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PRESS RELEASE
Board of directors approves first-half results. Revenues rise by 7%
EBIT (+3%) and net profit (+12%) also up vs. 1H06 excluding extraordinary operations. ROI rises 0.6% to 14.8%

- Finmeccanica improved its results again in 1H07 through organic growth, confirming the stability and quality of its development strategy.
- Revenues rose to EUR 6,079 million in 1H07, vs EUR 5,706 million in the same period of 2006. This was an increase of EUR 373 million, or 7%.
- Net profit stood at EUR 177 million, a rise of EUR 19 million (+12%) vs. EUR 158 million recorded in 1H06 excluding the capital gain from the flotation of Ansaldo STS.
- ROI rose 0.6% to 14.8% despite significant investment and an increase in working capital. The increase highlights the attention paid by the management to return on capital.
- Net debt rose to EUR 2,268 million, from EUR 858 million at 31 December 2006, owing to the significant investments made and the traditionally seasonal nature of the group's cash trading movements.
- The order backlog was EUR 36,245 million, equivalent to about three years of production. Important new contracts are expected in the second half of the year (helicopters in Turkey and the C-27J in the US)
- Earnings per share (EPS) increased 9% year-on-year, excluding one-off operations and minority interests.
- Research and development spending totalled EUR 851 million, equivalent to 14% of revenues.

Key 1H07 figures

(EUR million)

	1H07	1H06	Chg.	Chg. %
Revenues	6,079	5,706	373	7%
EBITA*	325	305	20	7%
EBITA* margin	5.3%	5.3%	0 p.p.	
EBIT	313	305	8	3%
EBIT margin	5.1%	5.3%	0.2 p.p.	
Net profit	177	575	-398	-69%
New orders	6,478	7,937	-1,459	-18%
ROI	14.8%	14.2%	0.6 p.p.	
EVA	-32	-30	-2	7%
Research and development	851	872	-21	-2%
Order backlog	36,245	35,810**	435	1%
Net debt	2,268	858**	1,410	
EPS***	0.37	0.34	0.03	9%
Headcount	59,443	58,059**	1,384	2%

* EBIT before amortisations of intangibles acquired under business combination

**At 31 December 2006

***Excluding extraordinary operations and minority interests

Pier Francesco Guarguaglini, Chairman and CEO, commented: “Finmeccanica is continuing to pursue organic growth, and has hit its targets for the fifth year in a row. In the first half of the year we made significant investments, which will ensure that the group will reach its goals for 2007-2009 and beyond. We have also begun rationalising and consolidating some of our operations, and are concentrating on long-term projects such as the C-27J, the Boeing 787 Dreamliner, AW 129 helicopters, the TETRA system and our industrial partnership with Sukhoi. The effects of all this will become clearer in the second half of this year and in subsequent years”.

BREAKDOWN OF KEY FIGURES

Revenues rose to EUR 6,079 million in 1H07, versus EUR 5,706 million in the same period of 2006. This was an increase of EUR 373 million, or 7%. The rise was due to organic growth, and was in line with the group’s general growth targets. The performance breaks down as follows: 1) internal growth of 11% in the Helicopters business due to higher commercial production volumes and the full start-up of activity on the American presidential helicopter, 2) growth in the Aeronautics business, which was mainly due to an increased contribution from civil contracts (ATR and B787), and 3) Energy (+16%), owing to a sharp rise in service volumes.

CONSOLIDATED PROFIT AND LOSS ACCOUNT			
EUR m	1H07	1H06	% chg. Y/Y
Revenues	6,079	5,706	7%
Changes in work in progress, semi-finished and finished goods	37	259	
Cost of goods, services and labour	(5,592)	(5,508)	
Depreciation and amortisation	(204)	(182)	
Provisions for risk and charges	(16)	(5)	
Restructuring costs	(11)	(15)	
Other net operating revenues (costs)	32	50	
EBITA*	325	305	7%
<i>EBITA* margin</i>	5.3%	5.3%	
Amortisations of intangibles acquired under business combination	(12)	-	
EBIT	313	305	3%
<i>EBIT margin</i>	5.1%	5.3%	
Net financial income (expenses)	(44)	375	
Income taxes	(92)	(105)	
Net profit before discontinued operations	177	575	-69%
Profit of discontinued operations	-	-	
Net profit	177	575	-69%
<i>Group</i>	159	564	
<i>Minorities</i>	18	11	

