Alitalia
Full Year 2007 results

February 13, 2008

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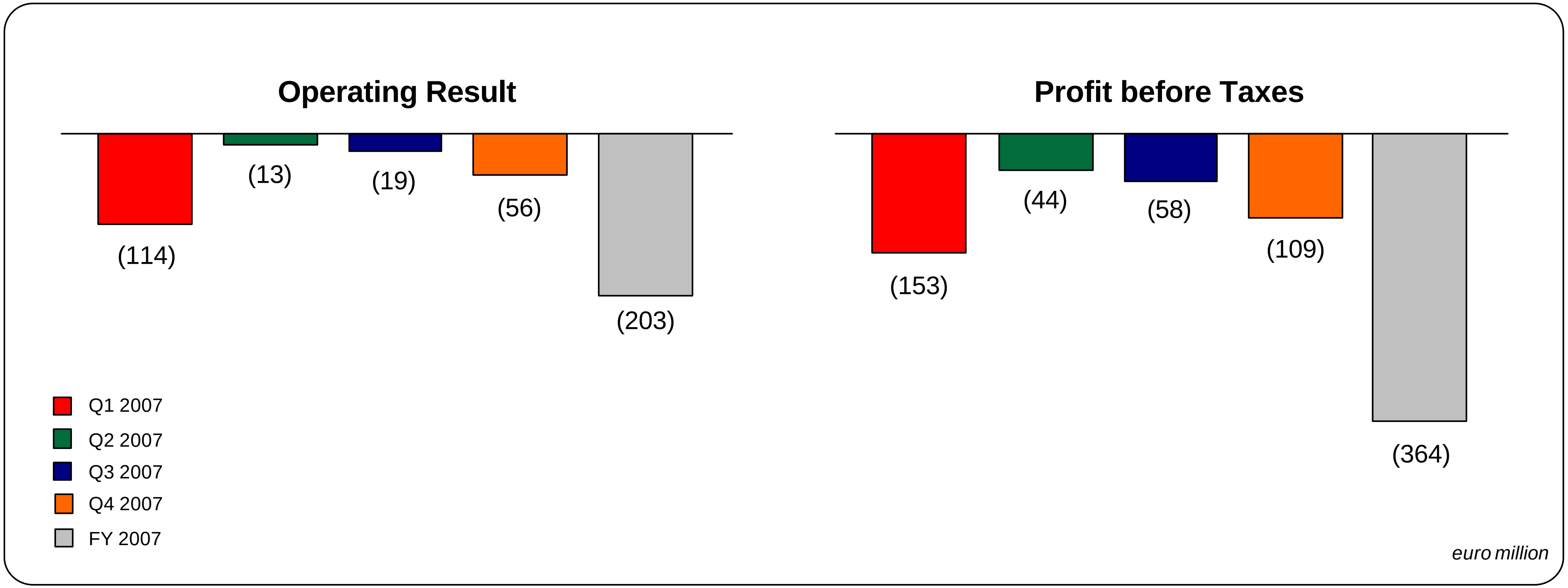
Full Year 2007 results - Summary



Alitalia full year 2007 results showed a consolidated operating result negative by 203 million euros, with an improvement of 263 millions compared to the loss for the first nine months 2006, and consolidated profits before taxes negative by 364 millions with an improvement of 241 million euros compared to the corresponding period of the previous year.

To be noted that full year 2006 results were affected by the writedown of the fleet value (197 million euros).

Full Year 2007 results - Summary

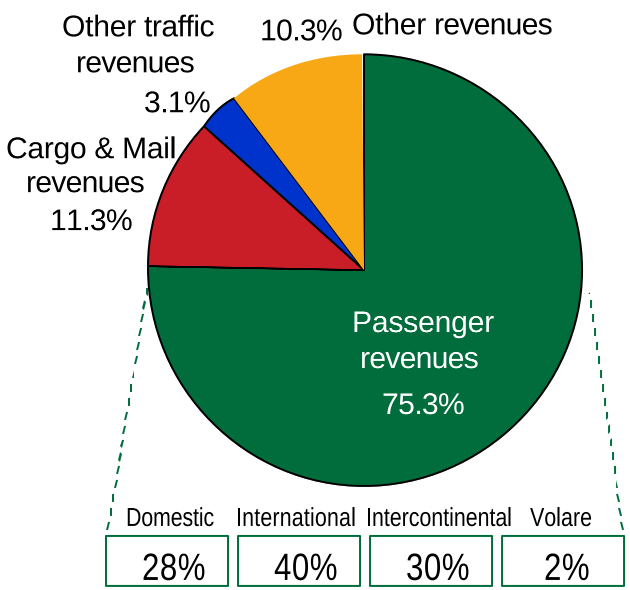
Main P&L items	FY 2006	FY 2007	% Change	Further details
Total traffic revenues	4,373	4,356	(0.4%)	Page 6-11
Other revenues	351	500	+42.4%	
Fuel	(1,013)	(1,032)	(2.0%)	Page 13-17
Other operating costs (including D&A)	(3,438)	(3,187)	+7.3%	
Operating Result	(466)	(203)		To be noted that since EBITDAR margin is net of all the major accounting adjustments it can be considered the most useful figure to better quantify the delta vs 2006
(% on total revenues)	(9.9%)	(4.2%)		
Profit Before Taxes	(605)	(364)		
(% on total revenues)	(12.8%)	(7.5%)		
EBITDAR	176	205		
(% on total revenues)	3.7%	4.3%		
Total capacity (ATKs mln)*	7,550	7,628	+1.0%	Page 7-11

* Volare ATKs not included

Focus on full year 2007 revenues

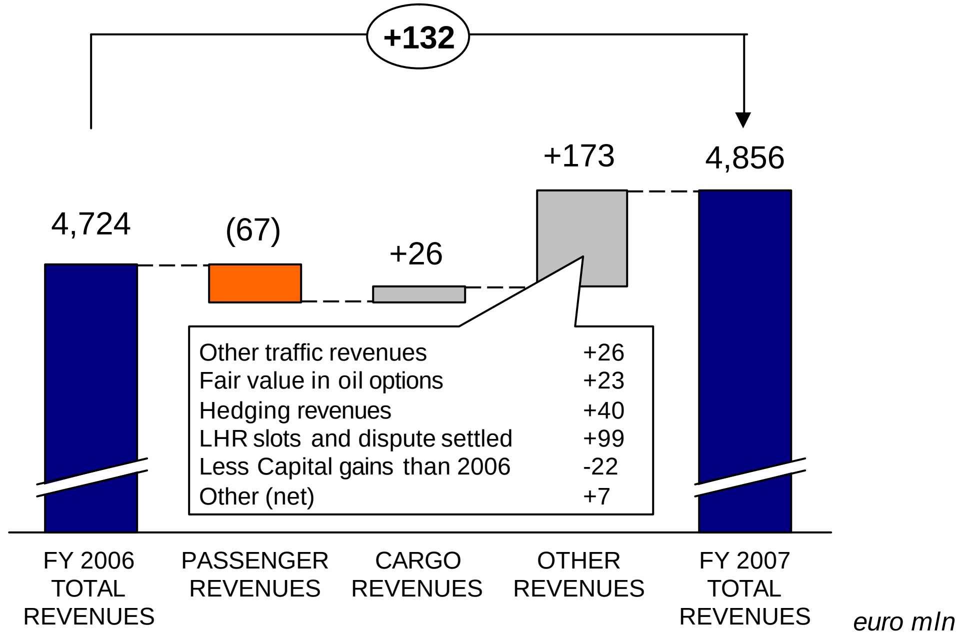
Full Year 2007 - Consolidated revenues

FY 2007 Revenues split



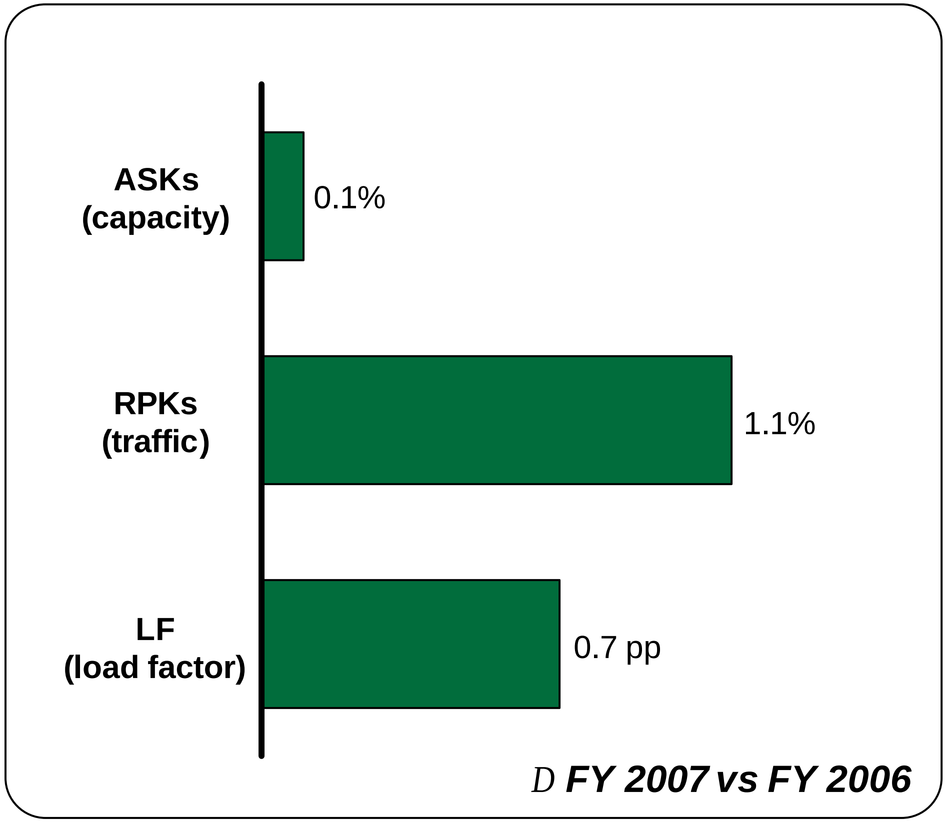
Passenger revenues percentage split by sector

