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FINMECCANICA

PRESS RELEASE

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Board of Directors approves first-half results.

- **New orders** totalled EUR 7,566 million in the first half, versus EUR 8,050 million in 1H10. Improvements in Energy (Gebze contract in Turkey worth EUR 638 million) and Aeronautics (increased orders for ATR aircraft, the B787 programme and logistical support to the M-346) partially offset the slowdown in Helicopters and Defence and Security Electronics.

- The **order backlog** was EUR 44,981 million, versus 48,668 million at 31 December 2010, and represents around two and a half years of production. This result reflects the change in the consolidation perimeter (EUR 1,649 principally due to Ansaldo Energia) and variations in the end-of-period EUR/USD exchange rate.

- **Revenues** totalled EUR 8,432 million versus EUR 8,654 million in 1H10, down mainly due to Defence and Security Electronics, and Energy. The other sectors were broadly stable

- **Adjusted EBITA** was EUR 440 million, from EUR 586 million in 1H10. The adjusted EBITA margin was 5.2%, versus 6.8% in 1H10.

- **Net profit** totalled EUR 456 million versus EUR 194 million in 1H1. This mainly reflects the capital gain from the sale of 45% of Ansaldo Energia (EUR 443 million)

- **FOCF** was negative by EUR 1,184 million versus a negative EUR 967 million in 1H10. This figure must be considered in light of the typical seasonal trend demonstrated by the Group companies, in which trade payables tend to be higher than receipts in the period.

- **Net debt** stood at EUR 4,189 million versus EUR 3,133 million at 31 December 2010. The figure marks an improvement versus the debt at 30 June 2010 (-9%) and reflects the sale of 45% of Ansaldo Energia (EUR 344 million). The Group's financial solidity is shown by the debt maturity profile and the fact that there is no short-term need for financing.

- Investment in **research and development** totalled EUR 882 million, equivalent to 10% of revenues.

Key 1H11 figures (*)

(EUR million)

	1H 2011	1H 2010	Abs. chg.	% chg.	FY 2010
New orders	7,566	8,050	(484)	*(6%)*	22,453
Order backlog	44,981	45,803	(822)	*(2%)*	48,668
Revenues	8,432	8,654	(222)	*(3%)*	18.695
Adj, EBITA (*)	440	586	(146)	*(25%)*	1.589
Adj, EBITA margin (*)	*5.2%*	*6.8%*		*(1.6) pp*	*8.5%*
Net profit	456	194	262	*135%*	557
Adjusted net profit (**)	13	194	(181)	*(93%)*	557
FOCF	(1,184)	(967)	(217)	*(22%)*	443
Net debt	4,189	4,624	(435)	*(9%)*	3,133
ROI	*12.6%*	*14%*		*(1.4) pp*	*16%*
EVA	(198)	(73)	(125)	*(171%)*	317
Research and development	882	880	2	*n.s.*	2,030
Headcount	71,933	76,527	(4,594)	*(6%)*	75,197

(**) Operating profit before:

- any goodwill impairment;
- amortisation of intangible assets valued as part of a business combination;
- restructuring costs of major, defined plans
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary core business operations.

(***) excluding extraordinary operations.

(*) during the first six months of 2011 the depreciation of the USD/EUR exchange rate was 8% between the spot prices on 31 December 2010 and 30 June 2011.

As from 13 June 2011, following the sale of 45% of the Ansaldo Energia group, the latter has been consolidated on a proportional basis.

