PRESS RELEASE

ALITALIA IN THE WORLD

PRESENTATION OF THE GUIDELINES FOR THE NEW INDUSTRIAL PLAN 2013 - 2016

- ALITALIA’S NEW INDUSTRIAL PLAN WILL FOCUS ON 3 PRINCIPAL BUSINESSES: ALITALIA, AIR ONE AND ALITALIA LOYALTY

- 4 STRATEGIES:

  1. REDEFINITION OF THE ROLES OF ALITALIA AND AIR ONE WITH REGARD TO SHORT AND MEDIUM HAUL ROUTES
     - AIR ONE WILL HAVE 4 OPERATIONAL BASES (CATANIA, PALERMO, VENICE AND PISA) FOR DOMESTIC AND INTERNATIONAL FLIGHTS
     - ALITALIA WILL FOCUS ITS DOMESTIC AND INTERNATIONAL ACTIVITIES AT ROME FIUMICINO AIRPORT, THEREBY REINFORCING THE AIRPORT’S ROLE AS A HUB, AND AT MILAN LINATE AND MILAN MALPENSA AIRPORTS
     - NEW INTERNATIONAL CONNECTIONS FROM MILAN LINATE AIRPORT AS A RESULT OF THE REDUCTION OF FREQUENCIES TO ROME
     - NEW PRICING AND SERVICING STRATEGIES

  2. DEVELOPMENT OF INTERCONTINENTAL ACTIVITIES
     - RECONFIGURATION OF THE AIRBUS A330
     - NEW ROUTES TO HIGH POTENTIAL DESTINATIONS
     - INCREASE OF OPERATIONS TO DESTINATIONS ALREADY SERVED
     - COMMITMENT TO AREAS WITH HIGH ITALIAN COMMUNITY PRESENCE
     - STRENGTHENING OF EXISTING PARTNERSHIPS

  3. DEVELOPMENT OF INFRASTRUCTURAL PARTNERSHIPS AND MORE ATTENTION TO THE INTERMODAL PASSENGER TRANSPORTATION (AIR AND RAIL).

  4. NEW OPPORTUNITIES FROM ALITALIA LOYALTY, THE MILLEMIGLIA SPIN OFF.

- FROM OCTOBER 2013, THE ROME FIUMICINO “RE-HUBBING” PROJECT WILL COMMENCE. THIS IS A REORGANISATION AND OPTIMISATION OF FLIGHT ARRIVAL AND DEPARTURE SCHEDULES AT THE HUB IN ORDER TO IMPROVE THE QUALITY OF SERVICE TO PASSENGERS.

- NEW COMPANY’S MISSION TO STRONGLY DEMONSTRATE THE VALUES WHICH WILL MAKE IT STAND OUT: “PROUD TO SHOW THE BEST OF OUR COUNTRY. WITH PASSION”.

1
ECONOMIC-FINANCIAL OBJECTIVES OF THE 2013 - 2016 PLAN
DURING THE COURSE OF THE FOUR-YEAR PLAN, WITH THE IMPLEMENTATION OF ALL THE EXPECTED INDUSTRIAL AND FINANCIAL MEASURES, THE COMPANY PLANS TO ACHIEVE THE FOLLOWING ECONOMIC RESULTS:

- **2013:** POSITIVE EBIT IN THE SECOND HALF, RESULTING FROM AN IMPROVEMENT IN INDUSTRIAL MANAGEMENT
- **2014:** BREAK-EVEN OPERATING MARGIN
- **2015:** BALANCED BUDGET
- **2016:** BALANCE SHEET PROFIT

CONCURRENTLY, THE FOLLOWING OBJECTIVES HAVE ALSO TO BE ACHIEVED:

- INCREASE THE CONVERTIBLE SHAREHOLDERS LOAN BY 55 MILLION EUROS WITHIN DECEMBER 2013
- INCREASE THE FINANCIAL RESOURCES BY 300 MILLION EUROS IN DECEMBER 2013.

_Rome, 3 July 2013 - Gabriele Del Torchio, new CEO of Alitalia, today presented the strategic outline of the new Industrial Plan 2013 - 2016 for Alitalia and the new mission of the Company._

With this Plan, the Group wants to better respond to changes in the aviation market which, in recent years, has seen a sharp reduction in the domestic traffic sector, against a growth of international and intercontinental routes, particularly to Eastern Europe, North and South America, Middle and Far East.

The Plan foresees an increase in revenue from overseas activities which already account for over 50% of the total revenue of the Group, making Alitalia one of the main Italian companies to contribute to the balance of payments of Italy.

The Industrial Plan 2013 - 2016 will focus on 3 principal businesses - Alitalia, Air One and Alitalia Loyalty (the new company of the Group, founded at the end of 2012, which deals with the development and enhancement of the MilleMiglia programme) and will be based on 4 strategic lines with the goal of recovering the productivity of the Company, allowing it to remain in the market efficiently and profitably.