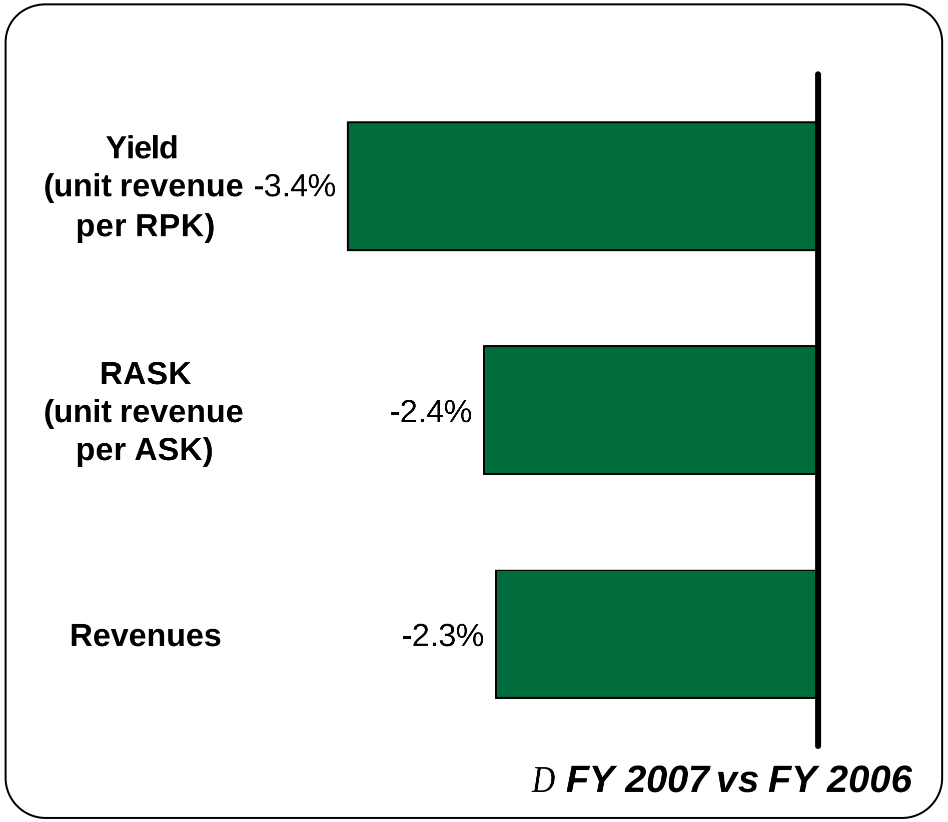
Revenues changes analysis vs FY 2006



Full Year 2007 total revenues, compared to 2006, were positively affected by an increase in other revenues (including other traffic revenues increase by 26 million euros, a positive fee of 54 millions for the exchange of three pairs of slots at London's Heathrow airport, 44 millions for an agreement which positively settled a dispute with one airport management company, 40 millions of hedging revenues, 23 millions for the fair value in oil options) and negatively affected by a passenger traffic performance decrease mainly due to the negative forex effect, the increasing competitive pressure and to the effects of operative disruptions caused by unions unrest and strikes.

Full Year 2007 results – Total passenger network*

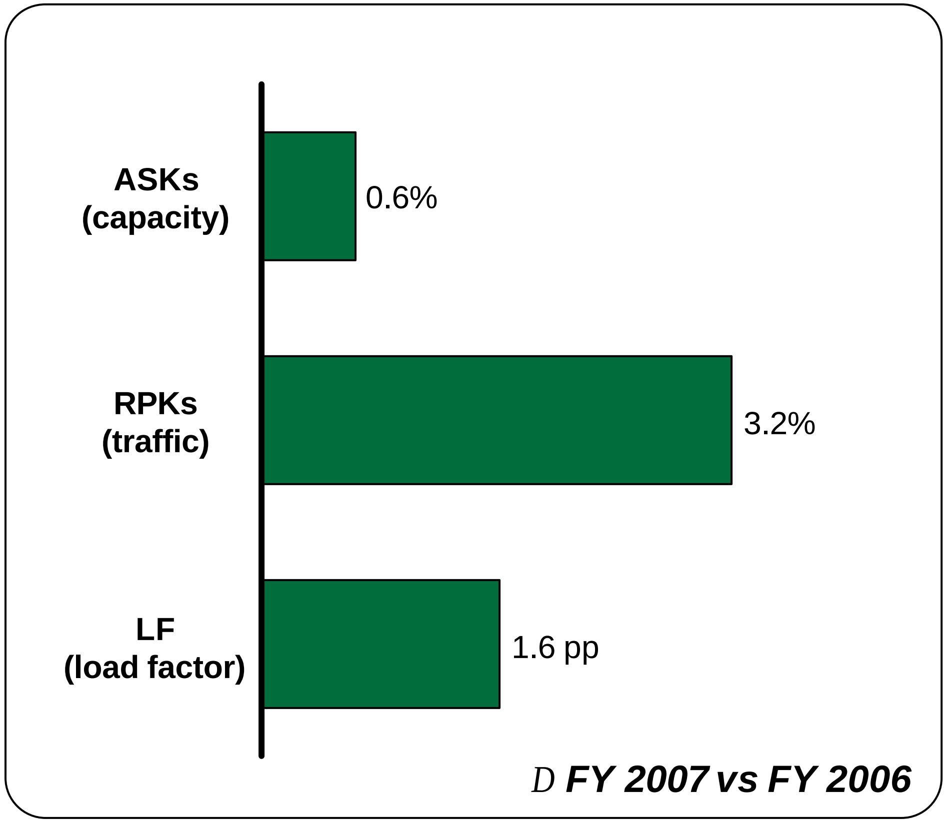


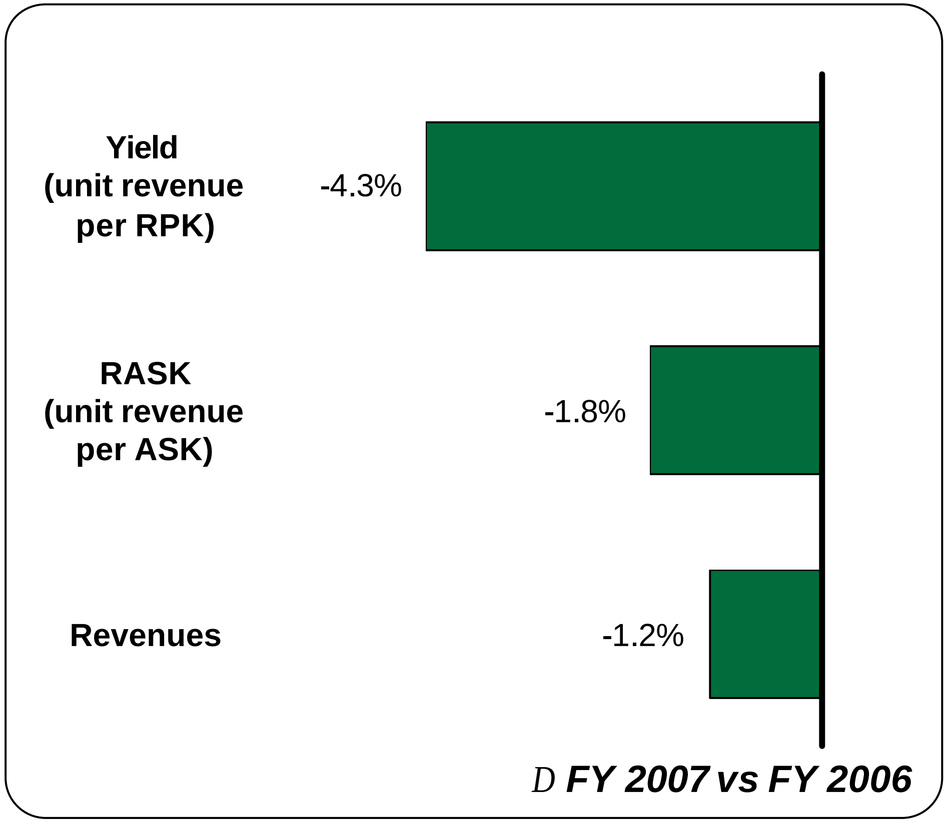


2007 total network passenger revenues, compared to 2006, showed a 2.3% decrease, with traffic up 1.1%, capacity offered in line and Yield down 3.4% mainly due to the negative forex effect, the increasing competitive pressure and the effects of operative disruptions caused by unions unrest and striks (to be noted that the negative impact of the operative disruptions, in terms of revenues loss in 2007, has been valued about 150 million euros.).

