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FINMECCANICA

PRESS RELEASE

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Board of Directors approves first-quarter 2011 results.

- **New orders** grow 2% versus first quarter 2010, to EUR 3,816 million, with good performance in Energy, Aeronautics and Transport.
- **Order backlog** at EUR 48,038 million, providing the Group with about 2.5 years of production coverage.
- **Revenues** total EUR 3,855 million in 1Q11, versus EUR 4,039 million in 1Q10 (-5%).
- **Adjusted EBITA** at EUR 215 million, versus EUR 251 million in 1Q10 (-14%). **Adjusted EBITA margin** at 5.6%.
- **Net profit** totals EUR 7 million, versus EUR 91 million in 1Q10 (-92%), reflecting increased financial expenses due to changes in the mark-to-market fair value of swaps (not to be annualised ***) as well as lower EBIT.
- **FOCF** at EUR -998 million, improving EUR 108 million (+10%) versus EUR -1,106 million at 31 March 2010.
- **Net debt** stands at EUR 4,051 million, up from 31 December 2010 and 7% lower than in 1Q10.
- **Research and development** costs rise 9% year-on-year, equivalent to 10% of revenues.

Key 1Q11 figures

(EUR million)

	1Q 2011	1Q 2010	Abs. chg.	% chg.	FY 2010
Revenues	3,855	4,039	(184)	*(5%)*	18,695
Adj. EBITA (*)	215	251	(36)	*(14%)*	1,589
Adj. EBITA margin (*)	*5.6%*	*6.2%*	*(0.6) p.p.*		*8.5*
Net profit	7	91	(84)	*(92%)*	557
Adjusted net profit (**)	7	91	(84)	*(92%)*	557
FOCF	(998)	(1,106)	108	*10%*	443
Net debt	4,051	4,379	328	*7%*	3,133
New orders	3,816	3,742	74	*2%*	22,453
Order backlog	48,038	45,460	2,578	*6%*	48,668
ROI	*14.0%*	*14.5%*	*(0.5) p.p.*		*16.0%*
EVA	(99)	(77)	(22)	*(28%)*	317
Research and development	384	353	31	*9%*	2,030
Headcount	74,497	76,907	(2,410)	*(3%)*	75,197

(*) Operating profit before:
- any goodwill impairment;
- depreciation of fixed assets valued as part of business combinations;
- restructuring costs of major, defined plans
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary operations of the company's core businesses.

(**) excluding extraordinary operations.
(***) The negative impact of the fair value of swaps in Q1 should not be applied proportionately to the full year.

CONSOLIDATED PROFIT AND LOSS ACCOUNT			
€mil.	**1Q 2011**	**1Q 2010**	***Change %***
Revenues	**3,855**	**4,039**	*-5%*
Costs for purchases and personnel	(3,497)	(3,647)	
Depreciation and amortisation	(135)	(132)	
Other net operating revenues (costs)	(8)	(9)	
EBITA Adj (*)	**215**	**251**	**-14%**
EBITA Adj (*) margin	*5.6%*	*6.2%*	
Non-recurring revenues (costs)			
Restructuring costs	(13)	(2)	
PPA amortisation	(21)	(21)	
EBIT	**181**	**228**	*-21%*
EBIT margin	*4.7%*	*5.6%*	
Net finance income (costs)	(119)	(61)	
Income taxes	(55)	(76)	
Net profit before discontinued operations	**7**	**91**	*-92%*
Profit of discontinued operations	-	-	
Net profit	**7**	**91**	*-92%*
Group	-	*82*	
Minorities	*7*	*9*	
EPS (EUR)			
Basic	-	*0.141*	
Diluted	-	*0.141*	
EPS of continuing operations (EUR)			
Basic	-	*0.141*	
Diluted	-	*0.141*	

(*) Operating result before:
-any impairment in goodwill;
-amortisations of intangibles acquired under business combination;
-reorganization costs that are a part of significant, defined plans;
-other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

Please note that the first-quarter results of the Finmeccanica Group in any given fiscal year provide only a limited representation of the Group's full-year performance, since more than half of its business activity is concentrated in the second half of the year.

