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Finmeccanica announces partnership with First Reserve Corporation, which will acquire 45% of Ansaldo Energia. The total transaction value is EUR 1,233 million.

Finmeccanica today reached an agreement with First Reserve Corporation, an international private equity investor specialised in the energy sector, for the sale of a 45% stake in Ansaldo Energia (AEN). The transaction completes the program undertaken by Finmeccanica following the acquisition of DRS Technologies, which includes the share capital increase of 2008 and the rescheduling of financial debt completed in 2010.

The transaction values the share capital of Ansaldo Energia at EUR 1,233 million. Finmeccanica will sell AEN at a price of EUR 1,073 million to an Italian registered company, Ansaldo Electric Drives (AED), 45% held by First Reserve and 55% by Finmeccanica. In addition, Finmeccanica will be paid EUR 95 million in relation to a 25 year agreement licencing the use of the "Ansaldo" trademark as well as receiving a dividend payment of EUR 65 million.

Finmeccanica will benefit from an improved consolidated net financial position by about EUR 330 million (pro-forma at 31 December 2010) and a capital gain net of taxes of about EUR 450 million. Following completion of the transaction AEN will be consolidated proportionally.

The transaction will be financed with equity for EUR 500 million, of which EUR 275 million by Finmeccanica and EUR 225 million by First Reserve, and with debt for EUR 573 million. At closing the debt will be split between a medium-term bank loan of EUR 300 million and a short-term vendor loan of EUR 273 million, the latter being provided by Finmeccanica and to be refinanced in the medium term through a revolving credit facility of up to EUR 350 million.

The bank loan and the revolver will have a term of five years, guaranteeing Ansaldo Energia stability in its financial resources. Furthermore the revolving credit facility will ensure that the company has adequate flexibility in using these resources to meet operational needs. Ansaldo Energia will also have access to bonding lines for EUR 300 million to support commercial activities.

Banca Imi SpA, BNP Paribas and Unicredit SpA have provided financial support in the transaction, underwriting financing for a total of EUR 650 million over a five-year term, which will be used in the transaction. These financing facilities will be syndicated to a pool of leading Italian and international financial institutions.

Finmeccanica's Board of Directors has approved the terms of the transaction, which is expected to be completed before the end of the first half of 2011, once the standard conditions have been met and the authorisation of the antitrust authority has been obtained.

The partnership with First Reserve enables Finmeccanica to realise a significant share of the value created by AEN, while maintaining ownership and operational control, and marks the beginning of a new growth process for the company that could be listed on a stock market when market conditions allow. The Ansaldo Energia management, led by CEO Giuseppe Zampini, who has delivered excellent results, will continue to manage the company in the best interests of the shareholders.

“This agreement – stated Pier Francesco Guarguaglini, President and CEO of Finmeccanica – is testimony to Group’s ability to deliver on its strategic objectives announced to the market. The transaction is a further step in the international growth of AEN, which will benefit from the presence of a shareholder specialised in the energy sector to capture opportunities on a global scale and will be able to proceed with a listing in the medium-term”.

“We're excited about the opportunity to invest into Ansaldo Energia and to partner with Finmeccanica, Italy's leading high technology manufacturer.”, says Francesco Giuliani, Director of First Reserve Corporation. "Ansaldo Energia is a market leader in the energy manufacturing sector, with strong technology and an excellent management team. First Reserve builds on a successful history of working to develop manufacturing businesses which support the energy industry and we look forward to using our global industry capabilities to support further growth of the company.”

The law firms Cleary Gottlieb Steen & Hamilton and Dewey & LeBoeuf served as legal advisors in the transaction.

Finmeccanica

Finmeccanica plays a leading role in the global aerospace and defence industry, and participates in some of the sector’s biggest international programmes through its group companies thanks to well-established alliances with European and USA partners. A leader in the design and manufacture of helicopters, defence and security electronics, civil and military aircraft, aerostructures, satellites, space infrastructure and defence systems, Finmeccanica is Italy’s leading high-tech company. It also boasts significant manufacturing assets and skills in the transport and energy sectors; it is listed on the Milan stock market and operates via a number of group companies and joint ventures. The Finmeccanica Group has around 75,200 employees, including over 42,500 in Italy, 11,900 in the US, 9,700 in the UK, 3,700 in France, 3,400 in Poland and over 1,000 in Germany. Over 85% of the Group’s employees are based in our three “domestic” markets. As part of its drive to maintain and build on its technological excellence, the Finmeccanica Group spends 11% of its revenues on research and development. Further information is available at www.finmeccanica.com.

First Reserve Corporation

First Reserve is a leading private investment firm in the energy industry, making both private equity and infrastructure investments throughout the energy value chain. For 28 years, it has invested solely in the global energy industry, and has developed a preeminent franchise, utilizing its broad base of specialized energy industry knowledge as a competitive advantage. The firm is currently investing its most recent private equity fund, which closed in 2009 at approximately US \$9 billion. First Reserve invests strategically across a wide range of energy industry sectors, developing a diversified energy portfolio, backing talented management teams and building value by building companies. Further information is available at www.firstreserve.com.

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