*Volare not included

Full Year 2007 results – Domestic passenger network*

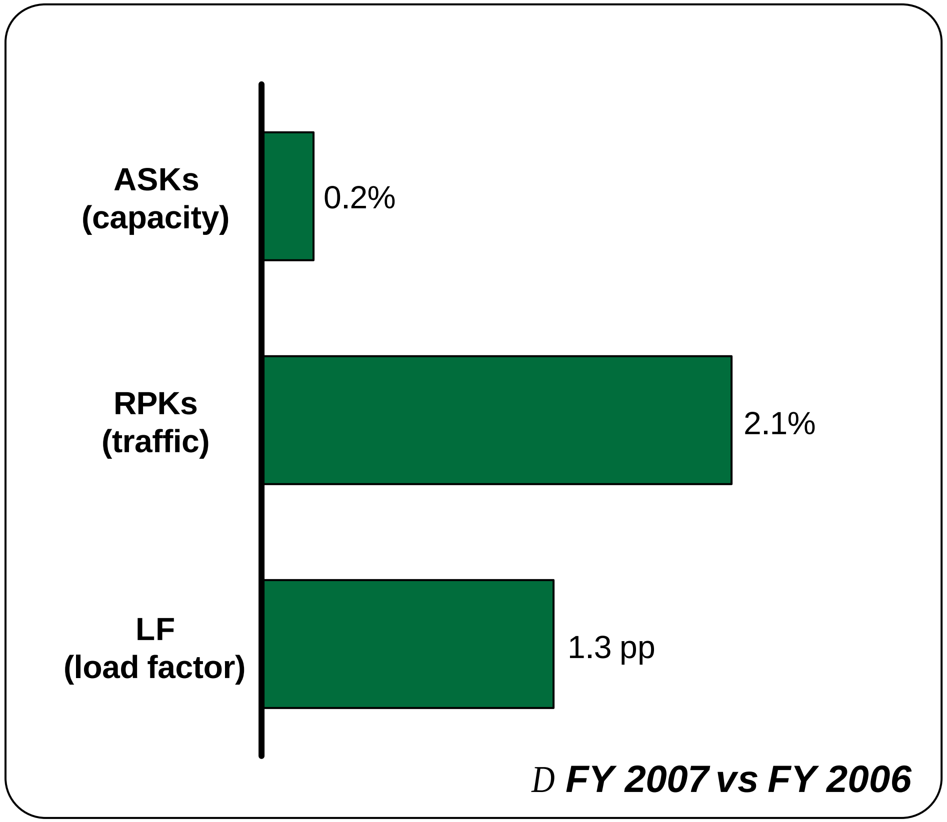


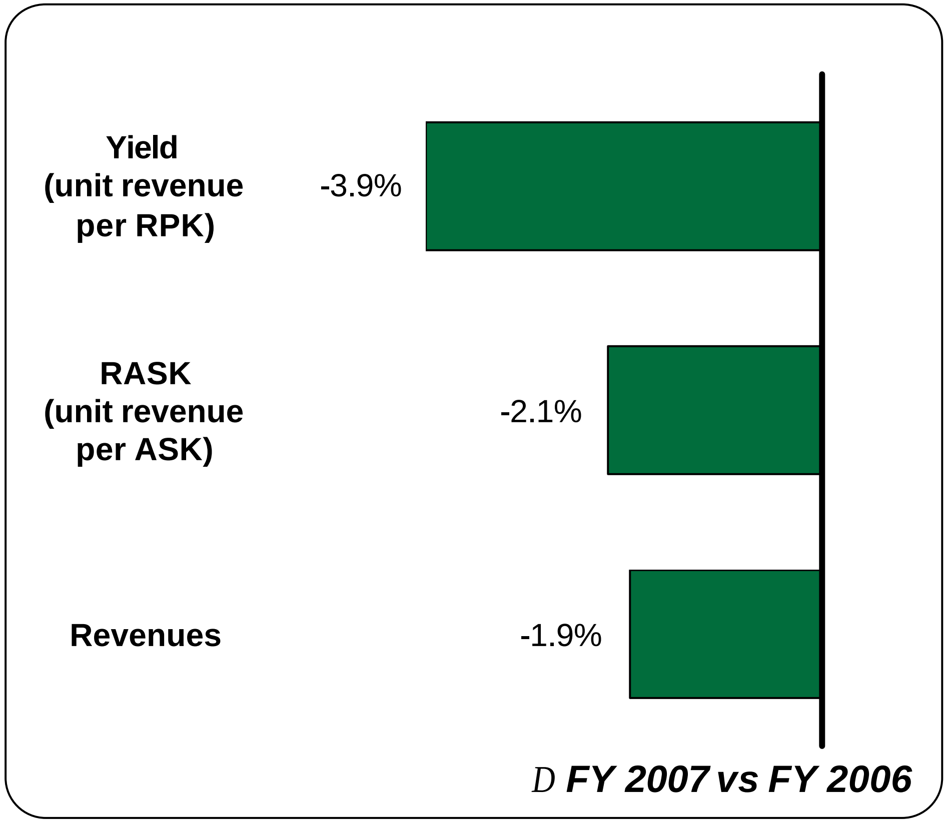


Despite capacity offered and traffic up 0.6% and 3.2%, 2007 domestic passenger network revenues, compared to 2006, showed a 1.2% decrease mainly due to the effects of the more difficult competitive scenario with Yield down 4.3%.
Alitalia domestic market share reached 42.2%, down 1.4 percentage points compared to 2006.

*Volare not included

Full Year 2007 results – International passenger network*

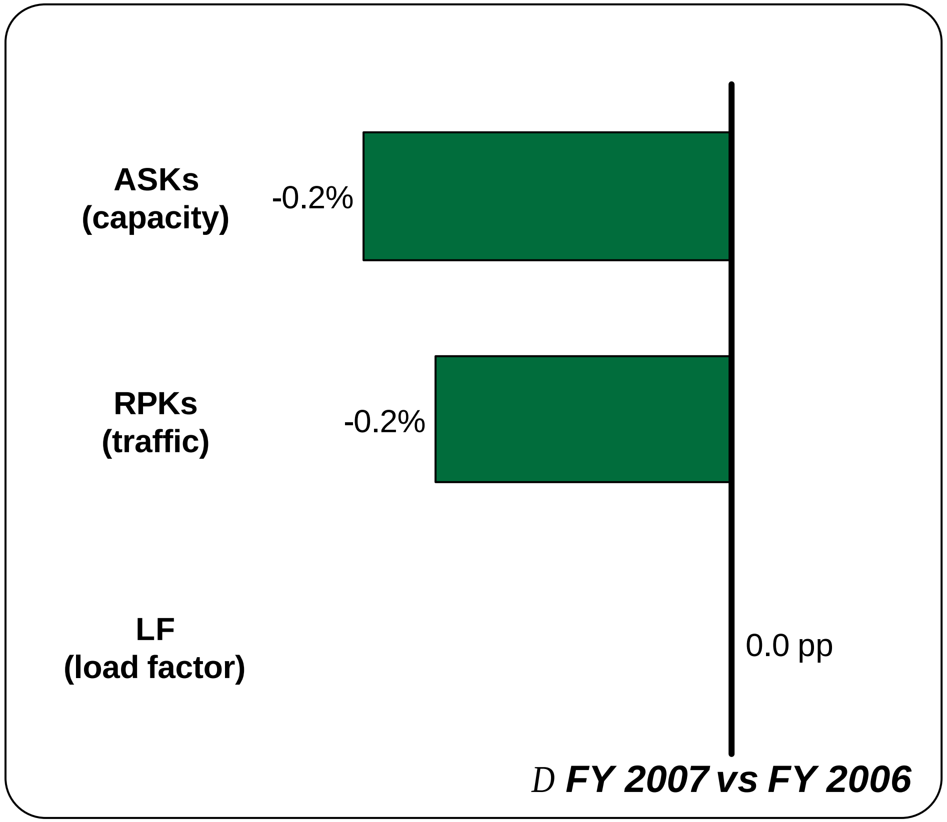


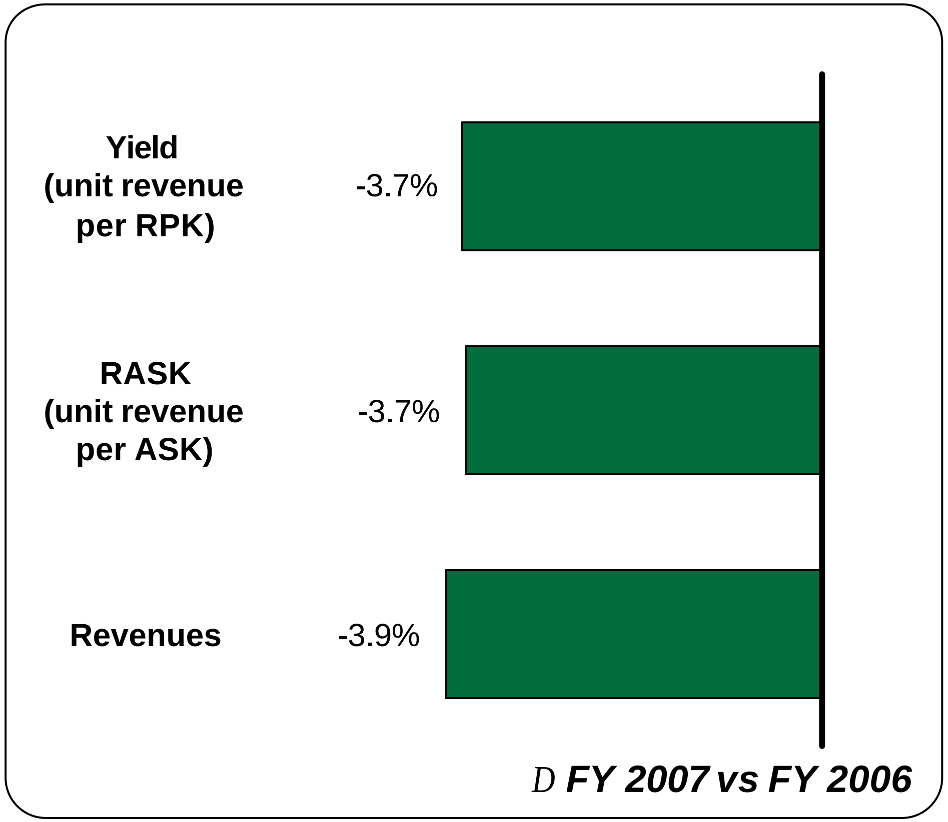


Despite traffic increased 2.1%, with capacity offered in line, 2007 international passenger network revenues, compared to 2006, showed a 1.9% decrease due to the competitive scenario increase (Yield down 3.9%).

