

Rome, 13 May 2008

**Board of Directors approves first quarter results. Revenues rise 6%. New orders up 35%**
**Adjusted EBITA increases 13%. Net profit up versus 1Q07 excluding extraordinary operations**

- Finmeccanica again improved results in the first quarter of 2008. Revenues grew 6% year on year to EUR 2,916 from EUR 2,740 million
- Orders grew sharply (+35%) versus 1Q07. This increase mainly benefited Defence Electronics and Security (+71%), Space (+74%), Defence Systems (+130%) and Energy (+203%)
- The order backlog grew by 10% versus 1Q07, equivalent to about three years' production
- Adjusted EBITA grew 13% year on year to EUR 133 million. The greatest contribution came from Helicopters (+18%), Defence Electronics and Security (+31%) and Defence Systems (+125%)
- Net profit was EUR 126 million. Excluding the capital gain from the sale of STM shares, net profit was EUR 72 million (+ EUR 53 million compared to the previous year, an increase of +279%)
- Net debt fell compared to the same period last year. The level of debt is equal to 37% of shareholder's equity and remains below the maximum limit set by the ratings agencies
- The negative free operating cash flow figure should be considered in light of the seasonal nature of the Group's businesses and is in any case an improvement over 1Q07
- Costs in research and development was equivalent to around 13.5% of revenues

**Key 1Q08 figures**

(EUR million)

	1Q 2008	1Q 2007	Chg.	Chg.%	FY 2007
Revenues	2,916	2,740	176	6%	13,429
Adjusted EBITA (*)	133	118	15	13%	1,045
Adj. EBITA (*) margin	4.6%	4.3%	0,3 p.p.		7.8%
EBIT	123	109 (**)	14	13%	1,084
EBIT margin	4.2%	4.0%	0,2 p.p.		8.1%
Net profit	126	19	107	563%	521
FOCF	-928	-1,107	179	16%	375
New orders	3,292	2,430	862	35%	17,916
ROI	16.2%	14.9%	1,2 p.p.		18.9%
VAE	-74	-90	16	18%	227
Research and development	394	402	-8	-2%	1,836
Order backlog	38,888	35,362	3,526	10%	39,304
Net debt	1,928	1,970	-42	-2%	1,158
EPS Adjusted(***)	0.15	0.03	0.12	399%	1.10
Headcount	61,396	58,685	2,711	5%	60,748

\* Operating result before:

- any impairment in goodwill;
- amortisations of intangibles acquired under business combination;
- reorganization costs that are 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.

\*\* Items changed due to the retrospective change in the treatment of defined-benefit plans.

\*\*\* Excluding extraordinary operations and minority interests.

<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT</b>			
€ million	<b>1Q 2008</b>	<b>1Q 2007</b>	<b>Change %</b>
<b>Revenues</b>	<b>2,916</b>	<b>2,740</b>	<b>6%</b>
Costs for purchases and personnel	(2,670)	(2,522) (**)	
Depreciation and amortisation	(98)	(99)	
Writedowns	(4)	(4)	
Other net operating revenues (costs)	(11)	3	
<b>Adj EBITA (*)</b>	<b>133</b>	<b>118</b>	<b>13%</b>
<i>Adj EBITA (*) margin</i>	<i>4.6%</i>	<i>4.3%</i>	
Non-recurring revenues (costs)	-	-	
Restructuring costs	(4)	(3)	
PPA amortisation	(6)	(6)	
<b>EBIT</b>	<b>123</b>	<b>109</b>	<b>13%</b>
<i>EBIT margin</i>	<i>4.2%</i>	<i>4.0%</i>	
Net financial income (costs)	69	(27) (**)	
Income taxes	(66)	(63)	
<b>Net profit before discontinued operations</b>	<b>126</b>	<b>19</b>	<b>563%</b>
Profit of discontinued operations	-	-	
<b>Net profit</b>	<b>126</b>	<b>19</b>	<b>563%</b>
<i>Group</i>	<i>119</i>	<i>13</i>	
<i>Minorities</i>	<i>7</i>	<i>6</i>	
<b>EPS (EUR)</b>			
<i>Basic</i>	<i>0.280</i>	<i>0.028</i>	
<i>Diluted</i>	<i>0.280</i>	<i>0.028</i>	
<b>EPS of continuing operations (EUR)</b>			
<i>Basic</i>	<i>0.280</i>	<i>0.028</i>	
<i>Diluted</i>	<i>0.280</i>	<i>0.028</i>	

(\*) Operating result before:  
- any impairment in goodwill;  
- amortisations of intangibles acquired under business combination;  
- reorganization costs that are 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.