CONSOLIDATED PROFIT AND LOSS ACCOUNT			
€mil.	**1H 2011**	**1H 2010**	***Change %***
Revenues	**8,432**	**8,654**	*-3%*
Costs for purchases and personnel	(7,671)	(7,744)	
Depreciation and amortisation	(294)	(275)	
Other net operating revenues (costs)	(27)	(49)	
EBITA Adj (*)	**440**	**586**	*-25%*
EBITA Adj (*) margin	5.2%	*6.8%*	
Non-recurring revenues (costs)	(51)	-	
Restructuring costs	(27)	(16)	
PPA amortisation	(41)	(43)	
EBIT	**321**	**527**	*-39%*
EBIT margin	*3.8%*	*6.1%*	
Net finance income (costs)	251	(187)	
Income taxes	(116)	(146)	
Net profit before discontinued operations	**456**	**194**	*135%*
Profit of discontinued operations	-	-	
Net profit	**456**	**194**	*135%*
Group	433	*170*	
Minorities	23	*24*	
EPS (EUR)			
Basic	*0.750*	*0.295*	
Diluted	*0.749*	*0.294*	
EPS of continuing operations (EUR)			
Basic	*0.750*	*0.295*	
Diluted	*0.749*	*0.294*	

(*) 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

In 2010, certain restructuring programs were launched to improve company performance and Group profitability. At the same time, the strained economic outlook of Western economies led to strong pressure on markets and financial systems. Added to this were events and international crises that weighed on Group results as well as persistent structural issues related to the performance of certain businesses. It is therefore necessary to intensify the plans already introduced (as well as consider new measures) to permit improved profitability and adequate value creation.

Revenues were EUR 8,432 million in 1H11, versus EUR 8,654 million in the same period of 2010, down EUR 222 million (-3%). The change was mainly due to reduced production volumes in Defence and Security Electronics (stemming from the expected decline in production volumes at DRS Technologies following completion of important programmes for the US armed forces) and in Energy (due to reduced production volumes in the plant and components segment). The other sectors were broadly stable compared with the first half of 2010.

Adjusted EBITA at 30 June 2011 was EUR 440 million versus EUR 586 million in the same period of 2010, down EUR 146 million (-25%). The decrease is attributable to the following sectors: Aeronautica (due to the varying stages of progress of the portfolio programmes and reduced production efficiency); Defence and Security Electronics (owing to the decline in DRS' revenues, combined with a less profitable mix of activities than in the past); Energy (due to lower revenues and reduced profitability of certain orders in the plant segment owing to a different production mix from that of the same period of 2010); Transport (due to a negative adjusted EBITA in the vehicles and buses segment as a result of cost overruns incurred in certain orders). The adjusted EBITA of the Helicopters, Space and Defence Systems businesses improved.

The **adjusted EBITA margin** was 5.2%, compared with 6.8% in 1H10.

Net profit was EUR 456 million in 1H11, up EUR 262 million versus EUR 194 million in the same period of 2010. The main factors in this change were: a deterioration in EBIT (EUR 206 million), which was partially offset by lower taxes, higher net financial charges (EUR 20 million) and the capital gain from the partial sale of Ansaldo Energia (EUR 443 million). Excluding extraordinary operations, the adjusted net profit was EUR 13 million.

BALANCE SHEET		
€mil.	**30.06.2011**	**31.12.2010**
Non-current assets	13,141	13,641
Non-current liabilities	(2,459)	(2,583)
	10,682	**11,058**
Inventories	4,465	4,426
Trade receivables	9,304	9,242
Trade payables	(12,078)	(12,996)
Working capital	**1,691**	**672**
Provisions for short-term risks and charges	(647)	(762)
Other current net assets (liabilities)	(429)	(738)
Net working capital	**615**	**(828)**
Net invested capital	11,297	10,230
Capital and reserves attributable to equity holders of the Company	6,830	6,814
Minority interests	279	284
Shareholders' equity	**7,109**	**7,098**
Net debt (cash)	**4,189**	**3,133**
Net liabilities (assets) held for sale	(1)	(1)

Free operating cash flow (FOCF) was negative (cash burn) by EUR 1,184 million at 30 June 2011 versus a negative EUR 967 million at 30 June 2010, down EUR 217 million (-22%). In seasonal terms, first-half outgoings tend to be higher than receipts. During the first half of 2011, prudent management of working capital enabled the Group to improve Free Operating Cash Flow above expectations. Investment in product development, which were more limited than in the first half of 2010, was concentrated in Aeronautics (approximately 33%), Defence and Security Electronics (23%) and Helicopters (around 26%).