*Volare not included

Full Year 2007 results – Intercontinental passenger network*

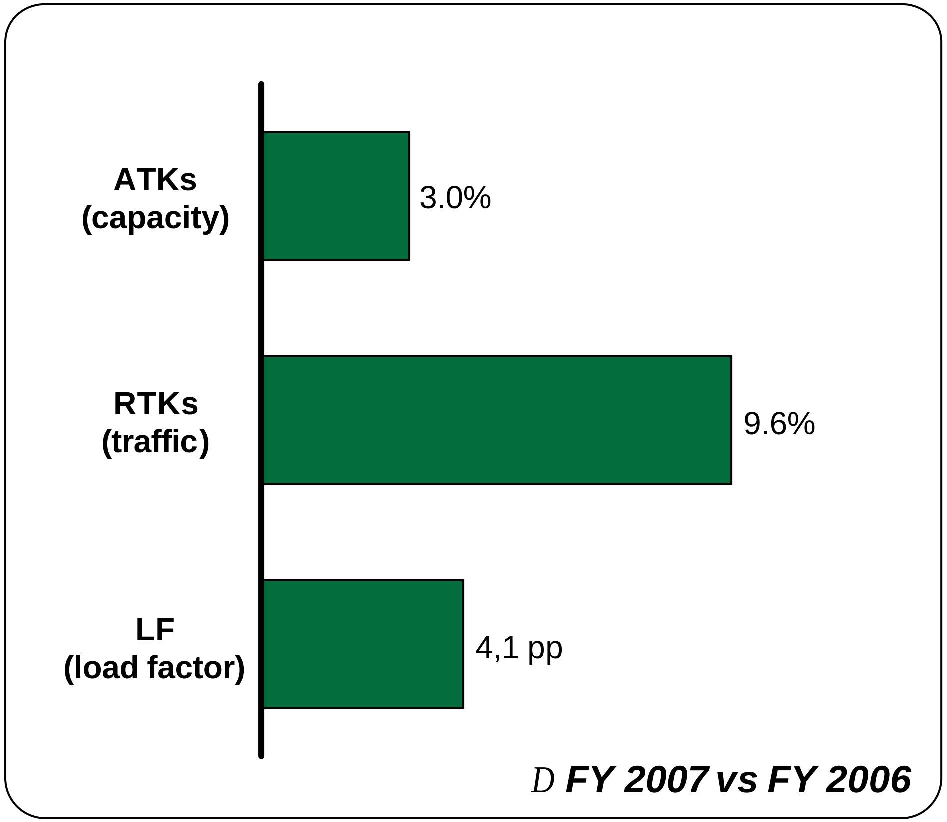


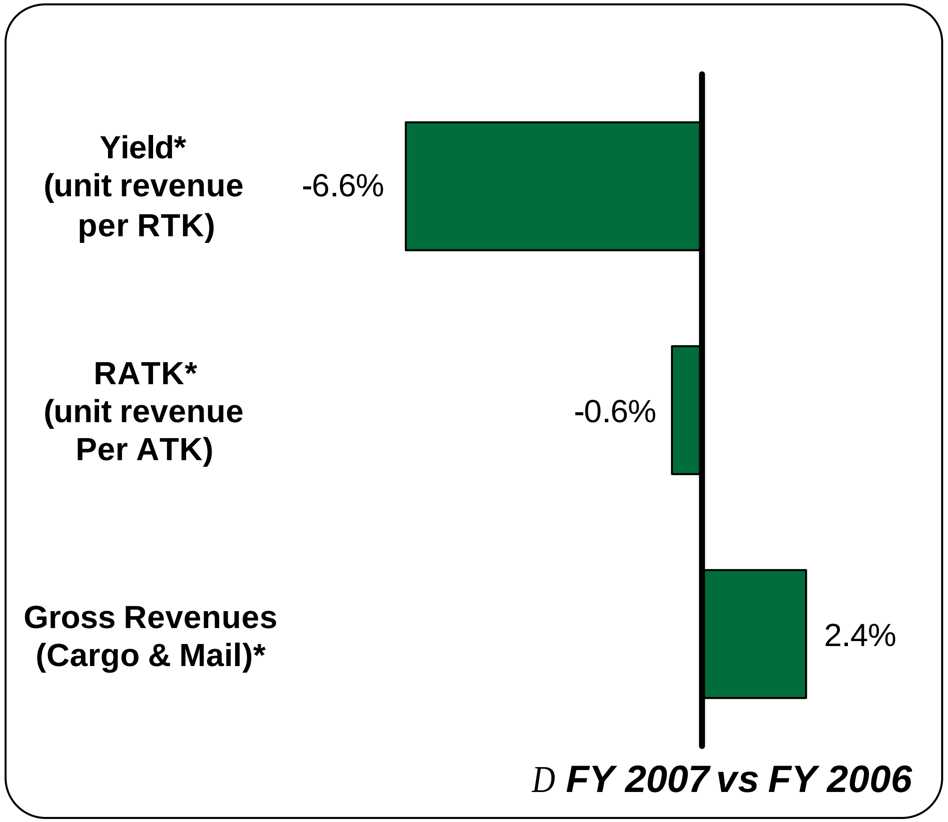


2007 intercontinental network passenger revenues showed a 3.9% decrease mainly due to the negative forex effect which affected both Yield (down 3.7%) and incoming traffic levels.
Capacity offered and traffic levels were in line with 2006 (both down 0.2%).

*Volare not included

Full Year 2007 results – Total Cargo network*





Despite Yield decreased by 6.6% (increasing competitive pressure and negative forex effect), cargo revenues showed an increase by 2.4% driven by a 9.6% traffic increase (+19.6% all cargo and -3.5% bellies) with capacity offered up 3.0% (+5.0% all cargo and +0.8% bellies).

*Charter, Nightly mail, Surcharges included

Focus on full year 2007 operating costs

Full Year 2007 – Total operating costs

Main P&L items	FY 2006	FY 2007	% Change	Further details
Labour costs	*(739)*	*(839)*	*(13.6%)*	*Page 14*
Fuel Cost	*(1,013)*	*(1,033)*	*(2.0%)*	*Page 15*
*Other operating costs**	*(3,438)*	*(3,187)*	*+7.3%*	*Page 16-17*
- of which D&A,Writedowns	*(509)*	*(294)*	*+42.2%*	
Total operating costs	**(5,190)**	**(5,059)**	**+2.5%**	

Full Year 2007 total operating costs were down 131 million euros compared to 2006 with total capacity offered up 1.0% (Total ATKs Passenger and Cargo).**

Total costs were positively affected by forex levels and negatively affected mainly by the increase of labour cost and fuel price.

To be noted:

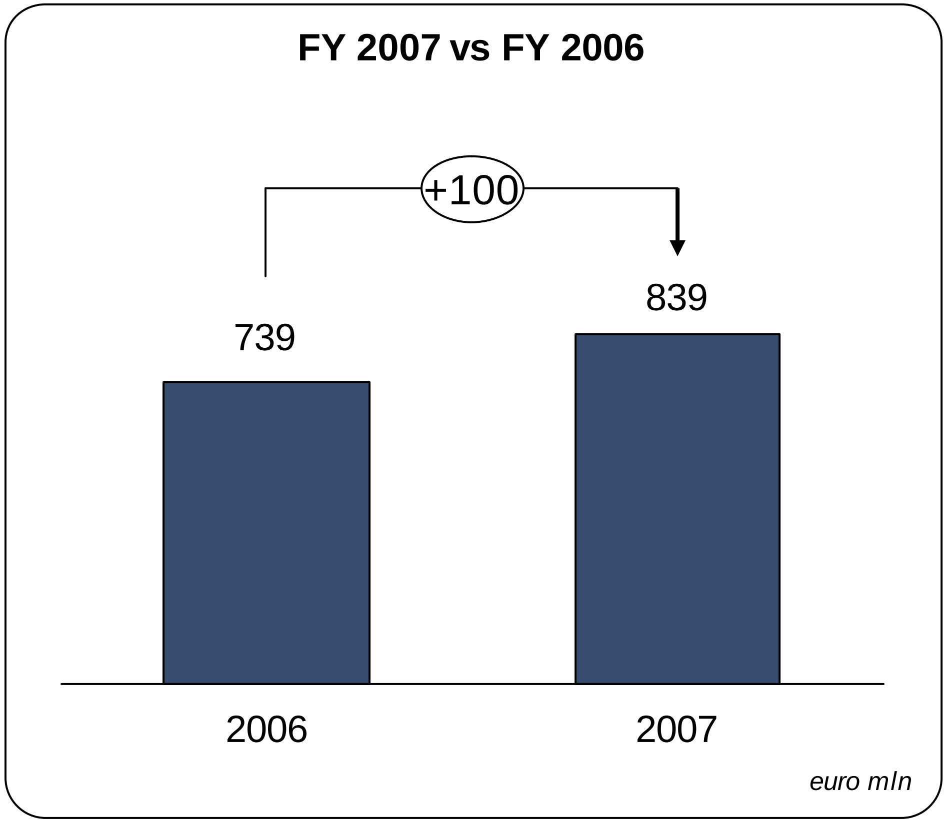
- 2006 total costs included the writedown of the fleet value (197 million euros)

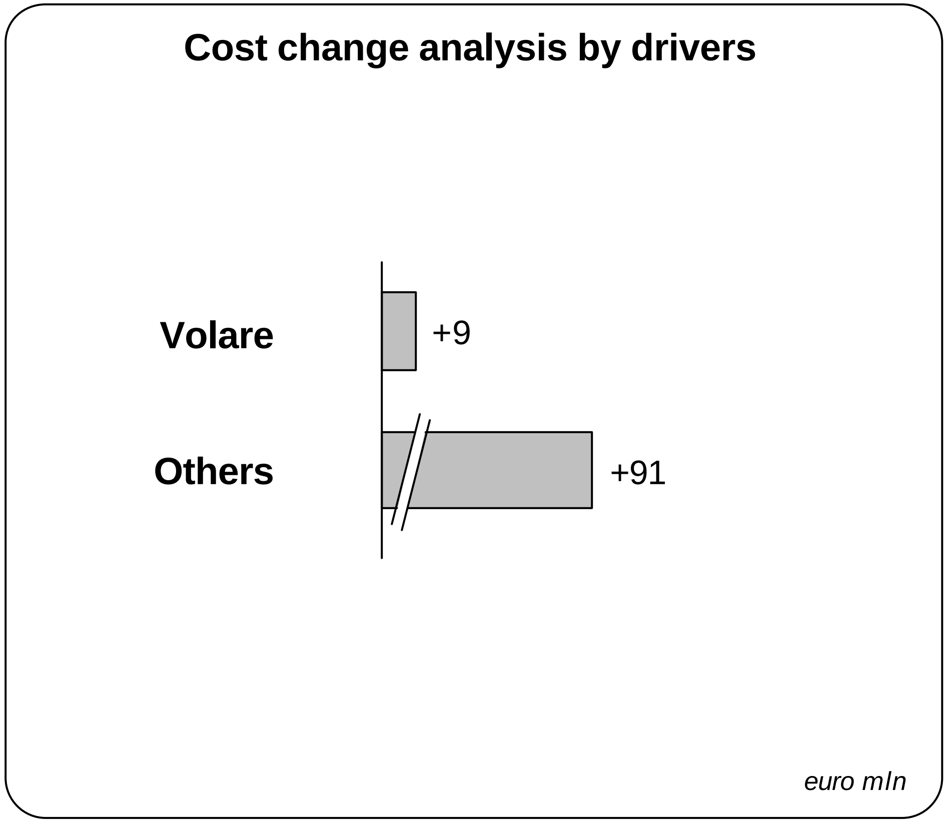
- Higher Volare costs in 2007 due to consolidation of Volare since April 2006