* EBIT before amortisations of intangibles acquired under business combination

EBIT rose to EUR 313 million, up from EUR 305 million in 2006, while **EBITA*** (calculated by stripping out of the EBIT figure any goodwill impairment charges and portions of the purchase price allocated to intangible

assets during business combinations, as required by IFRS 3) rose by more than EUR 20 million (+6.6%), rising broadly in line with revenues. The group has decided to introduce **EBITA*** since 31 December 2006 it completed its price allocation procedures relating to goodwill from acquisitions made in previous years, and calculated the relative amortisation. Therefore, in order to allow a like-for-like comparison between different periods both in absolute terms and as a percentage of revenues (return on sales, or EBITA margin), Finmeccanica has introduced an intermediate item named "EBIT before amortisations of intangibles acquired under business combination, or **EBITA***". Helicopters, Aeronautics and Energy all made a positive contribution, offsetting the downturn recorded in the other businesses. The **EBITA* margin** stood at 5.3%.

Net profit came in at EUR 177 million, from EUR 575 million in 1H06. However, the prior period benefited from non-recurring items including the capital gain of around EUR 417 million on the sale of 60% of Ansaldo STS. Stripping out these two items, net profit for 1H06 would have stood at EUR 158 million; therefore, on a like-for-like basis, net profit grew by EUR 19 million (+12%) versus last year.

CONSOLIDATED BALANCE SHEET		
EUR m	30.06.2007	31.12.2006
Non-current assets	10,337	9,897
Non-current liabilities	(3,191)	(3,275)
	7,146	6,622
Inventories	3,353	3,095
Contract work in progress	3,278	2,823
Trade receivables	4,135	3,856
Trade payables	(3,529)	(3,561)
Customer advances	(5,625)	(5,529)
Short-term provisions for risks and charges	(553)	(571)
Other current net assets (liabilities)	(528)	(547)
Net working capital	531	(434)
Net invested capital	7,677	6,188
Group shareholders' equity	5,314	5,276
Minority interests	95	81
Shareholders' equity	5,409	5,357
Net debt	2,268	858
Net liabilities (assets) held for sale	-	(27)

Net debt rose to EUR 2,268 million, from EUR 858 million at 31 December 2006, owing to the significant investment made and the seasonal nature of the group's activities. This level of debt – equivalent to 42% of consolidated shareholders' equity – remains below the maximum limit set by the ratings agencies, and below the limits set by the group itself as part of its conservative financial policy. **Free Operating Cash Flow (FOCF)** was negative to the tune of EUR 1,224 million (cash burn) at 30 June 2007, compared with a negative figure of EUR 508 million in the prior-year period. This is a seasonal trend, however, as in this period outgoings tend to be higher than receipts. The figure is also affected by the group's significant investment activity.

DEBT			
EUR m	30.06.2007	31.12.2006	30.06.2006
Short-term financial debt	506	159	145
Medium- to long-term financial debt	1,842	1,865	1,851
Cash on hand or equivalent	(411)	(2,003)	(680)
NET BANK DEBT	1,937	21	1,316
Government bonds and securities	(16)	(21)	(20)
Loans from subsidiary and affiliated companies	(32)	(26)	(21)
Other financial receivables	(452)	(452)	(393)
FINANCIAL RECEIVABLES AND BONDS	(500)	(499)	(434)
Loans from subsidiary and affiliated companies	442	500	394
Other short-term financial debt	278	722	80
Other medium- to long-term bank debt	111	114	106
OTHER FINANCIAL DEBT	831	1,336	580
NET DEBT	2,268	858	1,462
Net debt attributable to discontinued operations	-	6	10