CASH FLOW		
€mil.	**1H 2011**	**1H 2010**
Cash and cash equivalents at 1 January	**1,854**	**2,630**
Gross cash flow from operating activities	802	1,008
Changes in other operating assets and liabilities(*)	(619)	(493)
Funds From Operations (FFO)	**183**	**515**
Changes in working capital	(996)	(1,059)
Cash flow generated from (used in) operating activities	**(813)**	**(544)**
Cash flow from ordinary investing activities	(371)	(423)
Free operating cash flow (FOCF)	**(1,184)**	**(967)**
Strategic operations	473	(93)
Change in other investing activities (**)	21	3
Cash flow generated (used) by investment activities	**123**	**(513)**
Dividends paid	(258)	(257)
Cash flow from financing activities	(127)	(438)
Cash flow generated (used) by financing activities	**(385)**	**(695)**
Exchange gains/losses	(45)	41
Cash and cash equivalents at 30 June	**734**	**919**

(*) Includes the amounts of "Changes in other operating assets and liabilities and provisions for risks and charges", "Finance costs paid" and "Income taxes paid".
(**) Includes "Other investing activities", dividends received from subsidiaries and loss coverage for subsidiaries.

Net debt was EUR 4,189 million at 30 June 2011, up EUR 1,056 million versus EUR 3,133 million at 31 December 2010. The figure includes negative FOCF (cash burn) of EUR 1,184 million and reflects the following transactions: payment of EUR 237 million relating to the ordinary dividend paid out by the Parent Company to its shareholders for 2010; payment of EUR 21 million relating to the minorities' portion of the ordinary dividend paid out by other Group companies (of which EUR 20 million by Ansaldo STS) to their shareholders for 2010; the positive impact of around EUR 344 million from the sale of a 45% stake in Ansaldo Energia to US investment fund First Reserve Corporation and from the resulting proportional consolidation of the Energia group companies. The figure for the period also benefited from the depreciation of the US dollar against the euro at 30 June 2011, compared with end-2010, especially in relation to the conversion of dollar-denominated net debt into euro. Lastly, note that the debt figure at 30 June 2011 is an improvement over the first-half 2010 figure of EUR 4,624 million, down 9%.

FINANCIAL POSITION		
€mil.	**30.06.2011**	**31.12.2010**
Short-term financial payables	368	456
Medium/long-term financial payable	4,520	4,437
Cash and cash equivalents	(734)	(1,854)
BANK DEBT AND BONDS	**4,154**	**3,039**
Securities	(37)	(1)
Financial receivables from Group companies	(177)	(34)
Other financial receivables	(825)	(779)
FINANCIAL RECEIVABLES AND SECURITIES	**(1,039)**	**(814)**
Financial payables to related parties	890	714
Other short-term financial payables	93	88
Other medium/long-term financial payables	91	106
OTHER FINANCIAL PAYABLES	**1,074**	**908**
NET FINANCIAL DEBT (CASH)	**4,189**	**3,133**

New orders totalled EUR 7,566 million in the first half of 2011, compared with EUR 8,050 million in the first half of 2010, down EUR 484 million (-6.0%). The year-on-year decrease is attributable to the following sectors: Helicopters (due to the postponement until 2012 of some important government contracts combined with the fact that in 2010 the sector benefited from the EUR 560 million sale of 12 AW101 helicopters to the Indian Air Force); and Defence and Security Electronics (which benefitted from important acquisitions in the first half of 2010 relating to the third tranche of the Eurofighter programme and large orders from the US Army). These factors were partially offset by growth in the following sectors: Energy (through the acquisition of the Gebze contract in Turkey worth around EUR 638 million) and Aeronautics (which posted an increase in orders in both the civil segment, thanks to ATR aircraft and the B787 programme, and the military segment, with logistical support to the M-346).

