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FINMECCANICA

PRESS RELEASE

15 November 2011

The Board of Directors approves the interim management report to 30 September 2011 and the guidelines of the Plan to consolidate the operations and assets of the Finmeccanica Group

The Finmeccanica Board of Directors, meeting on 14 November 2011 and adjourning in the late evening of the same day, examined and unanimously approved the interim management report to 30 September 2011 and the guidelines for the plan to consolidate the operations and assets of the Finmeccanica Group, for which all necessary powers were conferred on the Chief Executive Officer, Giuseppe Orsi.

The meeting of the Board of Directors was chaired by senior director Admiral Guido Venturoni in the absence of Group Chairman.

The results reported for the period were primarily influenced by the changing conditions of the broader economic scenario as well as adjustments to invested capital and risk provisions associated with the management of certain orders, particularly in the Aeronautics and Transport sectors, for which guidance was suspended in July.

The Group's restructuring plan is based on the following objectives:

- Selective investments in innovation and the development of new products, thereby creating skilled and "sustainable" employment;
- Concentrating efforts in the strategic areas in which a position of leadership at the international level is achievable;
- positioning itself in those business areas that appear most resilient to the crisis and sustainable over the medium to long term, and which have an inherent capacity to be self-financing; and
- pursuing "structurally" higher- and better-quality margins, with greater and more stable cash-flow generation.

To achieve these objectives, it is necessary to set in motion a process based on a realignment of management and strategic priorities by putting in place specific initiatives that increase the focus of the Group's activities, while also ensuring that its finances are structurally sustainable over the medium to long term.

Main areas of action

The main areas of action essentially relate to the following:

- The restructuring of the Aeronautics and Transport sectors and the reorganisation of the Defence Electronics & Security business;
- The implementation of a streamlined investment plan that meets criteria for financial sustainability and return on capital;
- The definition of specific measures to reduce overhead expenses; and
- The sale of assets in line with the Group's strategic development, with the aim of significantly reducing debt levels.

Restructuring and reorganisation

Aeronautics: a plan has been approved and initiated that aims to redress the sector by reducing the work force (the agreement was signed by unions on 8 November), restructuring production and engineering activities, and streamlining the supply chain to reduce external costs.

Transport: a plan to restructure AnsaldoBreda has been defined with the aim of entering into a strategic industrial partnership to support the relaunch of the company and enable its gradual deconsolidation from the Group.

Defence Electronics & Security: the integration of the companies in this sector – with the exception of the US companies – will begin in 2012 with the aim of rationalising the technology portfolio, improving industrial and financial performance, increasing market share and reducing costs.

Investment

The Group's strategic repositioning involves measures to improve the Group's ability to generate cash flow from ordinary operations, including by setting investment priorities.

Overhead expenses

Targeted cost-containment measures will lead to a reduction in overhead expenses at both the Holding Company and individual business levels.

Restructuring of the asset portfolio and debt reduction

In order to enable the restructuring of the asset portfolio and to reduce debt, Finmeccanica intends – before the end of 2012 – to sell assets for a net sum of about EUR 1 billion.

Saleable assets have been identified:

- in the civil sector;
- in the foreign activities of the Defence Electronics & Security business; and
- in minority shareholdings.

In line with the above, the following should be noted:

- Total Group investments over the 2010-2012 period – previously set at about EUR 3.6 billion – will be reduced to about EUR 3.4 billion. With EUR 2.4 billion already invested in 2010-2011, the majority of the reduction will occur in 2012;
- Group general & administrative costs, including for the Parent Company, will be reduced by over EUR 40 million in 2012 and by over EUR 100 million in 2013, as compared to the G&A costs expected in 2011; and
- net cash proceeds of about €1 billion will be achieved from disposals by the end of 2012 and these will be used entirely to reduce net debt.

The Board of Directors also agreed to propose to the Shareholders Meeting that the Group pay no dividend related to the 2011 financial year (compared to a total dividend of about EUR 258 million paid for the 2010 financial year).

The Board of Directors further agreed to book exceptional write-downs related to recent developments in the B787 programme of EUR 753 million in the nine-month results for the Aeronautics sector.

Commenting on the restructuring plan, Finmeccanica Group CEO Giuseppe Orsi said:

“These are uncertain times and they call for extraordinary measures. But I have no doubt that Finmeccanica’s future is a bright one, notwithstanding the extreme environment in which we find ourselves. Tough times also provide us with an opportunity to clarify our mission, our organisation and our ambitions. They help us to act more decisively to capitalize better on our strengths – and they are many – and to take a long hard look at our weaknesses – and this we are doing. We are committed to making Finmeccanica a more focused, more responsive business for the good of our customers, our employees and the wider community we serve, and a more profitable business for the good of our investors.”

