aircraft) or by personal guarantees (mainly guarantees issued by banks for export credit). The relative financing contracts contain standard legal clauses relating to withdrawal. None of the contracts refer to specific requirements regarding assets or economic/financial aspects, in order to maintain the credit line.

In addition, it should be pointed out (as mentioned in a previous release on April 29, 2005) that the overall credit facility of 400 million euros (bridging loan) has been completed, through the Dresdner Kleinwort Wasserstein bank, backed by guarantees from the Ministry of Economy and Finance.

Cash-flow improvement (management figures) during the period January 1-October 31, 2005, amounted to around 288 million euros compared to the same period in 2004.

During October 2005, repayments were made of medium/long-term financing amounting to about one million euros.

Regarding debts of a financial, fiscal and social welfare nature, there were no outstanding sums or payment irregularities on October 31, 2005, both for the parent company and for the other companies in the Group.

As far as debts of a commercial nature are concerned, there were no outstanding sums or payment irregularities on October 31, 2005, both for the parent company and for other Group companies, except for those relating to disputed situations.

Regarding the latter, there were outstanding sums due to some airport management companies for disputed debts amounting to a total of 61 million euros on October 31, 2005.

In addition, decisions are still pending for the petitions filed by Alitalia, or in the process of being filed, regarding the following injunction orders: a) six injunctions issued by an airport management company for a total of about 13 million euros regarding Alitalia; b) another supplier has issued two injunctions relating to claims for unfulfilled contractual obligations by Alitalia (about 470,000 euros) and by Atitech (about 242,000 USD); c) a further injunction has been issued by an IT services supplier for about 811,000 euros; d) another injunction has been issued by a professional studio for 534,000 euros; e) finally, there are injunctions issued by suppliers for smaller sums amounting to a total of around 46,000 euros. A further injunction issued by an airport management company for 3.1 million euros has become executive, pending the courts' decision on the petition filed by Alitalia.

Except for the above, there are no other injunction orders or executive actions undertaken by creditors notified as of October 31, 2005, nor are there any threats by suppliers to suspend operations.

With reference to the net financial position on September 30, 2005 (previously announced on October 31, 2005), the consolidated accounting figures (following Italian accounting principles) have now become available, as shown below:

September 30, 2005
ACCOUNTING FIGURES
(Italian accounting principles)

	GROUP	ALITALIA
Cash-on-hand and short-term financial credits	(302)	(295)
Short-term financial indebtedness	565 (*)	618 (*)
Net short-term financial indebtedness	263	323
Medium/long-term indebtedness	1,439	1,432
Net financial position	1,702	1,755

(*) of which current instalments of medium/long-term financial debts falling due within twelve months

558

557

(all figures in millions of euros)

These figures show no significant changes at the Group level that need to be commented on, with respect to the management figures already announced on October 31.

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