*Including D&A,Writedowns

** Volare ATKs not included

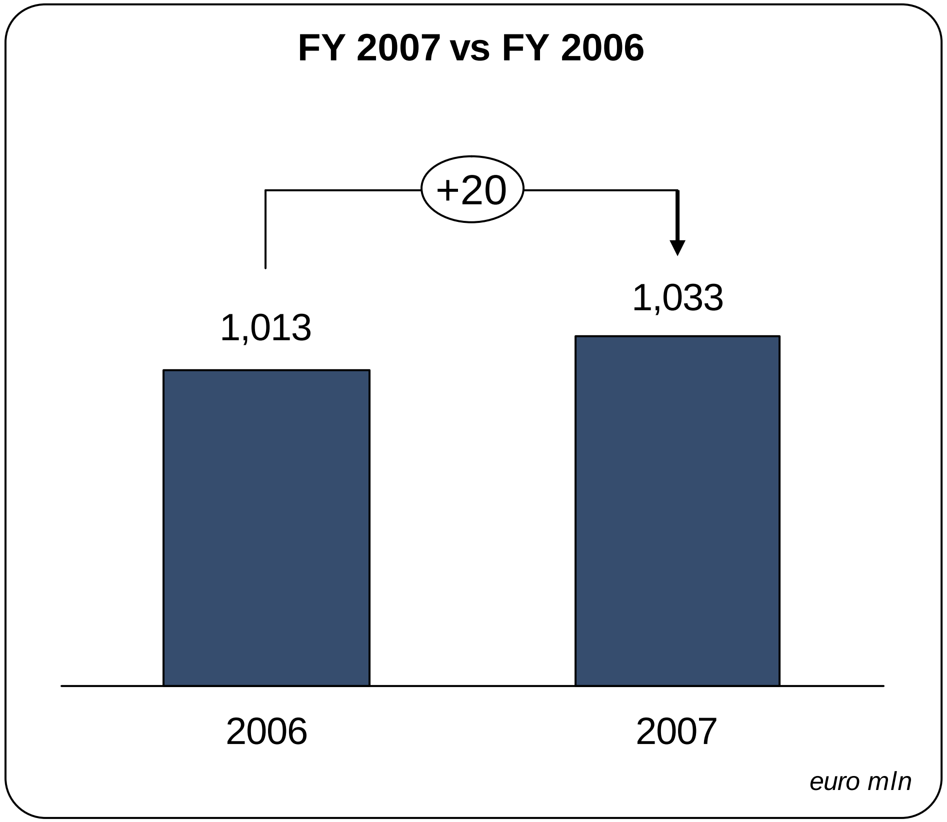
Full Year 2007 labour costs

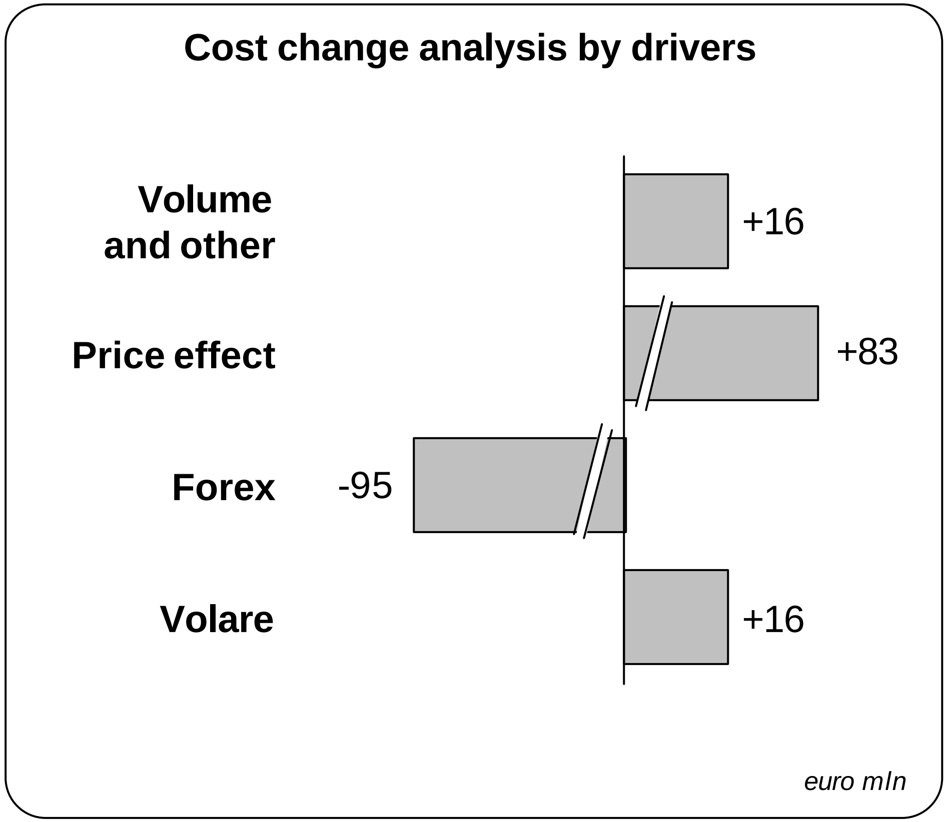




Full year 2007 labour costs compared to 2006 showed an increase by 100 million euros due to the retirement incentives paid by the Group, the higher charges relating to integrative welfare contributions for flight staff, lower benefits deriving from the absence of the "Cassa Integrazione Guadagni Straordinaria" for the ground staff and the absence of solidaririty contracts for flight staff, a non recurring item (curtailment of the employee severance indemnity provision – TFR) and to Volare costs.