CASH FLOW		
EUR m	1H07	1H06
Cash and cash equivalents at 1 January	2,003	1,061
Cash flow from operations	669	626
Changes in working capital	(956)	(710)
Changes in other operating assets and liabilities	(365)	(145)
Cash flow generated (used) by operating activities	(652)	(229)
Investment in tangible and intangible assets after disposals	(601)	(241)
Other financial investments	29	(38)
Free operating cash flow	(1,224)	(508)
Investments for acquisitions	(416)	355
Changes in other financial assets	(10)	64
Cash flow generated (used) by investment activities	(998)	140
Dividends paid	(151)	(214)
Cash flow from financing activities	211	(73)
Cash flow generated (used) by financing activities	60	(287)
Exchange rate difference on cash and equivalents	(2)	(5)
Cash and cash equivalents at 30 June	411	680

New orders came in at EUR 6,478 million, versus EUR 7,973 million in 1H06. However, last year benefited from non-recurring new orders worth EUR 1,740 million in Helicopters, relating to the IMOS and MSCP contracts. The main orders acquired in 1H07 related to: 1) Helicopters; 2) Defence Electronics: further orders for avionics equipment and communications systems for Eurofighter and countermeasures and air traffic control

systems; 3) Aeronautics: the Future Enhancements order for Eurofighter as regards further developments of its weapons system and, in the civil business, orders for 51 aircraft received by the GIE-ATR consortium.

The **order backlog** stood at EUR 36,245 million, compared with EUR 35,810 million at 31 December 2006, a slight increase of EUR 435 million (+1.2%) due to normal order acquisition and billing activities. This is equivalent to around three years of production. In the second half of the year the group won important new orders for helicopters in Turkey and for C-27J tactical transport aircraft in the US.

Investment in **research and development** totalled EUR 851 million, broadly flat vs. the EUR 872 million spent in the same period of 2006. This was equivalent to around 14% of revenues. The main programmes related to: 1) Helicopters: development of mainly military technology for the new A149 helicopters, and development of national security versions of the BA 609 tiltrotor; 2) Defence Electronics: work on the Eurofighter programme, development of the Falco UAV prototypes and completion of the TETRA network; 3) Aeronautics: development of civil (B787) and military (C-27J, EFA, M-346) programmes.

The **headcount** stood at 59,443 people, versus 58,059 at 31 December 2006. The increase of 1,384 was due to net hiring and to the changed basis of consolidation.

FIRST-HALF 2007 HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

On **7 February 2007** AgustaWestland and Boeing signed a memorandum of understanding for the joint production of the next generation of Chinook logistical transport helicopters for the Italian army, and for other future vertical take-off aircraft programmes.

On **9 February 2007** Russian railways (RZD), the Italian rail operator Ferrovie dello Stato and Finmeccanica signed a memorandum of understanding relating to joint international projects, notably in the area of high-speed rail travel. The first initiative under the partnership is the EUR 6 billion project to build a high-speed rail link between Jeddah, Mecca and Medina in Saudi Arabia. In March Finmeccanica signed a further industrial partnership agreement with Russian Railways, which sets out timescales and procedures for priority projects such as the development of a new regional train, safety and security systems, and a satellite system for Earth observation. On **5 July 2007**, Finmeccanica, Ferrovie dello Stato and Russian Railways qualified for the first stage of the bidding process.

On **14 February 2007** Selex Sistemi Integrati and the Indian company Bharat Heavy Electricals Ltd (BHEL) signed a memorandum of understanding for co-operation in the field of radar and associated technology.

On **20 February 2007** an intergovernmental agreement was signed by the Italian ministry for economic development and Russia's industry and energy ministry. The agreement covered the industrial partnerships formed between Finmeccanica and Sukhoi Aviation Holding and their respective subsidiaries Alenia Aeronautica SpA and Sukhoi Civil Aircraft Company (SCAC) to work on the 75-100-seat SuperJet 100 family of regional jets. In **June 2007**, Alenia Aeronautica SpA signed an agreement with SCAC to purchase a 25% stake plus one share in SCAC and a corresponding financial stake in the SuperJet programme. Alenia Aeronautica and Sukhoi will form a joint venture (51% Alenia Aeronautica, 49% Sukhoi) based in France or in Italy, which will be responsible for marketing, sales and delivery on the western market, as well as after-sales assistance worldwide.