**1st STRATEGIC LINE: REDEFINITION OF THE ROLE OF ALITALIA AND AIR ONE WITH REGARD TO SHORT AND MEDIUM HAUL ROUTES**

This will involve the redefinition of the Alitalia Group’s short and medium haul network, differentiating the activities of Alitalia and Air One, avoiding overlapping between the two Companies, with the aim to better respond to the needs of all customer segments.

**The Smart Carrier Air One: a web oriented company, which will have operational bases in Sicily, North East Italy and Pisa.**

A new image and branding project is under way for Air One. The new brand, which will replace Air One, will have a stronger likeness to Alitalia. The Smart Carrier will offer, with a predominantly web-oriented sales model, 2 fares and 2 levels of service (GO and SMART) to meet the needs of both price-sensitive and premium segments. GO fare passengers will be able to customise their travel experience by choosing additional services.

The Smart Carrier’s new short and medium haul network structure will be dedicated to serve point-to-point connections, from the bases of Catania, Palermo, Venice and Pisa,
strengthening, in particular, the provision of international flights.

The increase of the offer in Sicily and in North East Italy responds to the need to meet the high traffic demand in Sicily and to regain market share in North East Italy, which was lost in recent years to other European airports. Maintaining a presence in Pisa and Tuscany is also of great importance.

**Alitalia strengthens its operations at the hub of Rome Fiumicino and at Milan Linate and Milan Malpensa airports**

Alitalia will operate all national and international connections to/from the hub of Rome Fiumicino and to/from Milan Linate and Milan Malpensa airports, increasing international and intercontinental services at these 3 airports.

With regard to Milan Linate airport, whilst maintaining the connections to Southern Italy, the Plan provides that selected Rome-Milan-Rome slots will be replaced with new international point-to-point connections, thereby allowing Alitalia to satisfy the needs of customers in Northern Italy, especially business travellers.

During the course of the Plan, new flights from Milan Linate to Copenhagen, Budapest, Vienna, Stockholm, Helsinki, Malta, Tallinn, Prague and Warsaw will be introduced.

Alitalia will also operate services from Milan Malpensa airport to non-EU destinations such as Cairo, Tunis, Moscow and Tirana, in addition to connections to Rome Fiumicino.

The international offer will be further enhanced, as early as 2013, with new flights from Rome Fiumicino to several international routes. Possible new destinations are: Nuremberg, Lviv, Bordeaux, Skopje, Zagreb, Sarajevo, Ankara, Marrakech, Misurata, Minsk, Basel, Marseille, Rostov, Pristina, Damascus, Erbil.

**New pricing strategy and servicing**

The safeguard and the development of the domestic and international market share will be ensured through a rethinking of *pricing* strategies to take into account and to attract not only those who choose a *premium* fare (the vast majority of Alitalia passengers today), but also price-sensitive customers, who, in any case, will be able to customise their travel experience by choosing additional services.

The new strategy also embraces other customer groups by offering dedicated initiatives. For example, young people (thanks to the already introduced JUMP ON-BOARD fares) and, soon, families and foreign nationals living in Italy.

**2nd STRATEGIC LINE: DEVELOPMENT OF INTERCONTINENTAL ACTIVITIES**

The Strategic Plan 2013 - 2016 sees a strong projection on the intercontinental network.

**Development of the long-haul fleet**

To support the development of the intercontinental network, 6 long-haul aircraft are expected to be introduced into the Alitalia fleet, during the course of the Plan.

Various actions are needed in order to increase profitability of the current intercontinental routes. In October 2013, as part of a specific plan, the reconfiguration of 10 Airbus A330 aircraft part of the Alitalia fleet will commence and is expected to be completed by 2014.

The new configuration is the result of a research into the precise needs of the Italian air
transport market.

**New long-haul routes with high potential**

New long-haul routes with high traffic potential to/from Italy will be identified and introduced. The new routes will operate mainly from the hub of Rome Fiumicino and the airports of Milan Malpensa and Venice.

The new intercontinental destinations which may be introduced between Winter 2014 and Winter 2016 are Nairobi, Seoul, Santiago de Chile, San Francisco and Johannesburg from Rome. Shanghai, Abu Dhabi and Osaka from Milan Malpensa; Tokyo from Venice.

The launch of the new routes will be combined with the strengthening of the Alitalia presence through increased frequencies to North and South America (especially the United States and Brazil), Japan and the Arabian peninsula.

This process will boost the attractiveness of Rome Fiumicino as a national and intercontinental hub, with a strong and innovative trade policy to attract increasing volumes of passengers.

**Strengthening of business partnerships with major companies**

Parallel to the development of new long-haul routes served directly, Alitalia will expand its worldwide presence in countries which, are today insufficiently served, by strengthening existing commercial partnerships.

Thanks to the reinforcement of existing codesharing agreements, or through the development of new agreements, Italian passengers will be able to reach destinations throughout the world, even if not directly served by Alitalia.