Full Year 2007 fuel costs*

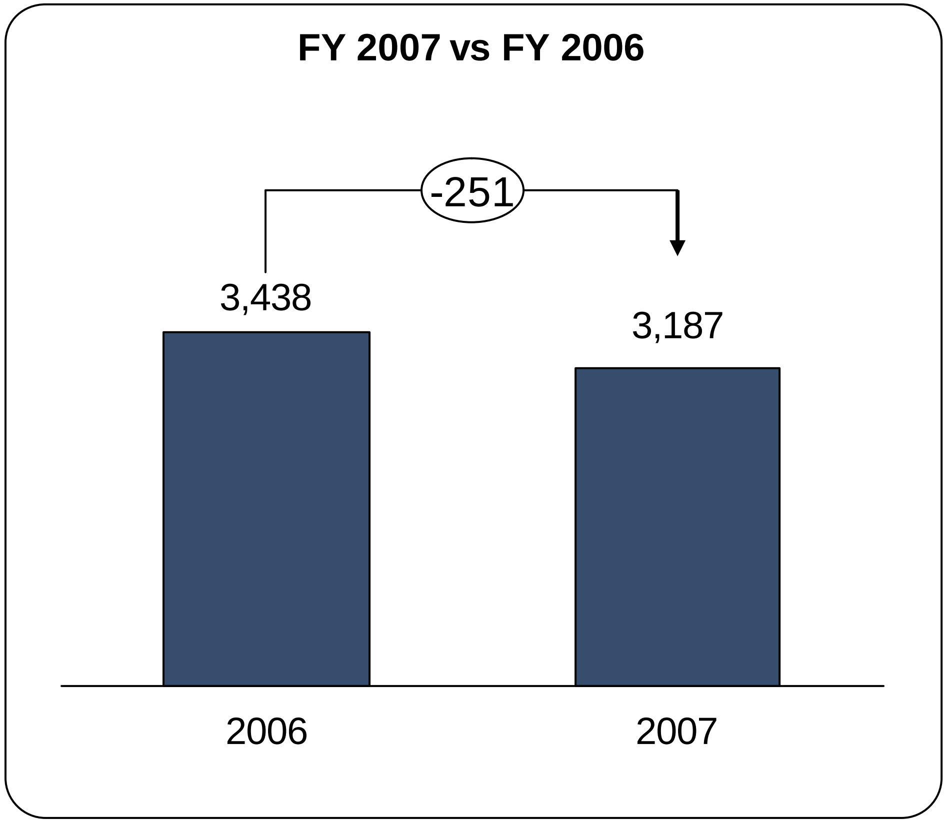


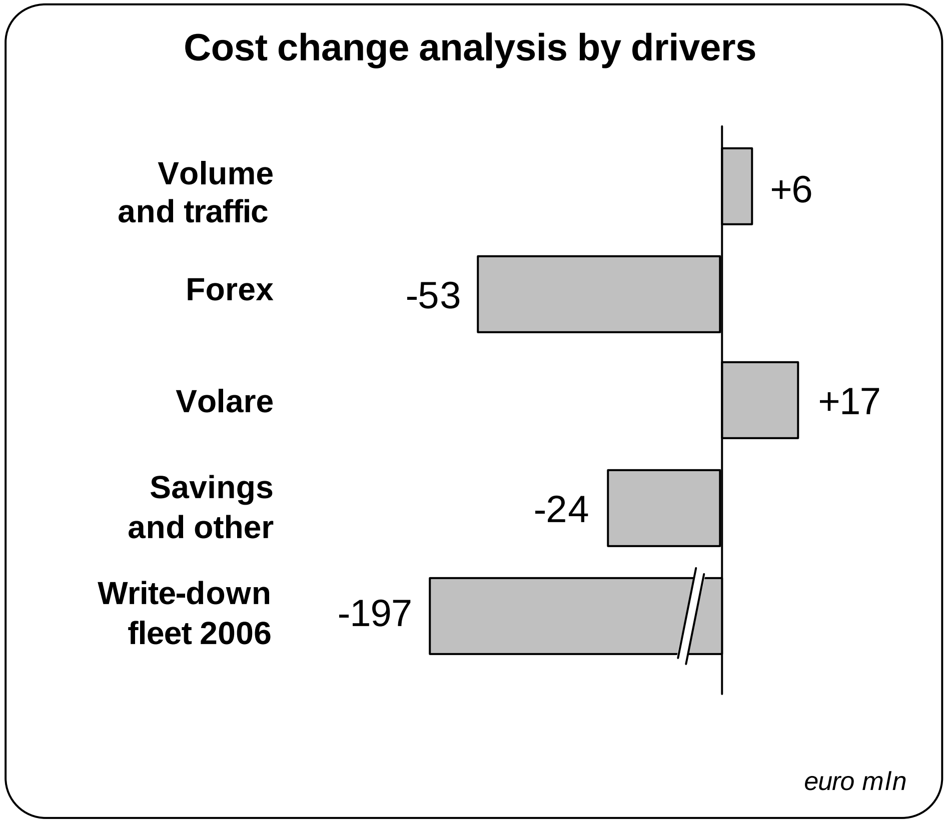


Full year 2007 fuel costs compared to 2006 showed an increase by 20 million euros due to the increase of capacity, Volare costs, the increase of price and the positive forex effect.

*Hedging not included

Full Year 2007 other operating costs* (1/2)





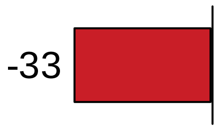
Despite higher Volare costs, other operating costs, compared to 2006, showed a decrease by 251 millions (of which 197 due to the fleet writedown in 2006) mainly due to the positive forex effect.

*Including D&A,Writedowns

Full Year 2007 other operating costs (2/2)

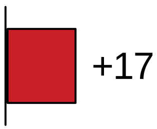
Main cost items* analysis
FY 2007 vs FY 2006 figures
Change in Euro mln

Rentals and others



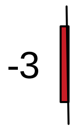
- Forex positive effect
- Cancellation of a Cargo wet lease
- Charter flights with owned fleet and less wet leases
- Higher Volare costs

Maintenance



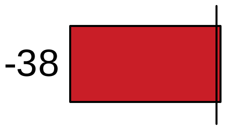
- Forex positive effect
- Increase of maintenance reserve
- Volumes increase

Airports & Traffic



- Forex positive effect
- Savings for disputed costs with some airport operators (Provisions accounted)
- Cost savings and Prices Increase
- Higher Volare costs

Cost of sales

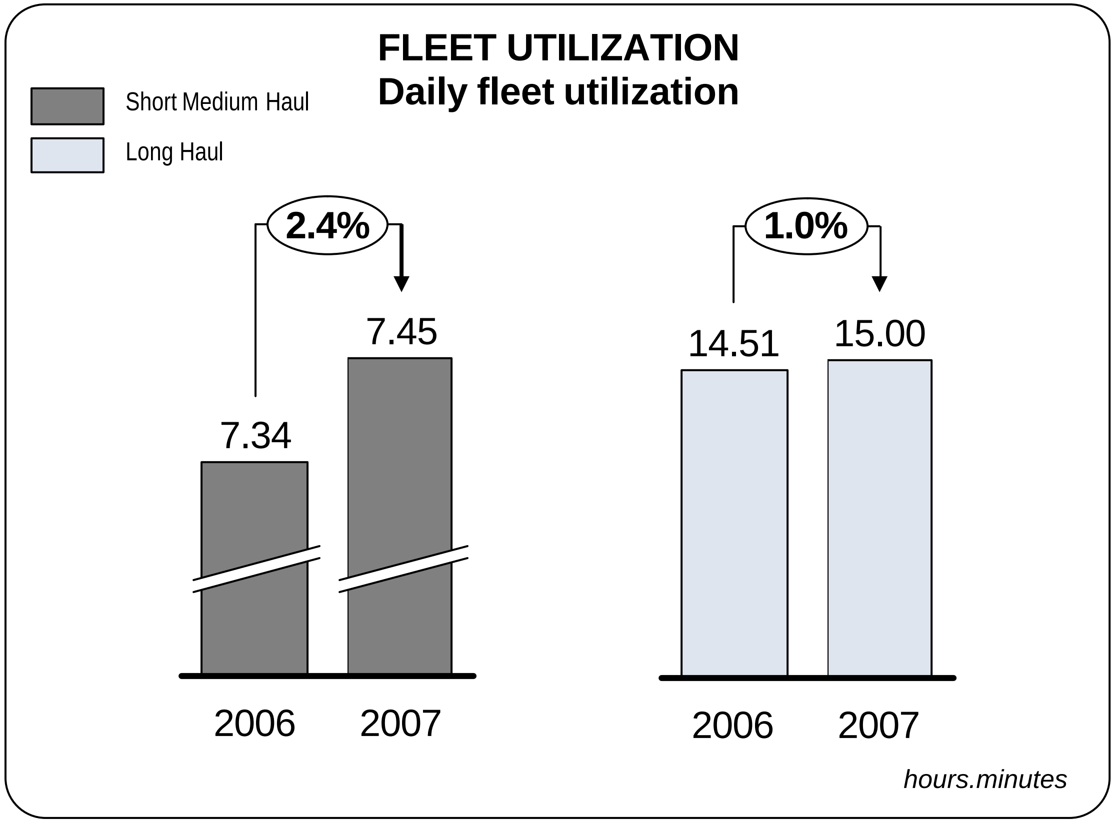


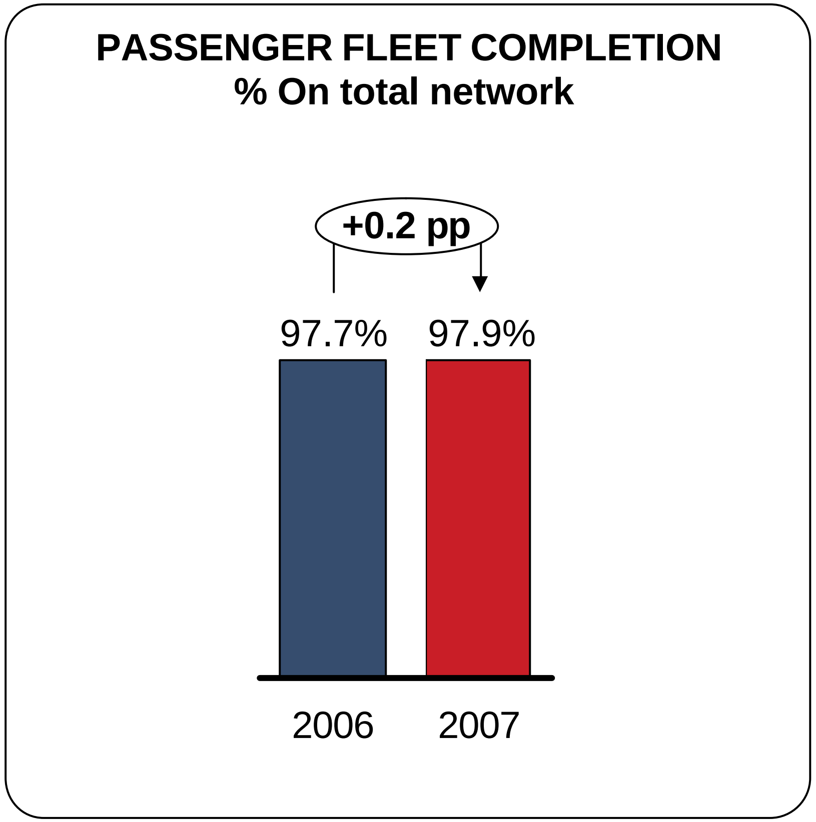
- Forex positive effect
- Increasing Cargo cost of sales due to higher incentives
- Decreasing Passenger cost of sales also due to lower commissions in Japan

*D&A,Writedowns analysis non provided; other materials/services costs analysis non provided