BREAKDOWN OF KEY FIGURES

Revenues were EUR 3,855 million in 1Q11, down EUR 184 million (-5%) versus EUR 4,039 million in the same period of 2010. The change largely reflects lower production volumes in Defence and Security

Electronics (due to completion of major programmes for the US Armed Forces), in Aeronautics (mainly due to a slowdown in work on the EFA programme) and in Energy (mainly due to lower output volumes in the plant and components segment).

Adjusted EBITA was EUR 215 million, down EUR 36 million (-14%) from EUR 251 million in 1Q10. The variation is attributable to the Aeronautics segment (lower revenues and a different mix of ongoing programmes in the portfolio), Defence and Security Electronics (the above-mentioned decline was partially offset by a more profitable activity mix in avionic systems and electro-optics) and Energy (lower revenues). Helicopters grew due to a better revenue mix.

The **Adjusted EBITA margin** was 5.6%, down 0.6 p.p. versus the first quarter 2010 margin of 6.2%.

Net profit was EUR 7 million, down EUR 84 million (-92%) from EUR 91 million in 1Q10. The main factors in this change were a lower EBIT (EUR 47 million), attributable to the above-mentioned drop in adjusted EBITA (EUR 36 million) and higher restructuring costs (EUR 11 million), as well as higher net financial expenses (EUR 58 million). As mentioned previously, the change in net financial expenses is largely due to the mark-to-market at fair value of interest rate swaps, with a year-on-year increase of EUR 56 million. This result depends on changes in the interest rate curve in the quarter and therefore should not be applied proportionately to the full year. Net financial expenses were partially offset by lower taxes (EUR 21 million).

BALANCE SHEET

€mil.	**31.03.2011**	**31.12.2010**
Non-current assets	13,327	13,641
Non-current liabilities	(2,479)	(2,583)
	10,848	**11,058**
Inventories	4,587	4,426
Trade receivables	9,336	9,242
Trade payables	(12,534)	(12,996)
Working capital	**1,389**	**672**
Provisions for short-term risks and charges	(669)	(762)
Other current net assets (liabilities)	(515)	(738)
Net working capital	**205**	**(828)**
Net invested capital	**11,053**	**10,230**
Capital and reserves attributable to equity holders of the Company	6,720	6,814
Minority interests	283	284
Shareholders' equity	**7,003**	**7,098**
Net debt (cash)	**4,051**	**3,133**
Net liabilities (assets) held for sale	**(1)**	**(1)**

Free operating cash flow (FOCF) in the first quarter should be considered in seasonal terms, with outgoings historically tending to be greater than receipts. FOCF at 31 March 2011 was negative (cash burn) by EUR 998 million, an improvement of EUR 108 million (+10%) versus a negative EUR 1,106 million at 31 March 2010. In 1Q11, investment in product development was concentrated in Aeronautics (approximately 31%), Defence and Security Electronics (30%) and Helicopters (25%).

CASH FLOW		
€mil.	1Q 2011	1Q 2010
Cash and cash equivalents at 1 January	**1,854**	**2,630**
Gross cash flow from operating activities	373	432
Changes in other operating assets and liabilities	(372)	(334)
Funds From Operations (FFO)	**1**	**98**
Changes in working capital	(811)	(984)
Cash flow generated from (used in) operating activities	**(810)**	**(886)**
Cash flow from ordinary investing activities	(188)	(220)
Free operating cash flow (FOCF)	**(998)**	**(1,106)**
Strategic operations	(4)	(87)
Change in other financing activities	6	12
Cash flow generated (used) by investment activities	**(186)**	**(295)**
Cash flow from financing activities	(75)	(830)
Cash flow generated (used) by financing activities	**(75)**	**(830)**
Exchange gains/losses	(14)	17
Cash and cash equivalents at 31 March	**769**	**636**

Net debt stood at EUR 4,051 million, up EUR 918 million versus EUR 3,133 million at 31 December 2010. The figure confirms the normal performance in cash flows and related debt, with substantial cash absorption from operations during the first part of the year. Net debt at the end of 1Q11 was not significantly affected by extraordinary operations and benefited from the depreciation of the US dollar against the euro at 31 March 2011 compared with 31 December 2010, particularly due to the conversion of dollar-denominated net debt into euro. Note that net debt fell 7% versus 1Q10 (EUR 4,379 million).

