

NET DEBT AS OF DECEMBER 31, 2005

- The Group's net debt as of December 31, 2005, amounted to 879 million euros, showing a decrease in net indebtedness of 889 million euros (-50.3%) compared to the situation on November 30, 2005, which was 1,768 million euros (management figures) as a result of the successful operation to increase the Company capital decided by the Alitalia Board of Directors at meetings on November 7 and 10, 2005.
- The net debt of the parent company Alitalia on December 31, 2005, amounted to 858 million euros, showing a decrease in net indebtedness of 905 million euros (-51.3%) compared to the situation on November 30, 2005 (management figures).
- The Group's cash-to-hand and short-term financial credits on December 31, 2005, amounted to 1,131 million euros (management figures).

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To comply with instructions from Italy's Securities and Exchange Commission (CONSOB), this document contains information relating to the net debt as of December 31, 2005, (as well as any debts falling due for Alitalia and the Group), announced 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 the previous press releases (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.**

	November 30, 2005 MANAGEMENT FIGURES		December 31, 2005 MANAGEMENT FIGURES	
	GROUP	ALITALIA	GROUP	ALITALIA
Cash-on-hand and short-term financial credits	(280)	(292)	(1,131)	(1,159)
Short-term financial indebtedness	582 (*)	589 (*)	217 (*)	224 (*)
Net short-term financial indebtedness	302	297	(914)	(935)
Medium/long-term indebtedness	1,466	1,466	1,793	1,793
Net Debt	1,768	1,763	879	858
(*) of which current instalments of medium/long-term financial debts falling due within twelve months	579	579	214	214

(all figures in millions of euros)

It should 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.

The Group's net debt as of December 31, 2005, amounted to 879 million euros, showing a decrease in net indebtedness of 889 million euros compared to the situation on November 30, 2005, announced on December 29, 2005.

The net debt of the parent company Alitalia on December 31, 2005, amounted to 858 million euros (showing a decrease in net indebtedness of 905 million euros compared to the situation on November 30, 2005) including short-term net financial debts to the subsidiaries.

It should be noted that the decrease in net indebtedness, both for the Group and for Alitalia, is due to the full success of the operation to increase the Company capital which was completed during the month of December, and that operating cash-flow improvement (management figures) during the period January 1-December 31, 2005, amounting to around 250 million euros (compared to the same period in 2004) was

helped by the gradual introduction of the measures set out in the 2005-2008 Business Plan.

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.

On December 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 231 million euros) whose capital share, including lease closure value, amounted to 248 million euros (of which 38 million euros represent the current capital share falling due within twelve months of the reference date, with 36 million euros held by the parent company). By comparison, the same figure on November 30, 2005, amounted to 258 million euros (of which 42 million euros falling due in the twelve months from the reference date); the corresponding figures for the parent company on November 30, 2005, amounted to 236 and 39 million euros respectively.

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.

It should also be noted that:

- on December 15, 2005 (as announced in a press release on that date) agreement was reached with the French company GE Corporate Banking Europe S.A.S. (part of the US General Electric Group) relating to an eight-year financing contract, amounting to 445 million US dollars, backed by mortgage guarantees on 28 aircraft belonging to the parent company;
- on December 20, 2005 (as announced in a press release on that date), full repayment was made to extinguish the bridging loan of 400 million euros, arranged through the Dresdner Kleinwort Wasserstein bank, backed by guarantees from the Ministry of Economy and Finance.

During December 2005, repayments were made of medium/long-term financing amounting to about 415 million euros, including repayment of the bridging loan.

Regarding debts of a financial, fiscal and social welfare nature, there were no outstanding sums or payment irregularities on December 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 December 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 68 million euros on December 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) nine injunctions issued by an airport management company for a total of about 15.7 million euros (the appeal court has temporarily blocked execution of one injunction amounting to 3.7 million euros); b) another supplier has issued an injunction for about 470,000 euros relating to claims for unfulfilled contractual obligations; 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 50,000 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 December 31, 2005, nor are there any threats by suppliers to suspend operations.

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