Focus on full year 2007 operational performance

Full Year 2007 operational performance

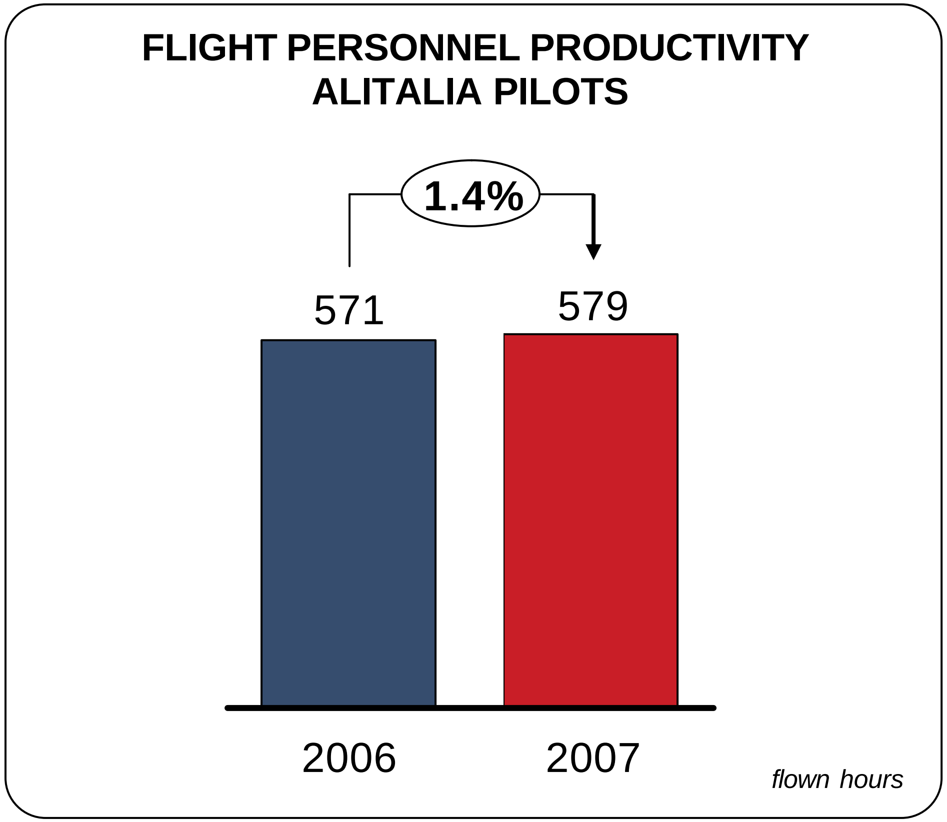


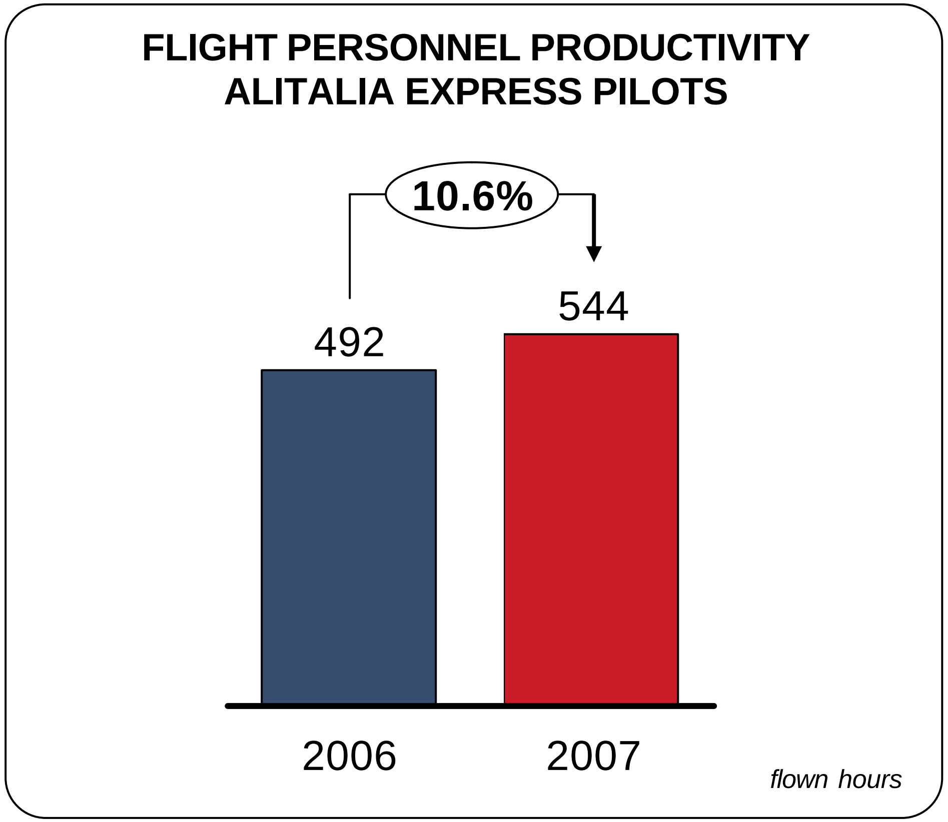


Fleet utilization in 2007 showed a slight increase in both short-medium haul and long haul compared with the same period 2006 .

Passenger fleet completion factor was in line with 2006.

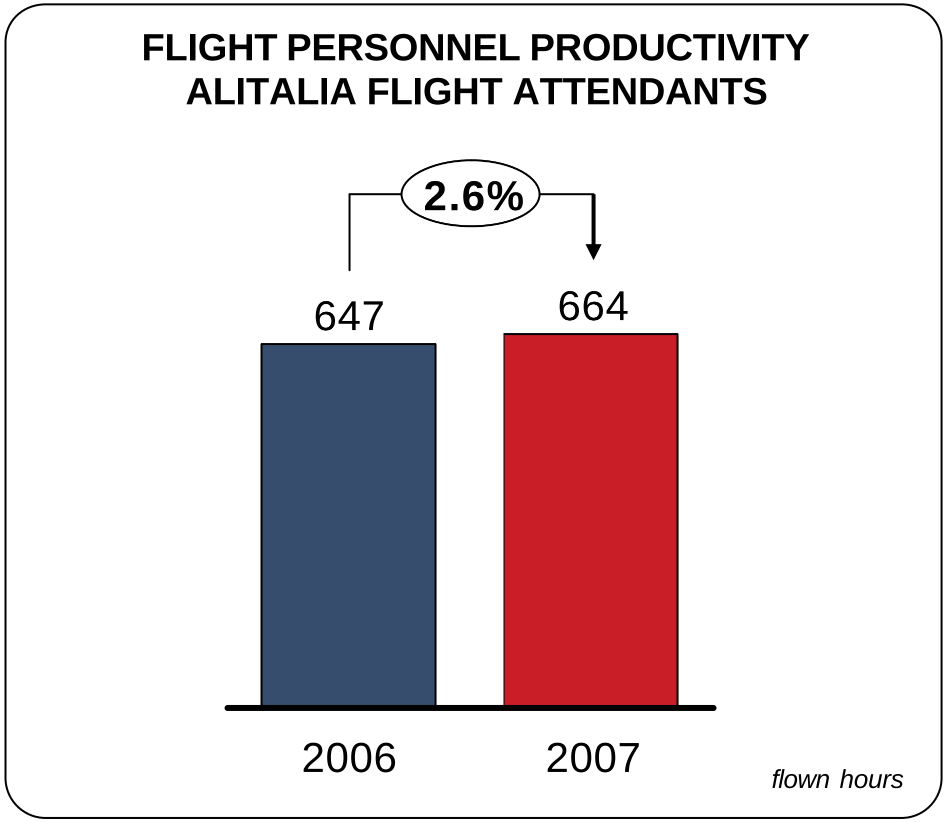
Full Year 2007 operational performance

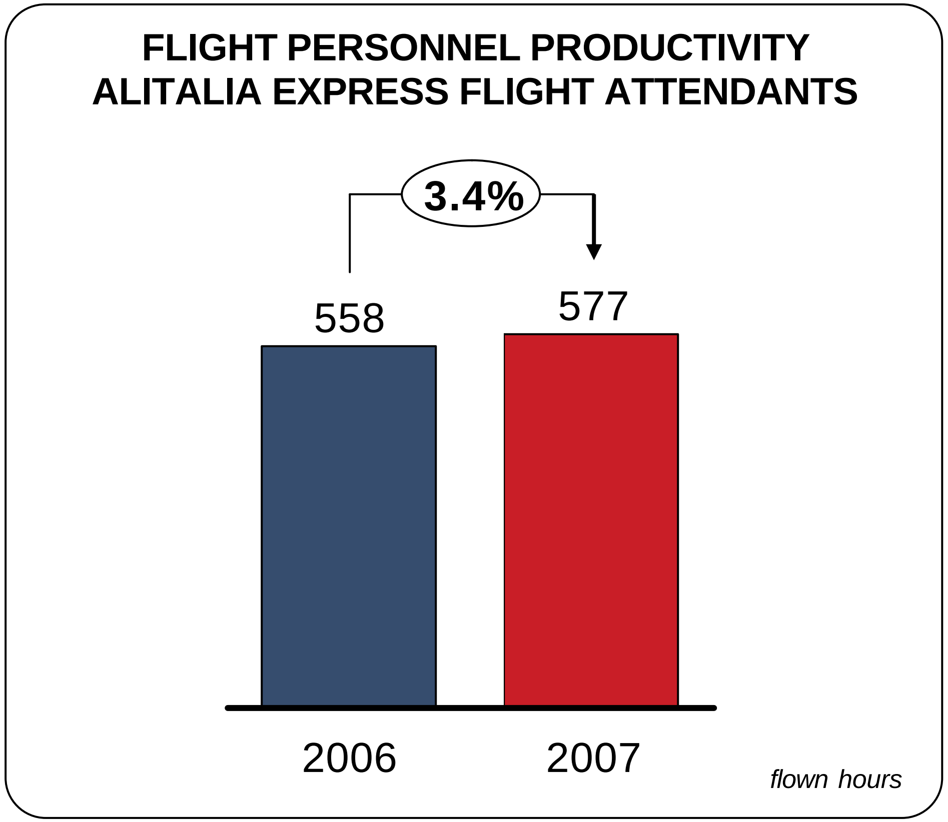




Alitalia pilots productivity in 2007 was in line with 2006 while Alitalia Express pilots productivity increased by 10.6%.

Full Year 2007 operational performance





Alitalia and Alitalia Express flight attendants productivity in 2007 showed an increase compared with the 2006 mainly due to the absenteeism levels decrease.

2008 Outlook

2008 Outlook – Forward looking statement

- The 2008 Budget, developed on an industrial sand-alone basis and approved on 30 January 2008, reconfirms strategic actions marked by strong discontinuity for the implementation of the ***Plan for survival/transition.***

- Expected industrial operating 2008 margin slightly improved compared to 2007 (without considering non recurring items).

- Expected EBITDAR is about 3 percentage points of revenues.

- From the financial point of view, taking into account new and pre-existing issues, sustaining the cash-to-hand at adequate operating levels is more and more correlated to an increase of the capital of the Company, currently estimated in about 750 million euros, to be carried out in the first half of 2008.

- On this subject, it should be noted that budget assumptions and objectives, assuming they are fully achieved, make it possible to envisage that liquidity can be maintained at a positive level, though considerably reduced, even without considering the indispensable capital increase.

