Press Release

The Interim Report at 31 March 2012 marks the turnaround after the last six years: results improved significantly compared to the corresponding period of 2011 despite the continuing economic stagnation and the adverse trend in fuel prices and the euro/dollar exchange rate

(Note: the consolidated data at 31.03.2011 do not include Air Italy, therefore comparison of financial data is made with the pro forma first quarter 2011)

- ***Consolidated revenues: Euro 134.6 million (Euro 181.2 million in pro forma 1st Quarter 2011) reflecting the rationalization of the operating network***
- ***Consolidated EBIT: Euro -25.7 million (Euro -39.6 million in pro forma first quarter 2011, improving by Euro 13.9 million)***
- ***Consolidated net loss: Euro 28.2 million (Consolidated net loss of Euro 42.9 million in pro forma first quarter 2011, improving by Euro 14.7 million)***

Olbia, 14 May 2012 - The Board of Directors of Meridiana approved today the (Consolidated) Quarterly Report as at 31 March 2012.

Operating performance in the first quarter of 2012

It should be noted that on 14 October 2011 the company completed the acquisition of Air Italy Group; the financial results of the investee were consolidated with effect from 1 November 2011 and were therefore not included in the first quarter of 2011. In order to facilitate comparison of results for the two quarters, we prepared a pro-forma income statement for the first quarter of 2011 inclusive of Air Italy data.

Consistent with the seasonal nature of the business, economic performance in the first quarter of 2012 showed a loss of approximately Euro 28.2 million against a net loss of 42.9 million in pro forma first quarter 2011, posting a significant improvement of approximately Euro 14.7 million.

The significant improvement in operating performance was achieved thanks to the rationalization and optimization of operations envisaged in the Integrated Business Plan (last updated on 20 April 2012), despite the adverse effects of the general economic conditions, strong competition in some national and international routes and the unfavourable performance of a number of non-controllable external factors, such as the increase in fuel prices and the appreciation of the Dollar against the Euro.

In particular, this result is due to the strategy pursued following the integration with Air Italy, which strongly emphasised the rationalization and optimization of the operating network, aimed at improving efficiency and margins, including through constant attention to the balance between capacity supply and actual demand. Results were also positively influenced by the reduction in overheads and fixed operating costs, achieved through the renegotiation of contracts with strategic suppliers (including leasing and maintenance) and also through careful management of operating expenses. As part of these actions the new labour agreement signed with trade unions on 18 November 2011 was of major importance, as was the use of state subsidised arrangements for redundancies (e.g. CIGS- state temporary lay-off fund).

For better comparative information, the Reclassified Consolidated Income Statement, inclusive of pro-forma data for the first quarter of 2011 (which include Air Italy Group operations) is presented below, in order to comment on the changes occurred, not only as a percentage of sales revenues, but also in absolute terms. It should be noted that quarterly data, including the pro forma first quarter 2011, are *unaudited*.