FINANCIAL POSITION		
€mil.	31.03.2011	31.12.2010
Short-term financial payables	347	456
Medium/long-term financial payable	4,347	4,437
Cash and cash equivalents	(769)	(1,854)
BANK DEBT AND BONDS	**3,925**	**3,039**
Securities	(26)	(1)
Financial receivables from Group companies	(51)	(34)
Other financial receivables	(779)	(779)
FINANCIAL RECEIVABLES AND SECURITIES	**(856)**	**(814)**
Financial payables to related parties	795	714
Other short-term financial payables	88	88
Other medium/long-term financial payables	99	106
OTHER FINANCIAL PAYABLES	**982**	**908**
NET FINANCIAL DEBT (CASH)	**4,051**	**3,133**

New orders totalled EUR 3,816 million, up EUR 74 million (+2%) versus EUR 3,742 million in 1Q10. The sectors that recorded an improved business trend were: Energy, mainly due to the acquisition of the Gebze contract in Turkey (worth about EUR 638 million); Aeronautics, due to higher civil and military orders; and Transport, due to increased orders in the signalling and transportation solutions segment. The improvement was partially offset by the year-on-year decline in orders in Helicopters, which had benefited in 1Q10 from a major contract (12 AW101 aircraft for the Indian Air Force), and in Defence and Security Electronics, which in 1Q10 had registered its first purchases for the third tranche of the EFA programme together with major orders from the US Army.

The **order backlog** was EUR 48,038 million, down EUR 630 million versus EUR 48,668 million at 31 December 2010. This change mainly reflects the conversion of the portfolio into foreign currency due to the depreciation in the US dollar and the pound sterling against the euro at 31 March 2011. The order backlog provides the Group with about 2.5 years of production coverage.

Research and development costs totalled EUR 384 million, up EUR 31 million (+9%) from EUR 353 million in 1Q10. R&D focused on the three strategic pillars of Defence and Security Electronics (39% of the Group total), Helicopters (20%) and Aeronautics (16%).

Headcount was 74,497 at 31 March 2011, down 700 from 75,197 at 31 December 2010, mainly as a result of the reorganisation plan and the Group's industrial restructuring. In geographical terms, 57% of staff are located in Italy, and around 43% are based abroad (mainly in the UK, France and the US).

FIRST-QUARTER 2011 HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE 31 MARCH 2011

On **20 January 2011**, Finmeccanica's Board of Directors gave a positive assessment of the guidelines for the planned operation to place certain Group real estate assets into a closed-end property fund, with the majority of shares held by third parties. The operation is currently being finalised.

On **28 March 2011**, Finmeccanica's Board of Directors approved the merger of Elsag Datamat and SELEX Communications. The aim of the operation is to create a centre of expertise at Group level in information and communication technology, security and automation, enabling Finmeccanica to better meet the increasing demand for complete and integrated ICT solutions and secure network management services.

On **9 March 2011**, Finmeccanica signed an agreement with First Reserve Corporation, a US investment fund specialising in the energy sector, to sell a 45% shareholding in Ansaldo Energia. The transaction is scheduled for completion by the end of the first half of 2011, following the necessary antitrust approvals. Along with the Group's capital increase in 2008 and the debt restructuring carried out in 2010, this operation completes the measures implemented by Finmeccanica after the acquisition of DRS Technologies.

FINANCIAL TRANSACTIONS

No significant transactions were carried out by the Finmeccanica Group in the first quarter 2011, on either the bond or bank markets.

As regards the partial disposal of the Group's shareholding in Ansaldo Energia, Finmeccanica will sell the company for EUR 1,073 million to Ansaldo Electric Drives (AED), a company operating under Italian law that is 45% owned by First Reserve Corporation and 55% owned by Finmeccanica. Finmeccanica will receive about EUR 95 million from Ansaldo Energia for the rights to the Ansaldo brand for 25 years, and a dividend up to EUR 65 million.

The transaction will be financed with about EUR 500 million in equity (EUR 275 million paid by Finmeccanica and EUR 225 million by First Reserve Corporation) and EUR 573 million in debt. On completion, the debt will be structured as a medium-term bank loan of EUR 300 million and a short-term vendor loan of EUR 273 million, underwritten by Finmeccanica, which will be replaced in the medium term by a revolving bank credit line of up to EUR 350 million.

