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PRESS RELEASE

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Board of Directors approves 2010 results. Performance in line with guidance. New orders grow to EUR 22.5 billion. Order backlog at EUR 48.7 billion. FOCF 2x forecast.

Proposed dividend of EUR 0. 41 per share.

All 2010 financial data is unaudited.

- Finmeccanica Group produced 2010 results in line with, and in some cases ahead of, forecasts despite facing uncertainty in global markets. Revenues and EBITA were at the high end of the forecast, while FOCF was more than double the forecasted amount due to careful management of investments and of working capital.
- **New orders** rose 6.4% to EUR 22,453 million driven by growth in Helicopters (+86.6%), Space (+67%) and Transportation (+13.9%).
- The **order backlog** rose 7.8% to EUR 48,668 million, equivalent to more than two and a half years of production.
- **Revenues** rose 2.9% to EUR 18,695 million, from EUR 18,176 million in 2009.
- **Adjusted EBITA** was EUR 1,589 million, with an adjusted EBITA margin of 8.5%.
- **Net profit** was EUR 557 million, versus EUR 718 million in 2009 (-22.4%).
- **FOCF** was a positive EUR 443 million, versus a positive EUR 563 million in 2009.
- **Net debt** was EUR 3,133 million, versus EUR 3,070 million at 31 December 2009.
- Investments in **research and development** rose 2.4% to EUR 2,030 million, equivalent to about 11% of revenues.

Key 2010 figures

(EUR million)	2010	2009	Abs. chg.	% cjg/
Revenues	18,695	18,176	519	*2.9%*
Adj. EBITA (*)	1,589	1,587	2	*0.1%*
Adj. EBITA margin (*)	*8.5%*	*8.7%*		*(0.2) pp*
Net profit	557	718	(161)	*(22.4%)*
Adj. net profit	557	700	(143)	*(20.4%)*
FOCF	443	563	(120)	*(21.3%)*
Net debt	3,133	3,070	63	*2.1%*
New orders	22,453	21,099	1,354	*6.4%*
Order backlog	48,668	45,143	3,525	*7.8%*
ROI	*16.0%*	*16.7%*		*(0.7) pp*
EVA	317	290	27	*9.3%*
R&D (**)	2,030	1,982	48	*2.4%*
EPS (***)	0.854	1.134	(0.28)	*(24.7%)*
Dividend per share(****)	0.41	0.41	-	-
Headcount	75,197	73,056	2,141	*2.9%*

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

(**) The item also includes the portion of R&D costs financed by customers.
(***) excluding minority interests.
(****) 2010 dividend per share is that proposed to the Shareholders Meeting.

CONSOLIDATED PROFIT AND LOSS ACCOUNT			
€mil.	**2010**	**2009**	***Change % YoY***
Revenues	**18,695**	**18,176**	*2.9%*
Costs for purchases and personnel	(16,381)	(16,125)	
Depreciation and amortisation	(578)	(575)	
Other net operating revenues (costs)	(147)	111	
Adj. EBITA (*)	**1,589**	**1,587**	*0.1%*
Adj. EBITA (*) margin	*8.5%*	*8.7%*	
Non-recurring revenues (costs)	(169)	(92)	
Restructuring costs	(103)	(23)	
Impairment	-	-	
PPA amortisation	(85)	(80)	
EBIT	**1,232**	**1,392**	*(11.5%)*
EBIT margin	*6.6%*	*7.7%*	
Net finance income (costs)	(366)	(297)	
Income taxes	(309)	(377)	
Net profit before discontinued operations	**557**	**718**	*(22.4%)*
Profit of discontinued operations			
Net profit	**557**	**718**	*(22.4%)*
Group	*493*	*654*	
Minorities	*64*	*64*	
EPS (EUR)			
Basic	*0.854*	*1.134*	
Diluted	*0.853*	*1.133*	
EPS of continuing operations (EUR)			
Basic	*0.854*	*1.134*	
Diluted	*0.853*	*1.133*	

(*) 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.

BREAKDOWN OF KEY FIGURES

Revenues in 2010 were EUR 18,695 million, versus EUR 18,176 million in 2009, an increase of EUR 519 million (2.9%). The rise is mainly attributable to higher production volumes in Helicopters (particularly for work on the AW139 and product support), in Defence and Security Electronics (for activities relating to avionics and electro-optics, DRS and value-added services in security applications) and in Aeronautics (for activities relating to the military segment and in particular the Eurofighter, C27J, M-346 and G-222 programmes).

Adjusted EBITA for the year was EUR 1,589 million, versus EUR 1,587 million in 2009. Improvements were recorded in Helicopters (with higher revenues and a different production mix), in Defence and Security Electronics (on the back of greater volumes, initiatives to boost production efficiency and cost-saving measures) and in Transportation (with improved profitability in the Vehicles segment and production volume growth in Signalling and Transportation Systems).

The **Adjusted EBITA margin (ROS)** was 8.5%, versus 8.7% in 2009.

Net profit for the year was EUR 557 million, versus EUR 718 million in 2009, a decrease of EUR 161 million (-22.4%). The lower result is largely attributable to the drop in EBIT (-EUR 160 million), which was wholly due to the rise in non-recurring costs relating to restructuring measures and higher net financial expenses (+EUR 69 million) following capital gains from the sale of shares and holdings in 2009. It must be reminded that the 2009 had benefitted from the sales of shares and holdings. This was partly offset by a decrease in taxes (-EUR 68 million).