€/000	**Q1 2012**	*% revenues from sales*	**Q1 2011**	*% revenues from sales*	**Change**	**Q1 2011** *Proforma*	*% revenues from sales*	**Change**
Sales revenue	134.567	100,0%	127.360	100,0%	7.207	181.233	100,0%	(46.666)
Other revenue	6.600	4,9%	10.569	8,3%	(3.969)	14.242	7,9%	(7.642)
Total revenue	**141.167**	**104,9%**	**137.929**	**108,3%**	**3.238**	**195.475**	**107,9%**	**(54.308)**
Fuel	(52.350)	-38,9%	(43.898)	-34,5%	(8.452)	(65.383)	-36,1%	13.033
Materials and maintenance services	(22.182)	-16,5%	(23.182)	-18,2%	1.000	(34.733)	-19,2%	12.551
Selling expenses	(4.666)	-3,5%	(5.255)	-4,1%	589	(6.161)	-3,4%	1.495
Other operating ane wet lease lease costs	(37.993)	-28,2%	(45.814)	-36,0%	7.821	(59.015)	-32,6%	21.022
Sundry costs and other services	(7.835)	-5,8%	(7.654)	-6,0%	(181)	(11.891)	-6,6%	4.056
Staff costs	(21.578)	-16,0%	(26.827)	-21,1%	5.249	(33.343)	-18,4%	11.765
Provisions for liabilities and charges	(769)	-0,6%	(2.686)	-2,1%	1.917	(2.686)	-1,5%	1.917
EBITDAR	**(6.206)**	**-4,6%**	**(17.387)**	**-13,7%**	**11.181**	**(17.736)**	**-9,8%**	**11.530**
Operating leases	(15.572)	-11,6%	(14.210)	-11,2%	(1.362)	(16.451)	-9,1%	879
EBITDA	**(21.778)**	**-16,2%**	**(31.597)**	**-24,8%**	**9.819**	**(34.187)**	**-18,9%**	**12.408**
Depreciation and write-downs	(3.826)	-2,8%	(3.272)	-2,6%	(554)	(4.851)	-2,7%	1.025
Other provisions for doubtfule receivables	(69)	-0,1%	(536)	-0,4%	467	(536)	-0,3%	467
EBIT	**(25.673)**	**-19,1%**	**(35.405)**	**-27,8%**	**9.732**	**(39.574)**	**-21,8%**	**13.901**
Net financial income (expenses)	(2.712)	-2,0%	(1.891)	-1,5%	(821)	(3.078)	-1,7%	366
Pre-tax profit (loss)	**(28.385)**	**-21,1%**	**(37.296)**	**-29,3%**	**8.911**	**(42.652)**	**-23,5%**	**14.266**
Taxation	163	0,1%	78	0,1%	85	(272)	-0,2%	435
Net Profit (loss)	**(28.222)**	**-21,0%**	**(37.218)**	**-29,2%**	**8.996**	**(42.924)**	**-23,7%**	**14.701**

Sales revenues, including revenues from *scheduled* and *charter* activities and ancillary revenues, came in at Euro 134,567 thousand compared to Euro 181,233 thousand in the pro forma first quarter 2011 (Euro 127,360 thousand in the First Quarter Report 2011), down by Euro 46,666 thousand over the pro-forma 2011 (- 25.8%)

due to reduced capacity supplied to adjust to weak demand resulting from the general economic crisis and to unprofitable routes/rotations that were cancelled.

Against the substantial reduction in sales there was a significant recovery of EBITDAR, reflecting operational efficiency measures that were put in place; EBITDAR was negative for Euro 6,206 thousand, improving by Euro 11,530 thousand, compared to a negative balance of Euro 17,736 thousand in the pro forma first quarter 2011 (negative balance of Euro 17,387 thousand in the first quarter of 2011).

EBITDAR margin went from -9.8% in pro forma first quarter 2011 (-13.7% in the first three months of 2011) to -4.6% in the first three months of 2012, thus showing a considerable improvement in industrial operations efficiency, and a general reduction in the ratio of operating costs - despite the unfavourable performance of the euro/dollar exchange rate - with the exception of fuel costs.

Indeed, **fuel costs** incidence on revenues was 38.9% compared to 36.1% in pro forma first quarter 2011 (in the first quarter of 2011 this ratio amounted to 34.5%), due to the higher average price of jet fuel (on average +10/13% in USD) and the appreciation of the Dollar against the Euro during the period, which were not fully recovered through sales prices owing to the economic crisis and fierce competition between carriers.

The **purchases of materials and maintenance services** weighted for 16.5%, down from 19.2% in pro forma first quarter 2011 (18.2% in the first Quarter Report of 2011), due to reduced maintenance in line with technical planning and savings arising from renegotiations with MRO suppliers.

The incidence of **other operating costs and wet leases** was 28.2% against 32.6% in pro forma first quarter 2011 (36% in the First Quarter Report of 2011) owing to the rationalization and optimization of the operating network.

The **other operating expenses and other services** showed a 5.8% ratio to revenues in the first quarter of 2012 against 6.6% in pro forma first quarter 2011 (6% in the first quarter Report of 2011), recording an improvement due to cost savings in general expenses and overhead costs..