The **order backlog** was EUR 44,981 million at 30 June 2011, versus EUR 48,668 million at 31 December 2010, down EUR 3,687 million. This net change mainly reflects the effect of the change of consolidation perimeter (EUR 1,649 million, mainly related to Ansaldo Energia) and the conversion of the order book into foreign currency due to the USD/EUR and USD/GBP spot exchange rates at 30 June 2011. The order backlog provides the Group with about 2.5 years of production coverage.

Research and Development investments totalled EUR 882 million, broadly in line with the first half of 2010 (EUR 880 million). R&D was focused on the three strategic pillars of Helicopters (around 23% of the Group total), Defence and Security Electronics (approximately 38%) and Aeronautics (about 18%).

Headcount at 30 June 2011 was 71,933, a net reduction of 3,264 versus 75,197 at 31 December 2010. This was due to the change in the method of consolidation of Ansaldo Energia (relating to 1,522 employees) and the industrial reorganisation of the Group, especially in the Defence and Security Electronics, and Aeronautics sectors. In geographical terms, around 57% of staff are located in Italy and around 43% are located abroad, mainly in the US (15%), the UK (13%) and France.

FIRST-HALF 2011 HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

On **28 March 2011**, the Board of Directors of Finmeccanica approved the merger of Elsag Datamat and SELEX Communications. This was completed with effect from **1 June 2011** with the incorporation of Elsag Datamat into SELEX Communications and the concurrent change of name to SELEX Elsag. On the same date, the stakes in Seicos and SELEX Service Management (held by Finmeccanica) and in Digint (held by Finmeccanica Group Services) were transferred to SELEX Elsag. The aim of the operation was to create a centre of excellence at Group level in the sectors of Information and Communication Technology (ICT), Security and Automation, alongside Finmeccanica's two other centres of competence in Defence Electronics and Security comprising SELEX Galileo (avionics and electro-optics) and SELEX Sistemi Integrati (large systems for defence and homeland security, and surface radar).

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 operation was complete on **13 June 2011** and, together with the capital increase in 2008 and the financial debt restructuring in 2010, completes the initiatives launched by Finmeccanica following the acquisition of DRS Technologies.

The transaction was financed with equity of EUR 500 million (of which EUR 275 million contributed by Finmeccanica and EUR 225 million by First Reserve Corporation) and with debt of EUR 573 million. The debt is divided between a medium-term bank loan of EUR 300 million and a short-term vendor loan of EUR 273 million, provided by Finmeccanica, that will be replaced in the medium-term by a revolving line of credit of up to EUR 350 million. Banca Imi SpA, BNP Paribas and Unicredit SpA have provided financial support for the transaction, underwriting financing (loans and revolving lines of credit) for a total of EUR 650 million over a five-year term. The transaction was then syndicated to a pool of leading Italian and international financial institutions.

FINANCIAL TRANSACTIONS

The Finmeccanica Group did not carry out any significant operations on the bond market in the first half of 2011. The only transaction during the period was the complete repayment (totalling USD 17 million) of the remainder of the bond loans that had been placed on the US market by the subsidiary DRS Technologies and largely repaid in January 2009. Note that a series of operations on rates are under way to convert part of the fixed rate exposure to variable rate, thereby minimising the overall cost of the debts in question.

Note also in this regard that in December 2010 Standard and Poor's, although confirming their BBB rating on Finmeccanica's medium-/long-term debt, placed it on negative outlook. In June 2011, Moody's also decided to place the rating of the Republic of Italy under review for a possible downgrade, with repercussions on Finmeccanica's rating. As of the date that the half-year report was presented, therefore, Finmeccanica's credit ratings were A3 under review for a possible downgrade (Moody's), BBB+ outlook stable (Fitch) and BBB outlook negative (Standard and Poor's).