Third-quarter financial results to 30 September 2011

N.B. The 9M11 results reflect the impact of the sale of 45% of Ansaldo Energia on 13 June 2011, date from which Ansaldo Energia has been consolidated proportionally.

- **New orders** were EUR 10,638 million, compared with EUR 13,479 million in the first nine months of 2010. Improvements in Energy (with contracts in Turkey and Algeria) and in Aeronautics (increased orders for ATR aircraft and for the B787 and A380 programmes) partially offset lower orders in Helicopters, Defence Electronics & Security and Transport.
- The **order backlog** was EUR 44,811 million, versus EUR 48,668 at 31 December 2010, representing about two and a half years of production. The figure was affected by the change in the method of consolidation for Ansaldo Energia's order backlog (EUR 1,450 million at the date of proportional consolidation).
- **Revenues** totalled EUR 12,252 million, down versus EUR 12,924 million recorded in 9M10, mainly due to the Defence Electronics & Security and Energy segments. Revenues from other businesses were largely unchanged.
- **Adj. EBITA** was EUR -188 million, versus a positive EUR 856 million in 9M10. The reduction is due to Aeronautics, for non recurring charges amounted to EUR 753 million, and Defence Electronics & Security.
- **Net profit** was EUR -324 million, versus a positive EUR 321 million in the first nine months of 2010. The results reflect the deterioration of adj. EBITA (EUR -1.044 million), adjustments to EBIT (EUR -327 million) and the net capital gain on the sale of 45% of Ansaldo Energia (EUR 443 million).
- **FOCF** was EUR -1,567 million, versus EUR -1,325 million in the first nine months of 2010. The figure reflects the traditional seasonality of the cash flows of the Group's companies, with outgoings higher than receipts until the fourth quarter.
- **Net financial debt** totalled EUR 4,665 million, compared with the EUR 3,133 million recorded at 31 December 2010. This figure represents a EUR 232 million improvement on 30 September 2010, benefiting from the sale of 45% of Ansaldo Energia (EUR 344 million). The lack of need for short-term refinancing and the average maturity of debt provide financial solidity for the Group.
- **Research and development** costs were EUR 1,276 million, equivalent to about 10% of revenues.

Key 9M11 figures (*)

(EUR million)

	9M 2011	**9M 2010**	**Abs. chg.**	**% chg.**	**FY 2010**
New orders	10,638	13,479	(2,841)	*(21%)*	22,453
Order backlog	44,811	45,843	(1,032)	*(2%)*	48,668
Revenues	12,252	12,924	(672)	*(5%)*	18,695
Adj. EBITA (**)	(188)	856	(1,044)	*(122%)*	1,589
Adj. ***EBITA*** *(**) margin* (ROS)	*(1.5%)*	*6.6%*		*(8.1)p.p.*	*8.5%*
Net profit	(324)	321	(645)	*(201%)*	557
Adjusted Net profit (***)	(767)	321	(1,088)	*(339%)*	557
FOCF	(1,567)	(1,325)	(242)	*(18%)*	443
Net debt	4,665	4,897	(232)	*(5%)*	3,133
ROI	*4.8%*	*13.5%*		*(8.7)p.p.*	*16%*
EVA	(855)	(142)	(713)	*(502%)*	317
Research and development	1,276	1,345	(69)	*(5%)*	2,030
Headcount	71,050	75,733	(4,683)	*(6%)*	75,197

(*) In the first nine months of 2011 the US/EUR exchange rate depreciated by about 7% between the averages of the values compared (30 September 2011 – 30 September 2010), while fluctuations in the spot exchange rate of the periods compared on balance sheet items (30 September 2011 and 31 December 2010) had almost no effect.

(**) Operating profit before:

- any goodwill impairment
- depreciation of fixed 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 ordinary core business operations.

(***) Excluding extraordinary operations.

CONSOLIDATED PROFIT AND LOSS ACCOUNT						
€mil.	**9M 2011**	**9M 2010**	***Chg. % y/y***	**3Q 2011**	**3Q 2010**	***Chg. % y/y***
Revenues	**12,252**	**12,924**	*(5%)*	**3,828**	**4,234**	*(10%)*
Costs for purchases and personnel	(11,233)	(11,586)		(3,569)	(3,809)	
Depreciation and amortisation	(429)	(411)		(135)	(135)	
Other net operating revenues (costs)	(778)	(71)		(751)	(22)	
EBITA Adj (*)	**(188)**	**856**		**(627)**	**268**	
EBITA Adj (*) margin	*(1.5%)*	*6.6%*		*(16.4%)*	*6.3%*	
Non-recurring revenues (costs)	(310)	-		(259)	-	
Restructuring costs	(44)	(24)		(17)	(8)	
PPA amortisation	(61)	(64)		(20)	(21)	
EBIT	**(603)**	**768**		**(923)**	**239**	
EBIT margin	*(4.9%)*	*5.9%*		*(24.1%)*	*5.6%*	
Net finance income (costs)	170	(222)		(82)	(36)	
Income taxes	109	(225)		225	(78)	
Net profit before discontinued operations	**(324)**	**321**		**(780)**	**125**	
Profit of discontinued operations	-	-		-	-	
Net profit	**(324)**	**321**		**(780)**	**125**	
Group	*(358)*	*284*		*(790)*	*112*	
Minorities	*34*	*37*		*10*	*13*	
EPS (EUR)						
Basic	*(0.620)*	*0.492*		*(1.370)*	*0.194*	
Diluted	*(0.619)*	*0.492*		*(1.368)*	*0.194*	
EPS of continuing operations (EUR)						
Basic	*(0.620)*	*0.492*		*(1.370)*	*0.194*	
Diluted	*(0.619)*	*0.492*		*(1.368)*	*0.194*	