Personnel costs amounted to 16% of revenue, compared to 18.4% in pro forma first quarter 2011 (it was 21.1% in the first Quarter Report of 2011), as a result of the significant use of CIGS (state temporary lay-off fund) by Meridiana fly and benefits arising from the new labour agreement signed in November 2011, which provides for employment and wages conditions more in line with those of the industry.

EBITDA was negative for Euro 21,778 thousand, posting a substantial improvement of Euro 12,408 thousand compared to pro forma first quarter 2011 (negative balance of Euro 31,597 thousand in the first Quarter Report of 2011); the corresponding margin on sales was negative for 16,2% against - 18.9% in pro forma first quarter 2011 (- 24.8% in the first Quarter Report of 2011).

On the contrary the impact of **operating lease costs** increased (11.6% versus 9.1% in pro forma first quarter of 2011 and 11.2% in the First Quarter Report of 2011) reflecting decreased activity which did not allow to fully recover these fixed industrial costs and the adverse performance of the U.S. dollar; these effects were only partially offset by cost savings resulting from renegotiation of the lease agreements and redelivering some of the aircraft (especially MD-82).

EBIT was a negative Euro 25,673 thousand compared to a negative Euro 39,574 thousand in the pro forma first quarter 2011 (Euro -35,405 thousand in the first Quarter Report 2011), posting a robust improvement on a like-for-like basis of Euro 13.9 million (+9.7 million compared to the First Quarter Report of 2011). The EBIT margin moved from -21.8% in pro forma first quarter 2011 (-27.8% the first Quarter Report of 2011) to -19.1% in the first quarter of 2012.

In the first quarter of 2012 **financial operations** presented a negative balance of Euro 2,712 thousand compared to Euro - 2,373 thousand in pro forma first quarter 2011 (Euro - 1,891 thousand in the first Quarter Report 2011).

Net of taxes for the period, in the first quarter of 2012 the Company reported a **consolidated net loss of** Euro 28,222 thousand compared to a net loss of Euro 42,924 thousand in the pro forma first quarter 2011 (net loss of Euro 37,218 thousand in the first Quarter Report 2011).

At 31 March 2012 **Group equity** amounted to Euro 33,398 thousand compared to Euro 61,888 thousand at 31 December 2011 reflecting the result for the quarter.

Consolidated **Net financial debt** at 31 March 2012 amounted to Euro 129,541 thousand compared to Euro 94,400 thousand at 31 December 2011; the increase of Euro 35,141 thousand is mainly related to new non-current loans of Euro 38.6 million granted by the parent Meridiana, backed by AKFED, in support of the Group's financial need and its ability to operate as a going concern.

Commitment by Meridiana/AKFED in support of the going concern

On 23 April 2012 Meridiana, backed by a similar commitment of its parent AKFED, announced a further commitment to provide financial resources to Meridiana fly up to Euro 9 million in order to ensure that the company can continue operating as a going concern in a 12 months' time horizon.

Business Outlook

The general economic performance in Italy remains sluggish and 2012 is expected once again as a year of stagnation, with GDP forecast to decline by 1.3% to 1.5%.

This prevailing low level of demand and widespread uncertainty can adversely impact the air transport, which is already characterized by high price competition between operators, both Low-cost and traditional carriers.

Political tensions at the international level do not allow for a decrease in oil price, which continues to remain high (above 100 dollars a barrel); this, to some extent, may affect airlines performance in the current year, as this factor accounts for a significant portion of operating costs.

The year 2012 is an important turnaround year for the Group after the integration with Air Italy, aimed at implementing the 2012-2015 Integrated Business Plan; it should be noted, however, that an important part of the reorganization measures have already been implemented, including the review of the network, the new labour agreement and the CIGS (temporary layoff fund) agreement, the renegotiation of aircraft leases and other operating services (e.g. maintenance - MRO), the revision of the terms of use of the fleet and operating bases.

In light of the restructuring actions initiated and following an update of the 2012 Budget and the 2012-2015 Integrated Business Plan, the Directors confirm the EBIT break-even target for 2013.

