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PRESS RELEASE
Board of Directors approves first-half results. Revenues up 6%
Net profit (+68%), Adj. EBITA (+14%) and Orders (+5%) all advance. ROI climbs 0.7 p.p. to 15.5%

- Finmeccanica continued to grow organically during the first half of 2008, confirming the stability and quality of its growth plan.
- Revenues came in at EUR 6,433 million in 1H08, versus EUR 6,079 million in the same period of 2007. This was an increase of EUR 354 million (+6%).
- Adj. EBITA was EUR 400 million versus EUR 351 million in the same period of 2007, with an increase of EUR 49 million (+14%).
- Net profit was EUR 297 million, a rise of EUR 120 million (+68%) compared to 1H07. The figure was boosted by the capital gain from the sale of 2.9% of STM. Stripping out this transaction, profit still advanced by +37%.
- ROI grew by 0.7pp to 15.5%. The increase confirms the Group management's focus on capital profitability.
- Net debt stood at EUR 2,607 million, from EUR 2,268 million in 1H07. The result reflects the normal seasonal fluctuations in Group company revenues, and is in any case within the limits set by the ratings agencies and below the limits set by the Group itself as part of its prudent financial policy.
- The order backlog was EUR 39,005 million, up 8% on the same period of last year. This figure equals approximately three years of production, confirming the solidity of the Group.
- Adj. EPS (Earnings Per Share net of extraordinary operations and minority interests) is up by 41% compared with 1H07 and is EUR cents 53.
- Costs in Research and Development totalled EUR 834 million, equivalent to 13% of revenues.

Key 1H08 figures

(EUR million)

	1H 2008	1H 2007	Chg.	Chg. %	FY 2007
Revenues	6,433	6,079	354	6%	13,429
Adj. EBITA (*)	400	351	49	14%	1,045
Adj. EBITA (*) margin	6.2%	5.8%	0.4 p.p.		7.8%
EBIT	375	328 (**)	47	14%	1,084
EBIT margin	5.8%	5.4%	0.4 p.p.		8.1%
Net profit	297	177	120	68%	521
FOCF	-1,347	-1,224	-123	-10%	375
New orders	6,809	6,478	331	5%	17,916
ROI	15.5%	14.8%	0.7 p.p.		18.9%
EVA	17	-32	49	n.s.	227
R&D	834	851	-17	-2%	1,836
Order backlog	39,005	36,245	2,760	8%	39,304
Net debt	2,607	2,268	339	15%	1,158
Adj. EPS (***)	0.53	0.37	0.15	41%	1.10
Headcount	61,909	59,443	2,466	4%	60,748

(*) 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.

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

(***) Excluding extraordinary operations and minority interests.

CONSOLIDATED PROFIT AND LOSS ACCOUNT			
€mil.	1H 2008	1H 2007	Change %
Revenues	6,433	6,079	6%
Costs for purchases and personnel	(5,811)	(5,540) (**)	
Depreciation and amortisation	(205)	(204)	
Other net operating revenues (costs)	(17)	16	
Adj EBITA (*)	400	351	14%
<i>Adj EBITA (*) margin</i>	<i>6.2%</i>	<i>5.8%</i>	
Non-recurring revenues (costs)	-	-	
Restructuring costs	(14)	(11)	
PPA amortisation	(11)	(12)	
EBIT	375	328	14%
<i>EBIT margin</i>	<i>5.8%</i>	<i>5.4%</i>	
Net finance income (costs)	10	(59) (**)	
Income taxes	(88)	(92)	
Net profit before discontinued operations	297	177	68%
Profit of discontinued operations	-	-	
Net profit	297	177	68%
<i>Group</i>	<i>278</i>	<i>159</i>	
<i>Minorities</i>	<i>19</i>	<i>18</i>	
EPS (EUR)			
<i>Basic</i>	<i>0.655</i>	<i>0.38</i>	
<i>Diluted</i>	<i>0.654</i>	<i>0.37</i>	
EPS of continuing operations (EUR)			
<i>Basic</i>	<i>0.655</i>	<i>0.38</i>	
<i>Diluted</i>	<i>0.654</i>	<i>0.37</i>	

(*) 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.