Appendix

Additional financial and traffic information

Full Year 2007 consolidated results (IAS/IFRS)

	Full Year 2006	Full Year 2007	Difference	%
TRAFFIC REVENUES				
Passengers	3.725.565.004	3.658.459.681	(67.105.323)	(1,8%)
Cargo	510.626.856	536.677.685	26.050.829	5,1%
Mail	12.823.950	10.727.168	(2.096.782)	(16,4%)
Other traffic revenues	124.289.166	150.456.813	26.167.648	21,1%
OTHER OPERATING REVENUES	351.048.044	499.781.349	148.733.305	42,4%
Total Consolidated Revenues	**4.724.353.019**	**4.856.102.696**	**131.749.678**	**2,8%**
OPERATING COSTS				
MATERIALS				
Fuel	(1.012.691.237)	(1.032.701.188)	(20.009.952)	(2,0%)
Others	(53.073.756)	(58.595.492)	(5.521.736)	(10,4%)
SERVICES				
Commercial	(615.264.774)	(577.708.890)	37.555.884	6,1%
Airports and Air Traffic	(970.720.204)	(967.981.222)	2.738.982	0,3%
Fleet Maintenance	(399.808.000)	(417.350.909)	(17.542.909)	(4,4%)
Other services	(403.606.264)	(423.161.111)	(19.554.847)	(4,8%)
Leases	(341.464.387)	(308.532.508)	32.931.879	9,6%
LABOUR	**(739.086.476)**	**(839.350.342)**	**(100.263.866)**	**(13,6%)**
OTHER OPERATING EXPENSES	**(144.918.366)**	**(139.211.714)**	**5.706.652**	**3,9%**
Total Operating Costs	**(4.680.633.462)**	**(4.764.593.375)**	**(83.959.913)**	**(1,8%)**
Depreciation & Amortization, Writedowns	**(509.392.183)**	**(294.403.580)**	**214.988.603**	**42,2%**
OPERATING PROFIT (LOSS)	**(465.672.627)**	**(202.894.259)**	**262.778.367**	**56,4%**
Income (losses) from equity method assessment (participations)	(1.613.817)	(3.584.977)	(1.971.160)	(122,1%)
Gains from investment activity	1.343.095	1.866.100	523.005	
Financial Income (Charges)	(139.241.308)	(158.155.568)	(18.914.260)	(13,6%)
Other gains (Charges)	0	(1.147.325)	(1.147.325)	
Extraordinary gains	0	0	0	
PROFIT (LOSS) BEFORE TAXES	**(605.184.657)**	**(363.916.029)**	**241.268.628**	**39,9%**

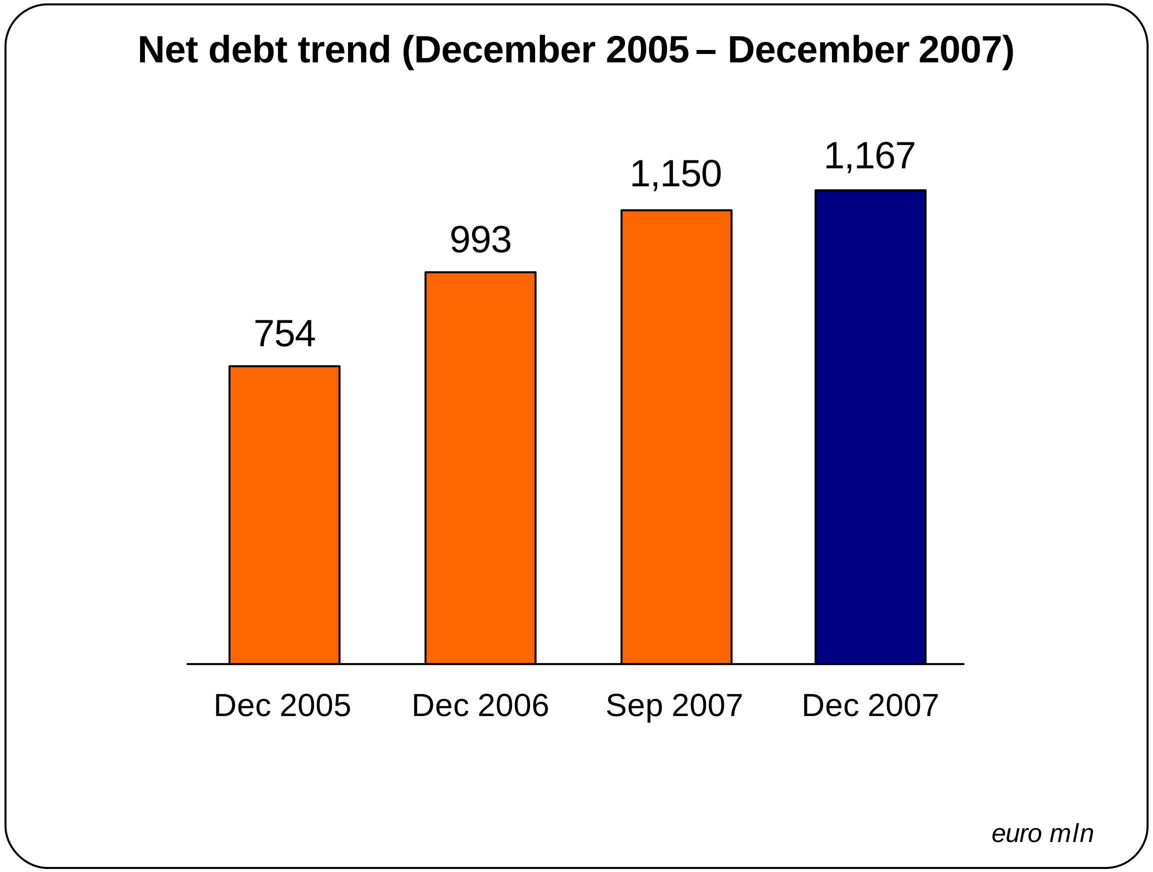
EBITDAR Calculation on Full Year 2007 results (IAS/IFRS)

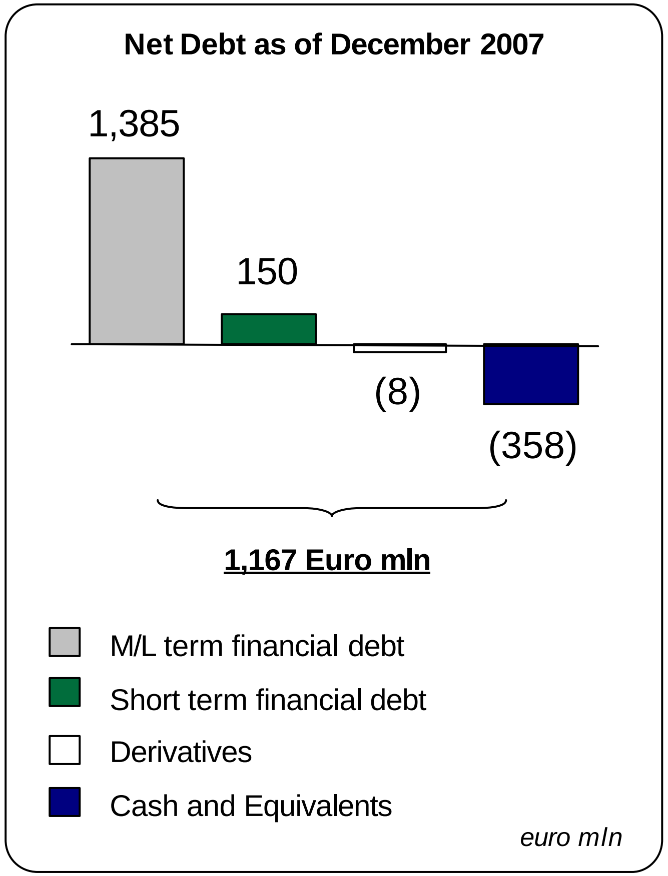
EBITDAR MARGIN CALCULATION FULL YEAR 2007

a)	**TOTAL CONSOLIDATED REVENUES**	**4.856**	
b)	**OPERATING PROFIT (LOSS)**	**(203)**	
	+		
c)	DEPRECIATION, AMORTIZATION & WRITEDOWNS	294	
	+		
d)	AIRCRAFT RENTALS	161	**>>>>**
	+		
e)	OTHER MAJOR ACCOUNTING ADJUSTMENTS	(48)	**>>>>**
	=		
f)	**EBITDAR (b+c+d+e)**	**205**	
g)	TOTAL CONSOLIDATED REVENUES ADJUSTED	4.767	
	=		
h)	***EBITDAR MARGIN % (f / g)***	***4,3%***	

Total Reported Leases	**308**
of which:	
Block Spaces (not included)	86
Not Fleet related leases (not included)	34
70% of Wet leases (not included)	27
30% of Wet leases (to be included)	**11**
Operating leases (to be included)	**150**
Total aircraft rentals to be included	**161**
Major accounting adjustments	**(48)**
which is:	
Fair Value in oil options	(27)
Capital gains	(1)
Non recurring labour costs	42
FFP non recurring	38
Slots exchange fee	(55)
Dispute settled	(44)

Net debt as of December 2007 (IAS/IFRS)





Alitalia Group* Operating fleet as of December 2007

	AS OF DEC 2006	AS OF DEC 2007	DELTA
OPERATING PASSENGER FLEET			
BOEING 777 (B777)	10	10	0
BOEING 767 (B767)	15	14	(1)
TOTAL LONG HAUL	**25**	**24**	**(1)**
AIRBUS 321 (A321)	24	23	(1)
AIRBUS 320 (A320)	14	15	1
AIRBUS 319 (319)	12	12	0
MAC DONNELL-DOUGLAS 80 (MD80)	75	76	1
ATR72	10	10	0
EMBRAER REGIONAL JET 145 (ERJ145)	14	14	0
EMBRAER REGIONAL JET 170 (ERJ170)	6	6	0
BOEING 737 (B737)	1	0	(1)
TOTAL SHORT MEDIUM HAUL	**156**	**156**	**0**
TOTAL OPERATING PASSENGER FLEET	**181**	**180**	**(1)**
OPERATING CARGO FLEET			
MAC DOUGLAS 11 ALL CARGO (MD11F)	5	5	0
A300 ALL CARGO	1	1	0
TOTAL OPERATING CARGO FLEET	**6**	**6**	**0**
TOTAL ALITALIA FLEET	**187**	**186**	**(1)**

*Including Volare