\*\* Items changed due to the retrospective change in the treatment of defined-benefit plans.

## BREAKDOWN OF KEY FIGURES

**Revenues** were EUR 2,916 million in 1Q08 versus EUR 2,740 million in the same period of 2007, an increase of EUR 176 million (+6%). This was mainly due to the Aeronautics sector performance, with greater contributions coming from both the civil segment (increase in production of ATR and B787 aircraft) and the military segment (greater activity related to the C-27J and Eurofighter). There was also significant revenue growth in the Space business (owing to higher output in manufacturing and services) and in the Transport sector, attributable to an increase in the signalling segment (particularly in Asia Pacific) and the vehicles segment.

**Adjusted EBITA** was EUR 133 million, a EUR 15 million (+13%) increase versus EUR 118 million in 2007. This improvement was mainly due to good performance in: Helicopters (+18%) thanks to the increase in production

volumes of the AW139 and AW109; Defence Electronics and Security (+31%) owing mostly to the improvement in the UK component of the avionics and electro-optical segment and IT and security activities; Defence Systems (+125%) thanks to a more profitable mix in the missile systems segment; Transports (+90%) due to the profitability improvement in the vehicle segment. The **Adjusted EBITA margin (ROS)** stood at 4.6%, up from 4.3% in 1Q07.

**Net profit** was EUR 126 million, a EUR 107 million (+563%) increase versus a net profit of EUR 19 million in 1Q07. This positive result was boosted by the capital gain of approximately EUR 54 million, after taxes, from the sale of 2.85% of STM to the French company FT1CI. Excluding this transaction, net profit for 1Q08 was approximately EUR 72 million, an increase of EUR 53 million (+279%) versus the same period in 2007. This improvement was largely due to a EUR 14 million increase in EBIT and a EUR 40 million improvement in financial income resulting from a more favourable results from valuations, fair value and exchange rate differences.

<b>BALANCE SHEET</b>			
	€ million	<b>31.03.2008</b>	<b>31.12.2007</b>
Non-current assets		9,493	9,845
Non-current liabilities		(2,508)	(2,562)
		<b>6,985</b>	<b>7,283</b>
Inventories		3,580	3,383
Trade receivables		7,752	7,546
Trade payables		(10,112)	(10,481)
Provisions for short-term risks and charges		(530)	(545)
Other current net assets (liabilities)		(566)	(596)
<b>Net working capital</b>		<b>124</b>	<b>(693)</b>
<b>Net invested capital</b>		<b>7,109</b>	<b>6,590</b>
Capital and reserves attributable to equity holders of the Company		5,074	5,329
Minority interests		107	103
<b>Shareholders' equity</b>		<b>5,181</b>	<b>5,432</b>
<b>Net debt (cash)</b>		<b>1,928</b>	<b>1,158</b>
<b>Net liabilities (assets) held for sale</b>		-	-

<b>Financial Position</b>			
	€ million	<b>31.03.2008</b>	<b>31.12.2007</b>
Short-term financial payables		443	484
Medium/long-term financial payables		1,531	1,556
Cash and cash equivalents		(789)	(1,607)
<b>BANK DEBT AND BONDS</b>		<b>1,185</b>	<b>433</b>
Securities		(33)	(13)
Financial receivables from Group companies		(30)	(33)
Other financial receivables		(535)	(573)
<b>FINANCIAL RECEIVABLES AND SECURITIES</b>		<b>(598)</b>	<b>(619)</b>
Financial payables to related parties		525	560
Other short-term financial payables		698	665
Other medium/long-term financial payables		118	119
<b>OTHER FINANCIAL PAYABLES</b>		<b>1,341</b>	<b>1,344</b>
<b>NET FINANCIAL DEBT (CASH)</b>		<b>1,928</b>	<b>1,158</b>
Net financial debt (cash and cash equivalents) of discontinued operations		-	-