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

BREAKDOWN OF KEY FIGURES

Revenues came in at EUR 6,433 million in 1H08, versus EUR 6,079 million in 1H07, an increase of EUR 354 million (+6%). Aerospace and Defence accounted for 80% of production in the period, and Energy and Transport 20%. The increase was mainly due to the Aeronautics sector, with greater contributions coming from both the civil segment (increase in production of ATR, B787 and A380 aircraft) and the military segment (greater activity on 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.

Adjusted EBITA rose by EUR 49 million (+14%) to EUR 400 million, from EUR 351 million in 2007. This increase came on the back of: Defence Systems (up by approximately 45% on 1H07), owing to growth in missile and underwater systems; Energy (up 19% on 1H07), owing to the increase in production volumes and greater profitability of some orders in the international plant segment; and Transport, owing to industrial improvement of profitability. The Aeronautics, Space and Security & Defence Electronics sectors remained broadly stable.

The **adjusted EBITA margin (ROS)** was 6.2%, up by 0.4pp compared to 1H07 (5.8%).

Net profit rose by EUR 120 million (+68%) to EUR 297 million, from EUR 177 million in 1H07. This positive result was boosted by a capital gain of approximately EUR 54 million, after taxes, from the sale of 2.9% of STM to French company FT1CI. Stripping out this transaction, net profit for 1H08 was approximately EUR 243 million, an increase of EUR 66 million (+37%) versus the same period in 2007. The main changes are due to: the rise in EBIT (EUR 47 million), the improvement in financial charges (EUR 15 million due to a more favourable result from fair value assessments) and an improvement of EUR 4 million owing to lower taxes for the period.

BALANCE SHEET			
	€mil.	1H 2008	1H 2007
Non-current assets		9,705	9,845
Non-current liabilities		(2,467)	(2,562)
		7,238	7,283
Inventories		3,945	3,383
Trade receivables		8,210	7,546
Trade payables		(10,559)	(10,481)
Provisions for short-term risks and charges		(480)	(545)
Other current net assets (liabilities)		(613)	(596)
Net working capital		503	(693)
Net invested capital		7,741	6,590
Capital and reserves attributable to equity holders of the Company		5,028	5,329
Minority interests		106	103
Shareholders' equity		5,134	5,432
Net debt (cash)		2,607	1,158
Net liabilities (assets) held for sale		-	-

FINANCIAL POSITION			
	€mil.	30.06.2008	31.12.2007
Short-term financial payables		1,018	484
Medium/long-term financial payable		1,538	1,556
Cash and cash equivalents		(314)	(1,607)
BANK DEBT AND BONDS		2,242	433
Securities		(33)	(13)
Financial receivables from Group companies		(26)	(33)
Other financial receivables		(595)	(573)
FINANCIAL RECEIVABLES AND SECURITIES		(654)	(619)
Financial payables to related parties		539	560
Other short-term financial payables		360	665
Other medium/long-term financial payables		120	119
OTHER FINANCIAL PAYABLES		1,019	1,344
NET FINANCIAL DEBT (CASH)		2,607	1,158
Net financial debt (cash and cash equivalents) of discontinued operations		-	-

Net debt stood at EUR 2,607 million, from EUR 2,268 million in 1H07. The result reflects the normal seasonal fluctuations in Group company revenues, and is in any case within the limits set by the ratings agencies and below the limits set by the Group itself as part of its prudent financial policy. Comparing this figure with that at 31 December 2007, from EUR 1,158 million net debt rose to EUR 2,607 million. This level of debt, equivalent to 51% of consolidated shareholders' equity, confirms the typical trend of revenues and payments, whereby payments are concentrated in the first half of the year. However, it remains within the limits set by the ratings agencies, and below the limits set by the Group itself as part of its prudent financial policy. The figure was influenced by certain strategic operations: the payment of EUR 62 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 by SELEX Communications of a further 18% of Sirio Panel SpA; the payment of EUR 174 million in respect of the ordinary dividend paid by the parent company for 2007; the payment of EUR 12 million in respect of minorities' share of the ordinary dividend paid out by Ansaldo STS SpA for 2007; 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 to the tune of EUR 1,347 million at 30 June 2008, compared with a negative figure of EUR 1,224 million at 30 June 2007. This is because of a seasonal trend, however, as first-half outgoings tend to be higher than revenues. Specifically, the EUR 123 million decline in FOCF over the two periods is due to the greater amount of cash used for operations (EUR 138 million), partly offset by the lower amount of cash used for ordinary investments (EUR 15 million). Investment in product development was concentrated in Aeronautics (56%), Security & Defence Electronics (17%) and Helicopters (11%), with the remaining 16% divided equally among the other sectors.

