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FINMECCANICA

PRESS RELEASE

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Board of Directors approves first-half results. Revenues rise 32%. New orders up 22%.

Adjusted EBITA rises (+51%). Net profit, excluding extraordinary transactions, in line with that of first half 2008.

- **Revenues** rose 32% to EUR 8,523m from EUR 6,433m in the same period in 2008.
- **Adjusted EBITA** increased to EUR 605m, up 51% on the same period in 2008. The adjusted EBITA margin was 7.1%.
- **Net profit** was EUR 242m, in line with that of the same period last year, excluding extraordinary operations that boosted profit in the first half 2008.
- **New orders** totalled EUR 8,327 million, up 22% overall relative to 1H08. Defence and Security Electronics registered significant growth, thanks in part to the sizeable contribution of DRS, although the civil aeronautics and helicopters sectors registered a slight decline, as forecasted.
- The **order backlog** was EUR 42,980m and represents more than 2.5 years of production.
- **Net debt** came in at EUR 4,615m, up EUR 1,232m compared with 31 December 2008. This performance reflects normal seasonality in the productive cycle and typical receipts for the Group's companies.
- **FOCF (**EUR -695 million) showed a 48% improvement on the EUR -1,347 million recorded in 1H08.
- **Research and development** costs rose by 6%, equal to about 10% of revenues.

Key 1H09 figures
(EUR million)

	1H 2009	1H 2008	Chg.	Chg. %	FY 2008
Revenues	8,523	6,433	2,090	*32%*	15,037
Adj. EBITA (*)	605	400	205	*51%*	1,305
Adj. EBITA (*) margin	*7.1%*	*6.2%*	*0.9 p.p.*		*8.7%*
EBIT	559	375	184	*49%*	1,210
EBIT margin	*6.6%*	*5.8%*	*0.8 p.p.*		*8.0%*
Net profit	242	297	(55)	*-19%*	621
Adj. Net profit (**)	242	243	(1)	*0%*	664
EPS Adjusted(***)	0.38	0.50	(0.12)	*-25%*	1.39
FOCF	(695)	(1,347)	652	*48%*	469
New orders	8,327	6,809	1,518	*22%*	17,575
Order backlog	42,980	39,005	3,975	*10%*	42,937
ROI	*16.7%*	*15.5%*	*1.2 p.p.*		*21.4%*
VAE	(38)	17	(55)	*n.a.*	376
Research and development	887	834	53	*6%*	1,809
Net debt	4,615	2,607	2,008	*77%*	3,383
Headcount	73,517	61,909	11,608	*19%*	73,398

(*) 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.
(**) Excluding extraordinary operations
(***) Excluding extraordinary operations and minority interests. Furthermore, the EPS of 30 June 2008 has been adjusted to take into account the impact of the Rights Issue which took place in November 2008

Pier Francesco Guarguaglini, Chairman and Chief Executive of Finmeccanica, commented: "Our first-half results are in line with forecasts and enable us to confirm guidance for 2009. We have achieved growth in all main financial indicators thanks in part to the contribution of our recent acquisition in the US, DRS Technologies, whose results confirm the wisdom of the initiative. The success of our strategy is also due to the regional diversification of our businesses; outside our traditional domestic markets (Italy, the UK and the US) we are extending our commercial interests to countries in the Mediterranean area, which offer interesting growth opportunities. We have recently won major contracts in Libya, Egypt, Morocco and Algeria, in addition to countries where our presence is well established, such as the United Arab Emirates, Saudi Arabia, Malaysia and Yemen."

CONSOLIDATED PROFIT AND LOSS ACCOUNT

€mil.	**1H 2009**	**1H 2008**	***Change %***
Revenues	**8,523**	**6,433**	*32%*
Costs for purchases and personnel	(7,616)	(5,811)	
Depreciation and amortisation	(266)	(205)	
Other net operating revenues (costs)	(36)	(17)	
EBITA Adj (*)	**605**	**400**	**51%**
EBITA Adj (*) margin	*7.1%*	*6.2%*	
Non-recurring revenues (costs)	-	-	
Restructuring costs	(7)	(14)	
PPA amortisation	(39)	(11)	
EBIT	**559**	**375**	*49%*
EBIT margin	*6.6%*	*5.8%*	
Net finance income (costs)	(156)	10	
Income taxes	(161)	(88)	
Net profit before discontinued operations	**242**	**297**	*-19%*
Profit of discontinued operations	-	-	
Net profit	**242**	**297**	*-19%*
Group	*218*	*278*	
Minorities	*24*	*19*	
EPS (EUR)			
Basic	*0.378*	*0.623*	
Diluted	*0.377*	*0.622*	
EPS of continuing operations (EUR)			
Basic	*0.378*	*0.623*	
Diluted	*0.377*	*0.622*	

(*) Operating result before:
-any impairment in goodwill;
-amortisations of intangibles acquired under business combination;
-reorganization costs that are a part of significant, defined plans;
-other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

BREAKDOWN OF KEY FIGURES

To ensure an appropriate assessment of the Group's results, our commentary will sometimes take account of changes in the scope of consolidation (in those cases where the effects of the changes can be clearly isolated) but will refer to the performance of Finmeccanica as a whole in those cases where only the overall figures have sufficient indicative value.