<b>CASH FLOW</b>			
	€ million	<b>1Q 2008</b>	<b>1Q 2007</b>
<b>Cash and cash equivalents at 1 January</b>		<b>1,607</b>	<b>2,003</b>
Gross cash flow from operating activities		285	263
Changes in other operating assets and liabilities		(217)	(211)
<b>Funds from Operations (FFO)</b>		<b>68</b>	<b>52</b>
Changes in working capital		(723)	(839)
<b>Cash flow generated from (used in) operating activities</b>		<b>(655)</b>	<b>(787)</b>
Cash flow from ordinary investing activities		(273)	(320)
<b>Free operating cash flow</b>		<b>(928)</b>	<b>(1,107)</b>
Strategic operations		187	(406)
Change in other financing activities		(12)	44
<b>Cash flow generated (used) by investment activities</b>		<b>(98)</b>	<b>(682)</b>
Cash flow from financing activities		(57)	(58)
<b>Cash flow generated (used) by financing activities</b>		<b>(57)</b>	<b>(58)</b>
Exchange gains/losses		(8)	(4)
Cash and cash equivalents at 31 March		789	472

**Net debt** was EUR 1,928 million at the end of first quarter of 2008, up EUR 770 million versus EUR 1,158 million at 31 December 2007. This level of debt – equivalent to 37% of consolidated shareholders' equity – remains below the limit set by the ratings agencies and is below that set by the Group itself as part of its conservative financial policy. The figure was influenced by certain strategic operations, notably: the payment of EUR 61 million to purchase the remaining shares in UK company Vega Group plc (takeover launched in 2007); the payment of EUR 12 million for the acquisition of a further 18% of Sirio Panel SpA by SELEX Communications; the receipt of EUR 260 million from the sale of around 2.9% of Finmeccanica's remaining shares in STM.

**Free operating cash flow (FOCF)** was negative by EUR 928 million at 31 March 2008, compared with a negative EUR 1,107 at 31 March 2007. The FOCF for the first quarter should be considered in light of the seasonal nature of the Group's businesses as first-quarter payables tend to be higher than receipts. More specifically, the EUR 179 million year-on-year improvement in FOCF is attributable to the lower amount of cash used for both investment in product development (EUR 47 million) and for operations (EUR 132 million).

**New orders** totalled EUR 3,292 million, an increase of EUR 862 million (+35%) versus EUR 2,430 million in 1Q07, with good performance spread across nearly all segments. Aerospace and Defence accounted for 82% of new orders while Energy and Transport accounted for the remaining 18%. In more detail: Defence Electronics and Security orders were up 71% versus 1Q07 thanks to further contracts relating to the FREMM programme and to IT and security contracts; Space orders were up 74% due to increased activity in the manufacturing; Defence Systems orders were up 130% driven by all segments but especially missile systems; Energy orders were up 203% mainly owing to numerous foreign contracts for machines and components; and Transport orders were up 26% thanks to contracts in the systems and vehicles segments.

**The order backlog** totalled EUR 38,888 million at the end of the first quarter of 2008, a EUR 416 million decrease (-1%) compared to EUR 39,304 million at 31 December 2007, largely due to exchange rate differences. Aerospace and Defence accounted for 80% of the backlog while Energy and Transport accounted for the remaining 20%. At the end of the quarter, the order backlog was equivalent to around three years of production.

Costs in **Research and Development** totalled EUR 394 million, compared with EUR 402 million in 1Q07, a decrease of EUR 8 million (-2%). Group's Research and Development is equivalent to around 13.5% of revenues and were mainly concentrated (96%) in Aerospace and Defence; Energy and Transport accounted for the remaining 4%. The main programmes were in Defence Electronics and Security (around 36% of R&D spending) were: new electronic scanning radar for surveillance and combat in avionics; the Falco unmanned

aerial vehicle (UAV) for tactical surveillance; programmes related to the Eurofighter; and products with TETRA technology and new WIMAX product ranges in the communications segment. The main programmes in Aeronautics (30% of R&D spending) related to both the civil and military segments. Investments in Helicopters (16% of R&D spending) related to the AW149 and BA609.