CASH FLOW		
€mil.	1H 2008	1H 2007
Cash and cash equivalents at 1 January	1,607	2,003
Gross cash flow from operating activities	635	669
Financial charges paid	(40)	(66)
Income taxes paid	(67)	(91)
Changes in other operating assets and liabilities	(183)	(208)
Funds From Operations (FFO)	345	304
Changes in working capital	(1,135)	(956)
Cash flow generated from (used in) operating activities	(790)	(652)
Investment in tangible and intangible assets after disposals	(557)	(572)
Free operating cash flow	(1,347)	(1,224)
Strategic operations	182	(416)
Change in other financing activities	(3)	(10)
Cash flow generated (used) by investment activities	(378)	(998)
Cash flow from financing activities	71	211
Dividends paid	(187)	(151)
Cash flow generated (used) by financing activities	(116)	(60)
Exchange gains/losses	(9)	(2)
Cash and cash equivalents at 31 December	314	411

New orders totalled EUR 6,809 million, an increase of EUR 331 million (+5%) on the figure of EUR 6,478 million recorded in 1H07, and were received in almost all segments. Aerospace and Defence accounted for 76% of new orders, with the remaining 24% recorded in Energy and Transport. In more detail: Defence Systems (+90% versus 1H07); Energy (+77%); Space (+28%); Helicopter (+10%); Security & Defence Electronics (+9%).

The **order backlog** came in at EUR 39,005 million, an increase of 8% on the EUR 36,245 million recorded at 30 June 2007. Aerospace and Defence accounted for 79% of the backlog, while the

remaining 21% related to Energy and Transport. At the end of the period, the order backlog was equivalent to around three years of production.

Costs in **Research and Development** totalled EUR 834 million, compared to EUR 851 million in the same period of 2007. This was equivalent to 13% of revenues. In the first half of the year, 95% of R&D spending was in Aerospace and Defence, with the remaining 5% in Energy and Transport. The main programmes related to: Security & Defence Electronics (33% of R&D spending); Aeronautics (29% of R&D spending) and Helicopters (16% of R&D spending).

Finmeccanica's **headcount** stood at 61,909 at 30 June 2008, an increase of 1,161 vs. the 60,748 staff on the payroll at 31 December 2007. The increase was due in particular to a net increase in the Aeronautics, Helicopters and Energy sectors. In geographical terms, 70% of staff are located in Italy, and 30% are based abroad (mainly in the UK, France and the US).

FIRST-HALF HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE JUNE 2008

On **16 January 2008**, following the takeover bid launched by Finmeccanica for the UK company VEGA Group Plc, and after achieving a 65.1% take-up rate giving Finmeccanica a total stake of 93.3%, the offer was declared irrevocable and Finmeccanica paid the sum in question. Subsequently, delisting procedures were launched for the company, and there was a squeeze-out on the 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 **17 March 2008** Poste Italiane and Egypt Post signed an agreement to develop and upgrade the technology systems of the Egyptian postal service, and selected Elsag Datmat as the technology provider for the project.

On **27 March 2008** Alenia Aermacchi and ENAER (Empresa Nacional de Aeronautica de Chile) signed a Memorandum of Understanding to work together on the M-346 and M-311 programmes. Under the agreement, the two companies will produce and sell the aircraft jointly 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, and aerial, satellite and Earth observation services.

On **27 April 2008** SELEX Communications completed the acquisition of 18% of Sirio Panel, which designs and produces cockpits and panels for aircraft platforms, in which it already held a 75% stake. Under the terms of the agreement, SELEX Communications will have the right to acquire the remaining 7% starting from 2011.

On **12 May 2008** Finmeccanica Board of Directors voted to acquire a stake in the share capital of Eurotech, an Italian company listed on the Milan stock exchange operating in the research, development, production and sale of high-capacity miniaturised computers, through the purchase of a shareholding of around 11.1%.