BALANCE SHEET		
€mil.	**31.12.2010**	**31.12.2009**
Non-current assets	13,641	12,956
Non-current liabilities	(2,583)	(2,639)
	11,058	**10,317**
Inventories	4,426	4,662
Trade receivables	9,242	8,481
Trade payables	(12,996)	(12,400)
Working capital	**672**	**743**
Provisions for short-term risks and charges	(762)	(595)
Other current net assets (liabilities)	(738)	(853)
Net working capital	**(828)**	**(705)**
Net invested capital	**10,230**	**9,612**
Capital and reserves attributable to equity holders of the Company	6,814	6,351
Minority interests	284	198
Shareholders' equity	**7,098**	**6,549**
Net debt (cash)	**3,133**	**3,070**
(assets)/liabilities held for sale	**(1)**	**(7)**

Free operating cash flow (FOCF) was a positive EUR 443 million (cash generation) in 2010, versus a positive EUR 563 million in 2009, with a decline of EUR 120 million (-21.3%). FOCF in 2009 was boosted by a number of advance payments on trade receivables and extraordinary receipts, including a EUR 64 million credit balance paid to Finmeccanica by ENEA. Diligent working capital management, especially in trade receivables/payables, enabled the Group to achieve a significant surplus in cash flow from operations. This in turn allowed cash burn from investments in 2010 based on technology and product development priorities. The main investments were in Defence and Security Electronics (30% share), Aeronautics (~29%) and Helicopters (~21%).

CASH FLOW		
€mil.	**2010**	**2009**
Cash and cash equivalents at 1 January	**2,630**	**2,297**
Gross cash flow from operating activities	2,361	2,222
Financial charges paid	(258)	(180)
Income taxes paid	(335)	(392)
Changes in other operating assets and liabilities and provisions for risks and charges	(355)	(134)
Funds From Operations (FFO)	**1,413**	**1,516**
Changes in working capital	(117)	(488)
Cash flow generated from (used in) operating activities	**1,296**	**1,028**
Investment in tangible and intangible assets after disposals	(853)	(465)
Free operating cash flow (FOCF)	**443**	**563**
Strategic operations	(138)	(10)
Change in other investment activities	30	(3)
Cash flow generated (used) by investment activities	**(961)**	**(478)**
Share capital increase	-	-
Cash flow from financing activities	(884)	66
Dividends paid	(257)	(256)
Cash flow generated (used) by financing activities	**(1,141)**	**(190)**
Exchange gains/losses	30	(27)
Cash and cash equivalents at 31 December	**1,854**	**2,630**

Net debt was EUR 3,133 million at 31 December 2010, versus EUR 3,070 million at 31 December 2009, up EUR 63 million (+2.1%). This confirms the normal cash flow pattern, with significant cash burn during the year followed by a sharp recovery in the final quarter, with significant receipts for all Group companies**.**

The net debt figure includes positive FOCF (cash generation) of EUR 443 million and reflects the following transactions: a payment of EUR 237 million relating to the ordinary dividend for 2009 distributed by the Parent Company to its shareholders; a payment of EUR 20 million relating to minorities' share of the ordinary dividend for 2009 distributed by other Group companies (of which EUR 19 million by Ansaldo STS); the full effect on Group debt of the acquisition of Polish group PZL–SWIDNIK, totalling approximately EUR 139 million – a figure comprising the purchase price paid (EUR 77 million, net of cash acquired), costs related to the acquisition (EUR 24 million) and debt of EUR 38 million relating to the company and its subsidiaries at the time they were included in the basis of consolidation; and further acquisitions totalling EUR 37 million. The debt figure was also affected by the appreciation of the US dollar and sterling against the euro at 31 December 2010, versus end-2009, especially in relation to the conversion of dollar-denominated net debt into euro (impact of about EUR 65 million).

FINANCIAL POSITION		
€mil.	**31.12.2010**	**31.12.2009**
Short-term financial payables	456	913
Medium/long-term financial payable	4,437	4,476
Cash and cash equivalents	(1,854)	(2,630)
BANK DEBT AND BONDS	**3,039**	**2,759**
Securities	(1)	(11)
Financial receivables from Group companies	(34)	(34)
Other financial receivables	(779)	(763)
FINANCIAL RECEIVABLES AND SECURITIES	**(814)**	**(808)**
Financial payables to related parties	714	679
Other short-term financial payables	88	312
Other medium/long-term financial payables	106	128
OTHER FINANCIAL PAYABLES	**908**	**1,119**
NET FINANCIAL DEBT (CASH)	**3,133**	**3,070**

New orders in 2010 totalled EUR 22,453 million, versus EUR 21,099 million in 2009, an increase of EUR 1,354 million (+6.4%). Improved sales were registered in the following sectors: Helicopters, for the order relating to the supply of 12 AW101s to the Italian Ministry of Defence, for the order of 12 AW101s by the Indian air force, for orders from the UK Ministry of Defence and for orders for 142 aircraft in the civil-government segment; Space, for the excellent performance in the Earth observation sector and the contract acquired to design and build the 81-satellite Iridium NEXT constellation; and Transportation, in the Vehicles segment for the supply of 50 high-speed trains, as part of a temporary consortium with Bombardier, and in Signalling and Transportation Systems, for an order for the new line of Copenhagen's driverless metro.

The **order backlog** was EUR 48,668 million at 31 December 2010, versus EUR 45,143 million at 31 December 2009, an increase of EUR 3,525 million (+7.8%). The increase is attributable to normal levels of order acquisition and customer billing, and to the effects of the EUR/USD exchange rate at the end of the period on the conversion of accounts in foreign currency. The order backlog represents more than two and a half years of production.

Research and development costs totalled EUR 2,030 million, versus EUR 1,982 million in 2009, an increase of EUR 48 million (+2.4%). R&D was focused in the three ‘strategic pillars’ of Aeronautics (18% of Group total), Defence and Security Electronics (40%) and Helicopters (20%).

Headcount at 31 December 2010 was 75,197, versus 73,056 at end-2009**.** The net increase of 2,141 reflects the combined effect of the restructuring operations launched in some sectors and the consolidation of Polish group PZL – SWIDNIK in the Helicopters sector. In geographical terms, around 57% of staff is located in Italy and some 43% abroad, mainly in the US (15.7%), the UK (12.8%), France (4.9%) and Poland (4.5%).