**Headcount** stood at 61,396 at the end of the first quarter of 2008, versus 60,748 at 31 December 2007. The increase of 648 was due to a net increase in the Aeronautics and Helicopter businesses. In geographical terms, 70% of staff are located in Italy and 30% are based abroad (mainly in the UK, France and US).

#### FIRST-QUARTER HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE MARCH 2008

On **1 January 2008** the new brand SELEX Galileo was launched, which will be used by Galileo Avionica SpA and SELEX Sensors and Airborne Systems Ltd to present a unified, solid front to the market in the area of sensors, electro-optics, electronic warfare and tactical unmanned aerial vehicles.

On **16 January 2008**, following the takeover bid launched by Finmeccanica for the UK company Vega Group Plc, and after receiving acceptances representing 65.1% of Vega's share capital that brought Finmeccanica's total stake to 93.3%, the offer was declared irrevocable and Finmeccanica paid the sum in question. Subsequently, the delisting of the company was initiated, as was a squeeze-out on remaining shares not acquired as part of the takeover. Vega shares were delisted from the London Stock Exchange on 13 February 2008, and the squeeze-out was completed in March.

On **29 February 2008** Finmeccanica presented its "Corso Marche" project, confirming its industrial expansion plans in Italy's Piedmont region. Under the plan, Alenia Aeronautica's project design activities will move from Corso Marche to Torino Caselle. At the same time, the empty site in Corso Marche will be redeveloped in keeping with today's need to deindustrialise urban areas, with completion planned for 2015-2016.

On **17 March 2008** Poste Italiane and Egypt Post signed an agreement to develop and upgrade the technology systems of the Egyptian postal service, selecting Eltag Datamat as the technology provider for the project.

On **27 March 2008** Alenia Aermacchi and ENAER (Impresa Nacional de Aeronautica de Chile) signed a Memorandum of Understanding to collaborate on the M-346 and M-311 programmes. Under the agreement, the two companies will jointly produce and sell the aircraft in Latin America.

On **1 April 2008** AnsaldoBreda and Bombardier Transportation signed an agreement to jointly develop, produce and sell a new high-speed train capable of travelling at over 300 km/h, in compliance with recent European legislation on interoperability.

On **2 April 2008** Telespazio acquired full control of Aurensis, a Spanish company specialising in technologies for territorial applications as well as aerial, satellite and earth observation services.

#### FINANCIAL OPERATIONS

In the first quarter of 2008, Finmeccanica carried out no new transactions on the capital markets. Consequently, the structure of its medium/long-term debt, particularly related to bonds, did not undergo any significant changes. At present this debt totals about EUR 1,756 million (under IAS/IFRS principles). The average term of the debt is about 8.5 years.

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	299

## OTHER OPERATIONS

On **16 January 2008** the Shareholders' Meeting of Finmeccanica approved the share buyback programme proposed by the Board of Directors at its meeting on 21 November 2007, for up to approximately 8% of the company's share capital. The shares purchased will be available in the form of own shares held in portfolio and may be used for industrial projects or extraordinary financing operations.

On **26 February 2008** Finmeccanica, Cassa Depositi e Prestiti and FT1CI – all shareholders of STMicroelectronics Holding NV (STH), a Dutch company that owns 27.54% of STMicroelectronics NV (STM) – agreed to amend the shareholders' agreement that regulates the joint Italian-French corporate governance of STH. The Italian and French partners agreed to bring their respective stakes in STM held indirectly through STH into line with each other. Finmeccanica therefore agreed to sell to FT1CI the equivalent of 26,034,141 STM shares at the price of EUR 10 per share, plus an earn-out equal to 40% of any gains in the STM share price between the basic price of EUR 10 and the average market price recorded in the three-month period starting from the ninth month from the date of signing of the agreement, up to a maximum of EUR 4 per share. Finmeccanica received about EUR 260 million on completion of the operation.

## OUTLOOK

Results for the first three months of 2008 were better than in the same period of 2007, and in line with forecasts. Based on this performance, there is no reason today to change the full-year 2008 forecasts provided at the time the Full Year 2007 results were presented.

In 2008, Group revenues are expected to grow organically by between 6% and 11%, while adjusted EBITA is expected to rise between 12% and 19% year on year.