On **13 May 2008** Finmeccanica and DRS Technologies Inc., a US company listed on the New York stock exchange and the leading supplier of integrated defence electronics products and services, approved an agreement according to which Finmeccanica will acquire 100% of DRS for USD 81 per share. This transaction, which is expected to be completed in the fourth quarter of 2008, will allow Finmeccanica to consolidate its role of international leader in the market of integrated systems for defence and security, gaining a leading position also on the US market, while giving DRS new growth opportunities in the US and abroad.

On **16 May 2008** AgustaWestland and Russian group Oboronprom Corporation launched a long-term and wide-ranging partnership in the civil helicopter market. The first step was to sign an agreement to

distribute some helicopter models (AW119Ke, AW109 Power, Grand and AW139) and to sell AgustaWestland helicopters in Russia and CIS countries. The second step will be the establishment by AgustaWestland and Oboronprom Corporation of various maintenance centres for AgustaWestland helicopters in Russia for both the domestic and international markets.

On **26 May 2008** Finmeccanica, through Alenia Aermacchi, and Boeing signed an agreement to co-operate on the international training aircraft market. The agreement concerns joint marketing, sales, training and product support on international markets for the M-346 and the M-311.

FINANCIAL OPERATIONS

The acquisition of DRS Technologies will be carried out via the constitution by Finmeccanica of a company incorporated in the US to be merged into DRS, with the objective of delisting the US group immediately.

The operation has been structured so as to create value for the shareholders and maintain the strong capital base and financial flexibility of the Finmeccanica Group. Finmeccanica will finance the transaction through a bank loan (Senior Term Loan Facility) of EUR 3,200,000,000, concluded with four banks acting as bookrunners: Goldman Sachs Int'l, Intesa SanPaolo SpA Mediobanca-Banca di Credito Finanziario SpA and Unicredit Group through Bayerische Hypo-Und VereinsBank. The loan will subsequently be paid back through a combination of a capital increase, a long-term bond issue and the sale of assets. These include the listing of Ansaldo Energia. The terms and conditions of these operations will be fixed nearer the time they are carried out.

The transaction is subject to the approval of DRS Technologies shareholders and the necessary regulatory authorisations for this type of operation, including that of the US Antitrust, the Committee on Foreign Investment in the US (CFIUS) and the Defense Security Service (DSS). It is currently expected that the transaction will be completed in the fourth quarter of 2008.

The loan has been syndicated on the domestic and international banking markets, through requests to contribute EUR 250 million, EUR 150 million or EUR 75 million, according to the role assigned, to be divided proportionally over the three tranches in which the operation is due to take place. The syndication process was successfully completed on 14 July. 38 banks together offered a total of EUR 7 billion, well above the amount required for the operation, meaning that the banks will be required to lend on average less than 50% the amount offered.

As part of the DRS acquisition, Finmeccanica has decided to cover the exchange rate risk resulting from the denomination in US dollars of the acquisition cost; as of 30 June 2008, it had carried out transactions worth a total of USD 3.1 billion at an average exchange rate of 1.5625, equivalent to EUR 2 billion.

Apart from those described above, Finmeccanica did not launch any other medium-/long-term transactions on the banking market nor any new bond issues in 1H08. Consequently, the structure of its medium/long-term bond debt did not undergo any significant changes. At present it totals about EUR 1,771 million (under IAS/IFRS principles). The average term of the debt is about eight 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	296

OTHER OPERATIONS

On **16 January 2008** the Shareholders' Meeting of Finmeccanica approved the share buyback programme proposed by the Board of Directors' meeting on 21 November 2007 for up to approximately 8% of the company's share capital. The shares purchased will remain available in the form of treasury

shares and may be used for industrial projects or extraordinary financing operations as well as for stock option plans. Between the launch of the programme and 30 June 2008, Finmeccanica acquired a total of 400,000 ordinary shares (around 0.09407% of the share capital) for a total purchase price of EUR 6,922,325.

On **26 February 2008** Finmeccanica, Cassa Depositi e Prestiti and FT1CI, shareholders of STMicroelectronics Holding NV (STH), a Dutch company that owns 27.54% of STMicroelectronics NV (STM), decided 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 a price of EUR 10 per share, plus an earn-out totalling 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.