2010 HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

On **29 January 2010**, following approval from competition authorities, Finmeccanica completed the purchase of 87.67% of Polish group PZL-SWIDNIK, which manufactures helicopters and aerostructures**.**

On **6 February 2010**, AgustaWestland and Tata Sons, an Indian industrial group, signed definitive agreements to create a joint venture in India for the final assembly of the AW119 helicopter.

On **9 April 2010**, at the Fifth Italian-French Dialogue Forum in Paris, Ansaldo Energia and its subsidiary Ansaldo Nucleare, Enel and EDF signed a memorandum of understanding for the development of nuclear power in Italy**.** The aim of the agreement is to define areas of co-operation between Enel-EDF and Ansaldo Energia in developing and building at least four of the EPR nuclear plants planned by Enel and EDF for Italy. On the same date, Ansaldo Energia and Areva signed a memorandum of understanding to create an industrial partnership related to existing Areva projects and then expanding into future Italian projects as well as further programmes planned in France and the UK.

On **20 May 2010**, the Board of Directors of Finmeccanica – in line with the programme to optimise the Group's industrial assets in the Defence and Security Electronics, and Space sectors, previously announced at the shareholders meeting on 30 April 2010 – approved an efficiency process intended to improve the business structure and industrial performance of the companies involved. In particular, the organisational rationalisation involves a number of specific business lines, enabling the Group to take advantage of the technological synergies within its structure and to define clear responsibilities to end customers. The companies affected by the reorganisation are SELEX Sistemi Integrati, SELEX Galileo, Elsag Datamat and Telespazio.

On **24 May 2010**, Finmeccanica announced the signing of an agreement between AgustaWestland and Boeing for the US Navy's presidential helicopters programme, Marine One (VXX). Boeing has been awarded the usage rights to the intellectual property, data and production rights of AgustaWestland in order to use the AW101 platform to develop the configuration for the VXX Programme. AgustaWestland will therefore play a role in developing the programme and provide significant input into the design and production stages.

On **22 June 2010**, Russian Helicopters and AgustaWestland instituted a joint partnership to build a final assembly plant for the civil configuration of the AW139 helicopter in Russia.

On **5 August 2010**, AnsaldoBreda won a tender for the supply of 50 V300 Zefiro high-speed trains to Trenitalia, as part of a temporary consortium formed by AnsaldoBreda (with a 60% share in the programme) and Canadian group Bombardier. The contract was signed on **30 September 2010**.

At the **end of 2010**, the Group began rationalising its **real estate assets** through the gradual pooling of these holdings in Finmeccanica Group Real Estate SpA. The goal is to simplify the management of the Group's real estate assets as a way to increase efficiency and reduce costs. On 20 January 2011, the Finmeccanica Board of Directors also approved guidelines to transfer certain Group real estate assets into a closed real estate fund whose shareholding would largely consist of third parties. Further evaluation of the operation is ongoing.

In **January and February 2011**, considerable political and social turbulence spread through North Africa, particularly affecting Tunisia, Egypt and Libya. Finmeccanica has long been present in these countries with contracts in the civil (railway and signalling systems) and government (helicopters and defence and security electronics) sectors. With regard to Libya, while the situation remains unclear and all work by Group companies has been halted, no significant balance sheet risks have emerged, in part because of the lack of large-scale investments in fixed or financial assets in the country. Furthermore, should the contracts in question be suspended for the whole of 2011, the impact on Group revenues, EBITA and FOCF would be limited. It is not possible to foresee the outcome of the current situation and Finmeccanica is monitoring developments carefully in an effort to safeguard its activities and to limit the possible negative impact.

FINANCIAL OPERATIONS

In 2010, the Group carried out significant transactions on both the bond and banking markets.

Bond market

In **August 2010**, Finmeccanica repaid at maturity the EUR 501 million bond exchangeable for STM shares. In February 2010, Finmeccanica had bought back certain of these bonds for a nominal value of approximately EUR 51 million. The purchase price was 99.40% of the nominal value of the bonds. The transaction permitted the extinction of an equivalent amount of the associated debt.

At **30 September 2010**, the residual amount (USD 3 million) of the bond issue originally issued by DRS Technologies in 2003 was settled ahead of maturity (2013).

It should be noted that a series of operations are under way to convert part of the Group's fixed-rate exposure to variable rate, thereby minimising the overall cost of this debt.

All the bonds issued by Finmeccanica Finance, DRS and Meccanica Holdings USA are irrevocably and unconditionally guaranteed by Finmeccanica, and are awarded medium-term financial credit ratings by the three international ratings agencies Moody's Investor Service, Standard and Poor's and Fitch. At the date of preparation of this financial report, these credit ratings were A3 (Moody's), BBB+ (Fitch) and BBB with negative outlook (Standard and Poor's).

Banking market

In **August 2010**, Finmeccanica drew down a total of EUR 500 million from the loan taken out in 2009 with the European Investment Bank.

In **September 2010**, Finmeccanica successfully concluded the operation aimed at extending to 2015 the duration of its confirmed short-term credit lines in existence with expiry dates up to the end of 2012. On **21 September 2010,** Finmeccanica signed a new revolving credit facility with a pool of leading Italian and international banks. The EUR 2,400 million facility may be used at 1-3-6 months, and expires on 21 September 2015. The conditions of the credit line stipulate payment of a spread of 75 basis points per year above Euribor, to be increased to 95 bp and 115 bp when the drawdown exceeds 33% or 66% respectively of the nominal value of the credit line, as well as payment of the usual fees.

The line represents an important source of cash in the medium term, and thanks to its size and revolving arrangement, meets the Group's working capital financing needs, mainly in relation to the seasonal nature of receipts.

Along with the signing of the new credit line, the following facilities were cancelled ahead of maturity: the EUR 1,200 million medium-term revolving credit line signed in 2004 with a pool of Italian and international banks (expiring 2012); the EUR 639 million revolving credit facility taken out in February 2010, resulting from the conversion of the remaining portion of the Senior Term Loan Facility (tranche C), stipulated at the time of the purchase of DRS Technologies (expiring June 2011); and all confirmed bilateral credit lines in existence when the agreement for the new line was signed (with a total value of EUR 670 million), except one line worth EUR 50 million, expiring at the end of 2011.