Key figures for DRS in the period under review are set out below purely for informational reasons:

DRS Technologies	***EUR m***
New orders	1,959
Revenues	1,466
Adjusted EBITA	176
Net profit	62
FOCF	15

In the first half of 2009, Finmeccanica Group **revenues** totalled EUR 8,523 million, up from EUR 6,433 million in the first half 2008, an increase of EUR 2,090 million (+32%). The increase was driven by various sectors: Helicopters, thanks to increased activity in both helicopter operations and product support; Defence and Security Electronics, which includes the EUR 1,466 million contribution of DRS and, relative to the same period last year, recorded growth in avionics and electro-optics as well as in command and control systems; Aeronautics, due to the increased contribution of the military segment and in particular activities related to EFA and trainer aircraft; Energy, thanks both to work on plant-related orders and short-term (flow) orders (i.e. parts, upgrades and maintenance); and Transport, due mainly to the effect of increased activity in signalling and transport systems.

Adjusted EBITA for the half-year was EUR 605 million, up from EUR 400 million in 1H 2008, an increase of EUR 205 million (+51%).

The **adjusted EBITA margin (ROS)** was 7.1%, up 0.9 p.p. compared with the first half of 2008.

Net profit was EUR 242 million compared with EUR 297 million in the first half of 2008, down EUR 55 million (19%). Excluding a gain of EUR 54 million on the disposal of 26 million shares of STMicroelectronics, which boosted net profit in the first half 2008, net profit for the first six months of this year was in line with the first half of 2008.

BALANCE SHEET		
€mil.	**30.06.2009**	**31.12.2008**
Non-current assets	13,628	13,113
Non-current liabilities	(2,644)	(2,655)
	10,984	**10,458**
Inventories	4,876	4,365
Trade receivables	8,729	8,329
Trade payables	(12,239)	(12,134)
Working capital	**1,366**	**560**
Provisions for short-term risks and charges	(571)	(632)
Other current net assets (liabilities)	(845)	(873)
Net working capital	**(50)**	**(945)**
Net invested capital	**10,934**	**9,513**
Capital and reserves attributable to equity holders of the Company	6,151	5,974
Minority interests	168	156
Shareholders' equity	**6,319**	**6,130**
Net debt (cash)	**4,615**	**3,383**
Net liabilities (assets) held for sale	**-**	**-**

Net debt stood at EUR 4,615 million, up EUR 1,232 million on the EUR 3,383 million recorded at 31 December 2008. The figure reflects normal performance in terms of receipts and payments, with outgoings higher than receipts and greater cash burn in operating activities, partly offset by reduced investment in the period. The figure was influenced by a negative FOCF of EUR 695 million and certain payments including: EUR 237 million paid out by the parent company as an ordinary dividend for the financial year 2008; EUR 16 million for the minorities' share of the ordinary dividend paid out by Ansaldo STS to its shareholders for 2008; USD 183 million (about EUR 142 million) paid by Alenia Aeronautica to acquire 25% plus one share of Russian company SCAC; and a second repayment of EUR 80 million to the Ministry of Economic Development by the relevant Group companies concerned, in relation to the loan repayment schedule under Italy's Law 808/1985.

FINANCIAL POSITION

€mil.	30.06.2009	31.12.2008
Short-term financial payables	1,222	1,144
Medium/long-term financial payable	3,640	3,995
Cash and cash equivalents	(718)	(2,297)
BANK DEBT AND BONDS	**4,144**	**2,842**
Securities	(1)	(1)
Financial receivables from Group companies	(38)	(26)
Other financial receivables	(720)	(653)
FINANCIAL RECEIVABLES AND SECURITIES	**(759)**	**(680)**
Financial payables to related parties	703	652
Other short-term financial payables	424	469
Other medium/long-term financial payables	103	100
OTHER FINANCIAL PAYABLES	**1,230**	**1,221**
NET FINANCIAL DEBT (CASH)	**4,615**	**3,383**

CASH FLOW

€mil.	1H 2009	1H 2008
Cash and cash equivalents at 1 January	**2,297**	**1,607**
Gross cash flow from operating activities	1,019	635
Changes in other operating assets and liabilities	(241)	(290)
Funds From Operations (FFO)	**778**	**345**
Changes in working capital	(1,024)	(1,135)
Cash flow generated from (used in) operating activities	**(246)**	**(790)**
Cash flow from ordinary investing activities	(449)	(557)
Free operating cash flow (FOCF)	**(695)**	**(1,347)**
Strategic operations	(160)	182
Change in other financing activities	(25)	(3)
Cash flow generated (used) by investment activities	**(634)**	**(378)**
Share capital increase	-	1
Dividends paid	(254)	(187)
Cash flow from financing activities	(447)	70
Cash flow generated (used) by financing activities	**(701)**	**(116)**
Exchange gains/losses	2	(9)
Cash and cash equivalents at 30 June	**718**	**314**

At 30 June 2009, **Free Operating Cash Flow (FOCF)** was negative (cash burn) by EUR 695 million, compared with a negative EUR 1,347 million at 30 June 2008, representing a EUR 652 million improvement, mainly due to measures taken to limit normal levels of cash burn during the period. This improvement reflects a EUR 544m benefit from the management of operating activities, largely attributable to improved working capital, and a EUR 108 benefit from normal investment activities, which were lower than in the same period last year. It should be noted that the normal seasonality of FOCF is such that the balance of receipts and outgoings is strongly biased towards the latter in the first half of the year.