On **22 March 2007** Finmeccanica signed a memorandum of understanding with the Libyan government to create a joint venture in the defence electronics and security sectors, which will see the implementation of innovative solutions for the Libyan market and other African countries.

On **30 March 2007** Finmeccanica acquired 25% of Selex Sensors and Airborne Systems from BAE Systems, for a total consideration of around EUR 400 million.

On **5 April 2007** Alenia Aeronautica and TsAGI, Russia's Central Aerohydrodynamics Institute, signed an agreement to work together in the research, development and design of aerostructures for civil aircraft and for joint projects in advanced aerodynamics.

On **4 April 2007** Thales replaced Alcatel Lucent in the joint ventures Alcatel Alenia Space (renamed Thales Alenia Space) and Telespazio.

On **17 April 2007** Finmeccanica exercised its squeeze-out rights on the remaining Datamat shares at a price of EUR 10.040 per share, following the bid for the remaining shares and the delisting of the company in early 2007. Finmeccanica is now the sole shareholder of Datamat. After acquiring 100% of the Datamat capital, Finmeccanica began the process of merging Datamat and Elmag SpA. This was completed on 1 August.

In **April 2007** the group also began procedures to incorporate OTE SpA and Prod-El SpA into Selex Communication SpA. This was completed on **1 August**.

On **13 June 2007** Finmeccanica won an important new order in the US through its subsidiary Alenia North America (Alenia Aeronautica), in partnership with L-3 and Boeing. The C-27J – designed, developed and manufactured by Alenia Aeronautica – has been chosen by the US army and air force as the new tactical transport aircraft for the Joint Cargo Aircraft (JCA) programme. The C-27J team, headed by L-3 Integrated Systems with Alenia North America, Boeing Integrated Defence Systems and Global Military Aircraft Systems (GMAS, owned 50-50 by Alenia Aeronautica and L-3), was awarded an initial contract worth USD 2.04 billion to provide 78 aircraft. The US armed forces plan to buy 145 aircraft initially – 75 for the army and 70 for the air force – and a total of 207 in the next ten years, with an estimated value of USD 6 billion.

At the end of **August**, the US Government Accountability Office (GAO) asked the US Air Force for the second time to reconsider the decision it made in November 2006 to award Boeing the contract for 141 search and rescue helicopters. If the decision is reviewed, the contract may be annulled and another invitation to tender launched. In this case, the consortium comprising Finmeccanica (AgustaWestland Bell) and Lockheed Martin will bid for the contract.

FINANCIAL OPERATIONS

In the first half of 2007 Finmeccanica carried out no transactions on the capital markets. As a result, there was no substantial change in bond debt, which stood at around EUR 1,756 million (under IAS/IFRS). The average term of the debt is 8.5 years.

The bonds issued by the group that mature in the next 18 months are shown below.

Issuer	Year of issue	Maturity	Amount (EUR m)	Annual coupon	Type of issue	IAS values recorded (EUR m)
Finmeccanica Finance SA	2002	30 Dec 08	297	Variable	Italian, retail	301

OUTLOOK

Results for the first half of 2007 were better than in the same period of 2006, and in line with forecasts, and so there is no reason to change the forecasts given at the time of the 2006 annual results. The order backlog is equivalent to about three years of production.

In 2007, revenues are expected to show organic growth of between 4% and 10%, while EBIT is seen rising by between 8% and 14% versus 2006.

Free operating cash flow (FOCF) is expected to stand at around break-even, after significant investment in the development and marketing of products – especially in the Aeronautics, Helicopters and Defence Electronics businesses – which is necessary to further the group's growth.