EARNINGS PER SHARE

SHARE DATA			
	2010	**2009**	***Var. %***
Average number of shares in period (thousands)	577,026	576,914	*0.0%*
Net result (not including minority interests) (€mil.)	493	654	
Result of continuing operations (not including minority interests) (€mil.)	493	654	
BASIC EPS (EUR)	**0.854**	**1.134**	***(24.7%)***
Average number of shares for the period (in thousands)	577,685	577,573	*0.0%*
Result adjusted (not including minority interests) (€mil.)	493	654	
Adjusted result of continuing operations (not including minority interests) (€mil.)	493	654	
DILUTED EPS (EUR)	**0.853**	**1.133**	***(24.7%)***

OUTLOOK

In 2010, the global economy continued to recover from the recession triggered primarily by the financial crises of August 2007 and September 2008. But the recovery is occurring at two different speeds. Emerging countries, with few exceptions, are experiencing sharp growth both in domestic demand and foreign trade. Industrialised countries are benefitting from growing external demand but internal consumption remains weak. In 2010, eurozone countries grew well but restrictive budgetary policies implemented by governments to reduce deficits and public debt are limiting future growth prospects.

The Group's companies face an increasingly challenging competitive environment marked by a number of new factors: stricter lending criteria by financial institutions vis-à-vis companies; the need to be more selective in investment decisions with an eye to product portfolio simplification; new entry barriers in emerging markets and, above all, in traditional markets, with possible consequences on pricing; and finally the emergence of new competitors from emerging markets.

To address this situation, Finmeccanica has identified opportunities for the integration of operations (mainly in Aeronautics and Defence and Security Electronics) to significantly improve efficiency. To this end, the Group has implemented the following measures: the rationalisation of production facilities, partly through the recent move to concentrate property holdings in Finmeccanica Group Real Estate; staff reorganisation in certain areas; and a review of the product portfolio, based on defining priorities in the use of resources, which should lead to better investment decisions.

This will enable a significant reduction in production costs, which can then be employed in to make the Group even more price competitive, increasing its capacity to acquire orders in highly competitive countries and markets, as well as to generate higher cash flow.

The good financial results achieved in 2010 enabled the Group to meet and in some cases exceed its targets set for full-year revenues, adjusted EBITA and free operating cash flow as well as to further strengthen its balance sheet.

Furthermore, the Group's excellent sales performance (with new orders of over EUR 22 billion and an orders/revenues ratio of 1.2) enabled the order backlog to exceed the EUR 48 billion mark, thus guaranteeing coverage of more than 87% of expected revenues in 2011.

Given these positive factors, but taking into account that for the next year the Group will continue to face uncertainty regarding the economic recovery, estimates for 2011 have been made on a prudent basis.

The Group forecasts 2011 revenues of between EUR 18.3 billion and EUR 19 billion and an adjusted EBITA of between EUR 1,530 million and EUR 1,600 million. The Group's free operating cash flow is expected to be positive by between EUR 400 million and EUR 500 million, net of significant investments in product development, which, as in 2010, will mainly be concentrated in the Aeronautics, Helicopters and Defence and Security Electronics businesses.

DIVIDEND

The Board of Directors has voted to propose to the Annual Shareholders Meeting payment of a dividend of EUR 0.41 per share, for a maximum total of EUR 237,041,661.95. If the Shareholders Meeting approves the proposal, the dividend will be paid on 26 May 2011 (ex-date: 23 May 2011).

FINMECCANICA SPA KEY DATA

Finmeccanica SpA Key Data		
€mln	**2010**	**2009**
Revenues	72	66
Net Profit	237	251
	31.12.2010	31.12.2009
Net Invested Capital	10,165	9,857
Net Financial Debt	3,595	3,311

SHAREHOLDERS MEETING AND RENEWAL OF BOARD OF DIRECTORS

The Ordinary Shareholders Meeting, called to vote on the renewal of the Board of Directors for 2011-2013, will be convened on 29 April 2011 and 4 May 2011 (first and second call). The Extraordinary Shareholders Meeting will be convened on 29 April 2011, 3 May 2011 and 4 May 2011 (first, second and third call).

AUTHORISATION TO PURCHASE OWN SHARES

The Board of Directors will also submit to shareholders a proposal to authorise the purchase and use of Finmeccanica ordinary shares related to existing share incentive schemes (for 2002-2004 and 2008-2010), with a deadline of 31 December 2011 and a maximum of 1,530,287 ordinary Finmeccanica shares. The proposal provides for the purchase, in the number of tranches deemed appropriate, at a price set at the previous day's closing market price +/- 5%. The shares may be purchased on the market, or via the purchase and sale of derivative instruments traded on regulated markets. The company currently holds 712,515 own shares, equivalent to 0.123% of the share capital.

CHANGES TO ARTICLES OF ASSOCIATION

Finally, the Board of Directors will propose to the Shareholders Meeting certain changes to the articles of association in accordance with the provisions set out in CONSOB Regulation 17221/2010 regarding transactions with related parties, and in line with the contents of the “Procedure for transactions with related parties” adopted by the Board on 26 November 2010.

DOCUMENTATION

In compliance with the new regulations pursuant to article 154-ter, paragraph 1 and 1-ter of the *Testo Unico della Finanza* law, the draft annual financial statements and the consolidated financial statements to 31 December 2010, approved by the Board of Directors today, will be made available to the public in accordance with the terms and conditions required by current law, accompanied by the Report on Operations, the reports of the external auditors and the board of auditors, the declarations pursuant to article 154-bis, paragraph 5 of the *Testo Unico della Finanza* law, as well as the corporate governance report and the report on the shareholder structure.

The annual financial report is to be published on 18 March 2011.