New orders totalled EUR 8,327 million, compared with EUR 6,809 million in 2008, up 22%. The main new orders were as follows: the Helicopters division will provide 16 ICH-47F Chinook aircraft to the Italian

Army; in Defence and Security Electronics, DRS Technologies contributed EUR 1,959 million in new orders, offsetting fewer orders compared with the first half of 2008, which benefited from orders relating to the FREMM programme and IT and security activities; the Space division won orders in satellite and manufacturing services; Defence Systems had good results in missile systems; and Transport won major orders in all segments.

The **order backlog** was EUR 42,980 million, compared with EUR 42,937 million at 31 December 2008, up EUR 43 million. The increase is due to normal levels of order acquisition and client billing, as well as exchange rate effects that were unfavourable in terms of EUR-USD and favourable in terms of EUR-GBP. The order backlog represents more than 2.5 years of production.

Research and development costs were EUR 887 million compared with EUR 834 million in the same period of 2008, up EUR 53 million (6%). R&D focused on the three core pillars of Aeronautics (24% of the total for the entire Group), Security and Defence Electronics (36% of the total) and Helicopters (18% of the total).

At 30 June 2009, the **headcount** was 73,517, up 119 employees compared with 73,398 at 31 December 2008 due to a positive turnover balance. In geographical terms, 59% of staff is located in Italy, and around 41% is based abroad (mainly in the UK, France and the US)

FIRST-HALF HIGHLIGHTS AND SUBSEQUENT EVENTS

On **12 February 2009**, AgustaWestland and Tata Sons (the Indian industrial group active in ICT, engineering, materials, services and energy) signed a Memorandum of Understanding to create a joint venture in India for final assembly of the AW119 helicopter. The new joint venture will take charge of final assembly, realisation of client specifications and shipments of the AW119 worldwide, while AgustaWestland will continue to be responsible for related marketing and sales activities.

On **25 February 2009**, the United Arab Emirates (UAE) government announced at the International Defence Exhibition & Conference (IDEX) 2009 in Abu Dhabi that it had begun negotiations for the purchase of 48 M-346 advanced trainer aircraft manufactured by Alenia Aermacchi.

On **7 April 2009**, on the basis of preliminary agreements signed in 2007, Alenia Aeronautica concluded the acquisition of 25% plus one share of the Joint Stock Company Sukhoi Civil Aircraft (SCAC), the company responsible for the design, development and production of the Sukhoi SuperJet 100, the programme to produce a next-generation 75-100 seat regional jet in which Alenia Aeronautica is a Program Strategic Partner.

On **22 July 2009,** Finmeccanica has won an important new order worth EUR 541 million in Libya through its subsidiary Ansaldo STS. The contract is for rail signalling, telecommunications and power supply systems for the coastal line from Ras Ajdir to Sirt and the inland line from Al-Hisha to Sabha. It will cover around 1,450 km of line in total.

On **23 July 2009,** Ansaldo Energia signed a contract with Sorgenia to build a “turnkey” 800 MW combined-cycle power station in the municipality of Aprilia (Latina); Ansaldo Energia was also assigned the multi-year maintenance contract for the gas turbines and related generators.

On **28 July 2009,** Finmeccanica and Libyan Investment Authority signed a Memorandum of Understanding (MoU) for the development of a strategic cooperation in Libya and other countries in the Middle East and Africa regions. Under this MoU, investment opportunities will be pursued in the aerospace, electronics, transportation and energy sectors for civil applications.

FINANCIAL OPERATIONS

In **January 2009,** early repayment was made of most DRS Technologies bonds, which initially had the following characteristics:

Senior subordinated notes – nominal value USD 550 million – maturing in 2013;
Senior notes – nominal value USD 350 million – maturing in 2016;
Senior subordinated notes – nominal value USD 250 million – maturing in 2018;

All three issues provided for change of control clauses enabling bondholders to accelerate repayment (put option) in the event of a change in the issuing company's control. The acquisition of DRS by Finmeccanica activated this clause, leading to the early repayment of most of the bonds outstanding. At 30 June 2009, the bonds outstanding were as follows:

Senior subordinated notes - USD 550 million – maturing in 2013 - reduced to about USD 13 million;
Senior notes - USD 350 million – maturing in 2016 - reduced to about USD 12 million;
Senior subordinated notes - USD 250 million - maturing in 2018 - reduced to about USD 5 million.

DRS made the payments using an intercompany loan from Finmeccanica.

Also in **January 2009**, Finmeccanica drew down the final sum of some EUR 149 million from the senior term loan facility of EUR 3,200 million that had been obtained in June 2008 to finance the acquisition of DRS. As a result, the facility was fully utilised at 30 June 2009, and has already been partially repaid with the share capital increase by about EUR 1,200 million and with the further, partial repayment made with the proceeds of the GBP bonds issued in April. At 30 June 2009, debt still outstanding under the facility amounted to EUR 1,542 million.