Both the medium-term loan and the revolving credit line will be for five years, providing Ansaldo Energia with stable financial resources. The revolving credit will also give the company flexibility in employing these resources, permitting an optimum response to operating requirements, based on the company's available liquidity. Ansaldo Energia will also have an initial EUR 300 million in bank signature credit lines to support its commercial activities.

Banca Imi SpA, BNP Paribas and Unicredit SpA provided financial backing for the transaction, underwriting financing for EUR 650 million in total (loan and revolving credit) over five years. Syndication of these loans in a pool of leading Italian and international banks is in progress.

OUTLOOK

The Group had forecasted a slowdown in growth during the first part of 2011. Nonetheless, the results delivered in 1Q11 were higher than the previous forecast.

Available economic forecasts indicate slower growth in the early months of 2011 as the global economy feels the drag of an unfavourable jobs market (in terms of employment), recurring financial crises in certain eurozone countries and recent events in the MENA (Middle East and North Africa) region.

The Finmeccanica Group companies must therefore be prepared to face increasingly intense competition.

To address this situation, Finmeccanica has identified integration processes (mainly in Aeronautics and Defence and Security Electronics) aimed at achieving substantial efficiency gains. Furthermore, Group companies have already put efficiency measures in place, including: rationalising production sites, including the concentration of property assets in Finmeccanica Group Real Estate; reorganisation of the workforce in some business sectors through agreements with social partners; containment of general and administrative costs, particularly with regard to consultants and external service providers; and overhauling the product portfolio by defining priorities for resource deployment.

These measures will cut production costs substantially, partly to make the Group even more competitive (thus increasing opportunities to win new orders in emerging economies and more generally in new markets) and partly to improve cash flow generation.

The new orders registered in the first quarter of 2011 have further increased the backlog (to more than EUR 48 billion), ensuring significant coverage of revenues forecast over the next nine months of this year (more than 90%).

To date, no new information has emerged that could require changes to the forecasts made previously. The Group therefore forecasts revenues of between EUR 18.3 billion and EUR 19 billion, and adjusted EBITA of between EUR 1,530 million and EUR 1,600 million. Lastly, Group free operating cash flow is expected to be positive by between EUR 400 million and EUR 500 million, net of investments in product development, which, as in 2010, will be focused primarily in Aeronautics, Helicopters and Defence and Security Electronics.

SHARE DATA

	1Q 2011	**1Q 2010**	***Change %***
Average number of shares in period (thousands) (*)	577,438	577,006	*0.1%*
Net result (not including minority interests) (€mil.)	-	82	
Result of continuing operations (not including minority interests) (€mil.)	-	82	
BASIC EPS (EUR)	**-**	**0.141**	***n.s.***
Basic EPS from continuing operations	**-**	**0.141**	***n.s.***
Average number of shares for the period (in thousands) (*)	578,097	577,665	*0.1%*
Result adjusted (not including minority interests) (€mil.)	-	82	
Adjusted result of continuing operations (not including minority interests) (€mil.)	-	82	
DILUTED EPS (EUR)	**-**	**0.141**	***n.s.***
Diluted EPS from continuing operations	**-**	**0.141**	***n.s.***

PERFORMANCE BY SECTOR
(1Q11 – figures in EUR million)

Helicopters

Companies: **AgustaWestland** (*)

Revenues EUR 815 million (-3%); Adjusted EBITA: EUR 81 million (+8%)

Revenues came in at EUR 815 million, down EUR 22 million (-3%) on the EUR 837 million registered in the same period of 2010. The decrease reflects a different revenue mix, with a contraction in the helicopters component (-6.9%) due to new contracts in the start-up stage, while product support performed well (+4.7%).

Adjusted EBITA totalled EUR 81 million, up EUR 6 million (+8%) on the EUR 75 million recorded in the same period last year, reflecting the different revenue mix. The **adjusted EBITA margin** was 10.0% compared with 9.0% in the same period of 2010.

New orders totalled EUR 680 million, down EUR 466 million (-40.6%) on the EUR 1,146 million registered in the first quarter 2010, which benefited from a major contract with the Indian Air Force (12 AW101 aircraft for EUR 560 million). Helicopters (new aircraft and upgrades) accounted for 66.3% of new orders, with product support (spare parts and services) accounting for the remaining 33.7%. The most important contracts included 2 AW101 helicopters for a client in the southern Mediterranean region, 10 AW139 helicopters for the Italian market and orders for 14 helicopters in the civil and government segment. The contract with VTB-Leasing, a Russian services company that received the first AW139 sold in Russia, was strategically important.