OUTLOOK

The Group's results to 30 June 2011 reveal a slowdown versus the same period in 2010, with the exception of net profit, which benefited from the partial sale of Ansaldo Energia.

Performance below that achieved in 1H10 cannot be attributed solely to economic trends and other external factors that include specific market issues, political and social developments in North African countries (particularly in Libya), the economic difficulties and the financial crisis of some European countries, and the weakness of the industrial recovery in the US.

Certain structural problems also seem to be emerging, stemming from factors within the Group connected to the industrial performance of specific business sectors namely Aeronautics and Transport (specifically Vehicles). For the latter, order acquisition is unsatisfactory and there are issues concerning the economic conditions of some contracts. Thorough reviews aimed at identifying these problems and implementing appropriate solutions are currently under way.

Specific measures, together with a cost-benefit analysis, will be communicated over the next few months and will provide the basis for the 2012-2016 business planning cycle. This will guarantee the solidity of the Group's balance sheet and a renewed ability to generate future profits, necessary to protect future results from potential internal and external events.

In light of the above, we forecast full-year 2011 revenues of between EUR 17.5 billion and EUR 18.0 billion, net of about EUR 400 million as a result of the deconsolidation of 45% of Ansaldo Energia. We are not providing forecasts for operating profit in 2011. Only once we have completed the above-mentioned review and evaluated the impact of the external environment, will we be able to provide a clear forecast of our 2011 results.

With regard to the Group's financial performance, free operating cash flow for the current year is expected to be positive, net of investments in product development which, as in the previous year, will mainly be concentrated in Aeronautics, Helicopters and Defence and Security Electronics. Lastly, in terms of net debt, note that the cash proceeds from the partial sale of Ansaldo Energia reduce the need to refinance debt, with no need refinancing needs until 2013.

SHARE DATA

	1H 2011	**1H 2010**	***Change %***
Average number of shares in period (thousands)	577,438	577,006	*0.1%*
Net result (not including minority interests) (€mil.)	433	170	
Result of continuing operations (not including minority interests) (€mil.)	433	170	
BASIC EPS (EUR)	**0.750**	**0.295**	***154%***
Basic EPS from continuing operations	**0.750**	**0.295**	***154%***
Average number of shares for the period (in thousands) (*)	578,097	577,665	***0.1%***
Result adjusted (not including minority interests) (€mil.)	433	170	
Adjusted result of continuing operations (not including minority interests) (€mil.)	433	170	
DILUTED EPS (EUR)	**0.749**	**0.294**	***155%***
Diluted EPS from continuing operations	**0.749**	**0.294**	***155%***

PERFORMANCE BY SECTOR
(1H11 – figures in EUR million)

Helicopters

Companies: **AgustaWestland**

Revenues: EUR 1,831 million (+5%); adjusted EBITA: EUR 188 million (+4%)

Revenues totalled EUR 1,831 million, up EUR 88 million (+5%) versus EUR 1,743 million in 1H10. The increase is due to the different revenue mix, with the helicopters component showing significant growth in some production lines (AW139; AW109 LUH). Good performance was also recorded in product support with a 14.6% increase in activity.

Adjusted EBITA was EUR 188 million, up EUR 7 million (+4%) versus EUR 181 million in 1H10 The improvement is related to the above-mentioned different revenue mix. The **adjusted EBITA margin** was 10.3%, compared to 10.4% at 30 June 2010.

New orders totalled EUR 1,247 million, down EUR 1,244 million (-50%) versus EUR 2,491 million in 1H10. Helicopters (new aircraft and upgrades) accounted for 63.3% of this total, with product support (spare parts and services), engineering and industrial production making up the remaining 36.7%. The decline is due to the postponement to 2012 of some important government contracts previously expected in the first half of 2011. Note also that the previous year had benefited from an important order (12 AW101 helicopters for the Indian Air Force totalling EUR 560 million).

The **order backlog** was EUR 11,328, down EUR 834 million (-7%) versus EUR 12,162 million at 31 December 2010, and sufficient to guarantee around three years of production.

