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PRESS RELEASE

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Finmeccanica: the Board of Directors approves the interim financial report at 31 March 2012

Key 1Q 2012 figures

- **New orders:** EUR 3.480 billion
- **Order backlog:** EUR 45.721 billion
- **Revenues:** EUR 3.686 billion
- **Adjusted EBITA:** EUR 173 million
- **Net profit**: EUR 25 million
- **Free Operating Cash Flow:** negative for EUR 1.138 billion
- **Net debt:** EUR 4.515 billion
  The Free Operating Cash Flow and the net debt, although better than expected, were impacted by the traditional seasonal trend in the Group's results, in relation to which, the balance between trade collections and payments reveals that payments are considerably higher than collections in the first part of the year.
- **Headcount:** 69,652
- **Investment in research and development:** EUR 409 million

The Finmeccanica Group at 31 March 2012 achieved results that, though weaker than those for the same period of the year 2011 (in part due to the change in the method of consolidating the Ansaldo Energia group, as described below), are in line with, and for some indicators (Adjusted EBITA and Free Operating Cash Flow) exceeded, the forecasts formulated by the Group for the first quarter.

Starting from the last months of 2011 Finmeccanica has addressed issues related to industrial efficiency and to operational and structural costs through the preparation and implementation of in-depth, detailed plans to improve the levels of competitiveness, efficiency and reorganisation of the Group's companies.

The monitoring carried out by the Parent Company confirms that these plans, which have progressed in an orderly fashion, and the implementation of the initiatives pertaining to them will enable the Group to achieve its quantitative targets in terms of overall benefits.

Due to the timing of the implementation of these plans, the benefits arising from these initiatives only impact on the results at 31 March 2012 to a limited extent. These results – because of what has been mentioned above and owing to the concentration of the Group's activities in the second half of the year – are only comparable to a limited extent with those at 31 March 2011 and are not, traditionally, entirely representative of the trend of the financial year as a whole.

Nevertheless, the initiatives undertaken, and in particular those aimed at making the net capital invested more sustainable and consistent with the projected Group's industrial profitability, have allowed the Group to achieve in the first quarter of 2012 a return on equity and a return on invested capital which are better than the figures recorded in the first three months of 2011 (ROE at 2.1% against 0.4%; ROI of 8.1% for both two periods). Similarly, Economic Added Value improved from a negative EUR 99 million to a negative EUR 61 million.

Finally, with specific reference to the results at 31 March 2012, we note both a good performance in the acquisition of new orders in the Aerospace and Defence segments (which partially offsets the commercial reduction in the Energy and Transportation divisions) and an increase in net income.

Chairman and Chief Executive Officer, Giuseppe Orsi, declared: "The results of the first quarter of 2012, achieved against an economic background characterised by the persistence of considerable difficulties and by a marked level of uncertainty, also internationally, show some initial and encouraging positive signs regarding the progress of the reorganisation and efficiency improvement plans already launched. As highlighted during the presentation of the 2011 results, 2012 is still a calibrated year of transition within a challenging and medium term process of recovery".

Analysis of financial data

The Board of Directors' meeting of Finmeccanica, which was held on 2 May 2012 under the chairmanship of Giuseppe Orsi, examined and unanimously approved the interim financial report at 31 March 2012.

Highlights of 1Q 2012

(EUR million)

	1Q 2012	1Q 2011	Absolute chg.	% change	FY 2011
New orders	3,480	3,816	(336)	*(9%)*	17,434
Order backlog	45,721	48,038	(2,317)	*(5%)*	46,005
Revenues	3,686	3,855	(169)	(4%)	17,318
Adjusted EBITA (*)	173	215	(42)	(20%)	(216)
ROS %	*4.7%*	*5.6%*	*(0.9) p.p.*		*(1.2%)*
Net profit	25	7	18	*257%*	(2,306)
Net debt	4,515	4,051	464	*11%*	3,443
FOCF	(1,138)	(998)	(140)	*(14%)*	(358)
ROI	*8.1%*	*8.1%*			*(2.4%)*
EVA	(61)	(99)	38	*38%*	(956)
Research and Development	409	384	25	*7%*	2,020
Headcount	69,652	74,497	(4,845)	*(7%)*	70,474

(*) Operating profit before:
- any impairment of goodwill;
- depreciation of fixed assets valued as part of business combinations;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, relating to particularly significant events unconnected with the ordinary operations of the core businesses.