On **26 June 2008** Finmeccanica's Board of Directors decided to submit a proposal to the extraordinary shareholders' meeting, asking it to allow the Board to launch a paid capital increase, in one or more tranches, of up to EUR 1.4 billion (including premium), and to cancel the previous capital increase approved at the extraordinary shareholders' meeting of 30 May 2007. The new capital increase is to involve the issue of ordinary shares with the same characteristics as those outstanding, to be offered to shareholders. It may also be partly used for the purpose of servicing convertible bonds or warrants to be offered to shareholders. The capital increase is part of a wider financing structure related to Finmeccanica's acquisition of DRS Technologies.

OUTLOOK

Results for the first six months of 2008 were better than in the same period of 2007, and in line with forecasts. In light of this, no facts have so far emerged to change the forecasts for the full year, which were made when the 2007 results were prepared.

The size of the order backlog is sufficient to cover around 90% of production for this year, and to ensure that the Group's financial targets are achieved.

In 2008, revenues are expected to register organic growth of between 6% and 11%, while adjusted EBITA is seen rising by between 12% and 19% versus 2007.

In addition, Free Operating Cash Flow (FOCF) is expected to be positive and similar to 2007 levels, after significant investment in the development of products that will be important growth drivers. Like last year, investment will focus on the Aeronautics, Helicopters and Security & Defence Electronics businesses.

SHARE DATA			
	1H 2008	1H 2007	Change %
Average number of shares in period (thousands)	424,806	424,328	0.1%
Net result (not including minority interests) (€mil.)	278	159	
Result of continuing operations (not including minority interests) (€mil.)	278	159	
BASIC EPS (EUR)	0.655	0.375	75%
Basic EPS from continuing operations	0.655	0.375	75%
Average number of shares for the period (in thousands)	425,494	425,256	0.1%
Result adjusted (not including minority interests) (€mil.)	278	159	
Adjusted result of continuing operations (not including minority interests) (€mil.)	278	159	
DILUTED EPS (EUR)	0.654	0.374	75%
Diluted EPS from continuing operations	0.654	0.374	75%

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PERFORMANCE BY SECTOR (1H08 – figures in EUR million)

Helicopters

Companies: **AgustaWestland**

Revenues: EUR 1,469 million (-1%); adjusted EBITA: EUR 158 million (+3%)

Revenues stood at EUR 1,469 million, broadly in line with the EUR 1,478 million recorded at 30 June 2007, despite a significantly negative item of EUR 92 million relating to the conversion of results in foreign currency. Stripping out this item, revenues rose by EUR 84 million, due mainly to a step-up in production rates on commercial programmes (AW139, AW109).

Adjusted EBITA was EUR 158 million, a rise of 3% on the EUR 154 million recorded in the same period last year. The result was however hit by an exchange rate effect of EUR 5 million due to the conversion of results in foreign currency. Without this effect, adjusted EBITA went up by EUR 9 million, thanks to increased production volumes on civil programmes (AW139 and AW109). The **adjusted EBITA margin (ROS)** was 10.8%, up 0.4pp from 10.4% in 2007.

New orders came in at EUR 1,618 million, a rise of 10% on the EUR 1,470 million recorded in the same period of 2007. The most important contracts included 24 NH90 for the French and German governments (AgustaWestland's share: EUR 54 million); a further five AW101 units for Japan (EUR 106 million); five AW109 units for the New Zealand government (EUR 34 million), and a further 43 AW139 helicopters (EUR 370 million in total).

The **order backlog** was worth EUR 8,874 million, compared to EUR 9,004 million at 31 December 2007. The order backlog comprises helicopters (69%), support work (29%) and engineering (2%).

The **headcount** was 10,021, up 465 from the figure of 9,556 recorded at 31 December 2007.

Defence and Security Electronics

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

Revenues: EUR 1,628 million (+1%); adjusted EBITA: EUR 98 million (-2%)

Revenues stood at EUR 1,628 million, broadly in line with the EUR 1,607 million posted in 2007, despite the impact of the change in the Euro/Sterling exchange rate, which reduced revenues by around EUR 90 million. Contributions to revenue came especially 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); the continuation of activities on the national TETRA network (integrated communication systems and networks); and postal automation services, particularly for the Italian and Russian postal services (IT and security).