The **headcount** was 13,419, down 154 from 13,573 at 31 December 2010, mainly due to the completion of the reorganisation plan for the Polish group PZL-SWIDNIK.

Defence and Security Electronics

Companies: **DRS Technologies**, **SELEX Elsag, SELEX Galileo, SELEX Sistemi Integrati**

Revenues: EUR 2,923 million (-10%); Adj. EBITA Adj: EUR 181 million (-37%)

Revenues totalled EUR 2,923 million, down EUR 332 million from EUR 3,255 million for the first half of 2010 (-10%), due to the expected decline in DRS's volumes following completion of significant programs for the US Army.

Adjusted EBITA was EUR 181 million, down EUR 108 million from EUR 289 in the first half of 2010 (-37%). This was in line with expectations, as a result of the above-mentioned decrease in revenues at DRS Technologies as well as the effect of a less profitable business mix than in the past.
As a result, **ROS** was 6.2%, versus 8.9% at 30 June 2010.

New orders totalled EUR 2,538 million, down EUR 507 million from EUR 3,045 million in the first half of 2010 (-17%), during which orders for the third lot of the EFA program were received, in addition to significant orders from the US Army for DRS.

The **order backlog** was EUR 10,504 million, down EUR 1,243 million from EUR 11,747 million at 31 December 2010 (-11%), due largely to the depreciation of the US dollar and the British pound against the euro. One-third of the order backlog relates to the avionics and electro-optical systems segment, while about one-fifth each relate to major integrated systems, command and control systems and the activities in the United States.

Headcount was 28,279, a net decrease of 1,561 from 29,840 at 31 December 2010, attributable to the transfer of business to the Space division and to the on-going reorganization process in some segments.

Aeronautics

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

Revenues: EUR 1,297 million (+3%); Adj. EBITA: EUR 41 million (- 24%)

(*) The figures of the GIE-ATR Joint Venture are consolidated on a 50% proportionate basis.
(**)The figures of the SuperJet International Joint Venture are consolidated on a 51% proportionate basis.

Revenues : this item amounted to EUR 1,297 million, up EUR 35 million, compared with EUR 1,262 million for the first half of 2010 (+3%), mainly as a result of increased activities in the M-346 and JSF programs, which offset the slowdown in the Eurofighter program.

Adjusted EBITA came to EUR 41 million, a EUR 13 million decrease compared with the EUR 54 million reported at 30 June 2010 (-24%). This reduction is largely due to the different mix of progress made on the programs and the difficulties on certain industrial processes for which corrective actions have been taken. As a consequence, **ROS** stood at 3.2%, compared with 4.3% at 30 June 2010.

New orders: this item came to EUR 1,588 million, up EUR 782 million from the EUR 807 million reported in the first half of 2010 (+97%), due to more orders in the civil (ATR aircraft and B787 program) and military (M-346 logistic support) segments.

Order backlog: this item came to EUR 8,789 million, reflecting a EUR 151 million increase compared with the EUR 8,638 million at 31 December 2010 (+2%), and is expected to continue expanding over the medium/long term. The order backlog breaks down as follows: 39% Eurofighter, 18% B787, 17% ATR, 6% M-346 and 5% C-27J.

The **workforce** numbered 12,604, a decrease of 341 from the 12,604 at 31 December 2010, essentially due to staff reduction and efficiency efforts undertaken as part of the on-going reorganization and restructuring process.

Space

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

Revenues: EUR 480 million (+17%); Adj. EBITA:EUR 10 million (+100%)

(*) The figures relate to the two joint ventures – Telespazio and Thales Alenia Space – which are consolidated on a proportionate basis at 67% and 33%, respectively.

Revenues: This item amounted to EUR 480 million, up EUR 68 million, compared with EUR 412 million in the first half of 2010 (+17%), due to an increase in production in both segments (manufacturing and satellite services).