In **February 2009,** Finmeccanica Finance, after carrying out a bond issue worth EUR 750 million in December 2008 as part of the Euro medium term note (EMTN) programme, issued additional bonds under the programme, at a fixed rate, for EUR 250 million, thus increasing the total outstanding to EUR 1 billion. The new bonds, which will mature in five years (December 2013) and a have a yield to maturity of 7.121%, had a re-offer price of 103.930% and an annual interest rate of 8.125%. The bonds were placed with institutional investors on the international Eurobond market. The transaction is part of the group's ordinary debt refinancing activities. The bond is listed on the Luxembourg Stock Market.

In **April 2009,** Finmeccanica Finance issued fixed-rate bonds as part of the EMTN programme, maturing on 16 December 2019 (10 years) and with a nominal amount of GBP 400 million. The bonds, which have a coupon rate of 8%, paid half-yearly in arrears, have a re-offer price of *99.022%.* The bonds were successfully placed with institutional investors. The bond is listed on the Luxembourg Stock Market.

After the end of the first half, in **July 2009,** the subsidiary Meccanica Holdings USA issued a bond on the market for US institutional investors, according to rules established by Rule 144A and Regulation S of the US Securities Act. The loan, worth USD 800 million in total, was divided into two tranches, one of USD 500 million, and one of USD 300 million. The first tranche had a 10-year maturity and carried a coupon of 6.25%, and the second had a 30-year maturity with a coupon of 7.375%. The re-offer price was equivalent to 99.224% for the 10-year loan and 98.728% for the 30-year loan. The coupons are payable half-yearly in arrears. The bonds are listed on the Luxembourg stock market. The proceeds of this issue were also used to make a substantial repayment of the outstanding amount of the short-term bank loan used to acquire DRS, confirming the Group's prudent policy of strengthening its capital base and matching between USD-denominated assets and liabilities. Demand for the bonds was more than three times over subscribed. The success of the subscription and the excellent reception afforded to the 30-year bond, which is the longest maturity currently available on the market, confirms that institutional investors value Finmeccanica's industrial and financial strategy.

All the bond issued by Finmeccanica Finance, as well as those by DRS and Meccanica Holdings, are irrevocably and unconditionally guaranteed by Finmeccanica, and are awarded medium-term financial credit ratings by the international ratings agencies Moody's Investor Service, Standard and Poor's and Fitch. As of today's date, these credit ratings were A3 (Moody's), BBB (Standard and Poor's) and BBB+

(Fitch). It should be noted that on 22 July 2009, Fitch upgraded its rating of Finmeccanica from BBB to BBB+.

The Group's bonds maturing in the 18-month period following the end of the quarter under review are as follows:

Issuer	Year of issue	Maturity	Amount (EUR m)	Annual coupon	Type of issue	IAS values recorded (EUR m)
Finmeccanica Finance SA	2003	August 2010	501	0.375%	European institutional	481

OTHER OPERATIONS

During the first half 2009 the EMTN programme was renewed for another 12 months and its amount increased to a maximum of EUR 3,800 million.

On **24 July 2009**, Finmeccanica entered into a loan agreement for EUR 500 million with the European Investment Bank. The loan is for Alenia Aeronautica (wholly owned by Finmeccanica) for use in the production and development of technologically innovative aeronautical parts. Specifically, the loan will be used to extend local manufacturing sites in Campania (Pomigliano d'Arco) and Puglia (Foggia and Grottaglie) and for research and development. It will last for 12 years, with principal repayment starting from the third year. The loan may be disbursed by 31 January 2011, at Finmeccanica's request. Finmeccanica will decide in advance whether a fixed or a variable rate of interest will be applied.

During the first half 2009, as part of the share buyback programme approved by shareholders in the meeting of 16 January 2008, Finmeccanica acquired 948,000 shares on several occasions in the open market (equal to about 0.164% of the share capital), at an average price per share of EUR 9.78, net of commission, for some EUR 9 million in total. These shares are for use in the Group's existing share incentive scheme. The share purchases did not exceed 20% of the average daily trading volume of Finmeccanica shares on any of the days in which shares were acquired. From the programme's launch to the end of the first half, Finmeccanica acquired a total of 2,173,000 ordinary shares (approximately 0.3759% of the share capital) for a total purchase price of about EUR 31 million. Following the purchases made in the first half 2009, and taking into account the shares already used for these incentive plans, the Company held a total of 1,395,209 treasury shares at 30 June 2009 (equivalent to around 0.241%% of the share capital). After the end of the half-year, in early July, a further 400,000 shares were purchased at an average price per share of EUR 10.0257, net of commission, for some EUR 4 million in total. Following this latest acquisition, Finmeccanica currently holds 1,795,209 treasury shares (equivalent to about 0.3105% of the share capital).

OUTLOOK

Results for the first six months of 2009 were better than those for the same period of 2008, and in line with forecasts.

The industrial economy entered a period of recession at the end of last year that, from the start of 2009, albeit with a certain time lag, began to take its toll on the highly capital-intensive sector.