(*) 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

New orders totalled EUR 10,638 million in the first nine months, down EUR 2,841 million (-21%) on the EUR 13,479 million recorded for the first nine months of 2010. This decline is attributable to the following sectors: Helicopters (due to the postponement to 2012 of some major government contracts, and the fact that in 2010 the business had benefited from the order for 12 AW101 aircraft from the Indian Air Force, worth EUR 560 million); Defence Electronics & Security (which had benefited in the first half of 2010 from major acquisitions for the third tranche of the Eurofighter programme and large orders from the US Army); and Transport (due to fewer acquisitions in vehicles, and the fact that in 2010 the business had benefited from a contract to supply 50 high-speed trains to Trenitalia). The reduction was partially offset by growth in the following sectors: Energy (due to a new contract in Gebze, Turkey for a combined cycle plant, and the Ain Djasser II and Labreg contracts in Algeria for two open cycle plants); and Aeronautics (due to increased orders in the civil segment, with ATR aircraft and the B787 and A380 programmes).

The **order backlog** was EUR 44,811 million, down EUR 3,857 million versus EUR 48,668 million at 31 December 2010. This substantial change is due, *inter alia*, to the change in the consolidation method for Ansaldo Energia's order backlog (EUR 1,450 million at the date of proportional consolidation). The order backlog represents around two and a half years of production.

Revenues totalled EUR 12,252 million at 30 September 2011, down EUR 672 million (-5%) versus EUR 12,924 million recorded for the same period of 2010. The change was mainly due to a reduction in production volumes in Defence Electronics & Security (stemming from the expected decline in the production volumes of DRS Technologies following the completion of important programmes for the US armed forces) and in Energy (due to the reduction in production volumes in the plant and components segment). The other sectors were broadly stable compared with the first nine months of 2010.

Adj. EBITA was EUR -188 million, down EUR 1,044 million (-122%) versus EUR 856 million registered for the same period of 2010. The decrease is attributable to the following segments: Aeronautics (due to reduced industrial efficiency, affected by difficulties in some productive processes, and one-off write offs of EUR 753 million related to the B787 programme); Defence Electronics & Security (due to reduced sales at DRS, a lower margin in some areas of ICT, security and command and control systems, as well as lower sales in value added services in security applications as a result of the slowdown in the SISTRI programme); Energy (due to lower revenues and the reduced industrial profitability of some plants and service orders); and Transport (mainly due to extra costs on some orders in the vehicles segment). Improvements in the adjusted EBITA were registered in the Helicopters, Space and Defence Systems businesses.

A **net loss** of EUR 324 million was recorded for 9M11, down EUR 645 million (-201%) on the net profit of EUR 321 million posted for the same period of 2010. The main factors in this change were: lower adjusted EBITA (EUR 1,044 million), greater adjustments to EBIT (EUR 327 million), higher net financial expenses (EUR 38 million) and decreases in the value of investments (EUR 28 million), partially offset by lower taxes (EUR 349 million) and the net capital gain from the partial sale of Ansaldo Energia (EUR 443 million).

BALANCE SHEET

€mil.	**30.09.2011**	**31.12.2010**
Non-current assets	13,723	13,641
Non-current liabilities	(3,196)	(2,583)
	10,527	**11,058**
Inventories	4,647	4,426
Trade receivables	9,667	9,242
Trade payables	(12,515)	(12,996)
Working capital	**1,799**	**672**
Provisions for short-term risks and charges	(826)	(762)
Other current net assets (liabilities)	(422)	(738)
Net working capital	**551**	**(828)**
Net invested capital	**11,078**	**10,230**
Capital and reserves attributable to equity holders of the Company	6,121	6,814
Minority interests	293	284
Shareholders' equity	**6,414**	**7,098**
Net debt (cash)	4,665	**3,133**
Net liabilities (assets) held for sale	**(1)**	**(1)**

Free operating cash flow (FOCF) was EUR -1,567 million (cash burn) at 30 September 2011, down EUR 242 million (-18%) on the EUR -1,325 million recorded at 30 September 2010. FOCF for the first nine months of the year should be considered in seasonal terms, since outgoings tend to be higher than receipts until the fourth quarter. Investment in product development was concentrated in Aeronautics (around 32%), Defence Electronics & Security (26%) and Helicopters (26%).