The **order backlog** totalled EUR 11,848 million, down EUR 314 million (-3%) on the EUR 12,162 million registered at 31 December 2010, and is sufficient to guarantee about 2.5 years of production.

The **headcount** was 13,477, down by 96 from 13,573 at 31 December 2010, mainly due to the completion of the reorganisation plan for the PZL-SWIDNIK group, acquired in 2010.

Defence and Security Electronics

Companies: **SELEX Galileo, SELEX Communications, SELEX Sistemi Integrati, SELEX Service Management, Elsag Datamat, Seicos, DRS Technologies.**

Revenues: EUR 1,343 million (-8%); Adjusted EBITA: EUR 98 million (-8%)

Revenues totalled EUR 1,343 million, down EUR 109 million (-8%) on the EUR 1,452 million registered in the same period of 2010. The main contributors to revenues were as follows: in avionic systems and electro-optics, DASS systems and equipment and avionic radar for the Eurofighter, and countermeasure systems and apparatus for helicopter and space programmes; in major integrated systems for defence and security, the Forza NEC programme and the emergency management system contract with the Department of Civil Defence; in command and control systems, air traffic control programmes in Italy and abroad, the FREMM naval contracts, the MEADS (Medium Extended Air Defence System) programme and programmes to supply FADR ground radar; for integrated communication systems and networks, work on the TETRA national network, development and production of equipment for the Eurofighter and the NH90 and the supply of military communication systems in Italy and the UK; in IT and security, automated postal and industrial services and public information; and in the US, provision of TWS vision systems for soldiers, delivery of upgrade programmes for the target acquisition systems of Bradley fighting vehicles, repairs and spare parts supply for the MMS system for helicopters, high-resistance computers and displays, power generating systems, products and services related to the Rapid Response contract and satellite communication services.

Adjusted EBITA came in at EUR 98 million, down EUR 9 million (-8%), on the EUR 107 million recorded in the same period of 2010. The figure was affected by lower production volumes, partially offset by a more profitable activity mix in avionic systems and electro-optics. The **adjusted EBITA margin** was 7.3% compared with 7.4% in 1Q10.

New orders totalled EUR 1,213 million, down EUR 429 million (-26%) on the EUR 1,642 million registered in the same period of 2010. The main orders included: in avionic systems and electro-optics, orders for EFA (third tranche), countermeasure systems, laser systems on the US market, the NH90 helicopter programme and attitude sensors for the NEXT Iridium programme; in command and control systems, the addition of the SILEF (Eurofighter logistics system) contract to the information and logistical support included in NETMA, orders from Ukraine's national air traffic control authority, modernisation of the Subang air traffic control centre in Kuala Lumpur, a UK contract to provide primary radar and an Estonian airport upgrade contract; in integrated communication systems and networks, orders for helicopter platform communication systems, the DFTS (Defence Fields Telephone System) contract for British Telecom, for TETRA in Russia and orders from the Italian Ministry of Defence for various airport upgrades; in IT and security, ordinary maintenance of the equipment of Leonardo da Vinci airport for Aeroporti di Roma, an APFIS (Automated Palmprints and Fingerprints Identification System) contract with Chile and a videosurveillance systems order for the BNL; and in the US, additional orders relating to the TWS vision system and the US Air Force contract to review systems for loading and moving air cargo.

The **order backlog** totalled EUR 11,256 million, down EUR 491 million (-4%) on the EUR 11,747 million registered at 31 December 2010. Avionic systems and electro-optics account for a third of this total, with large integrated systems, command and control systems, and activities in the US each accounting for a further fifth**.**

The **headcount** was 29,102, down 738 from 29,840 at 31 December 2010, due to the transfer of activities to the Space sector as well as the ongoing rationalisation process in certain segments.

Aeronautics

Companies: **Alenia Aeronautica, Alenia Aermacchi, GIE-ATR (*), Alenia North America, SuperJet International (**)**

Revenues: EUR 567 million (-4%); Adjusted EBITA: EUR 4 million (-88%)

(*) Figures for the GIE-ATR consortium are consolidated proportionally, at 50%.
(**) Figures for the SuperJet International joint venture are consolidated proportionally, at 51%.