Results by business unit

(figures in EUR million)

Helicopters

Companies: **AgustaWestland**

Revenues: EUR 3,644 million (+4.7%); Adjusted EBITA: EUR 413 million (+11.3%)

Revenues were EUR 3,644 million, up EUR 164 million (+4.7%) versus EUR 3,480 million in 2009, mainly owing to ongoing work on current programmes, increases production volumes on the AW139 line for the civil and government market, and product support activities (up 15.5%), including IOS contracts with the UK Ministry of Defence.

Adjusted EBITA was EUR 413 million, an increase of EUR 42 million (+11.3%) versus EUR 371 million in 2009. The improvement was due to growth in revenues and the different mix mentioned above. The **adjusted EBITA margin** was 11.3%, up from 10.7% at 31 December 2009.

New orders were EUR 5,982 million, up EUR 2,777 million (+86.6%) versus EUR 3,205 million in 2009. Helicopters (new aircraft and upgrades) accounted for 52.8% of new orders, with product support (spare parts, upgrades and integrated support) accounting for the remaining 47.2%. The most important contracts in the **military/government segment** were: 12 AW101 helicopters plus the option for another three by the Italian defence ministry; 12 AW101 helicopters for the Indian Air Force; the upgrade of ten Lynx Mk 9 helicopters for the UK Ministry of Defence; the second five-year contract relating to the IMOS programme for Royal Navy and Royal Air Force AW101 Merlin helicopters; the supply of 30 helicopters for a customer in the southern Mediterranean region; eight SW3 Sokol helicopters for the Philippine Armed Forces; and a further nine T129 Combat helicopters for Turkey's Atak programme. In the **civil/government** segment, the Group received orders for 142 helicopters in 2010.

The **order backlog** was EUR 12,162 million at 31 December 2010, up EUR 2,376 million (+24.3%) versus EUR 9,786 million at 31 December 2009, sufficient to guarantee around three years of production.

Headcount was 13,573 at 31 December 2010, up 3,230 versus 10,343 at end-2009. The increase reflects the combined effect of the launch of the restructuring programme for newly-acquired Polish group PZL-SWIDNIK and its consolidation (4,311 staff at the date of acquisition).

Defence and Security Electronics

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

Revenues: EUR 7,137 million (+6.2%); adjusted EBITA: EUR 735 million (+5.3%)

Revenues were EUR 7,137 million, up EUR 419 million (+6.2%) from EUR 6,718 million in 2009. The main contributors to revenues were: (***avionics and electro-optics***) work on the DASS system and avionics equipment and radar for the Eurofighter, countermeasure systems and equipment for helicopters and space programmes; (***large integrated defence and security systems***) the launch of the Forza NEC programme, border control in Libya and activities for the Department of Civil Protection for the emergency management system; (***command and control systems***) work on air traffic control programmes, FREMM naval contracts, the MEADS programme and programmes to supply FADR ground radar; (***integrated communications systems and networks***) ongoing work on the Italian TETRA network, and development and production of equipment for the Eurofighter and the NH90, the supply of military communication systems in Italy and the UK, and work on the FREMM programme; (***information technology and security***) work on postal automation and industrial systems and computerisation of the Italian public administration; (***value added services in security applications***) work for the Italian environment ministry; (***US activities***) the provision of infrared viewers for driver vision enhancement (DVE) systems for land vehicles, upgrade programmes on the target acquisition subsystems of Bradley combat vehicles, further provision of TWS soldier vision systems, repairs and provision of spare parts for the MMS system for helicopters, provision of services and products as part of the Rapid Response contract and satellite communication services, deliveries of high-resistance computers and displays for

vehicles, the start of deliveries for the MTS (Movement Tracking System) and the delivery of electricity generation systems using TQG (tactical quiet generators).

Adjusted EBITA was EUR 735 million, up EUR 37 million (+5.3%) versus EUR 698 million in 2009. Growth was due to greater volumes and the effects of initiatives to boost industrial efficiency and reduce costs. This improvement, together with the positive impact of exchange rates arising from the conversion of financial statements drawn up in currencies other than the euro, more than compensated for the difficulties recorded in information technology and security, where it became necessary to prepare a business repositioning plan. The **adjusted EBITA margin** was 10.3%, in line with (10.4% in 2009.

New orders totalled EUR 6,783 million, down EUR 1,432 million (-17.4%) versus EUR 8,215 million in 2009, a year which benefited from significant orders in large integrated systems for defence and security and in integrated communications systems and networks. The main new orders received in 2010 include: (***avionics and electro-optics)*** an order from BAE Systems to supply DASS protection systems and Captor radar for tranche 3A of the Eurofighter, orders for countermeasure systems, further orders for the NH90 helicopter programme, contracts from the UK Ministry of Defence to supply an integrated Defensive Aids System for Royal Air Force helicopters and orders for space programmes, the first orders for the start of operations on the Joint Strike Fighter programme, and orders for customer support activities; (***large integrated systems for defence and security***) an order from Panama to develop a national security and surveillance system, through the implementation of a coastal control and monitoring system; (***command and control systems - defence***) in the defence arena, an order for naval radar from the Peruvian Navy, two contracts for Precision Approach Radar (PAR) for Italy and Switzerland, and a contract from Finland for 15 multi data link processors*;* (***command and control systems - civil systems***) air traffic control systems for Kuwait, a contract with ENAV for modernisation work on computers and software and on primary navigation and approach radar at various airports, two contracts with Morocco's Civil Aviation Authority, other orders for radar systems from Colombia and Ukraine, and a contract to implement a Vessel Traffic Management System (VTMS) in Turkey; (***integrated communications systems and networks***) various EFA programme-related orders to supply communications equipment including for the aircraft of tranche 3A, various orders for helicopter platform communications systems, an order from the United Arab Emirates for signal intelligence work, an order from NATO for communications systems, an order from Trenitalia for rail communications equipment, an order from the Buenos Aires police force for a TETRA system, an order from a local operator in Russia to supply a TETRA network, an order for communications equipment for naval use in India, orders for communications systems of the VBM vehicles of the Italian Army; (***Information Technology and Security***) an order from HP Enterprise Services Italia for information security activities for INPS, a contract with Russian Post to expand the postal centre in Moscow, contracts with Aeroporti di Roma to build a new automatic baggage sorting system, an order from the Italian ministry of culture and heritage to re-assess the archaeological site in Pompeii, and a contract with the municipality of Rome for security systems; (***US activities***) orders from the US armed forces for work related to the TWS vision system, support activities for the MMS helicopters vision system, the supply of further DVE vision systems, Knight target acquisition systems, production of trailers, supply of high-resistance computers and displays, and supply of Q-70 advanced display systems for naval combat systems.