Finmeccanica has taken steps both to safeguard its order book and to ensure that aggressive commercial policies do not compromise the strength of its balance sheet or its financial flexibility and expected profitability. Accordingly, efficiency and cost containment policies are at the centre of the Group's management strategy.

So far, no indications have emerged that could require changes to the forecasts made when the 2008 financial statements were drawn up. Thus, given the full contribution of DRS Technologies, the Group forecasts revenues of between EUR 17.1 billion and EUR 17.7 billion in 2009, with an adjusted EBITA-to-revenues ratio of around 9.1%. Free operating cash flows (FOCF) are expected to be similar to 2008 levels, after significant investment in the product development activities necessary to sustain growth, which, like last year, will focus on the Aeronautics, Helicopters and Defence and Security Electronics businesses.

Clearly, a sudden and significant worsening of economic conditions could mean these projections have to be reviewed, although we can confirm that the Group has a strong balance sheet and considerable financial flexibility.

SHARE DATA			
	1H 2009	**1H 2008**	***Change %***
Average number of shares in period (thousands) (*)	577,362	446,498	*29.3%*
Net result (not including minority interests) (€mil.)	218	278	
Result of continuing operations (not including minority interests) (€mil.)	218	278	
BASIC EPS (EUR)	**0.378**	**0.623**	***-39%***
Basic EPS from continuing operations	**0.378**	**0.623**	***-39%***
Average number of shares for the period (in thousands) (*)	578,020	447,217	*29.2%*
Result adjusted (not including minority interests) (€mil.)	218	278	
Adjusted result of continuing operations (not including minority interests) (€mil.)	218	278	
DILUTED EPS (EUR)	**0.377**	**0.622**	***-39%***
Diluted EPS from continuing operations	**0.377**	**0.622**	***-39%***

(*) The figures of 30 June 2008 has been adjusted to take into account the impact of the Rights Issue which took place in November 2008

RESULTS BY BUSINESS SECTOR
(First half 2009)

Helicopters

Companies: **AgustaWestland**

Revenues: EUR 1,646 million (+12%); adjusted EBITA: EUR 162 million (+3%)

Revenues were EUR 1,646 million, up EUR 177 million (12%) versus EUR 1,469 million recorded in the same period of 2008. The increase was mainly driven by the company's helicopter operations, where production volumes were up 14% versus 2008. Volumes in the turnkey product support business, in particular IOS (integrated operational support) contracts with the UK Ministry of Defence, were particularly strong, up 11%.

Adjusted EBITA totalled EUR 162 million, an increase of EUR 4 million (+3%) on the same period of 2008 (EUR 158 million). The figure was however affected by negative translation differences arising from the conversion of non-euro financial statements, as well as by reduced margins and the effect of changes in the revenue mix. As a result, the EBIT margin was 9.8%, slightly lower than the 10.8% recorded at 30 June 2008.

New orders were EUR 1,821 million, up EUR 203 million (13%) versus EUR 1,618 million in the same period of 2008. Helicopters (new vehicles and upgrades) accounted for 54% of new orders, with product support (services and parts changes) and engineering accounting for the remaining 46%. The most important contracts included 12 Lynx Mk 9 helicopters for the British Ministry of Defence; the order from the General Directorate of Air Armaments (ARMAEREO) to provide the Italian army with 16 ICH-47F Chinook helicopters and the related logistics support, with an option for additional four units; the order for two AW139 helicopters from the Cypriot Ministry of Justice, and the order for two AW139 helicopters for the United Arab Emirates.

The **order backlog** was EUR 10,610 million, in line with the end-2008 figure (EUR 10,481 million) and sufficient to guarantee around three years' production. The order backlog comprises helicopters (75%), product support work (20%) – half of which is accounted for by the IOS contracts with the British Ministry of Defence – and engineering (5%).

The **headcount** was 10,335 at 30 June 2009, an increase of 46 on the figure of 10,289 recorded at 31 December 2008, due to normal staff turnover.

Defence and Security Electronics

Companies: **SELEX Sensors & Airborne Systems Ltd, Galileo Avionica, SELEX Communications, SELEX Sistemi Integrati, SELEX Service Management, Elsag Datamat, Seicos, DRS Technologies, Vega Group** ***(acquired by the British subsidiary of SELEX Sistemi Integrati on 2 January 2009)***

Revenues: EUR 3,075 million (+89%); adjusted EBITA: EUR 274 million (+180%)

Revenues were EUR 3,075 million, an increase of EUR 1,447 million versus EUR 1,628 million recorded in the same period of 2008. DRS contributed EUR 1,466 million, with a total divisional increase of 89% despite negative translation differences arising from the conversion of non-euro financial statements. Revenues in avionics and electro-optical systems and in the command and control system business were both higher than at 30 June 2008. The main contributors to growth were as follows: work on the DASS system and avionics equipment and radar for the Eurofighter (avionics and electro-optics); work on the Orizzonte, FREMM, Baynunah naval contracts and upgrades, on the MEADS (Medium Extended Air Defence System) programme, and on the FADR ground radar system (radar and command and control systems); the continuation of activities on the national TETRA network and the development and production of Eurofighter and NH90 equipment (integrated communication systems and networks); postal automation services, the FREMM combat system, G8 event services and ICT services (IT and security); the provision of TWS thermal imaging devices, upgrade programmes for the target acquisition subsystems of Bradley vehicles, repairs and spare parts for MMS (Mast Mounted Sight) system, deliveries of high-resistance computers and displays (DRS Group).