CASH FLOW		
€mil.	**9M 2011**	**9M 2010**
Cash and cash equivalents at 1 January	**1,854**	**2,630**
Gross cash flow from operating activities	1,091	1,446
Changes in other operating assets and liabilities	(869)	(849)
Funds From Operations (FFO)	**222**	**597**
Changes in working capital	(1,221)	(1,286)
Cash flow generated from (used in) operating activities	**(999)**	**(689)**
Cash flow from ordinary investing activities	(568)	(636)
Free operating cash flow (FOCF)	**(1,567)**	**(1,325)**
Strategic operations	473	(98)
Change in other investing activities	8	19
Cash flow generated (used) by investment activities	**(87)**	**(715)**
Dividends paid	(258)	(257)
Cash flow from financing activities	27	(134)
Cash flow generated (used) by financing activities	**(231)**	**(391)**
Exchange gains/losses and other movements	(36)	25
Cash and cash equivalents at 30 September	**501**	**860**

Net debt was EUR 4,665 million at 30 September 2011, up EUR 1,532 million on the EUR 3,133 million recorded at 31 December 2010. The figure includes negative FOCF (cash burn) of EUR 1,567 million and reflects the following transactions: the payment of EUR 237 million relating to the ordinary dividend paid out by the Parent Company to its shareholders for 2010; the 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; and the positive effect of around EUR 344 million from the sale of the 45% stake in Ansaldo Energia to US investment fund First Reserve Corporation and from the resulting proportional consolidation of the Energia Group companies. Net debt benefited from the immediate compensation mechanism for companies adhering to the national tax consolidation scheme, resulting in reduced disbursement in the reporting period (around EUR 121 million). Lastly, note that debt at 30 September 2011 represented a 5% improvement on the figure for the first nine months of 2010 (EUR 4,897 million).

FINANCIAL POSITION		
€mil.	**30.09.2011**	**31.12.2010**
Short-term financial payables	531	456
Medium/long-term financial payable	4,540	4,437
Cash and cash equivalents	(501)	(1,854)
BANK DEBT AND BONDS	**4,570**	**3,039**
Securities	(35)	(1)
Financial receivables from Group companies	(193)	(34)
Other financial receivables	(708)	(779)
FINANCIAL RECEIVABLES AND SECURITIES	**(936)**	**(814)**
Financial payables to related parties	850	714
Other short-term financial payables	90	88
Other medium/long-term financial payables	91	106
OTHER FINANCIAL PAYABLES	**1,031**	**908**
NET FINANCIAL DEBT (CASH)	**4,665**	**3,133**

Research and development costs were EUR 1,276 million, down EUR 69 million (-5%) from EUR 1,345 million at 9M10. R&D was focused on the three Group strategic sectors: Helicopters (around 23% of the Group total), Defence Electronics and Security (around 38%) and Aeronautics (around 17%).

Headcount at 30 September 2011 was 71,050, compared with 75,197 at 31 December 2010, representing a net reduction of 4,147 employees. This was due to the change in the consolidation method for Ansaldo Energia (1,522 employees at the date of proportional consolidation) and the industrial reorganisation of the Group, especially in the Defence Electronics & Security 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.

NINE-MONTH 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 Information and Communication Technology (ICT), Security and Automation sectors, alongside Finmeccanica's other two centres of competence in Defence Electronics & Security: SELEX Galileo (avionics and electro-optics) and SELEX Sistemi Integrati (large systems for defence and homeland security together with 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 shareholding in Ansaldo Energia. The operation was concluded 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. Finmeccanica concluded a partial sale of Ansaldo Energia at a price of EUR 1,073 million to Ansaldo Energia Holding (AEH), a company controlled by First Reserve (45%) and Finmeccanica (55%), and received around EUR 96 million from Ansaldo Energia for the rights to use the "Ansaldo" brand for 25 years and a dividend of EUR 65 million.

In **July 2011**, the contract worth around EUR 640 million for the construction and maintenance of an 865 MW combined cycle plant at Kocaeli-Gezbe, one of Istanbul's industrial districts, became operational. Ansaldo Energia will be an investor in the project as well as playing its usual role of "turnkey" constructor of the plant. Ansaldo Energia's investment of around EUR 86 million will relate to a 40% shareholding in the special purpose entity Yeni Elektrik Uretim AS and will be made together with the majority shareholder Unit Investment N.V., an accredited operator in the Turkish electrical market.