The order backlog totalled EUR 11,747 million at 31 December 2010, down EUR 533 million (-4.3%) versus EUR 12,280 million at end-2009. Avionics 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**.**

Headcount was 29,840 at 31 December 2010, down 396 versus 30,236 recorded at 31 December 2009**.**

Aeronautics

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

Revenues: EUR 2,809 million (+6.4%); adjusted EBITA: EUR 205 million (-14.9%)

(*) 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 2,809 million, up EUR 168 million (+6.4%) versus EUR 2,641 million in 2009, due mainly to the military segment (Eurofighter, C-27J, M-346 and G-222 programmes). Revenues in the **civil segment** were stable due to the increase in the production rates of the B787, which offset reduced activities related to ATR aircraft and aerostructures for other programmes. Activities in the **military segment** mainly concerned: development and production work on the Eurofighter programme (second tranche), as well as related logistics support; the production of C-27J aircraft for the US, Romania and Morocco, and other work for the Italian Air Force; the production of M-346 aircraft for the Italian Air Force and commencement of work on the aircraft ordered by Singapore; modernisation of G-222 aircraft in service with the US Air Force; and upgrades of the Italian Air Force's Tornado aircraft. Logistics support activity continued, as did work on reconfiguring the MB339 aircraft for the United Arab Emirates and production of the ATR maritime patrol for the Italian Navy and overseas customers. In the **civil segment** production related to 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 for the start of non-recurring activities relating to the CSeries regional aircraft.

Adjusted EBITA was EUR 205 million, down EUR 36 million (-14.9%) versus EUR 241 million in 2009, mainly due to the different mix of ongoing programmes in the portfolio and a drop in production volumes at some plants. Specific industrial restructuring measures have already been initiated to address this slow performance. The sector **adjusted EBITA margin** was 7.3%, versus 9.1% in 2009.

New orders were EUR 2,539 million, down EUR 1,186 million (-31.8%) versus EUR 3,725 million in 2009. The year-on-year decline largely reflects the impact of the EUR 1,164 million order for the first batch of the third tranche of the Eurofighter programme acquired in the third quarter of 2009. The main new orders acquired in 2010 include: (***military segment***) orders for the F35-JSF programme relating to the final assembly and check-out (FACO) contract to supply infrastructure, equipment and technical assistance for the production of the wings and assembly of aircraft for Italy and the Netherlands at the Cameri military base, an order to supply 12 M-346 aircraft to the Singapore Air Force, the supply of four MB339 aircraft, reconfigured in the national acrobat team (PAN) version, to the UAE, orders for the supply of a further eight C-27J aircraft for the US Air Force, and orders for logistics support for the Eurofighter, C-130J, Tornado and C-27J aircraft; (***civil segment***) order for the supply of 15 SuperJet 100s to the Mexican airline Interjet, orders for 80 ATR aircraft from various airlines in Brazil, the US, the Caribbean and India, and orders for aerostructures relating to the B767, B777, ATR, A380 and A321 programmes and for the production of engine nacelles.

The **order backlog** was EUR 8,638 million, down EUR 212 million (-2.4%) versus the EUR 8,850 million at 31 December 2009, though it is expected to expand in the medium-/long-term. The Eurofighter programme accounts for 44% of the backlog, while 19% relates to the B787, 5% to the JSF, 4% to the C-27J and 4% to the M-346.

Headcount was 12,604 at 31 December 2010, down 542 versus 13,146 at 31 December 2009.

Space

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

Revenues: EUR 925 million (+1.8%); adjusted EBITA: EUR 39 million (-17.0%)

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

Revenues were EUR 925 million, up EUR 16 million (+1.8%) from EUR 909 million in 2009. Production related principally to the following: (***commercial telecommunications***) satellites (Yahsat, W3B and W3C for Eutelsat, Rascom 1R, APSTAR 7 and APSTAR 7B, Yamal-401 and Yamal-402); constellations of the second-generation Globalstar, O3B and Iridium NEXT satellites; supply of payloads for the Arabsat 5A/6B satellites; supply of telecommunications satellite services and re-sale of satellite capacity; (***military communications***) the CSO (post Helios) programme and the supply of satellite services based on Sicral 1B capacity; (***Earth observation***) COSMO-SkyMed programme, satellites for the Sentinel 1 and 3 missions of the Kopernikus programme and territorial monitoring services; (***scientific programmes***) Bepi-Colombo and Exomars programmes; (***satellite navigation***) activities relating to the In Orbit Validation (IOV) phase and the Full Operation Capability (FOC) phase of the Galileo programme; (***orbital infrastructure***) the Cygnus COTS programme linked to the International Space Station.

Adjusted EBITA was EUR 39 million, down EUR 8 million (-17%) versus EUR 47 million in 2009, due to the different mix of activities developed in the satellite services segment. The **adjusted EBITA margin** was 4.2%, versus 5.2% in 2009.