Revenues totalled EUR 567 million, down EUR 25 million (-4%) on the EUR 592 million registered for the same period of 2010, primarily reflecting a slowdown in EFA programme activities. Supplies for the following programmes contributed to revenues: C-27J (for the US, Morocco, Bulgaria, Romania and activities for the Italian Air Force); EFA (development, production for the second tranche and logistical support); M-346 (production for the Italian Air Force and the launch of work on aircraft for the Singapore Air Force); G222 (aircraft upgrades for the US Air Force fleet); Tornado (mid-life upgrades for the Italian Air Force). In the civil segment, production concerned supply contracts for Boeing (B787, B767 and B777), Airbus (A380, A321 and A340), GIE-ATR (ATR 42 and 72), Dassault Aviation (Falcon 2000 and Falcon 900EX) and Bombardier (CSeries regional aircraft). Assembly of ATR aircraft continued and 6 aircraft were delivered.

Adjusted EBITA came in at EUR 4 million, down EUR 30 million (-88%) on the EUR 34 million recorded in 1Q10, due to lower business volumes and a different mix of ongoing programmes in the portfolio. The **adjusted EBITA margin** was 0.7%, compared with 5.7% at 31 March 2010.

New orders totalled EUR 535 million, a rise of EUR 318 million (+147%) on the EUR 217 million posted in 1Q10, due to increased civil and military orders. The main orders acquired included: in the military segment, the RET 8 contract for mid-life upgrades to 25 Italian Air Force Tornado jets and logistical support for EFA and C-27J aircraft; in the civil segment, orders for 25 ATR aircraft, conversion of the ATR 42MP for the Italian port authority and work on the B777, ATR and A321 aerostructures.

The order backlog totalled EUR 8,518 million, down EUR 120 million (-1%) on the EUR 8,638 million registered at 31 December 2010, but is expected to expand in the medium/long term. Eurofighter programmes accounted for 42% of the total, the B787 18%, the JSF 5%, the C-27J 4% and the M-346 4%.

The **headcount** was 12,445, down by 159 from 12,604 at 31 December 2010, largely due to reductions and efficiency improvements as part of the ongoing industrial restructuring programme.

Space

Companies: **Telespazio, Thales Alenia Space (*)**

Revenues: EUR 219 million (+13%); adjusted EBITA -

(*) All figures relate to the two joint ventures – Thales Alenia Space and Telespazio – which are consolidated proportionally at 33% and 67% respectively.

Revenues came in at EUR 219 million, an increase of EUR 25 million (+13%) on the EUR 194 million registered in 1Q10. Production mainly related to the following activities: in commercial telecommunications, satellites (Yahsat, W3D, W6A, APSTAR 7 and 7B, Yamal-401 and 402, Globalstar and O3B), satellite services for telecommunications and resale of satellite capacity; in military telecommunications, the Sicral 2 programme and satellite services; in Earth observation, the Sentinel 3 mission satellite in the Kopernikus programme (formerly GMES) and the Göktürk satellite system for the Turkish Ministry of Defence; in scientific programmes, Exomars; in satellite navigation, the Earth mission segment of the Galileo programme; in orbital infrastructure, the COTS Cygnus programme, related to the International Space Station.

Adjusted EBITA was at breakeven at 31 March 2011, in line with 31 March 2010.

New orders totalled EUR 103 million, down EUR 105 million (-50%) on the EUR 208 million registered in the same period of 2010, mainly due to the manufacturing segment. The most important orders acquired in the period were the following: in commercial telecommunications, the first tranche of the contract to supply the payloads of Russian Express AM8, Express AT1 and Express AT2 satellites; in institutional military telecommunications, the final tranches of the order for the contract to supply the Athena Fidus satellite to the Italian and French space agencies and orders for services to military telecommunications satellites; in Earth observation, orders to supply Cosmo data; in satellite navigation, the final acquisitions for the 'Earth mission segment' and the 'space segment' of the FOC (Full Operation Capability) phase of the Galileo programme; in scientific programmes, the final tranche of the contract for the Bepi-Columbo programme.