SHARE DATA			
	1H07	1H06	% chg. Y/Y
Average number of shares in period (thousands)	424,328	423,635	0.2%
Net profit excluding minorities (EUR m)	159	564	
Profit of continuing operations excluding minorities (EUR m)	159	564	
BASIC EPS (EUR)	0.38	1.33	-71%
BASIC EPS of continuing operations (EUR)	0.38	1.33	-71%
Average number of diluted shares in period	425,256	425,625	-0.1%
Adjusted net profit excluding minorities (EUR m)	159	564	
Adjusted profit of continuing operations excluding minorities (EUR m)	159	564	
DILUTED EPS (EUR)	0.37	1.32	-72%
DILUTED EPS of continuing operations (EUR)	0.37	1.32	-72%

RESULTS BY SECTOR OF ACTIVITY (1H07 – figures in EUR million)

Helicopters

Companies: **AgustaWestland**

Revenues: EUR 1,478 million (+11%); EBIT 150 million (+11%)

Revenues came in at EUR 1,478 million, up 11% from EUR 1,333 million in 1H06. Some 39% of this improvement was due to the increase in volumes in the commercial business, 38% to the full launch of activities for the US presidential helicopter (the maiden flight of the first prototype – the TV2 – was on 5 July 2007), and 23% to product support (integrated operational support contracts with the UK).

EBIT stood at EUR 150 million, a rise of 11% on the EUR 135 million recorded in 1H06. The increase was due partly to higher volumes and partly to the impact of the full integration of Italian and UK operations. The **EBITA margin** was 10.4%, in line with the 10.1% registered at 30 June 2006.

New orders totalled EUR 1,470 million, down from EUR 2,821 million in 1H06, when the figure was boosted by two important contracts with the UK Ministry of Defence worth around EUR 1,740 million. Sales to the civil and government markets rose 14.2% by volume, with further orders for 137 helicopters (AW 139, AW 109 and AW 119).

The **order backlog** stood at EUR 8,497 million, in line with the figure of EUR 8,572 million at 31 December 2006.

The **headcount** was 9,212, an increase of 313 compared to the figure of 8,899 registered at 31 December 2006, as extra technical and production staff were needed to deal with the increase in activity.

Defence electronics

Companies: **SELEX Sensors and Airborne Systems, SELEX Communications, SELEX Sistemi Integrati, SELEX Service Management, Elsag Datamat**

Revenues: EUR 1,607 million (-4%); EBIT: EUR 78 million (-21%)

Revenues were EUR 1,607 million, a drop of 4% on the EUR 1,668 million recorded in 1H06. The main contributors to revenues were: 1) manufacturing work on the DASS system and avionics and radar equipment for the Eurofighter (avionics); 2) work on the Horizon, New Major Unit and FREMM naval contracts and on the FADR land radar systems (radar and command and control systems); 3) activity for the Eurofighter, the start-up of production on the national TETRA network, and the supply of MIDS terminals and military communication systems (integrated communication systems and networks).

EBIT stood at EUR 78 million, a decrease of 21% on the EUR 99 million recorded in the same period of 2006. The **EBITA margin** fell from 5.9% at 30 June 2006 to 5.3% at 30 June 2007.

New orders totalled EUR 1,794 million, a rise of 8% versus the EUR 1,654 million posted in 1H06. The performance was due chiefly to increased orders in IT and security sectors, and to the finalisation of the order for the second tranche of the contract with the interior ministry for the TETRA network. New orders included: 1) orders for countermeasures for the Eurofighter and for space programmes (avionics); 2) in addition to orders for the TETRA contract, further orders for communication systems for the Eurofighter, the order from BAE Systems for communication and data link systems for a programme in the Middle East and for work on the European programme for the supply of Multifunctional Information Distribution System (MIDS) terminals (integrated communications systems and networks); 3) a framework agreement following the tender issued by the National Centre for IT in Public Administration (CNIPA) to create and manage websites, won by a group consisting of Datamat, Elsag, Telecom Italia and Engineering Italia (IT).