New orders totalled EUR 1,912 million, up EUR 767 million (+67%) versus EUR 1,145 million in 2009. This was due to the excellent performance of the Earth observation segment and the acquisition of the Iridium NEXT contract. The most important orders acquired in the period were: (***commercial telecommunications***) contracts to supply W6A satellites to Eutelsat and APSTAR 7B satellites to the APT Satellite Company Ltd, a contract relating to the YAMAL programme, further tranches of the order relating to the 03B satellite constellation, the supply of satellite telecommunications services to TIM Brasile, an order relating to the Iridium NEXT constellation, and order to supply maintenance services to the Cosmo system; (***military institutions telecommunications***) the first tranches of the order relating to the Sicral 2 programme, contracts with the Italian and French Space Agencies to supply the Athena Fidus satellite, new orders for military satellite telecommunications services based on Sicral 1B capacity, and further tranches for the CSO (post Helios) programme; (***Earth observation***) contract to supply the French Space Agency (CNES) with the Earth observation satellite Jason 3, a contract to supply the second satellite of the Sentinel 3 mission under the Kopernikus programme to the European Space Agency (ESA), the supply of the Poseidon 3B altimeter, provision of digital mapping of the Republic of Panama, the first tranches of the second-generation Cosmo programme, and the first tranche of the third-generation METEOSAT programme; (***satellite navigation***) further orders in the Earth Mission segment of the IOV phase of the Galileo programme and orders relating to the systems support of the Earth Mission and Space Segments of the FOC phase; (***orbital infrastructure***) the next tranche of the order from the Orbital Science Corporation to supply pressurised modules for the International Space Station to NASA; (***scientific programmes***) the next tranche of the contract relating to the Bepi-Colombo programme, an order from the ESA to develop an atmospheric re-entry demonstrator (IXV- Intermediate eXperimental Vehicle), and further tranches for the European mission EXOMARS.

The **order backlog** was EUR 2,568 million at 31 December 2010, up EUR 957 million (+59.4%) versus EUR 1,611 million at end-2009. Of this total, around 67% consists of manufacturing activity, while the remaining 33% relates to satellite services.

Headcount was 3,651 at 31 December 2010, down 11 versus 3,662 recorded at 31 December 2009**.**

Defence Systems

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

Revenues: EUR 1,210 million (+1.3%); adjusted EBITA: EUR 107 million (-17.7%)

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

Revenues were EUR 1,210 million (+ 1.3%), broadly in line with the EUR 1,195 million posted in 2009. The increases recorded by the land, naval and air weapons and missiles systems segments offset the decline in underwater systems. The main contributors to revenues were the following: (***missile systems***) production of Aster, Mistral and anti-ship Exocet missiles, and development of the air defence system for the MEADS (Medium Extended Air Defense System) programme entailing the joint participation of the US, Germany and Italy; (***land, naval and air weapons systems***) production relating to VBM armoured vehicles and the PZH 2000 for the Italian army, work on the HITFIST turret kits for Poland and the 76/62 SR cannons for various foreign customers, and work on the FREMM programme and the production of SampT launchers; and (***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 was EUR 107 million, down EUR 23 million (-17.7%) versus EUR 130 million in 2009. This was due in particular to the underwater systems segment, which suffered a decline in revenues, together with higher costs for the stabilisation of certain products, and provisions. This decline was partly offset by growth in revenues and an improvement in the industrial profitability of the other segments. The **adjusted EBITA margin** was 8.8%, versus 10.9% in 2009.

New orders were EUR 1,111 million, down EUR 117 million (-9.5%) versus EUR 1,228 million in 2009. The main new orders secured included: (***missiles systems***) important orders for the production of new Meteor air-to-air missiles for the French and Swedish defence ministries, and the first orders under the agreement signed with the UK Ministry of Defence to develop and supply new complex weapons; (***land, naval and air weapons***) order relating to the third tranche of 38 vehicles for the Italian army's VBM armoured vehicle programme, the contract for the Italian Navy's Vulcano 155LR programme, a further order from Poland for HITFIST turret kits, various orders for Palmaria kits from Libya, for three 76/62 SR cannons for the FREMM programme from France, for Mom-Sapom munitions from Singapore, for Hitrole turrets from the UAE and Germany, for two 76/62 naval canons from Fincantieri for the UAE and significant logistics orders from various customers; and (***underwater systems***) order for 128 upgrade kits for the A244 light torpedo from a foreign customer.

The order backlog was EUR 3,797 million at 31 December 2010, down EUR 213 million (-5.3%) versus EUR 4,010 million at end-2009. Around 60% of this figure relates to missile systems.

Headcount at 31 December 2010 was 4,112, in line with the figure of 4,098 at 31 December 2009.

Energy

Companies: **Ansaldo Energia, Ansaldo Nucleare, Asia Power Projects Private, Ansaldo ESG, Ansaldo Thomassen group**

Revenues: EUR 1,413 million (-14.5%); adjusted EBITA: EUR 145 million (-10.5%)

Revenues were EUR 1,413 million, down EUR 239 million (-14.5%) versus EUR 1,652 million in 2009. This was due to lower output in the plant and components segment. Production breaks down as follows: 64.3% on plant and components, 30% on service, 3.2% on nuclear energy and 2.5% on renewable energies. The chief contributors to revenues were the following: (***plant and components***) plants in Algeria, France, Italy, Syria, Bangladesh, Finland, Hungary and Belgium; (***services***) production relating to Long Term Service Agreements (LTSA) in Italy and Ireland; (***nuclear***) continuing engineering activities on the Sanmen project in China with Westinghouse, engineering activities on the Mochovce plant in Slovakia, service activities in Argentina and France and decommissioning activities in Italy; and (***renewable energy***) production relating to the Martano and Soleto (Lecce) orders concerning the construction of two photovoltaic plants.

Adjusted EBITA was EUR 145 million, down EUR 17 million (-10.5%) versus EUR 162 million in 2009. The **EBIT margin** was 10.3%, versus 9.8% in 2010.