In support of this assumption the first quarter of 2012, despite the negative seasonal impact and the difficult macroeconomic environment, shows a significant improvement over the first quarter of 2011, confirming that the actions taken for the Group turnaround are proving successful.

It should be emphasized that the forecasts included in the 2012-2015 Integrated Business Plan and, consequently, the financial and capital balance of the company, are significantly dependent on the performance of external non-controllable factors , and/or the actual implementation of the planned reduction in operating and overhead costs, and/or by the outcome of litigations, the creditworthiness of counterparties, or a possible worsening of credit and supply conditions or in the management of overdue payables to suppliers as well as the confirmation of support by banks.

These uncertain and uncontrollable variables can also produce significant deviations between budgeted and actual data, with negative effects on the financial and equity position of Meridiana and its business, and a possible impact on the going concern basis; they can also impact on the risk of impairment of some specific assets of the Company and the Group, in particular its investments and goodwill.

Despite this context of uncertainty, - on the basis of the best estimates to date - taking into account the commitments made by Meridiana/AKFED, and the reasonable expectation that the banks will support the Group's industrial project, by confirming the credit lines, the Directors believe that the Group and the Company will continue to operate as a going concern and will be able to meet their obligations in the foreseeable future.

Consequently the Directors consider it appropriate to prepare the Interim Report at 31 March 2012 on the going concern basis.

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The Interim Management Report at 31 March 2012 will be made available to the public at the registered office and the Italian Stock Exchange, as well as on the company's website www.meridianafly.com . - Section *Investor Relations* - pursuant to the law terms.

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The Financial Reporting Officer, Maurizio Cancellieri, pursuant to Article 154 bis, paragraph 2 of the Consolidated Finance Act, hereby declares that the accounting information contained in this document corresponds to the documentary evidence and to the accounting books and records.

The following are the unaudited statements of balance sheet, comprehensive income and cash flows.

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Consolidated Balance Sheet

€/000	31.03 2012	31.12 2011	Change
Intangible assets	146.564	146.748	(184)
Fleet	121.487	123.487	(2.000)
Other propert, plant and equipment	14.816	15.273	(457)
Deferred tax assets	11.101	11.153	(52)
Equity investments	1.995	1.995	-
Other non-current financial assets	19.292	20.861	(1.569)
Non-current assets	**315.255**	**319.517**	**(4.262)**
Inventories	3.004	2.909	95
Trade receivables and other current assets	128.580	131.185	(2.605)
Current financial assets	5.991	5.958	33
Cash and cash equivalents	3.806	4.002	(196)
Current assets	**141.381**	**144.054**	**(2.673)**
TOTAL ASSETS	**456.636**	**463.571**	**(6.935)**
Share capital	20.901	20.901	-
Reserves and retained earnings (losses) carried forward	40.719	151.651	(110.932)
Profit (loss) for the period	(28.222)	(110.664)	82.442
Group Equity	**33.398**	**61.888**	**(28.490)**
Long-term borrowings	66.211	28.712	37.499
Non-current trade payables and other non-current liabilities	4.149	3.501	648
Post-emplyment benefits and other defined benefit funds	13.183	13.258	(75)
Non-current provisions for liabilities and charges	12.495	12.578	(83)
Deferred tax laibilities	8.741	7.944	797
Non-current liabilities	**104.779**	**65.993**	**38.786**
Current loans	34.640	35.188	(548)
Current portion of long-term borrowings	35.017	36.491	(1.474)
Current provisions for liabilities and charges	19.704	23.035	(3.331)
Trade payables and other current liabilities	227.672	239.048	(11.376)
Current financial liabilities	1.426	1.928	(502)
Current liabilities	**318.459**	**335.690**	**(17.230)**
Total current and non-current liabilities	**423.239**	**401.683**	**21.556**
TOTAL EQUITY AND LIABILITIES	**456.636**	**463.571**	**(6.935)**