The Group's free operating cash flow (FOCF) is expected to be positive and similar to 2007 levels, after significant investment in the development of products necessary to maintain growth. As with last year, investment will focus on the Aeronautics, Helicopters and Defence Electronics businesses.

## RESULTS BY SECTOR OF ACTIVITY (1Q08 – figures in EUR million)

### Helicopters

Companies: **AgustaWestland**

*Revenues: EUR 713 million (-1%); adjusted EBITA: EUR 85 million (+18%)*

**Revenues** were EUR 713 million, broadly in line with the EUR 720 million posted in 2007. The performance was due to ongoing work on current programmes, an increase in volumes in the area of civil helicopters for government use (AW109 and AW139) and product support.

**Adjusted EBITA** stood at EUR 85 million, an 18% rise versus the EUR 72 million recorded in 1Q07. The improvement was due to higher production volumes in civil programmes (AW139 and AW109), which offset the reduced contribution of military contracts. The **adjusted EBITA margin (ROS)** was 11.9%, up from 10,0% in 1Q2007 (+1.9 p.p.).

**New orders** in the period were EUR 795 million, up 12% from EUR 712 million in the same period last year. The most important contracts were the order for 24 NH90 helicopters by the French and German governments (AgustaWestland's share of the programme is EUR 54 million); a EUR 106 million order for a further five AW101 helicopters for the Japanese navy; and a EUR 246 million order for a further 29 AW139 helicopters.

The **order backlog** was EUR 8,679 million, versus EUR 9,004 million at 31 December 2007. The order backlog is made up of helicopters (68%), support work (30%) and engineering (2%).

**Headcount** was 9,954, up 398 versus 9,556 at 31 December 2007.

### **Defence Electronics and Security**

Companies: **SELEX Galileo, SELEX Communications, SELEX Sistemi Integrati, SELEX Service Management, Elsag Datamat, Seicos, Vega Group**

*Revenues: EUR 677 million (0%); adjusted EBITA: EUR 21 million (+31%)*

**Revenues** were EUR 677 million in the first quarter of 2008, broadly in line with EUR 680 million registered in the same period of 2007. The contribution of the newly-acquired Vega Group helped offset delays in the start-up of some communications programmes. Contributions to revenues came largely from: work on the DASS system and avionics equipment and radar for the Eurofighter (avionics and electro-optics); activities on the Orizzonte, Nuova Unità Maggiore and FREMM naval contracts (radar and command and control systems); continued activities related to the Italian national TETRA network (integrated communication systems and networks); and postal automation services, particularly for Poste Italiane and the Russian postal service (IT and security).

**Adjusted EBITA** stood at EUR 21 million, up 31% from EUR 16 million in the same period of 2007, thanks to the improved performance from the UK avionics and electro-optics operations and from IT and security activities. The **adjusted EBITA margin (ROS)** increased to 3.1% from 2.4% 1Q07 (+0.7 p.p.).

**New orders** were EUR 857 million, a 71% jump versus EUR 502 million in 1Q07. The main orders in the quarter included: further orders for the Eurofighter programme, relating to the second tranche of the order to build and supply the simulator, as well as logistical activities (avionics and electro-optics); an order for Seaspray 7500E radar systems as part of the programme to upgrade the US Coast Guard's HC-130H aircraft; the order for a further four ships as part of the Italian FREMM programme (land and naval command and control systems); further orders for communication systems for the Eurofighter (integrated communication systems and networks); and an order to develop and supply avionics interface units and manufacture the cockpit lighting system for the new Airbus A350 XWB (eXtra Wide Body).

The **order backlog** totalled EUR 8,616 million, compared with EUR 8,725 million at 31 December 2007 (-1%), of which half was related to activities in the avionics and electro-optics business.

**Headcount** stood at 19,513, a decline of 76 versus 19,589 at 31 December 2007, owing essentially to the reorganisation of the communications business.