Adjusted EBITA was EUR 98 million, in line with the 2007 figure of EUR 100 million, thanks to an improvement in avionics and electro-optical systems in the UK and IT and security activities, which offset a negative Euro/Sterling effect of around EUR 9 million. The **adjusted EBITA margin (ROS)** was 6.0%, compared with 6.2% in 2007.

New orders stood at EUR 1,951 million, an increase of 9% on the EUR 1,794 million registered in 1H07. Big new orders secured in the period 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; further Eurofighter orders from Saudi Arabia; and the order for Seaspray 7500E radar systems as part of the programme to upgrade the US Coast Guard's HC-130H aircraft (avionics and electro-optics); 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; 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) (integrated communication systems and networks).

The **order backlog** was worth EUR 8,759 million, up from EUR 8,725 million at 31 December 2007, despite the depreciation of Sterling against the Euro, which reduced the figure by EUR 300 million. Half the backlog related to activities in the avionics and electro-optics sectors.

The **headcount** stood at 19,487, a decline of 102 versus the figure of 19,589 posted 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 1,062 million (+11%); adjusted EBITA: EUR 70 million (+3%)

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

Revenues came in at EUR 1,062 million, an increase of EUR 109 million (+11.4%) on the EUR 953 million recorded in 2007. Contributions to revenue came especially from the following: in the military segment, activities relating to the second tranche of the EFA programme and logistics activity; production of the C-27J for the Italian Air Force, exports for Bulgaria, Romania, Lithuania and for the supply of the first two aircraft to the US Army; production and logistical support for trainer aircraft; and the supply of 8 MB339 aircraft to the Royal Malaysian Air Force; in the civil segment, production for 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), and GIE ATR (ATR 42 and 72).

Adjusted EBITA stood at EUR 70 million, in line with the EUR 68 million recorded in 1H07. The **adjusted EBITA margin (ROS)** was 6.6%, compared with 7.1% at 30 June 2007, as a result of a different mix of activities and the depreciation of the Dollar.

New orders totalled EUR 844 million, a fall of EUR 304 million on the EUR 1,148 million recorded in the first half of 2007 (-26%), which benefited from large orders for ATR and EFA aircraft. The main orders secured in the first half of 2008 include: in the military segment, the order to supply seven C-27J aircraft to Romania, orders for logistical support for Eurofighter aircraft (Saudi Arabia) and C-130J and Tornado aircraft (Italian Air Force), as well as the order from the ports authority for a third ATR MP "green" aircraft; in the civil segment, orders secured by GIE ATR for seven aircraft (three in the first quarter and four in the second), the order for 13 series of B767 aerostructures and further tranches of the A380, Falcon, A321 and nacelles programmes.

The **order backlog** came in at EUR 7,841 million, a slight decline on the EUR 8,248 million posted at 31 December 2007. Of this total, 50% related to Eurofighter programmes, 18% to the B787, and 5% to the C-27J.

The **headcount** totalled 13,778, an increase of 477 versus the 13,301 registered at 31 December 2007. The new staff were taken on to deal with higher workloads at Alenia Aeronautica.

Space

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

Revenues: EUR 451 million (+20%); adjusted EBITA: EUR 15 million (0%)

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

Revenues stood at EUR 451 million, up EUR 74 million (+20%) on the previous year's figure of EUR 377 million, owing to increased output in both segments (manufacturing and satellite services). Production related principally to the following: in the Earth observation segment, the COSMO-SkyMed programme, the satellites of the Sentinel 1 and 3 missions for the GMES programme and the GOCE satellite; in the civil institutional telecommunications segment, the second- and third-generation Meteosat programmes; in the commercial telecommunications segment, the Globalstar constellation satellites, the supply of satellite services for telecommunications and the sale of satellite capacity; in the military telecommunications segment, the Sicral 1B programme (which is expected to be launched by the end of the year) and the Satcom BW and Syracuse III programmes; in the scientific programmes segment, the Herschel, Plank and Alma programmes; in the satellite navigation segment, the In-Orbit Validation (IOV) phase of the Galileo and Egnos programmes; and in the orbital infrastructure segment, programmes relating to the International Space Station.

Adjusted EBITA was EUR 15 million, in line with the figure for 2007 (EUR 15 million). The **adjusted EBITA margin (ROS)** was 3.3%, a decline compared to 4.0% in 2007.