Also for ease of comparability, it should be mentioned that on 13 June 2011 the Group signed an agreement with First Reserve Corporation, a leading international private equity investor specialising in the energy and natural resources sector, for the sale of 45% of Ansaldo Energia. As a result of this transaction, the income statement items pertaining to the Ansaldo Energia group were consolidated on a line-by-line basis up until 30 June 2011 and on a proportional basis (55%) from 1 July 2011. Therefore, the income statement items for the period under review were affected, compared to the first quarter of 2011, by the lower contribution from the Ansaldo Energia group arising from the different method of consolidation.

- **New orders** amounted to EUR 3,480 million compared with EUR 3,816 million for the same quarter of 2011, a decrease of EUR 336 million. However, new orders rose in the *Aerospace* and *Defence* divisions. New orders at 31 March 2011 would have been about EUR 3,487 million had the Energy group been consolidated on the same percentage basis at 31 March 2012. The decline mainly affected the segments of Energy (both as a result of changing the method of consolidation, and because of fewer new orders in the plants and components segment) and Transportation (due mainly to the *signalling* and *transportation solutions* segment where, in the first quarter of 2011, significant new orders were reported) and was partially offset by the increase recorded in the segments of Helicopters (primarily as a result of the sale of new models of the AW169 and AW189), Aeronautics (due to more orders in the military segment, for the special versions of the ATR aircraft and Eurofighter Typhoon) and Defence Systems (due to the receipt of an important contract from the Indian Air Force in the missile systems segment).

- The **order backlog** amounted to EUR 45,721 million compared to EUR 46,005 million at 31 December 2011. The net change is mainly due to the effect of translating the backlog expressed in foreign currencies as a result of the appreciation of the euro against the US dollar at the end of the period (prevailing exchange rates) (EUR 87 million).The order backlog guarantees coverage of about 2.5 years of production to the Group.

- **Revenues** came to EUR 3,686 million, compared with EUR 3,855 million for the same period of 2011 (-4.4%). Had the Energy group been consolidated on the same percentage basis at 31 March 2012, Group revenues would have come to around EUR 3,735 in the first quarter of 2011. The change in revenues is largely due to the decline in volumes in Defence and Security Electronics, mainly attributable to decreased activity in DRS programmes for the US armed forces.

- **Adjusted EBITA** came to EUR 173 million, compared with EUR 215 million for the same period of the previous year, a net decrease of EUR 42 million (-20%). The decline is related to the following sectors: Defence and Security Electronics (due to the mentioned decline in production volumes for DRS and the deterioration in the mix of activities, particularly in the information technology and security and integrated communication networks and systems segments), Energy (mainly as a result of the change in the consolidation method; had the scope of consolidation remained unchanged, the Group's Adjusted EBITA would diminish by 16%) and Transportation (mostly in the vehicles segment). This decline was partially offset by the increase in the following segments: Helicopters (due to the increase in revenues as a result of higher product support activity), Aeronautics (largely due to lower operating expenses and improved industrial efficiency following implementation of the restructuring and reorganisation plan last year) and Space (due to higher profitability in the manufacturing segment, the different mix of satellite services and the benefits deriving from the enactment of the efficiency and restructuring plans). As a result, **ROS** amounted to 4.7%, compared with 5.6% in the first quarter of 2011.