### **Aeronautics**

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

*Revenues: EUR 491 million (+19%); adjusted EBITA: EUR 19 million (-17%)*

*(\*) Figures for the GIE-ATR consortium are consolidated proportionally, at 50%*

**Revenues** were EUR 491 million, an increase of EUR 79 million (+19%) versus EUR 412 million in 1Q2007. Major contributions to performance in the military segment were: activities relating to the second tranche of the Eurofighter programme and logistics activity; production of the C-27J for the Italian air force, C-27J exports to Bulgaria, Romania and Lithuania, and the supply of the first two C-27J for the US army; production and logistic support for trainers. Major contributions to performance in the civil segment were related to the following production activities: Boeing (B787, B767 and B777); Airbus (A380, A321, A340); Dassault Aviation (fuselage section for the Falcon 2000 extended range aircraft and nacelles for the Falcon 900EX); ATR (nacelles).

**Adjusted EBITA** was EUR 19 million, down 17% from EUR 23 million in the first quarter 2007, mainly due to the different mix of activities and some delays in the delivery of aircraft, which will be made up for in the next few months. The sector **adjusted EBITA margin (ROS)** was 3.9%, compared to 5.6% at 31 March 2007.

**New orders** totalled EUR 526 million, a EUR 141 million decline (-21%) versus EUR 667 million in the first quarter of 2007, which had benefited from large orders for ATR and EFA aircraft. The main orders secured in the first quarter of 2008 in the military segment include: order to supply seven C-27J aircraft to Romania; orders for logistics support for EFA aircraft for Saudi Arabia; and C-130J and Tornado aircraft for the Italian air force; The main orders in the civil segment include: orders from GIE ATR for three aircraft; an order for 13 series of B767 aerostructures; further tranches of the A380, Falcon and A321; and engine nacelles programmes.

The **order backlog** was EUR 8,092 million versus EUR 7,866 million at 31 December 2007 (+3%). Of this total, 50% related to Eurofighter programmes, 18% to the B787 and 5% to the C-27J.

**Headcount** was 13,539, an increase of 238 versus the 13,301 employees at 31 December 2007, needed to deal with the greater workload of Alenia Aeronautica and its subsidiary Alenia Composite.

## Space

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

*Revenues: EUR 203 million (+22%); Adjusted EBITA: EUR 3 million (+200%)*

*\*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 203 million, up EUR 37 million (+22%) versus EUR 166 million in 1Q07, owing to increased output in both the manufacturing and satellite services segments. Production related principally to the following: the COSMO-SkyMed programme, the satellites of the Sentinel 1 and 3 missions for the GMES programme and the GOCE satellite (Earth observation segment); the second and third-generation Meteosat programmes (civil institutions telecommunications segment); the Globalstar constellation satellites and the supply of satellite services for telecommunications and the sale of satellite capacity (commercial telecommunications segment); the SICRAL 1B programmes, expected to be launched by the end of the year (military telecommunications segment); the Herschel, Plank and Alma programmes (scientific programmes segment); the Galileo and Egnos programmes (satellite navigation segment); and programmes linked to the International Space Station (orbital infrastructures segment).

**Adjusted EBITA** was EUR 3 million, an improvement of EUR 2 million (+200%) versus 2007, due in particular to the profitability of certain programmes. The **adjusted EBITA margin (ROS)** improved to 1.5% from 0.6% in 1Q07.

**New orders** totalled EUR 211 million, up EUR 90 million (+74%) versus EUR 121 million in 2007. The most important orders related to: contracts to supply the W3B satellite to Eutelsat and the sixth tranche of the supply of 48 low earth orbit satellites for the second-generation Globalstar constellation (commercial telecommunications segment); the first tranche of the order from TELEDIFE/defence ministry relating to the SICRAL 2 telecommunications satellite (military institutions telecommunications segment); the order for the first satellite for the Sentinel 3 mission (oceanography and land vegetation) for the GMES (Global Monitoring for Environment and Security) programme (Earth observation segment); further acquisitions relating to the Galileo programme's IOV (In-Orbit Validation) phase (navigation and mobile information segment); new orders for the operation of satellites in orbit, particularly the ESA's Artemis satellite (satellite operations segment); and a further tranche of the contract relating to the ExoMars programme (scientific programmes segment).

The **order backlog** was EUR 1,460 million, a EUR 37 million increase (+3%) versus EUR 1,423 million at 31 December 2007, sufficient to cover 88% of expected production for the next nine months of the year. Some 70% of the order backlog consists of manufacturing activity and 30% is for satellite services.