New orders came in at EUR 416 million, a rise of 28% versus the same period of 2007, owing to increased orders for the IOV phase of the Galileo satellite navigation programme, and to a good performance from the commercial telecommunications satellites business.

The **order backlog** was EUR 1,407 million, a decrease of EUR 16 million compared to EUR 1,423 million at 31 December 2007. The backlog is sufficient to cover 89% of expected production for the next six months of the year. Some 68% consists of manufacturing activity, while the remaining 32% relates to satellite services.

The **headcount** stood at 3,531, up 145 on the figure at 31 December 2007 (3,386), owing to the acquisition of the Spanish company Aurensis and increased production in both segments.

Defence systems

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

Revenues: EUR 513 million (+3%); Adjusted EBITA: EUR 42 million (+45%)

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

Revenues came in at EUR 513 million, an increase of EUR 16 million on EUR 497 million in the first half of 2007 (+3%), specifically due to greater activity in the underwater systems segment and the land, naval and airborne systems segment. The chief contributors to revenues were the following: in missiles systems, 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); in land, naval, and air weapons systems, production relating to the PZH 2000 for the Italian Army, Hitfist turret kits for Poland, 76/62 SR cannons for various foreign clients and the production of VBM armoured vehicles for the Italian Army; in the underwater systems segment, activities relating to the Black Shark heavy torpedo, the MU90 light torpedo and countermeasures for India.

Adjusted EBITA was EUR 42 million, an increase of EUR 13 million on EUR 29 million in 2007 (+45%), thanks to greater activity in underwater systems and the improved profitability of numerous missiles programmes. **Adjusted EBITA* margin (ROS)** was 8.2% compared to 5.8% in 2007.

New orders totalled EUR 506 million, a rise of EUR 240 million compared to EUR 266 million in 2007 (+90%), thanks particularly to the contribution of the missiles systems segment. The major orders during the first half: in the missiles systems segment an order for Spada air defence systems for the Pakistani Air Force, the contract with the UK Ministry of Defence for support activities of the naval missile Seawolf

for air defence, and a further tranche of the supply of missiles systems for FREMM frigates; in land naval and airborne weapons systems, an order for six 120-mm turrets for Centauro from Oman, an order for three 76/62 SR guns for France and Mexico 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 for Singapore, the first tranche of work on FTL torpedoes for France, naval launch systems for Morocco and A244 light torpedoes from Indonesia.

The order backlog stood at EUR 3,997 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 4,049, a reduction of 100 from 4,149 at 31 December 2007.

Energy

Companies: **Ansaldo Energia**

Revenues: EUR 512 million (+7%); Adjusted EBITA: EUR 37 million (+19%)

Revenues were EUR 512 million, an increase of EUR 35 million (+7%) on the same period last year (EUR 477 million). The growth in production volumes was due to the work on plant-related orders (notably Larbaa, Batna, M'Sila in Algeria, and orders in Iran and Napoli Levante).

Adjusted EBITA was EUR 37 million, an increase of EUR 6 million (+19%) on EUR 31 million in the first half of 2007, due to the above-mentioned increase in production volumes and an improvement in the industrial profitability of certain orders in the overseas plant sector. The **Adjusted EBITA* margin (ROS)** was 7.2% compared with 6.5% in 2007.

New orders stood at EUR 1,063 million, up EUR 464 million (+77%) versus the EUR 599 million recorded in 1H07. The chief orders for components include: two V94.2 turbines for the Congo, three steam turbines for Chile, one V64.3A turbine for Hungary, four V64.3A turbines for Russia and a steam turbine for Israel. 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). In the service segment, Finmeccanica acquired the spare parts contract for the Dunamenti plant in Algeria, the solution contract (repair of turbine parts) for the Brindisi plant and the acquisition of a long-term service agreement for the Turano plant. In the nuclear segment, a new order was received in China following the agreement with Westinghouse, as well as new orders for the completion of the Mohovce power station in Slovakia and the services contract for the Superphoenix reactor at the Creyes Malville power station.

The order backlog was EUR 3,733 million, an increase of EUR 556 million (+18%) on the EUR 3,177 million posted at 31 December 2007. At 30 June 2008, about 55% of this figure was accounted for by plant and manufacturing work, 44% by service work (largely routine maintenance contracts) and the remaining 1% by nuclear activities.