The **order backlog** was EUR 7,860 million, up +2.4% from EUR 7,676 million in 1H06. Half of the backlog relates to avionics activities, 20% to communications, 15% to radar and command and control systems and 15% to information technology.

The **headcount** was 19,066, a decrease of 119 compared to 31 December 2006, mainly due to the rationalisation of the Italian avionics business.

Aeronautics

Companies: **Alenia Aeronautica, Alenia Aeronavali, Alenia Aermacchi, GIE ATR(*), Alenia SIA**

Revenues: EUR 953 million (+14%); EBIT: EUR 64 million (+5%)

() figures for the GIE-ATR consortium are consolidated proportionally at 50%*

Revenues stood at EUR 953 million, an increase of 14% on the EUR 833 million generated in 1H06. This performance was due to an increased contribution from the civil market, especially work on the ATR aircraft and the start-up of production on the B787. In the military field, revenues from the Eurofighter contract rose due to increased development and production activity relating to the second tranche of the programme.

EBIT was EUR 64 million, up 5% on the EUR 61 million recorded in 1H06. The improvement was due to a good performance from the civil business, as mentioned above. The **EBITA margin** was 6.7%, compared with 7.3% at 30 June 2006.

New orders totalled EUR 1,148 million, in line with the 1H06 figure of EUR 1,171 million (-2%). They included: the Future Enhancements order in the Eurofighter programme for further developments of weapons systems (military segment), and the orders of the GIE-ATR consortium (51 aircraft) and further tranches of the B767, A321, Falcon, engine nacelles and cargo aircraft conversion programmes (civil segment).

The **order backlog** was worth EUR 7,798 million, up 3.5% from EUR 7,538 million at 31 December 2006. Some 46% related to Eurofighter programmes, 21% to the B787, 4% to the C-27J and 3% to the AMX.

The **headcount** was 12,811 compared to 12,135 at 31 December 2006, an increase of 676 due to hiring at Alenia Aeronautica to deal with the greater workload, and at Alenia Composite following the increased production of the B787 at the Grottaglie plant.

Space

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

Revenues: EUR 377 million (+9%); EBIT: EUR 12 million (-25%)

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

Revenues were EUR 377 million, up 9% from EUR 347 million in 1H06, mainly owing to an expansion of manufacturing activities. Production mainly related to: project work on telecommunications satellites, the Globalstar constellation satellites and phase 1 of the third-generation Meteosat programme; activities relating to earth observation programmes, commercial satellites and military telecommunications (Sicral 1B and Syracuse III), scientific programmes (Herschel/Plank, Bepi Colombo, Alma and Goce), the Galileo and EGNOS navigation programmes; further work on programmes relating to the International Space Station.

EBIT was at EUR 12 million, down 25% on the EUR 16 million recorded in 1H06. The **EBITA* margin** fell from 4.6% in 1H06 to 3.2%.

New orders stood at EUR 325 million, a decline on the EUR 331 million recorded in 1H06. The major contracts included 1) the first three tranches of the programme to supply 48 satellites in low earth orbit (LEO) for the second-generation Globalstar constellation (commercial segment); 2) new orders for the operation of satellites in orbit (particularly the ESA's Artemis satellite) and the management of ground stations (civil/government segment); 3) the first two tranches of the order for the Armasat programme (military/government segment); 4) the contract for the Cosmo programme to complete the fourth satellite and the first tranche of the Sentinel 1 order for the GMES territorial monitoring and security programme (Earth observation segment); 5) and further new orders for the Galileo and EGNOS programmes (navigation and mobile information segment).

The **order backlog** was EUR 1,260 million, in line with the EUR 1,264 million posted at 31 December 2006. The backlog is sufficient to cover 89% of expected production for the next six months. Manufacturing accounted for 66% of the backlog, and satellite services for 34%.

The **headcount** was 3,297 compared to 3,221 at 31 December 2006, a rise due to greater production expected in manufacturing and the development of satellite services on the international market.