Adjusted EBITDA amounted to EUR 10 million, reflecting a EUR 5 million increase on the EUR 5 million for the first half of 2010 (+100%), due to greater production volumes and the greater profitability of the manufacturing segment. Consequently, ROS was 2.1%, compared with 1.2% at 30 June 2010.

New orders amounted to EUR 371 million, compared with EUR 497 million for the same period of 2010 (-25%), for a decrease of EUR 126 million, mainly attributable to the manufacturing segment.

The **order backlog** totalled EUR 2,505 million, a decrease of EUR 63 million from the amount at 31 December 2010 (EUR 2,568 million). The backlog at 30 June 2011 is composed of manufacturing activities (66%) and satellite services (34%).

The **workforce** came to 4,095, for an increase of 444 employees from the 3,651 reported at 31 December 2010, mainly as a result of the change in the scope of the satellite services segment due to the transfer of business activity from the Defense and Security Electronics division.

Defense Systems

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

Revenues: EUR 558 million (+ 4%); Adj. EBITA: EUR 49 million (+32%)

(*) The figures related to the MBDA joint venture are consolidated on a 25% proportionate basis

Revenues: This item amounted to EUR 558 million, up 21 million on the first half of 2010 (+4%), due mainly to the increases reported in the land, sea and air weapons systems segment.

Adjusted EBITA totalled EUR 49 million, a EUR 12 million increase on the EUR 37 million for the first half of 2010, due to greater production volumes in land, sea and air weapon systems and a more profitable mix of activities in missile systems. Consequently, ROS was 8.8% vis-à-vis 6.9% at 30 June 2010.

New orders came to EUR 318 million, with a decrease of EUR 96 million from EUR 414 million in the first half of 2010 (-23%), due mainly to missile systems, where significant new orders were reported during the same period of the previous year from the UK Ministry of Defense and for land, sea and air weapon systems from foreign customers.

The **order backlog** came to EUR 3,532 million, down from EUR 3,797 million at 31 December 2010 (-7%), of which about 60% related to missile systems.

The **workforce** came to 4,087, down 25 from the amount reported at 31 December 2010 (4,112).

Energy

Companies: **Ansaldo Energia** (*)

Revenues: EUR 562 million (-17%); Adj. EBITA: EUR 42 million (-37%)

(*) *On 13 June 2011 Fimeccanica sold a 45% equity interest in the Ansaldo Energia group to First Reserve Corporation, a US private equity fund. Following this deal, all the division's operating data for the first half of 2011 were fully consolidated while the statement of financial position was prepared with the proportionate consolidation method.*

Revenues: this item amounted to EUR 562 million, a EUR 115 million decrease from the EUR 677 million reported for the first quarter of 2010 (-17%), attributable to lower production volumes in the plants and components segment.

Adjusted EBITA came to EUR 42 million, down EUR 25 million from the EUR 67 million for the first half of 2010 (-37%). Consequently, ROS stood at 7.5%, compared with 9.9% at the end of the first half in 2010.

New orders amounted to EUR 798 million, up EUR 424 million from EUR 374 million for the same period of 2010 (+113%), due to the new order from Turkey for an 800 MW combined-cycle plant and related scheduled maintenance under a Long Term Service Agreement (LTSA) to be performed in the Gebze plant (worth approximately EUR 638 million).

The **order backlog** came to EUR 1,935 million, down EUR 1,370 million from EUR 3,305 million at 31 December 2010. Of this net decrease, the amount of EUR 1,587 million was attributable to the change in the consolidation method, from full to proportionate. The composition of the backlog is attributable for around 39.4% to plants and components, 55.5% to service activities (82% of which LTSA scheduled maintenance contracts), 2.4% to the nuclear segment, and the remaining 2.7% to renewable energy.

The **workforce** stood at 1,860, down 1,588 from 3,418 at 31 December 2010. The decrease was mainly due to the change in consolidation method.