**Headcount** was 3,400, an increase of 14 versus the 3,386 employees at 31 December 2007. The slight increase was attributable to greater production in both segments.

## Defence Systems

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

*Revenues: EUR 247 million (+4%); Adjusted EBITA: EUR 18 million (+125%)*

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

**Revenues** were EUR 247 million, an increase of EUR 9 million (+4%) versus EUR 238 million in the first quarter of 2007, largely due to greater activity in the underwater systems segment. The chief contributors to revenues were: production of MICA air-to-air missiles for Greece and France, Aster missiles for PAAMS surface-to-air systems, development of the air defence system for the MEADS (Medium Extended Air Defense System) programme involving the joint participation of the US, Germany and Italy (missiles systems); production relating to the PZH 2000 for the Italian army, HITFIST turret kits for Poland, and 76/62 SR cannons for various foreign clients (land, naval and air weapons systems); activities relating to the Black Shark heavy torpedo, the MU90 light torpedo and countermeasures for India (underwater systems segment).

**Adjusted EBITA** was EUR 18 million, a EUR 10 million increase of (+125%) versus EUR 8 million in 2007, thanks to a more profitable mix in the missiles systems segment. The **adjusted EBITA margin (ROS)** was 7.3%, compared to 3.4% in 2007.

**New orders** totalled EUR 303 million, a rise of EUR 171 million compared to EUR 132 million in 2007 (+130%), thanks particularly to the contribution of the missiles systems segment. Some of the main new orders acquired in the various segments over the quarter included: in the missiles systems segment, an order for Spada air defence systems for the Pakistani air force and a further tranche of the supply of missiles systems for the FREMM frigates; in land, naval and air weapons systems, an order for six 120-mm turrets for Centauro, from Oman, and logistics orders from various countries including India; in the underwater systems segment, orders relating to a further tranche of the FREMM programme, the six systems of countermeasures from Singapore and A244 light torpedoes from Indonesia.

The **order backlog** stood at EUR 4,098 million, in line with the figure of EUR 4,099 million at 31 December 2007. 70% of the order backlog relates to missile systems.

The **headcount** was 4,117, a reduction of 32 from 4,149 at 31 December 2007.

## Energy

Companies: **Ansaldo Energia**

*Revenues: EUR 229 million (+5%); adjusted EBITA: EUR 14 million (+17%)*

**Revenues** were EUR 229 million, an increase of EUR 11 million (+5%) versus EUR 218 million in 1Q07. The growth in production volumes was due both to the plant-related orders (notably Larbaa, Batna, M'Sila and Rizziconi) and service (flow) orders.

**Adjusted EBITA** was EUR 14 million, up by EUR 2 million (+ 17%) versus EUR 12 million in 1Q07, due to the above-mentioned increase in production volumes. The **adjusted EBITA margin (ROS)** was 6.1%, compared with 5.5% in 1Q07.

**New orders** stood at EUR 439 million, up EUR 294 million (+203%) versus EUR 145 million in 1Q07. This increase mainly related to several orders in the plant and components segments, particularly for foreign markets. The main component orders included two large gas turbines and alternators (Congo) and two steam turbine groups (Chile). In addition, two reservation fees were received from Atel (Switzerland) for turnkey projects involving the construction of two 400 MW combined-cycle plants in San Severo (Italy) and Bayet (France). The full contract will be concluded in due course. In the services segment, both long-term service agreements (Dunamenti, Hungary) and short-term (flow) agreements (Brindisi with Enel) were signed.

The **order backlog** was EUR 3,399 million, up EUR 222 million (+7%) from EUR 3,177 at 31 December 2007. At the end of the quarter, about 53% of the backlog consisted of plant and manufacturing work, 46% of service work (largely routine maintenance contracts) and the remaining 1% of nuclear activities.

**Headcount** was 3,081, an increased of 101 versus 2,980 at 31 December 2007, due to normal staff turnover and changes in the basis of consolidation.