Defence systems

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

Revenues: EUR 497 million (+1%); EBIT: EUR 23 million (+5%)

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

Revenues stood at EUR 497 million, a flat performance versus EUR 494 million recorded in 1H06. This breaks down as: 1) production of Aster missiles for PAAMS surface-to-air systems, Storm Shadow and SCALP EG air-to-surface missile systems, MICA air-to-air missiles and customer support activities (missile systems); 2) production on the PZH 2000 for the Italian army (weapons systems); 3) work on the Black Shark heavy

torpedo and the MU90 and A244 light torpedoes, and countermeasures for India and for logistics (underwater systems).

EBIT stood at EUR 23 million, versus EUR 22 million in 2006. The **EBITA margin** rose from 4.5% to 4.8%.

New orders came in at EUR 266 million, a decline on the EUR 338 million posted in 1H06, although the prior-year period benefited from significant naval weapons orders for the FREMM programme. The new orders came from: 1) the upgrade of the German Patriot and RAM systems, refurbishment of the Aspide missile batteries and the supply of Mistral systems (missile systems); 2) orders for four 76/62 SR guns (weapons systems); 3) orders from Germany for 22 launch systems for the Lynx helicopter, and from Australia for additional work on the MU90 light torpedo, and for logistics activity on the FREMM programme (underwater systems).

The **order backlog** stood at EUR 4,024 million, versus EUR 4,252 million at 31 December 2006. This is equivalent to about 3.5 years of activity. More than two thirds of the order portfolio relates to missile systems.

The **headcount** was 4,145, compared to 4,275 at 31 December 2006. The fall was due to the ongoing restructuring of the missile business.

Energy

Companies: **Ansaldo Energia**

Revenues: EUR 477 million (+16%); EBIT: EUR 30 million (+67%)

Revenues stood at EUR 477 million, up 16% versus the EUR 411 million registered in the same period of last year. The rise was due mainly to a sharp pick-up in service activities, thanks to higher production volumes and the extra revenues from newly acquired companies.

EBIT was EUR 30 million, up 67% compared to the figure of EUR 18 million for 1H06, due to the increase in production volumes mentioned above and the higher profitability of some orders in the plant business. The **EBITA margin** expanded to 6.3%, from 4.4% in 2006.

New orders were worth EUR 599 million, versus EUR 676 million in 1H06, a fall of 11%. This was due to a decline in new orders for long-term maintenance contracts in the service business. The main orders included 1) contracts for the Algeciras and Vlore sites, the two contracts in Algeria for Sonelgaz and the contract in Iran for three alternators (components); and 2) new orders in the area of renewable energy relating to the upgrade of four hydroelectric units, two hydroelectric generators and a hydroelectric plant (service).

The **order backlog** stood at EUR 2,587 million, compared with 2,468 million at 31 December 2006. This is equivalent to about 2.4 years of production. Around 49% of the order backlog at 30 June 2007 related to manufacturing activities, 50% to service and the remaining 1% to nuclear operations.

The **headcount** was 2,920, versus 2,856 at 31 December 2006, due to normal staff turnover.

Transport

Companies: **Ansaldo STS (Ansaldo Signal and ATSF), AnsaldoBreda**

Revenues: EUR 725 million (+6%); EBIT: EUR 16 million (-41%)

Revenues came in at EUR 725 million, compared to EUR 684 million in 1H06. The growth was mainly due to the signalling and vehicles businesses. Production in the transport sector included: 1) work on the high-speed train programme and train control systems (SCMT) in Italy, phase 2 of the Channel Tunnel Rail Link, the project to build an optimising traffic planner (OTP) system and the next-generation computer-aided dispatch

system for Union Pacific Railroad (signalling); 2) services for the Copenhagen, Naples, Genoa and Brescia metro systems (services); 3) trains for the Madrid metro, high-capacity trains for Morocco, high-speed trains for the Dutch-Belgian railways, and vehicles for Danish railways and the city of Los Angeles (vehicles).

EBIT stood at EUR 16 million, compared with EUR 27 million in 1H06, a fall of 41% due essentially to the vehicles business. The **EBITA margin** fell from 3.9% to 2.2%.