FINANCIAL TRANSACTIONS

The Group did not carry out any new bond issues in the period ended 30 September 2011. However, some of the bonds outstanding at 31 December 2010 were repaid early and bought back on the market in the period. More specifically:

- The remainder of bonds that had been placed on the US market by the subsidiary DRS were fully repaid (US$ 17 million in total). Most of these bonds had already been repaid in January 2009 following the acquisition of the company by Finmeccanica; and
- In the third quarter of 2011, Finmeccanica Finance bought back on the bond market, in several tranches and for a nominal sum of about EUR 76 million, bonds issued in 2008 for a total nominal value of EUR 1,000 million, bearing a coupon of 8.125% and maturing in December 2013. This transaction, carried out under arm's length conditions for an average purchase value of EUR 107.50 will, in its entirety, create a substantial saving in financial expenses. It also confirms Finmeccanica's express intention of using the proceeds of the partial sale of Ansaldo Energia to partially refinance the bonds maturing in December 2013. The bonds, in accordance with the

EMTN programme regulations under which they were issued, have been cancelled and cannot therefore be subject to any further trading activity. After 30 September 2011 and up to the date of publication of this document, Finmeccanica Finance made further purchases on the market with a total nominal value of about EUR 54 million.

The table below shows the bonds outstanding at 30 September 2011 that will mature in the 26 months following the end of the third quarter (to December 2013).

Issuer	Year of issue	Maturity	Nominal value (EUR million)	Annual coupon	Type of offer	IAS value (EUR m)
Finmeccanica Finance SA	**2008**	**2013**	**924 (*)**	***8.125%***	**European institutional**	**987**

(*) residual nominal value after repurchase of EUR 76 million in several tranches in the third quarter of 2011

Note that a series of operations on rates are under way to transform part of fixed rate exposure to variable rate exposure, thereby minimising the overall cost of the debt in question.

All the bond issues carried out by Finmeccanica Finance 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 (Moody's), Standard and Poor's and Fitch. Note in this regard that:

- In December 2010, Standard and Poor's, while confirming its BBB rating on Finmeccanica's medium-/long-term debt, placed it on negative outlook;
- In June 2011, Moody's decided to place the rating of the Republic of Italy under review for a possible downgrade, with repercussions on Finmeccanica's rating;
- After the closing date of the third quarter, in October, Moody's ended the observation period that began in June by downgrading Italy's rating from Aa2 to A2 and placing it on negative outlook. As a result, and partly in consideration of the industrial restructuring announced for Aeronautics and Transport (vehicles) and the reorganisation of some companies in Defence and Security Electronics, Finmeccanica's rating was downgraded from A3 to Baa2, with a stable outlook; and
- In August, Fitch reducing its rating for Finmeccanica's medium-/long-term debt by one notch, from BBB+ to BBB, also placing it on negative outlook.

Finmeccanica's credit ratings are therefore as follows: Baa2 with stable outlook (Moody's), BBB with negative outlook (Fitch) and BBB with negative outlook (Standard and Poor's).

OUTLOOK

At 30 September 2011, the process of analysing the Group's industrial challenges and their financial effects reached the final phase. However, further activities aimed at fully evaluating certain potential impacts that will be reflected in the Group's results at 31 December 2011 are still being finalised. Specifically, these include the following: in Aeronautics, costs related to the reorganisation of the entire segment arising from the industrial restructuring plan, recently presented and currently being finalised, as well as negotiations currently in progress to resolve contractual disputes with a Turkish customer; and in Transport (vehicles segment), costs related to the strategic repositioning plan for AnsaldoBreda, which the new management is currently drawing up, with possible exits from some business lines.

The potential effect of defence budget cuts in the Group's key markets (Italy, the UK and the US) on the recoverability of values booked as goodwill will also be assessed, particularly in the Defence Electronics & Security sector, in the light of the business plan currently being prepared by the Companies. These could affect the expected net result for the end of the year, which could be considerably below that recorded at 30 September 2011.

Revenues at 31 December 2011 are expected to be between EUR 17.0 billion and EUR 17.5 billion, after deconsolidation in the second half of about EUR 400 million following the sale of 45% of Ansaldo Energia. Since these events are non-recurring and therefore excluded from adjusted EBITA, the full-year adjusted EBITA figure is expected to be about EUR -200 million.

With regard to the Group’s financial performance, free operating cash flow for the current year is expected to be a negative EUR -400 million, after meeting the cost of investment in product development which will mainly be concentrated in the Aeronautics, Helicopters and Defence Electronics & Security sectors.

Finally, the Group's available cash is expected to be substantially positive at year-end, despite early repurchasing of part of the bonds maturing in December 2013, which represent the Group's most immediate refinancing requirement in the next few years.