Transportation

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

Revenues: EUR 953 million (-3%); Adj. EBITA: EUR 9 million (-74%)

Revenues: This item was equal to EUR 953 million, up EUR 27 million over the EUR 926 million for the same period of 2010 (-3%). The improvement in the bus and vehicles segments – which were still below expectations – largely offset the slight decrease in volumes in the signalling and transportation solutions segment.

Adjusted EBITA stood at EUR 9 million, down EUR 26 million from EUR 35 million for the first half of the previous year (-74%), mainly attributable to the Bus and Vehicles segments, both with a negative adjusted EBITA, due particularly to excess costs on certain orders and charges related to the settlement of disputes with a number of customers. **ROS** for the division stood at 0.9%, compared with 3.8% at 30 June 2010.

New Orders: This item amounted to EUR 844 million, reflecting a EUR 111 million increase on the EUR 733 million for the first half of 2010 (+15%), due mainly to larger orders in the Vehicles segment, especially in service and mass transit.

The **order backlog** amounts to EUR 7,168 million, down EUR 135 million from EUR 7,303 million at 31 December 2010 (EUR 7,303 million). The order backlog breaks down as follows: 63.7% for signalling and transportation solutions, 35.8% for vehicles and 0.5% for buses.

The **workforce** stood at 7,045, a 48 employee decrease from 7,093 reported at 31 December 2010.

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The officer in charge of preparing the company's financial reports, Alessandro Pansa hereby declares, in accordance with the provisions of Article 154-bis of the Consolidated Law on Finance, that the financial disclosure contained in this press release reflects that data contained in the accounting records, books and supporting documentation.

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PRESS RELEASE

1H 2011 (Euro million)	**Helicopters**	**Defence Electronics**	**Aeronautics**	**Space**	**Defence Systems**	**Energy**	**Transport**	**Other Activities and Corporate**	**Eliminations**	**Total**
Revenues	1,831	2,923	1,297	480	558	562	953	131	(303)	8,432
EBITA Adj (*)	**188**	**181**	**41**	**10**	**49**	**42**	**9**	**(80)**		**440**
EBITA Adj (*) margin	*10.3%*	*6.2%*	*3.2%*	*2.1%*	*8.8%*	*7.5%*	*0.9%*	*n.a.*		*5.2%*
Depreciation and amortisation	72	116	64	16	16	13	11	27		335
Investment in non-current assets	90	90	112	14	15	13	9	6		349
Research and development costs	203	332	156	31	124	12	24	0		882
New orders	1,247	2,538	1,588	371	318	798	844	230	(368)	7,566
Order backlog	11,328	10,504	8,789	2,505	3,532	1,935	7,168	289	(1,069)	44,981
Headcount	13,419	28,279	12,263	4,095	4,087	1,860	7,045	885		71,933

1H 2010 (Euro million)	**Helicopters**	**Defence Electronics**	**Aeronautics**	**Space**	**Defence Systems**	**Energy**	**Transport**	**Other Activities and Corporate**	**Eliminations**	**Total**
Revenues	1,743	3,255	1,262	412	537	677	926	114	(272)	8,654
EBITA Adj (*)	**181**	**289**	**54**	**5**	**37**	**67**	**35**	**(82)**		**586**
EBITA Adj (*) margin	*10.4%*	*8.9%*	*4.3%*	*1.2%*	*6.9%*	*9.9%*	*3.8%*	*n.a.*		*6.8%*
Depreciation and amortisation	63	114	71	14	24	12	12	8		318
Investment in non-current assets	66	108	148	22	17	17	21	6		405
Research and development costs	174	341	161	26	125	16	36	1		880
New orders	2,491	3,045	806	497	414	374	733	38	(348)	8,050
Order backlog 31,12,2010	12,162	11,747	8,638	2,568	3,797	3,305	7,303	113	(965)	**48,668**
Headcount 31,12,2010	13,573	29,840	12,604	3,651	4,112	3,418	7,093	906		**75,197**

*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.