Adjusted EBITA was EUR 274 million, compared to EUR 98 million in the same period last year. DRS' contribution was EUR 176 million, up 180% despite the negative effect of translating non-euro financial statements. The improvement in this division is attributable both to higher production volumes and increased profit margins in the command and control system segment, which offset the contraction in the information technology and security segment. The **EBIT margin** was 8.9%, compared with 6% at 30 June 2008.

New orders were EUR 3,306 million, compared to EUR 1,951 million in the same period last year. DRS' contribution to acquisitions in the period in question was EUR 1,959 million, up 69%. Note also that in the same period last year figures were boosted by sizeable acquisitions under the Italian-French FREMM naval programme as well as by information technology and security activities. The main acquisitions in 1H09 included further orders for logistics activities, combat radar and DASS systems for the European EFA programme, and orders for ATOS countermeasure and mission systems (avionics and electro-optics); orders from the Department of Civil Protection for the construction of G8 event management systems, the order for ATC systems from Dakar airport, orders from ENAV (Italy's air traffic control body) for airport modernisations (radar and command and control systems); further orders for EFA communication systems (integrated communication systems and networks); orders to supply Egyptian National Railways with pre-booking and ticket management systems, further orders from the Italian postal service, Line C of the Rome metro and INPS, the Italian Social Security Agency (information technology and security); and various orders from the United States army for high-resistance MRT (Military Rugged Tablet) computers, additional work related to the TWS (Thermal Weapon Sight) and MMS (Mast Mounted Sight) systems of the Kiowa Warrior helicopters, trailers, thermal imaging devices and training and electricity generation systems.

The **order backlog** totalled EUR 11,239 million, compared with EUR 10,700 million at 31 December 2008 (+5%). Avionics and electro-optics account for a third of this total and the DRS Group a further quarter.

The **headcount** was 30,277 at 30 June 2009, an increase of 53 on the figure of 30,330 recorded at 31 December 2008, mainly due to normal staff turnover.

Aeronautics

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

Revenues: EUR 1,208 million (+14%); adjusted EBITA: *EUR 60 million (-14%)*

(*) Figures for the GIE ATR consortium are consolidated proportionally at 50%.
(**) Figures for the SuperJet International joint venture are consolidated proportionally at 51%.

In the first half of 2009 a number of important agreements were signed, from which further acquisitions are expected in the near future. In particular: the agreement between partner countries Germany, UK, Italy and Spain to commence the third tranche of the EFA programme, which will in turn be divided up into two tranches; the start of negotiations with the United Arab Emirates for the acquisition of 48 aircraft under the M-346 programme; and negotiations with the Italian air force, now at an advanced stage, for the provision of a first tranche of six aircraft.

Revenues were EUR 1,208 million, an increase of EUR 146 million (+14%) versus EUR 1,062 million in the same period of 2008. This increase reflects: increased production for the EFA and trainers programmes (military activities) and production of the ATR 42 and 72 aircraft (civil activities).

Adjusted EBITA was EUR 60 million, a decrease of EUR 10 million (-14%) versus EUR 70 million in the first half of 2008, attributable primarily to the contraction in average profit margins, particularly on certain exports orders. The division's **EBIT margin** was 5.0%, compared with 6.6% at 30 June 2008.

New orders totalled EUR 651 million, down EUR 193 million (-23%) versus the EUR 844 million recorded in 1H08**.** The decline is due primarily to reduced orders from the civil segment, reflecting less buoyant demand in the air transport market. Certain temporary delays on orders in the military segment also affected the figures. The main orders secured in the first half of 2009 include: the order for the provision of an additional seven C-27J aircraft for the US and orders for logistical support for EFA and

Tornado (military segment), orders for 22 aircraft from GIE ATR, orders for A380, A321 and B777 aerostructures and customer services orders for ATR aircraft (civil segment).

The **order backlog** was EUR 7,829 million, versus EUR 8,281 million at 31 December 2008. Some 45% related to Eurofighter programmes, 16% to the B787, 7% to the C-27J and 6% to ATR special versions.

The **headcount** was 13,849 at 30 June 2009, down 58 on the figure of 13,907 registered at 31 December 2008.

Space

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

Revenues: EUR 435 million (-4%); adjusted EBITA: *EUR 13 million (-13%)*

(*) 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 435 million, down EUR 16 million (-4%) on the previous year's interim figure of EUR 451 million, reflecting reduced output in both segments (manufacturing and satellite services). Production related principally to the following: satellites (Yahsat and Globalstar), payloads, provision of satellite services for telecommunications and resale of satellite capacity (commercial telecommunications); the Sicral 1B satellite, successfully launched on 20 April (military telecommunications); the COSMO-SkyMed programme, the satellites of the Sentinel 1 and 3 missions for the GMES programme, and the GOCE satellite, launched 17 March (earth observation); the Herschel-Plank, Bepi-Colombo, Exomars and Alma programmes (scientific programmes); the Galileo programme's IOV (in-orbit validation) phase (satellite navigation); and programmes connected with the International Space Station (orbital infrastructure).