### **Transports**

Companies: **Ansaldo STS, AnsaldoBreda**

*Revenues: EUR 365 million (+11%); adjusted EBITA: EUR 19 million (+90%)*

**Revenues** were EUR 365 million, up EUR 35 million (+11%) versus EUR 330 million in 1Q07, due to greater activity in the signalling segment (especially in Asia Pacific) and the vehicles segment. This performance related to the following orders: the Copenhagen, Genoa, Rome (line C), Naples (line 6) and Brescia metros (systems segment); the high-speed Milan-Bologna line and orders for train control systems for on-board to ground communication in Italy, the Cambrian Line in the UK, orders relating to the agreement signed with Australian Rail Track Corporation (ARTC) in Australia, the Ghaziabad-Kanpur stretch of railway line in India and component orders (signalling segment); trains for regional services on the Ferrovie Nord network around Milan, high-capacity trains for Morocco, trains for the Madrid and Milan metros, trains for the Dutch and Belgian railways, trains the Circumvesuviana railway near Naples, trams for Los Angeles, trains for the Danish railways, E403 locomotives for Trenitalia, various Sirio orders and services (vehicles segment).

**Adjusted EBITA** was EUR 19 million, up EUR 9 million (+90%) from EUR 10 million in 1Q07, mainly thanks to improvements in profitability from vehicles. The **adjusted EBITA margin (ROS)** was 5.2%, compared with 3,0% in 1Q07.

**New orders** were EUR 214 million, a EUR 44 million increase (+26%) versus EUR 170 million in 2007, thanks to an increase in orders in both the systems and vehicles segments. New orders received during the period include: an order relating to the Rome line C metro project (systems segment); an order for on-board equipment for the French railways, a contract in Tunisia for the supply of signalling and command and control systems for the suburban railway south of Tunis, orders from mining company Rio Tinto and contracts relating to the agreement signed with Australian Rail Track Corporation (ARTC) in Australia (signalling segment); and orders for services (vehicles segment).

The **order backlog** was EUR 4,926 million, down EUR 182 million (-4%) versus EUR 5,108 million at 31 December 2007.

**Headcount** was 6,731 at the end of the quarter, an increase of 62 from 6,669 at 31 December 2007, mainly due to the increase in staff in the vehicles segment.

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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.

**PRESS RELEASE**

1Q 2008 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	713	677	491	203	247	229	365	64	(73)	<b>2,916</b>
<b>EBITA*</b>	85	21	19	3	18	14	19	(46)		<b>133</b>
EBITA* margin (%)	11.9%	3.1%	3.9%	1.5%	7.3%	6.1%	5.2%	<i>n.a.</i>		4.6%
Depreciation and amortisation	24	27	28	6	7	4	5	3		<b>104</b>
Investment in non-current assets	22	48	127	8	11	12	8	2		<b>238</b>
Research and development costs	62	143	113	12	46	5	12	1		<b>394</b>
New orders	795	857	526	211	303	439	214	23	(76)	<b>3,292</b>
Order backlog	8,679	8,616	8,092	1,460	4,098	3,399	4,926	543	(925)	<b>38,888</b>
Headcount	9,954	19,513	13,539	3,400	4,117	3,081	6,731	1,061		<b>61,396</b>

1Q 2007 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	720	680	412	166	238	218	330	47	(71)	<b>2,740</b>
<b>EBITA*</b>	72	16	23	1	8	12	10	(24)		<b>118</b>
EBITA* margin (%)	10,0%	2.4%	5.6%	0.6%	3.4%	5.5%	3,0%	<i>n.a.</i>		4.3%
Depreciation and amortisation	26	28	28	5	7	4	4	3		<b>105</b>
Investment in non-current assets	40	42	213	6	10	2	6	3		<b>322</b>
Research and development costs	71	127	122	11	54	3	14	0		<b>402</b>
New orders	712	502	667	121	132	145	170	10	(29)	<b>2,430</b>
Order backlog (31/12/2007)	9,004	8,725	8,248	1,423	4,099	3,177	5,108	597	(1,077)	<b>39,304</b>
Headcount (31/12/2007)	9,556	19,589	13,301	3,386	4,149	2,980	6,669	1,118		<b>60,748</b>

\*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.

**Finmeccanica** is Italy's leading high-tech company, operating in the design and manufacture of helicopters, defence electronics, civil and military aircraft, aerostructures, 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 Transports 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 61,000 staff in total of which approximately 10,000 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.