New orders totalled EUR 595 million, down 48% from EUR 1,143 million in 1H06, due to a fall in new contracts in vehicles and systems. Orders included the systems contract for the first phase of Line C of the Rome driverless metro system, worth EUR 150 million. Other orders included: 1) two orders from the mining company Rio Tinto, an order from Fortescue Metals Group and contracts following the agreement signed with Australian Rail Track Corporation (signalling); 2) the order for the signalling systems of 15 electric trains relating to the lower Alifana railway (systems); 3) service orders (vehicles).

The order backlog was worth EUR 4,560 million, versus EUR 4,703 million at 31 December 2006. Vehicles accounted for 46% of the total, systems 29% and signalling 25%.

The headcount was 6,885, up from 6,677 at 31 December 2006, mainly due to the increase in signalling employees, particularly in Australia, India and the US.

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.

PRESS RELEASE

1H07 (EUR million)	Helicopters	Defence electronics	Aeronautics	Space	Defence systems	Energy	Transport	Other activities	Eliminations	TOTAL
Revenues	1,478	1,607	953	377	497	477	725	135	(170)	6,079
EBITA*	154	85	64	12	24	30	16	(60)		325
EBITA* margin (%)	10.4%	5.3%	6.7%	3.2%	4.8%	6.3%	2.2%	n.m.		5.3%
EBIT	150	78	64	12	23	30	16	(60)		313
EBIT margin (%)	10.1%	4.9%	6.7%	3.2%	4.6%	6.3%	2.2%	n.m.	0.0%	5.1%
Depreciation and amortisation	52	58	60	11	13	7	9	6		216
Investment in non-current assets	74	102	388	13	24	9	11	10		631
Research and development costs	147	266	264	26	110	8	27	3		851
New orders	1,470	1,794	1,148	325	266	599	595	416	(135)	6,478
Order backlog	8,497	7,860	7,798	1,260	4,024	2,587	4,560	697	(1,038)	36,245
Headcount	9,212	19,066	12,811	3,297	4,145	2,920	6,885	1,107		59,443

1H06 (EUR million)	Helicopters	Defence electronics	Aeronautics	Space	Defence systems	Energy	Transport	Other activities	Eliminations	TOTAL
Revenues	1,333	1,668	833	347	494	411	684	104	(168)	5,706
EBITA*	135	99	61	16	22	18	27	(73)		305
EBITA* margin (%)	10.1%	5.9%	7.3%	4.6%	4.5%	4.4%	3.9%	n.m.		5.3%
EBIT	135	99	61	16	22	18	27	(73)		305
EBIT margin (%)	10.1%	5.9%	7.3%	4.6%	4.5%	4.4%	3.9%	n.m.	0.0%	5.3%
Depreciation and amortisation	33	45	56	14	13	6	9	6		182
Investment in non-current assets	32	427	161	10	76	5	10	4		725
Research and development costs	180	281	225	30	126	7	23	-		872
New orders	2,821	1,654	1,171	331	338	676	1,143	39	(200)	7,973
Order backlog (31/12/2006)	8,572	7,676	7,538	1,264	4,252	2,468	4,703	346	(1,009)	35,810
Headcount (31/12/2006)	8,899	19,185	12,135	3,221	4,275	2,856	6,677	811		58,059

* EBIT before amortisations of intangibles acquired under business combination

Finmeccanica is Italy's leading high-tech company, operating in the design and manufacture of helicopters, defence electronics, civil and military aircraft, aerostuctures, satellites, space infrastructures, missiles. It plays a leading role in the European aerospace and defence industry, and participates in some of the biggest international programmes in the sector through well-established alliances with European and American partners. Finmeccanica also boasts significant manufacturing assets and skills in the Transport and Energy sectors. The Group is listed on the Milan Stock Exchange, and operates in Italy and abroad through subsidiaries and joint ventures. It employs over 59,000 staff in total of which approximately 9,000 in UK, 3,500 in France and 1,600 in US. As part of its drive to maintain and build on its technological expertise, Finmeccanica spends 14% of its revenues on Research and Development.