Adjusted EBITA was EUR 13 million, down EUR 2 million (-13%) on the previous year's interim figure of EUR 15 million, reflecting reduced output and cost overruns in certain manufacturing activities. The **EBIT margin** was 3.0%, compared with 3.3% at 30 June 2008.

New orders totalled EUR 565 million, up EUR 149 million on the 2008 interim figure of EUR 416 million, reflecting increased acquisitions in both segments (manufacturing and satellite services). The most important acquisitions in the period were the following: contracts to supply the W3B satellite to Eutelsat plus launch services for the W3B satellite, additional tranches related to the Globalstar and Yahsat programmes, provision of payload for various satellites (commercial telecommunications segment); the first tranche of the order from the French Ministry of Defence for phase B of the CSO-post Helios programme, and the first tranche of the Sentinel 1 order related to the GMES-Kopernikus homeland control and security programme, the order from 4C Satellite to provide COSMO-SkyMed data in North Africa and the Middle East (military institutional telecommunications); further acquisitions related to the IOV (In Orbit Validation) phase of the Galileo programme (navigation and mobile information); further tranches of the contract related to the Herschel-Planck, Bepi-Colombo and Exomars programmes (scientific programmes); orders from Orbital Science Corporation to provide NASA (CYGNUS COTS programme) with pressurised modules for transportation activities associated with the International Space Station (orbital infrastructure).

The **order backlog** was EUR 1,546 million, an increase of EUR 163 million on the EUR 1,383 million recorded at 31 December 2008 and sufficient to cover around 80% of expected production for the next six months. Of this total, 65% consists of manufacturing activity, while the remaining 35% relates to satellite services.

The **headcount** at 30 June 2009 was at 3,673, up 53 versus 3,620 at 31 December 2008, due to increased production expected in the satellite services segment.

Defence systems

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

Revenues: EUR 514 million (n.a.); adjusted EBITA: EUR 42 million (n.a.)

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

Revenues were EUR 514 million, a flat performance versus EUR 513 million in 1H08. The main contributors to revenues were the following: production of Mica, Seawolf, Aster and Mistral missiles, development of the air defence system for the MEADS (Medium Extended Air Defence System) programme entailing the joint participation of the US, Germany and Italy (missiles systems); production work on the PZH 2000 and the VBM armoured vehicle for the Italian army, work on the HITFIST turret kits for Poland and the 76/62 SR cannons for various foreign clients (land, naval and air weapons systems); and activities relating to the Black Shark heavy torpedo, the MU90 light torpedo and countermeasures for various countries, as well as those related to the FREMM programme (underwater systems segment).

Adjusted EBITA was EUR 42 million, a flat performance versus EUR 42 million in 1H08. The **EBIT margin** was 8.2%, in line with the 1H08 figure.

New orders totalled EUR 566 million, up EUR 60 million on the EUR 506 million recorded in the first six months of 2008 (+12%), due to good results in missile systems, particularly on the export market, and in land, naval and air weapon systems. Underwater systems, by contrast, suffered a decline relative to 1H08, when the segment was boosted by sizeable orders under the FREMM programme. The main new orders secured included: the provision of Marte anti-ship missiles for patrol vessels of the United Arab Emirates navy and for the Vertical Launch MICA short-range air defence system of a Middle Eastern country (missile systems); orders from the Italian and Turkish air forces and from the Greek, Norwegian, Moroccan and Thai navies (land, naval and air weapon systems).

The **order backlog** was EUR 3,982 million, an increase of EUR 103 million versus EUR 3,879 million in 2008 and equivalent to around 3.2 years of activity. Around two-thirds of this total relates to activities in the missile systems segment.

The **headcount** was 4,036 at 30 June 2009, a reduction of 24 on the figure of 4,060 recorded at 31 December 2008, mainly due to normal staff turnover.

Energy

Companies: **Ansaldo Energia**

Revenues: EUR 820 million (+60%); adjusted EBITA: EUR 76 million (+105%)

Revenues were EUR 820 million, an increase of EUR 308 million (+60%) versus EUR 512 million in the same period of 2008. The growth in production volumes was due to the work on plant-related orders (notably Turano, San Severo and Bayet) and short-term (flow) orders (i.e. parts, upgrades and maintenance).

Adjusted EBITA was EUR 76 million, up EUR 39 million (+105%) versus EUR 37 million posted in 1H08, due to the increase in production volumes and the difference mix of activities. The **EBIT margin** increased 2.1 percentage points to 9.3% (versus 7.2% in 2008).