SHARE DATA			
	9M 2011	**9M 2010**	***Chg. y/y %***
Average number of shares in period (thousands)	577	577	*0.1%*
Net result (not including minority interests) (€mil.)	(358)	284	
Result of continuing operations (not including minority interests) (€mil.)	(358)	284	
BASIC EPS (EUR)	**(0.620)**	**0.492**	
Basic EPS from continuing operations	**(0.620)**	**0.492**	
Average number of shares for the period (in thousands)	578	578	*0.1%*
Result adjusted (not including minority interests) (€mil.)	(358)	284	
Adjusted result of continuing operations (not including minority interests) (€mil.)	(358)	284	
DILUTED EPS (EUR)	**(0.619)**	**0.492**	
Diluted EPS from continuing operations	**(0.619)**	**0.492**	

PERFORMANCE BY SECTOR
(9M11)

Helicopters

Companies: **AgustaWestland**

Revenues: EUR 2,750 million (+8%); adj. EBITA: EUR 287 million (+14%)

Revenues totalled EUR 2,750 million, up EUR 194 million (+8%) versus EUR 2,556 million for the first nine months of 2010. The increase is due to the different mix of revenues, with the helicopters component showing significant growth in some production lines (AW139; AW109 LUH). Good performance was also recorded in product support with a 16.1% increase in activity.

Adj. EBITA totalled EUR 287 million, up EUR 35 million (+14%) versus EUR 252 million for the first nine months of 2010. The improvement is related to the above-mentioned different mix of revenues. The **adj. EBITA margin** was 10.4%, compared to 9.9% at 30 September 2010.

New orders totalled EUR 2,007 million, down EUR 958 million (-32%) versus EUR 2,965 million for the first nine months of 2010. Helicopters (new aircraft and upgrades) accounted for 57.3% of this total, with product support (spare parts and services), engineering and industrial production making up the remaining 42.7%. The decline is due to the postponement to 2012 of some important government contracts expected in the first half of 2011. Note also that the previous year had benefited from a substantial order (12 AW101 helicopters for the Indian Air Force totalling EUR 560 million).

The order backlog was EUR 11,308, down EUR 854 million (-7%) versus EUR 12,162 million at 31 December 2010, and sufficient to guarantee around three years of production.

Headcount was 13,416, down by 157 from 13,573 at 31 December 2010, mainly due to the completion of the reorganisation plan for the Polish group PZL-SWIDNIK, acquired in the previous year, and to normal turnover.

Defence Electronics & Security

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

Revenues: EUR 4,291 million (-14%); adj. EBITA: EUR 267 million (-37%)

Revenues totalled EUR 4,291 million, down EUR 687 million (-14%) versus EUR 4,978 million for the first nine months of 2010, due to the expected reduction in DRS' production volumes arising from the completion of significant programmes for the US armed forces. In addition, revenues for the period are starting to reflect the missing contribution from important orders that were in progress or at the acquisition stage with a Libyan customer.

Adj. EBITA totalled EUR 267 million, down EUR 159 million (-37%) versus EUR 426 million for the first nine months of 2010. The phenomenon is therefore in line with forecasts due to a combination of the above-mentioned decline in revenues for DRS Technologies; the lower margin in certain areas of activity in the information technology and security business, in the command and control systems segment (which was also affected by the Libyan conflict during the period under review); and reduced sales in the field of value added services in security applications as a result of the slowdown of the SISTRI programme for the Italian Environment Ministry. As a result, the **adj**. **EBIT margin** was 6.2%, versus 8.6% at 30 September 2010.

New orders totalled EUR 3,447 million, down EUR 1,788 (-34%) million versus EUR 5,235 million for the first nine months of 2010. The period last year included important acquisitions for the third tranche of the Eurofighter programme and large orders for the US Army obtained by DRS. The latter is starting to be affected by delays in the approval of the US defence budget.

The order backlog was EUR 10,235 million, down EUR 1,494 million (-13%) versus EUR 11,747 million at 31 December 2010. Around one-third of the order backlog relates to activities in the avionics systems and electro-optics segment and around one-fifth to large integrated system and command and control systems, and to US activities.

Headcount was 27,620, a reduction of 2,220 from 29,840 at 31 December 2010, due to the transfer of activities to the space sector and the rationalisation under way in some segments.

Aeronautics

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

Revenues: EUR 1,866 million (n.m.); Adj. EBITA: EUR -768 million (-1,182%)

(*) 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 1,866 million, in line with the figure of EUR 1,857 million in the first nine months of 2010, chiefly due to greater activity on the M-346 and ATR, which offset the decline in revenues from the Eurofighter and B787 programmes.

Adj. EBITA was EUR -768 million, a deterioration of EUR 839 million (-1,182%) versus EUR 71 million in the first nine months of 2010. This was mainly due to a decline in industrial efficiency affected by difficulties experienced in certain productive processes, and to non-recurring liabilities of around EUR 753 million connected with the B787 programme. The latter arose from recent events that changed the pre-existing situation. The **adj. EBITA margin** was a negative 41.2 % (versus a positive 3.8% at 30 September 2010).