The headcount was 3,184, an increase of 204 on 2,980 at 31 December 2007, due to normal staff turnover.

Transport

Companies: **Ansaldo STS, AnsaldoBreda**

Revenues: EUR 813 million (+12%); adjusted EBITA: EUR 50 million (+194%)

Revenues were EUR 813 million, up by EUR 88 million (+12%) compared to the EUR 725 million posted in 1H07, due to greater activity in the systems and signalling (especially in Asia Pacific) and vehicle segments. This result related to the following orders: in signalling and systems, the Copenhagen, Genoa, Rome (line C), Naples (line 6) and Brescia metros; 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; in vehicles, trains for regional services on the Ferrovie Nord Milano network, high-capacity trains for Morocco; trains for the Madrid and Milan metros; trains for Dutch and Belgian railways; the Circumvesuviana railway near Naples, trams for Los Angeles; trains for Danish railways; E403 locomotives for Trenitalia; various Sirio orders and services.

Adjusted EBITA was EUR 50 million, up EUR 33 million (+194%) from EUR 17 million in 2007, chiefly thanks to improvements in industrial profitability relating to vehicles. **The adjusted EBITA margin (ROS)** was 6.2% compared to 2.3% in 2007.

New orders were EUR 564 million, down by EUR 31 million on the EUR 595 million in the same period in 2007, due to lower orders in the signalling and systems segments, which had been boosted in 2007 by the first order relating to the Rome metro (line C). New orders received during the period include: in systems, an order relating to the Rome line C metro project; in signalling, an order for on-board equipment for French railways, a contract in Tunisia for the supply of signalling and command and control systems for the suburban railway south of Tunis, an order for the high-speed line at Zhengxi, China, the supply of ERTMS systems in Sweden, an order from Trenitalia for the sixth application contract for SCMT on-board equipment, orders from mining company Rio Tinto and contracts relating to the agreement signed with Australian Rail Track Corporation (ARTC) in Australia; in vehicles, orders for services.

The order backlog was EUR 4,835 million, a decline of EUR 273 million (-4%) on the EUR 5,108 million posted at 31 December 2007. Of this figure, signalling and systems accounted for 60% and vehicles for 40%.

The headcount increased by 124 from 6,669 at 31 December 2007 to 6,793, 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

H1 2008 (€ mil.)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	1,469	1,628	1,062	451	513	512	813	173	(188)	6,433
Adj EBITA (*)	158	98	70	15	42	37	50	(70)		400
<i>Adj EBITA (*) margin</i>	<i>10.8%</i>	<i>6.0%</i>	<i>6.6%</i>	<i>3.3%</i>	<i>8.2%</i>	<i>7.2%</i>	<i>6.2%</i>	<i>n.s.</i>		<i>6.2%</i>
Depreciation and amortisation	48	58	59	12	15	9	9	6		216
Investment in non-current assets	57	88	268	16	25	21	15	5		495
Research and development costs	126	272	245	29	122	12	26	2		834
New orders	1,618	1,951	844	416	506	1,063	564	41	(194)	6,809
Order backlog	8,874	8,759	7,841	1,407	3,997	3,733	4,835	471	(912)	39,005
Headcount	10,021	19,487	13,778	3,531	4,049	3,184	6,793	1,066		61,909
H1 2007 (€ mil.)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	1,478	1,607	953	377	497	477	725	135	(170)	6,079
Adj EBITA (*)	154	100	68	15	29	31	17	(63)		351
<i>Adj EBITA (*) margin</i>	<i>10.4%</i>	<i>6.2%</i>	<i>7.1%</i>	<i>4.0%</i>	<i>5.8%</i>	<i>6.5%</i>	<i>2.3%</i>	<i>n.s.</i>		<i>5.8%</i>
Depreciation and amortisation	52	58	60	11	13	7	9	6		216
Investment in non-current assets	75	102	388	13	24	9	10	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 (31/12/2007)	9,004	8,725	8,248	1,423	4,099	3,177	5,108	697	(1,177)	39,304
Headcount (31/12/2007)	9,556	19,589	13,301	3,386	4,149	2,980	6,669	1,118		60,748

(*) 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.