- **EBIT** was equal to EUR 142 million compared to EUR 181 million in the same period of 2011, down by EUR 39 million which is substantially attributable to the above mentioned decrease in Adjusted EBITA (EUR 42 million), partially offset by lower restructuring costs (EUR 4 million).

- **Net finance costs** amounted to EUR 91 million, compared to EUR 119 million in the same period of 2011; this improvement is largely due to the equity investments accounted for with the equity method, which posted positive net results of EUR 9 million compared with the net negative results recorded in the first quarter of 2011 (negative EUR 8 million).

- The effective **tax rate** at 31 March 2012 amounted to -50.72% (-88.29% in the first quarter of 2011). The tax rate for the first quarter is not representative of the annual taxation level. The tax rate reflects the seasonality of results, and should, during 2012, realign with values previously reported.

- **Net profit** amounted to EUR 25 million compared to EUR 7 million in the same period of 2011. The primary items contributing to this result were: the reduction in net finance costs (EUR 28 million) and taxes (EUR 29 million) which more than offset the deterioration in EBIT (EUR 39 million).

- At 31 March 2012, **net capital invested** was EUR 9,121 million, compared with EUR 8,046 million at 31 December 2011, a net increase of EUR 1,075 million. It should be noted that a thorough review was made of the Group's invested capital at 31 December 2011 (both the fixed assets and the working capital components), leading to a writedown in the development costs of certain products for which the commercial prospects and competitiveness in terms of their cost/performance no longer guaranteed an adequate return on investment, as well as a substantial reduction in the goodwill recognised for certain assets as a result of defence and security budget cuts, in the Group's main markets, that have affected the growth prospects for the companies. Moreover, the net capital invested also reflected provisions required to implement the business reorganisation plans involving the Aeronautics, Defence and Security Electronics and Transportation (*vehicles* segment) divisions in particular. All of this has increased the sustainability of net invested capital and brought it in line with the projected growth in Group industrial profitability; this adequately represents the indicators of the return on capital. The increase in net capital invested in the first three months of 2012 was mainly due to the negative trend - usual for the period - in Free Operating Cash Flow (FOCF) as a component of net working capital, as described below.

As a result, there was a EUR 1,029 million increase in **net working capital** (negative EUR 323 million at 31 March 2012, compared with negative EUR 1,352 million at 31 December 2011). As for **capital assets**, there was a net increase of EUR 46 million (EUR 9,444 million at 31 March 2012, compared with EUR 9,398 million at 31 December 2011), mainly due to the investments and depreciation for the period and due to translating financial statements into euros, particularly as a result of the euro/US dollar exchange rate, reflected in the decline in goodwill of foreign companies by EUR 63 million. In connection with the change in net capital invested, as described above, compared with 31 March 2011 (values in brackets), ROI stood at 8.1% (8.1%), EVA came to a negative EUR 61 million (negative EUR 99 million) and ROE amounted to 2.1% (0.4%).

- **Free Operating Cash Flow (FOCF)** was negative (use of cash) by EUR 1,138 million. It should be remembered that the FOCF is to be analysed in the context of the period, and seasonal factors have to be taken into account. The balance between trade collections and payments reveals that payments are considerably higher than collections. At 31 March 2011, FOCF was negative by EUR 998 million. The net deterioration of EUR 140 million recorded in the first quarter of 2012 was mainly due to the use of cash in operating activities (change of EUR 165 million), although there was an improvement in the use of cash in investing activities. In the first quarter of 2012, investing activity, needed for product development, was concentrated in Aeronautics (about 38%), Defence and Security Electronics (23%) and Helicopters (23%).
- **Net financial debt** amounted to EUR 4,515 million compared to EUR 3,443 million at 31 December 2011. This figure, which was affected by the FOCF’s typical negative performance for the period, is not impacted by significant effects arising from extraordinary transactions, while it benefits from the depreciation of the US dollar against the euro recorded on 31 March 2012 compared to the same figure recorded in December 2011.
- **Research and development** investments came to EUR 409 million compared to EUR 384 million in the first quarter of the previous financial year, up by EUR 25 million (+7%). Research and development focused on the three strategic segments of Defence and Security Electronics (40% of the total), helicopters (22%) and Aeronautics (16%).
- The **headcount** at 31 March 2012 came to 69,652 compared to 70,474 at 31 December 2011. The decrease was essentially due to staff reduction and efficiency efforts undertaken as part of the Group reorganisation and restructuring process, especially in the Defence and Security Electronics division.