New orders totalled EUR 398 million, down EUR 665 million (-63%) versus EUR 1,063 million in 1H08, due mainly to temporary delays in acquisitions under major contracts. Major new orders secured included: a turbine controller equipped with V94 and the related BOP *(Balance Of Plant)* for the North

Turin site, another turbine controller equipped with V94.2 for Priolo Gargallo (Syracuse), a reservation fee with Energy Plus for the provision of a turn-key combined cycle plant at Salerno (plant and components segment); further LTSAs (*Long Term Service Agreements*) for the North Turin site and new maintenance contracts (adjustment of turbine parts) at Brindisi for ENEL and at Turbigo (Milan) for Edipower, contracts for replacement parts (services segment); new engineering contracts from China under the cooperation agreement with Westinghouse related to the Sanmen programme, new engineering orders from ENEL for the Mohovce power station in Slovakia, additional support contracts for the Superphoenix reactor at the Creyes Malville plant in France and new decommissioning orders (nuclear segment).

The **order backlog** was EUR 3,311 million, down EUR 468 million versus EUR 3,779 million at 31 December 2008. About 47% of this figure was accounted for by plant and manufacturing work, 52% by service work (largely routine maintenance contracts) and the remaining 1% by nuclear activities.

The **headcount** was 3,409 at 30 June 2009, up 124 on the 3,285 registered at 31 December 2008.

Transport

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

Revenues: EUR 895 million (+7%); adjusted EBITA: EUR 55 million (+17%)

Revenues totalled EUR 895 million, up EUR 59 million (+7%) on the previous year's interim figure of EUR 836 million, mainly reflecting increased activity in the signalling and systems businesses. This result related, in particular, to the following orders: orders for the high-speed Milan-Bologna line and for ground and onboard train control systems in Italy, plus contracts signed in Australia, the UK, China, Korea, and the United States (signalling); orders for the Copenhagen, Genoa, Rome, Naples, Milan and Brescia metros (systems); trains for regional services on the Ferrovie Nord network around Milan, the Dutch and Belgian railways, the Milan and Brescia metros, and the Circumvesuviana railway, trams for Los Angeles, trains for the Danish railways, and several Sirio contracts (vehicles); various orders together accounting for 79% of revenues, plus after-sales services (bus segment).

Adjusted EBITA totalled EUR 55 million, up EUR 8 million (+17%) on the previous year's interim figure of EUR 47 million, mainly due to increased production volumes and better margins in the signalling and transport systems segment. The **EBIT margin** was 6.1%, compared with 5.6% at 30 June 2008

New orders were EUR 1,190 million, versus EUR 578 million in 2008, an increase of EUR 612 million (+106%), thanks to an increase in orders in all segments. New orders secured during the period included: maintenance for the Madrid-Lleida high-speed railway in Spain, the contract with Rete Ferroviaria Italiana S.p.A. for an electronic central management system at Palermo station, as well as contracts in Germany, the United States and India (signalling segment); the first phase of the automatic driverless metro line in Taipei, the contract for line 1 of the Naples metro, and the order for an automatic driverless metro system in Saudi Arabia (transport systems); trains for the Taipei metro, Sirio trams for Turkey, trains for the Saudi Arabia metro (vehicles); and 45 articulated buses for the city of Rome, 54 buses for the city of Madrid and 45 buses for the Kocaeli local authority in Turkey.

The **order backlog** was EUR 5,118 million, an increase of EUR 260 million (+5%) versus EUR 4,858 million at 31 December 2008. Signalling and systems accounted for 66% of this total, vehicles 33% and buses the remaining 1%.

The **headcount** was 7,135 at 30 June 2009, in line with the 7,133 recorded on 31 December 2008.

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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.

1H 2009 (EUR million)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	1,646	3,075	1,208	435	514	820	895	198	(268)	**8,523**
EBITA Adj (*)	**162**	**274**	**60**	**13**	**42**	**76**	**55**	**(77)**		**605**
EBITA Adj (*) margin	*9.8%*	*8.9%*	*5.0%*	*3.0%*	*8.2%*	*9.3%*	*6.1%*	*n.a.*		*7.1%*
Depreciation and amortisation	74	99	70	12	20	11	12	7		**305**
Investment in non-current assets	60	108	227	17	22	26	13	5		**478**
Research and development costs	162	323	212	30	119	16	24	1		**887**
New orders	1,821	3,306	651	565	566	398	1,190	74	(244)	**8,327**
Order backlog	10,610	11,239	7,829	1,546	3,982	3,311	5,118	284	(939)	**42,980**
Headcount	10,335	30,277	13,849	3,673	4,036	3,409	7,135	803		**73,517**

1H 2008 (EUR million)	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	836	150	(188)	**6,433**
EBITA Adj (*)	**158**	**98**	**70**	**15**	**42**	**37**	**47**	**(67)**		**400**
EBITA Adj (*) margin	*10.8%*	*6.0%*	*6.6%*	*3.3%*	*8.2%*	*7.2%*	*5.6%*	*n.a.*		*6.2%*
Depreciation and amortisation	48	58	59	12	15	9	10	5		**216**
Investment in non-current assets	57	88	268	16	25	21	16	4		**495**
Research and development costs	126	272	245	29	122	12	28	0		**834**
New orders	1,618	1,951	844	416	506	1,063	578	26	(193)	**6,809**
Order backlog (31/12/2008)	10,481	10,700	8,281	1,383	3,879	3,779	4,858	348	(772)	**42,937**
Headcount (31/12/2008)	10,289	30,330	13,907	3,620	4,060	3,285	7,133	774		**73,398**

(*) 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.