New orders totalled EUR 2,158 million, up EUR 572 million (+36%) on the EUR 1,586 million recorded in the first nine months of 2010, due to additional orders in the civil segment relating to ATR aircraft as well as to the B787 and A380 programmes.

The order backlog was EUR 8,902 million, up EUR 264 million (+3%) versus EUR 8,638 million posted at 31 December 2010, but is expected to expand in the medium/long term. A breakdown shows a significant portion relates to the Eurofighter programme (37%), with the remainder comprising B787 (17%), ATR (18%), M346 (5%) and C27J (4%).

Headcount was 12,093, down 511 from 12,604 at 31 December 2010. This was broadly due to cuts and efficiency measures implemented as part of the reorganisation and business restructuring currently under way.

Space

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

Revenues: EUR 699 million (+13%); adj. EBITA: EUR 27 million (+80%)

(*) 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 699 million, up EUR 83 million (+13%) versus EUR 616 million for the first nine months of 2010, reflecting greater production in both segments (manufacturing and satellite services).

Adj. EBITA was EUR 27 million, up EUR 12 million (+80%) versus EUR 15 million for the first nine months of 2010, reflecting greater production volumes and increased profitability in both segments (manufacturing and satellite services). The **adj. EBITA margin** was 3.9%, versus 2.4% at 30 September 2010.

New orders totalled EUR 514 million, down EUR 248 million (-33%) on the EUR 762 million recorded in the same period of 2010, broadly related to the manufacturing segment.

The **order backlog** stood at EUR 2,441 million, down EUR 127 million (-5%) versus EUR 2,568 million recorded at 31 December 2010. Of this total, 66% consists of manufacturing activity, while the remaining 34% relates to satellite services.

Headcount was 4,118 , up 467 on the 3,651 at 31 December 2010, mainly due to the change in the scope of satellite services following the transfer of activities from the defence and security electronics sector.

Defence Systems

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

Revenues: EUR 811 million (+1%); adj. EBITA: EUR 65 million (+7%)

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

Revenues totalled EUR 811 million, up EUR 9 million (+1%) versus EUR 802 million for the first nine months of 2010.

Adj. EBITA was EUR 65 million, up EUR 4 million (+7%) versus EUR 61 million for the first nine months of 2010, predominantly due to a better mix in the various business segments. The **adj. EBITA margin** was 8.0%, compared with 7.6% at 30 September 2010.

New orders totalled EUR 483 million, down EUR 178 million (-27%) versus EUR 661 million for the first nine months of 2010. This is mainly explained by the fact that in the same period of the previous year, land, naval and air weapons systems benefitted from a large order from the Italian defence administration and missile systems posted significant orders from the UK Ministry of Defence in the same period.

The **order backlog** was EUR 3,450 million, down 347 million (-9%) versus EUR 3,797 million posted at 31 December 2010. About 60% of this total relates to activities in the missile systems segment.

Headcount was 4,079, down 33 from 4,112 at 31 December 2010.

Energy

Companies: **Ansaldo Energia (*)**

Revenues: EUR 720 million (-28%); adj. EBITA: EUR 54 million (-41%)

***(*)** On 13 June 2011, Finmeccanica sold a 45% shareholding in the Ansaldo Energia Group to the US investment fund First Reserve Corporation. As a result of this sale, Ansaldo Energia Holding and its subsidiaries were consolidated proportionally from the date of the transaction.*

Revenues were EUR 720 million, down EUR 274 million (-28%) versus EUR 994 million recorded in the first nine months of 2010. This was mainly due to the new method of consolidation as of 13 June 2011 and lower production volumes in the plant and components segment.

Adj. EBITA totalled EUR 54 million, down EUR 38 million (-41%) versus EUR 92 million for the first nine months of 2010. The **adj. EBITA margin** was 7.5% compared with 9.3% for the first nine months of 2010.

New orders were EUR 1,047 million, up EUR 437 million (+72%) versus EUR 610 million reported in the first nine months of 2010, mainly due to important acquisitions in the plant and components segment (Turkey and Algeria).

The **order backlog** was EUR 2,030 million, down EUR 1,275 million versus EUR 3,305 million posted at 31 December 2010. EUR 1,450 million of this sharp decline relates to the above-mentioned change in the method of consolidation from full to proportional integration. About 50.4% of the order backlog related to plant and components work, 45.2% by service work (91% of which relates to planned maintenance under long-term service agreements), 2.2% by nuclear activities and the remaining 2.2% by renewable energies.

Headcount was 1,848, down 1,570 on the 3,418 at 31 December 2010. The decline is mainly due to the above-mentioned change in the method of consolidation.