The **order backlog** was EUR 2,519 million, down EUR 49 million (-2%) on 31 December 2010 (EUR 2,568 million). Of this total, 66% consists of manufacturing activity, while the remaining 34% relates to satellite services.

The **headcount** was 4,062, up by 411 from 3,651 at 31 December 2010, due to the transfer of activities from Defence and Security Electronics.

Defence Systems

Companies: **OTO Melara, WASS, MBDA (*)**

Revenues: EUR 260 million (+13%); Adjusted EBITA: EUR 12 million (-14%)

(*) Figures for the MBDA joint venture are consolidated proportionally at 25%.

Revenues totalled EUR 260 million, up EUR 29 million (+13%) on the EUR 231 million registered at 31 March 2010, mainly due to ground, naval and aeronautical weapon systems. The main contributors to revenues were the following: in missile systems, production of Aster and Mistral missiles, development of the air defence system for the MEADS programme and customer support; in ground, naval and aeronautical weapon systems, production relating to VBM armoured vehicles for the Italian Army, work on the Hitfist turret kits for Poland and 76/62 SR cannons for various foreign clients, work on the FREMM programme, the production of SampT launchers and logistics; and in underwater systems, activities relating to the Black Shark heavy torpedo, the MU90 and A244 light torpedoes, countermeasures and work on the FREMM programme.

Adjusted EBITA totalled EUR 12 million, down EUR 2 million (-14%) on the EUR 14 million recorded in 1Q10. The **adjusted EBITA margin** was 4.6%, compared with 6.1% in 1Q10, reflecting a less profitable activity mix.

New orders totalled EUR 119 million, down EUR 115 million (49%) on the EUR 234 million registered in 1Q10, due to the large orders from the UK Ministry of Defence recorded for missile systems in 1Q10. The main new orders secured included: in missile systems, various customer support orders; in ground, naval and aeronautical weapon systems, the order for HITFIST kits from Poland and various logistics orders; in underwater systems, orders for 27 upgrade kits for A244 light torpedoes and C303 countermeasure systems from a foreign client.

The **order backlog** stood at EUR 3,640 million, EUR 157 million (-4%) lower than the EUR 3,797 million recorded at 31 December 2010. About 60% of this total relates to activities in the missile systems segment.

The **headcount** was 4,098, down by 14 from 4,112 at 31 December 2010.

Energy

Companies: **Ansaldo Energia**

Revenues: EUR 266 million (-21%); Adjusted EBITA: EUR 21 million (-32%)

Revenues totalled EUR 266 million, down EUR 71 million (-21%) on the EUR 337 million recorded in the same period of 2010. Activities mainly concerned the following segments: in plant and components, plants in Italy, Tunisia and Egypt; in services, Long-term Service Agreements (LTSAs) with Sparanise and Vado Ligure (Italy), maintenance activities on the Enipower contract and spare parts for the gas turbine in India (Valuthur); in nuclear, work on the Sanmen project in China with Westinghouse and on the Mochovce power station in Slovakia, service activities on power stations in Argentina and France and waste and decommissioning activities in Trino (Vercelli); and in renewable energy, higher output for the Matera and Siracusa orders for construction of two photovoltaic plants.

Adjusted EBITA totalled EUR 21 million, down EUR 10 million (-32%) on the EUR 31 million recorded in the same period of 2010. The **adjusted EBITA margin** was 7.9%, compared with 9.2% in 1Q10.

New orders totalled EUR 730 million, up EUR 552 million (+310%) on the EUR 178 million registered in 1Q10, due to the important acquisition of the Turkish Gebze contract, worth about EUR 638 million. The main orders acquired included: in plant and components, the supply of the 800W combined-cycle plant at Gebze (Turkey); in services, the LTSA in Turkey and new solution and spare parts contracts; in nuclear, new engineering orders for the turbine at the Embalse power station in Argentina and new support contracts for the Superphoenix reactor in France.

The **order backlog** totalled EUR 3,763 million, up EUR 458 million (+14%) on the EUR 3,305 million recorded at 31 December 2010. About 41.7% of this figure was accounted for by plant and components, 53.3% by services (largely routine maintenance contracts), 2.4% by nuclear activities and the remaining 2.6% by renewable energies.

The **headcount** was 3,370, down by 48 from 3,418 at 31 December 2010.