Significant events and events subsequent to the closure of the accounts for the first quarter of 2012

The merger of Alenia Aermacchi SpA and Alenia SIA SpA into their parent company Alenia Aeronautica SpA became effective on **1 January 2012**, as part of the reorganisation of the Aeronautics division that began in 2010. As a result Alenia Aeronautica SpA changed its name to Alenia Aermacchi SpA and transferred its headquarters from Pomigliano d’Arco (Naples) to Venegono Superiore (Varese). In the final months of 2011, the Group instituted a plan to revamp, reorganise and restructure the division in order to make it more competitive by leveraging select high-quality products and technologies.

On **1 January 2012** the transaction authorised by the Board of Directors of Finmeccanica in December 2011 became effective, whereby Finmeccanica’s holdings in SELEX Galileo Ltd, SELEX Galileo SpA, SELEX Elsag SpA and SELEX Sistemi Integrati SpA were transferred to its wholly-owned subsidiary SELEX Electronic Systems SpA.
These transactions fall within the reorganisation of the Group’s corporate structures in the Defence and Security Electronics division, the final step of which – expected to be completed by the end of 2012 - will be to create a single, European-wide organisation that will make it possible to have just one consistent policy for all business areas, further rationalising the industrial structure and investments and ensuring a unified approach to domestic and international customers.

Financial transactions

In the first quarter of 2012, the Finmeccanica Group did not perform any significant transactions in the capital markets. As stated in the report to the financial statements for 2011, in February and March 2012, Meccanica Holdings USA redeemed (in several tranches) about USD 34 million in bonds maturing in July 2019, with a coupon of 6.25%, issued by the company in 2009 with a total issue of USD 500 million. Furthermore, in April, the company bought back a further USD 15 million of the same issue. The average redemption price was equal to 89.62% of the nominal value, with an average annual yield of 8.15%. Unlike with bonds issued for the euro market, these bonds do not need to be cancelled immediately.

All the bond issues of Finmeccanica Finance and Meccanica Holdings are irrevocably and unconditionally secured by Finmeccanica, and are given a medium-term financial credit rating by the three international rating agencies: Moody's Investors Service (Moody's), Standard and Poor's and Fitch.
At the presentation date of this report Finmeccanica's credit ratings had been unchanged since 31 December 2011:

- Baa2 with a negative outlook from Moody's (from A3 with a stable outlook at 31 December 2010);
- BBB - with a negative outlook from Fitch (from BBB+ with a stable outlook at 31 December 2010);
- BBB - with a negative outlook from Standard and Poor's (from BBB with a negative outlook at 31 December 2010).

Following the steps taken by the various rating agencies in 2011, Finmeccanica maintained its investment grade status, though with a negative outlook. The ratings agencies may change their opinions once Finmeccanica releases information on the status of planned restructuring, reorganisation and asset disposal programmes.

Outlook

At 31 March 2012, the Group's results were weaker than those for the same period of 2011, although they still exceeded management forecasts.

As more fully explained in the 2011 consolidated financial statements, the recession, which has been affecting other industries since 2008, has also had an impact on the Aerospace and Defence industry in the Group's main markets (the UK, the US and Italy), where there has been a sharp slowdown in the expansion of budgets for investment in military systems and security since 2010. This situation has been generally accompanied by renewed customer focus on the relationship between product performance and their sustainable costs.
With regard to demand, the sector has seen a considerable shift (currently and in the future) in demand towards the markets of emerging countries, where there is an environment of strong competition among companies, which should lead to intense pricing pressure.