Transport

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

Revenues: EUR 1,372 million (n.m.); Adj. EBITA: EUR -10 million (-118%)

Revenues totalled EUR 1,372 million, in line with the figure of EUR 1,373 million for the first nine months of 2010. The increased activity in the vehicles and buses segment, although below expectations, largely offset the decline in production volumes of the signalling and transportation solutions segment, which can essentially be attributed to the completion of some Italian projects in the signalling business, and which which is being affected by delays in the Libyan orders.

Adj. EBITA was EUR -10 million, down EUR 67 million (-118%) versus EUR 57 million recorded for the first nine months of 2010. This was mainly due to the vehicles segment, which was affected by extra costs on some orders. The **adj. EBITA margin** for the sector was a negative 0.7% (4.2% at 30 September 2010).

New orders totalled EUR 1,146 million, down EUR 880 million (-43%) versus EUR 2,026 million for the first nine months of 2010. This was due mainly to fewer acquisitions in the vehicles segment, which benefited in the third quarter of 2010 from the recording of the contract, as part of a temporary consortium with Bombardier, to supply 50 high-speed trains to Trenitalia.

The **order backlog** stood at EUR 7,159 million, down EUR 144 million (-2%) versus EUR 7,303 million recorded at 31 December 2010. 63.8% of the order backlog relates to the signalling and transportation solutions business, 35.7% to vehicles and 0.5% to buses.

Headcount was 6,981, a reduction of 122 on the 7,093 recorded at 31 December 2010.

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

9M 2011 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	2,750	4,291	1,866	699	811	720	1,372	197	(454)	**12,252**
EBITA Adj (*)	**287**	**267**	**(768)**	**27**	**65**	**54**	**(10)**	**(110)**		**(188)**
EBITA Adj (*) margin	*10.4%*	*6.2%*	*n.s.*	*3.9%*	*8.0%*	*7.5%*	*(0.7%)*	*n.s.*		*(1.5%)*
Depreciation and amortisation	106	173	92	24	23	16	16	40		**490**
Investment in non-current assets	130	143	165	18	24	17	13	10		**520**
Research and development costs	293	482	219	43	186	16	33	4		**1,276**
New orders	2,007	3,447	2,158	514	483	1,047	1,146	267	(431)	**10,638**
Order backlog	11,308	10,253	8,902	2,441	3,450	2,030	7,159	290	(1,022)	**44,811**
Headcount	13,416	27,620	12,093	4,118	4,079	1,848	6,981	895		**71,050**

9M 2010 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	2,556	4,978	1,857	616	802	994	1,373	159	(411)	**12,924**
EBITA Adj (*)	**252**	**426**	**71**	**15**	**61**	**92**	**57**	**(118)**		**856**
EBITA Adj (*) margin	*9.9%*	*8.6%*	*3.8%*	*2.4%*	*7.6%*	*9.3%*	*4.2%*	*n.a.*		*6.6%*
Depreciation and amortisation	92	175	107	22	31	17	19	12		**475**
Investment in non-current assets	114	161	210	30	24	24	33	13		**609**
Research and development costs	285	508	239	39	189	25	55	5		**1,345**
New orders	2,965	5,235	1,586	762	661	610	2,026	68	(434)	**13,479**
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**

(*) Operating result before:
- any goodw ill 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 w ith the ordinary operations of the company's core businesses.

3Q 2011 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	922	1,373	569	219	252	158	419	66	(150)	**3,828**
EBITA Adj (*)	**99**	**88**	**(809)**	**17**	**16**	**12**	**(19)**	**(31)**		**(627)**
EBITA Adj (*) margin	*10.7%*	*6.4%*	*n.s.*	*7.8%*	*6.3%*	*7.6%*	*(4.5%)*	*n.s.*		*(16.4%)*
Depreciation and amortisation	35	57	28	8	6	3	5	13		**155**
Investment in non-current assets	40	53	53	4	9	4	4	4		**171**
Research and development costs	90	150	63	12	62	4	9	4		**394**
New orders	760	909	570	143	165	249	302	37	(63)	**3,072**

3Q 2010 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	803	1,699	592	204	266	317	447	45	(139)	**4,234**
EBITA Adj (*)	**72**	**134**	**17**	**9**	**24**	**25**	**22**	**(35)**		**268**
EBITA Adj (*) margin	*9.0%*	*7.9%*	*2.9%*	*4.4%*	*9.0%*	*7.9%*	*4.9%*	*n.s.*		*6.3%*
Depreciation and amortisation	29	61	36	7	7	6	6	4		**156**
Investment in non-current assets	48	53	62	8	7	7	12	7		**204**
Research and development costs	111	167	78	13	64	9	19	4		**465**
New orders	474	2,190	780	265	247	236	1,293	30	(86)	**5,429**

(*) 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.