New orders were EUR 1,403 million, up EUR 166 million (+13.4%) versus EUR 1,237 million in 2009. This was due to the excellent performance of the plant and component segment, which offset the fall in the service segment due to a lower volume of work on LTSA contracts. Plant and components accounted for 46% of new orders while 39% related to the service business, 10% to renewable energy and 5% to nuclear energy. The main new orders included: (***plant and components***) supply of a turbine controller for Bangladesh, two turbine controllers for Finland, two turbine controllers for Syria and three steam turbines to be installed at three geothermal plants in Tuscany, a combined cycle plant in Tunisia and an open-cycle plant for Egypt; (***service***) new solution and replacement parts contracts and long-term service agreements (LTSAs) for Ireland and Tunisia; (***nuclear - plants***) new engineering orders for the Sanmen project in China and the Mochovce plant in Slovakia, orders to design and build seven parts of the empty chamber of the ITER reactor for the Cadarache plant in France; ***(nuclear – service)*** new support orders for the Superphoenix reactor for the Creyes Malville plant in France and the turbine for the Embalse plant in Argentina; (***nuclear – waste and decommissioning***) work in Italy, Lithuania and Russia; and (***renewable energy***) orders for photovoltaic plants in Lecce and Siracuse and orders for a wind farm at Avellino.

The **order backlog** was EUR 3,305 million at 31 December 2010, down EUR 69 million (-2.0%) versus EUR 3,374 million at end-2009. Plant and components accounted for about 37.4% of the backlog, with 56.7% related to service work (largely routine maintenance contracts), 3.0% to nuclear activities and the remaining 2.9% to renewable energy.

Headcount was 3,418 at 31 December 2010, down 59 versus 3,477 at 31 December 2009, due to normal staff turnover.

Transport

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

Revenues: EUR 1,962 million (+8.3%); adjusted EBITA: EUR 97 million (+49.2%)

Revenues totalled EUR 1,962 million, up EUR 151 million (+8.3%) versus EUR 1,811 million in 2009, mainly due to the Signalling and Transportation Systems segment. Activity related principally to the following: (***Signalling***) orders for high-speed lines and for ground and onboard train control systems (SCMT) in Italy, plus contracts signed in Australia, the UK, China, Turkey, Brazil, France and Libya; (***Transportation Systems***) orders for the Naples, Copenhagen, Rome, Brescia, Riyadh, Genoa and Milan metros; (***Vehicles***) trains for the Dutch and Belgian railways, trains for Danish railways, the Milan and Rome metros, regional trains for Ferrovie Nord in Milan, and various Sirio tram contracts and service contracts; and (***Buses***) various orders for buses accounting for 83% of revenues, plus after-sales services.

Adjusted EBITA was EUR 97 million, up EUR 32 million (+49.2%) versus EUR 65 million in 2009. The **adjusted EBITA margin** was 4.9%, versus 3.6% in 2009.

New orders totalled EUR 3,228 million, up EUR 394 million (+13.9%) versus EUR 2,834 million in 2009, due to a higher volume of orders in the Vehicles, and Signalling and Transportation Systems segments. New orders received during the period include: (***Signalling***), the order for the Sirth-Benghazi line in Lybia, a contract in Kazakhstan, a contract for the technological upgrade of the Genoa rail network, orders from Australian Rail Track Corporation and various components and service & maintenance orders; (***Transportation Systems***) contract to install technology, operate and maintain the new Copenhagen Cityringen metro, contract to operate and maintain the existing Copenhagen metro and orders for the Naples and Genoa metros; (***Vehicles***) contract, as part of a temporary consortium with Bombardier, to supply Trenitalia with 50 high-speed trains, contracts, as part of a temporary consortium with Stadler, for regional trains in Veneto and Emilia Romagna, and an order to revamp trams in Milan and other service orders; and (***Buses***) orders for 322 vehicles.

The **order backlog** was EUR 7,303 million at 31 December 2010, up EUR 1,349 million (+22.7%) versus EUR 5,954 million at end-2009. Signalling and transportation systems accounted for 62% of this total, with Vehicles accounting 37% and Buses the remaining 1%.

Headcount was 7,093 at 31 December 2010, down 202 versus 7,295 recorded at 31 December 2009.

###

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.

2010 (€mln)	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	3,644	7,137	2,809	925	1,210	1,413	1,962	243	(648)	18,695
Adj EBITA (*)	**413**	**735**	**205**	**39**	**107**	**145**	**97**	**(152)**		**1,589**
Adj EBITA (*) margin	*11.3%*	*10.3%*	*7.3%*	*4.2%*	*8.8%*	*10.3%*	*4.9%*	*n.a.*		*8.5%*
Depreciation and amortisation	136	230	154	29	43	26	25	20		663
Investment in non-current assets	175	258	327	45	40	37	53	24		959
Research and development costs	409	810	369	68	260	38	69	7		2,030
New orders	5,982	6,783	2,539	1,912	1,111	1,403	3,228	105	(610)	22,453
Order backlog	12,162	11,747	8,638	2,568	3,797	3,305	7,303	113	(965)	48,668
Headcount	13,573	29,840	12,604	3,651	4,112	3,418	7,093	906		75,197

2009 (€mln)	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	3,480	6,718	2,641	909	1,195	1,652	1,811	410	(640)	18,176
Adj EBITA (*)	**371**	**698**	**241**	**47**	**130**	**162**	**65**	**(127)**		**1,587**
Adj EBITA (*) margin	*10.7%*	*10.4%*	*9.1%*	*5.2%*	*10.9%*	*9.8%*	*3.6%*	*n.a.*		*8.7%*
Depreciation and amortisation	130	240	152	27	42	24	24	16		655
Investment in non-current assets	125	209	335	66	43	60	87	14		939
Research and development costs	328	711	474	87	235	36	110	1		1,982
New orders	3,205	8,215	3,725	1,145	1,228	1,237	2,834	113	(603)	21,099
Order backlog	9,786	12,280	8,850	1,611	4,010	3,374	5,954	172	(894)	45,143
Headcount	10,343	30,236	13,146	3,662	4,098	3,477	7,295	799		73,056

(*) 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.