Consolidated Statement of Comprehensive Income

€/000	Q1 2012	*% revenues from sales*	Q1 2011	*% revenues from sales*	Change
Sales revenue	134.567	100,0%	127.360	100,0%	7.207
Other revenue	6.600	4,9%	10.569	8,3%	(3.969)
Total revenue	**141.167**	**104,9%**	**137.929**	**108,3%**	**3.238**
Fuel	(52.350)	-38,9%	(43.898)	-34,5%	(8.452)
Materials and maintenance services	(22.182)	-16,5%	(23.182)	-18,2%	1.000
Operating leases	(15.572)	-11,6%	(14.210)	-11,2%	(1.362)
Selling expenses	(4.666)	-3,5%	(5.255)	-4,1%	589
Other operating ane wet lease lease costs	(37.993)	-28,2%	(45.814)	-36,0%	7.821
Sundry costs and other services	(7.835)	-5,8%	(7.654)	-6,0%	(181)
Staff costs	(21.578)	-16,0%	(26.827)	-21,1%	5.249
Depreciation and write-downs	(3.826)	-2,8%	(3.272)	-2,6%	(554)
Provisions for liabilities and charges	(769)	-0,6%	(2.686)	-2,1%	1.917
Other provisions for doubtfule receivables	(69)	-0,1%	(536)	-0,4%	467
	(25.673)	**-19,1%**	**(35.405)**	**-27,8%**	**9.732**
Net financial income (expenses)	(2.712)	-2,0%	(1.891)	-1,5%	(821)
Pre-tax profit (loss)	**(28.385)**	**-21,1%**	**(37.296)**	**-29,3%**	**8.911**
Taxation	163	0,1%	78	0,1%	85
Net Profit (loss)	**(28.222)**	**-21,0%**	**(37.218)**	**-29,2%**	**8.996**
Gains / (losses) on actuarial valuations (IAS 19)	-	0,0%	-	0,0%	-
Tax effect on profit (loss) from acrtuarial valuations	-	0,0%	-	0,0%	-
Total comprehensive Income	**(28.222)**	**-21,0%**	**(37.218)**	**-29,2%**	**8.996**

Consolidated Statement of Cash Flows

Q1 2011		Q1 2012	FY 2011
5.328	**Cash and cash equivalents at beginning of period**	**(31.186)**	**5.328**
	Effects of Air Italy consolidation		
-	Goodwill from Air Italy consolidation	-	(87.823)
-	Elimination of equity investments	-	87.164
-	Other non-current assets	-	(104.778)
-	Current assets	-	(28.728)
-	Non-current liabilities	-	24.250
-	Current liabilities	-	83.370
-	**Cash flows realted to Air Italy change in scope**	**-**	**(26.546)**
(37.296)	**Pre-tax profit (loss)**	**(28.385)**	**(111.146)**
	Adjustments for:		
3.272	- Depreciation fo the year	3.826	13.789
	- Goodwill write-down	-	2.134
1.891	- net financial income (expense)	2.712	7.438
(10)	- Gains on disposal of assets	-	(102)
3.274	Change in trade receivables and other current assets and other non current assets	2.605	29.967
131	Change in inventories	(95)	100
(5.596)	Change in trade payables and other payables (incl. risk provisions)	(14.670)	(30.662)
(672)	Payment of interest annd other financial charges	(1.514)	(3.849)
(35.006)	**Cash flows generated (absorbed) from operating activities**	**(35.522)**	**(92.330)**
	Net change in non-current assets:		
-	* intangibles	(0)	(243)
(3.581)	* tangibles	(1.185)	(7.268)
3.593	* financial	1.569	6.025
12	**Cash flows generated (absorbed) from investments activities**	**384**	**(1.486)**
(306)	Payment of loan instalments	(304)	(602)
230	Other changes in loans	(2.759)	2.096
465	Loans from Meridiana	38.586	11.016
-	Cash in (payments) of hedging derivates and changes in other current financial assets	(33)	(1.562)
389	**Cash flows generated (absorbed) from financing activities**	**35.490**	**10.948**
28.901	Payments for future capital increase	-	72.900
28.901	**Cash flows generated from share capital transactions**	**-**	**72.900**
(5.704)	**Net increase / (decrease) in cash and cash equivalents**	**352**	**(36.514)**
(376)	**Cash and cash equivalents at end of period**	**(30.834)**	**(31.186)**