Transport

Companies: **Ansaldo STS, AnsaldoBreda, BredaMenarinibus**

Revenues: EUR 458 million (+3%); Adjusted EBITA: EUR 22 million (+10%)

Revenues totalled EUR 458 million, up EUR 13 million (+3%) on the EUR 445 million recorded in 1Q10. Activity related principally to the following: in signalling and transportation solutions, orders for high-speed lines and for ground and onboard train control systems (SCMT) in Italy, as well as contracts in Turkey, Australia, the UK, France and the US and for the metro systems of Naples, Rome, Copenhagen, Riyadh and Brescia; in the vehicles segment, trains for the Dutch, Belgian and Danish railways and the Milan, Rome and Riyadh metro systems, and various Sirio tram contracts and service contracts; in the bus segment, various orders for buses accounting for 87% of the segment's revenues, as well as after-sales services.

Adjusted EBITA totalled EUR 22 million, up EUR 2 million (+10%) on the EUR 20 million registered in 1Q10, mainly due to signalling and transportation solutions. The **adjusted EBITA margin** was 4.8%, compared with 4.5% in March 2010.

New orders totalled EUR 639 million, up EUR 309 million (+94%) on the EUR 330 million registered in the same period of the previous year, primarily reflecting increased activity in the signalling and transportation solutions business. New orders received during the period include: in signalling and transportation solutions, a technology upgrade to conventional lines on the Turin-Padua route, an order for the Red Line on Stockholm's metro system, a maintenance contract for signalling systems on the Paris metro and tram networks, various parts and service & maintenance contracts, the extension of Line 5 on the Milan metro and the first contract under the framework agreement signed with Rio Tinto Iron Ore in Australia; in the vehicles segment, the extension of Line 5 on the Milan metro and services orders; and in the bus segment, orders for 11 units.

The **order backlog** totalled EUR 7,459 million, up EUR 156 million (+2%) on the EUR 7,303 million recorded at 31 December 2010. Signalling and transportation solutions accounted for 63% of this total, vehicles 36% and buses the remaining 1%.

The **headcount** was 7,078, down 15 from 7,093 at 31 December 2010.

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Alessandro Pansa, the director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-*bis*, paragraph 2 of the *Testo Unico della Finanza* law, that the information contained in this press release accurately represents the figures contained in the Group's accounting records.

1Q 2011 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	815	1,343	567	219	260	266	458	49	(122)	**3,855**
EBITA*	**81**	**98**	**4**		**12**	**21**	**22**	**(23)**		**215**
EBITA* margin (%)	*10.0%*	*7.3%*	*0.7%*	*n.a.*	*4.6%*	*7.9%*	*4.8%*	*n.a.*		*5.6%*
Depreciation and amortisation	35	53	29	8	7	6	5	13		**156**
Investment in non-current assets	39	35	50	6	8	6	4	2		**150**
Research and development costs	77	148	62	19	59	6	13	0		**384**
New orders	680	1,213	535	103	119	730	639	15	(218)	**3,816**
Order backlog	11,848	11,256	8,518	2,519	3,640	3,763	7,459	107	(1,072)	**48,038**
Headcount	13,477	29,102	12,445	4,062	4,098	3,370	7,078	865		**74,497**

1Q 2010 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	837	1,452	592	194	231	337	445	58	(107)	**4,039**
EBITA*	**75**	**107**	**34**	**0**	**14**	**31**	**20**	**(30)**		**251**
EBITA* margin (%)	*9.0%*	*7.4%*	*5.7%*	*0.0%*	*6.1%*	*9.2%*	*4.5%*	*n.a.*		*6.2%*
Depreciation and amortisation	31	55	37	7	7	6	6	4		**153**
Investment in non-current assets	31	45	75	9	7	9	4	1		**181**
Research and development costs	72	131	76	12	45	7	10			**353**
New orders	1,146	1,642	217	208	234	178	330	13	(226)	**3,742**
Order backlog	10,292	12,653	8,604	1,647	4,013	3,211	5,900	139	(999)	**45,460**
Headcount	14,575	30,003	13,099	3,656	4,043	3,440	7,293	798		**76,907**

*Operating result before:
- any goodwill impairment;
- amortisations of intangibles acquired under business combination;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary operations of the company's core businesses.