**Development of market share and of commercial activity abroad**

Alitalia, as ambassador of Italy and of Italian excellence in the world, aims to increase its market share abroad and, in particular, in those countries where there is a strong presence of Italian communities, such as Canada, USA, Brazil, Argentina, Uruguay, South Africa and Australia.

At the same time, to further increase the flow of traffic to Italy, of both leisure and business travellers, Alitalia will strengthen its commercial network, already present in many worldwide countries.

The expansion of Alitalia abroad will be made possible by alliances and codesharing agreements.

**ROME FIUMICINO RE-HUBBING PROJECT**

An all-encompassing activity, which will fast forward the achievement of the objectives highlighted in the first two strategic lines of the 2013 - 2016 Industrial Plan, is the Re-Hubbing project of the Alitalia hub at Rome Fiumicino Airport, which will be launched in October for the Winter 2013 - 2014 timetable.

This process consists of the reorganization and optimisation of the time slots for domestic, international and intercontinental flights departing from and arriving at Rome Fiumicino, with the aim of improving the quality of the service offered to passengers.

The change of the time slots for flights to/from Rome Fiumicino has been implemented in favour of both business passengers, who will benefit from flights to Italy and Europe with early morning departures and evening returns, and passengers departing from other Italian
airports, who will be able to take advantage of more convenient connections in Rome Fiumicino to reach long-haul destinations, such as the Americas.

This reorganization will also guarantee significant benefits and economic advantages for Alitalia, thanks to a more efficient operational structure and use of flight and ground resources at the Rome Fiumicino hub.

3rd STRATEGIC LINE: DEVELOPMENT OF INFRASTRUCTURE PARTNERSHIPS AND MORE ATTENTION TO THE INTERMODAL PASSENGER TRANSPORTATION (AIR AND RAIL)
It involves the identification of new partnerships and the strengthening of existing ones, with key infrastructure partners in Italy, such as, for example, airports.

The goal of these partnerships is to create synergies and improve customer satisfaction through increased efficiency of ground operations, joint development of network and infrastructures and the expansion of services which are not closely related to flight operations (parking or transfers to/from airports).

The Plan calls for another key element of future collaboration: the opportunity to introduce and develop appropriate intermodal connections between aviation and high speed rail. A more efficient allocation of traffic between train and plane will allow to optimise the inputs of the Italian national production system.

4th STRATEGIC LINE: TURN ALITALIA LOYALTY INTO A SEPARATE BUSINESS BRINGING PROFITABILITY TO THE ENTIRE ALITALIA GROUP
This relates to Alitalia Loyalty, the new company of the Group, founded at the end of 2012, which deals with the development and the enhancement of the Alitalia MilleMiglia programme.

The main guidelines of the Plan relating to the operation of Alitalia Loyalty include: the push to increase the number of members of the MilleMiglia programme, the development of new ways to redeem miles on flights or other services, the creation of high value partnerships with leading financial and credit institutions, the entrance of the MilleMiglia programme in a coalition of many loyalty programs to increase the opportunities of earning and redeeming Alitalia miles, the development of new forms of communication and marketing towards MilleMiglia members.

ECONOMIC-FINANCIAL OBJECTIVES OF THE 2013 - 2016 PLAN
During the course of the four-year plan, with the implementation of all the expected industrial and financial measures, the Company plans to achieve the following economic results:
• 2013: positive industry EBIT in the second semester, resulting from an improvement in industrial management
• 2014: break-even operating margin
• 2015: balanced budget
• 2016: balance sheet profit

Concurrently, the following objectives have also to be achieved:
• Increase the convertible shareholders loan by 55 million euros within December 2013
• Increase the financial resources by 300 million euros in December 2013
THE NEW MISSION OF ALITALIA

The Industrial Plan provides that Alitalia refocuses on the values that have always distinguished the Company in Italy and in the rest of the world: the being Italian, the high quality service and the pride of belonging.

These elements define the new mission of the Company:

PROUD TO SHOW THE BEST OF OUR COUNTRY. WITH PASSION.

The new mission of Alitalia, which will be made as visible as possible to customers on planes and at airports, is, in a nutshell, the new spirit of Alitalia: a company that, with its highly recognisable tricolor tailfin and thanks to the passionate effort of all its employees, is the ambassador of the quality, the elegance and the typical Italian lifestyle that make Italy an icon in the world.

The first initiatives will address the re-branding of the three flight service classes, the improvement of on-board services, the new VIP Lounges and the new assistance service dedicated to passengers in transit at the airport hub of Rome Fiumicino.

For press information:

Antonella Zivillica
Alitalia VP Media Relations
Tel. +39-06-65638950
Email. ufficio.stampa@alitalia.it

Image Building
Giuliana Paoletti +39.335.6551356
Mara Baldessari +39.335.1245184
+39.02 89011300
alitalia@imagebuilding.it