Internally, last year the Group addressed issues related to efficiency through the preparation and implementation of in-depth, detailed plans (setting out the steps to be taken, the costs/benefits, timing, constraints and conditions for execution) to improve levels of competitiveness, efficiency and industrial reorganization in each company (with benefits of over EUR 440 million expected to be seen by 2013).
These plans have been developed across all critical business areas, including: production processes (site rationalisation, product/component standardisation, lean manufacturing), purchasing (supplier optimization, "make or buy" policy rationalisation), engineering (lean engineering, rationalisation of investments), workforce (rationalisation of the ratio of general to specialised employees), controllable costs, and general and administrative costs (rationalisation of the staff and corporate information systems and simplifying corporate structures).
The Group has established a two-year (2012-2013) budget and corporate incentive system to ensure that these initiatives are implemented and pursued.

The monitoring performed by the Parent Company, together with the companies, during this period confirmed that the actions stemming from these plans are in line with the physical progress milestones and that the quantitative targets in terms of overall benefits are also being reached.

In addition, the Group is taking the measures required to address strategic issues, ones we deem key to “sustainable” growth, such as: the consolidation and strengthening of activities in the Defence and Security Electronics division, by integrating SELEX Galileo, SELEX Elsag and SELEX Sistemi Integrati into one company, while, at the same time, significantly rationalising technologies, product lines and industrial facilities. The goal is to establish a single entity in Europe that operates in conjunction and in coordination with DRS (not included in this integration given the special regulations to which it is subject) and that is able to successfully take on the major industry players, compete in major markets and take advantage of a technological, financial and production structure that will allow it to achieve significant cash flow generation and an adequate return on invested capital.
Equally important was the introduction of actions required to review the Group’s portfolio, concentrating capital invested in activities and sectors whose technologies and production structures enable us to gain market roles that allow the Group to maximise its ability to create and extract value. This could lead to the disposal of assets with a consequent reduction in net financial debt, confirming a strong liquidity position and preservation of the Group’s “investment grade” status.

Based on the results achieved by the Group at 31 March 2012 and its observance of the milestones for its plans to boost its competiveness, efficiency and reorganisation, as well as its introduction of actions to address strategic issues, we can confirm the projections for 2012 stated in the 2011 financial statements.

We expect revenues for the year to be between EUR 16.9 billion and EUR 17.3 billion, adjusted EBITA should become positive again in the Aeronautics and Transportation divisions (although the latter should remain negative in the vehicles segment), and should grow in the Defence and Security Electronics and Helicopters divisions. Therefore, adjusted EBITA should be around EUR 1,100 million, while we expect free operating cash flow to be positive thanks to an operational performance, before investments, that, after financing a portion of the restructuring costs accrued in 2011, borrowing costs and taxes, is expected to generate a positive cash flow of over EUR 900 million, while investments (after collection of the Law 808/85 grants) will absorb cash of about EUR 900 million.

PERFORMANCE BY SECTOR

(figures in EUR million)

Helicopters

Companies: **AgustaWestland**

New orders: amounted to EUR 826 million, a 21.5% increase from the same period of 2011 (EUR 680 million), and were broken down into 76% for helicopters (new helicopters and upgrading) and 24% for product support (spare parts and inspections), engineering and manufacturing. The increase was substantially attributable to the sale of new models of the AW169 and the AW189 (a total of 45 units), representing about 50% of the overall value of all new orders in the first quarter. Among the most important new orders received during the period in the *military-government* segment were the order for two AW139 helicopters for the Japan National Police Agency and the order for one AW109 helicopter for the Chilean military police. In the *civil-government* segment, new orders for 64 helicopters were received. The most important new orders received include those: from Gulf Helicopters for 15 AW189 helicopters and from Inaer Aviation Spain, an air rescue services provider, for five AW169 helicopters.

Order backlog was EUR 12,095 million, essentially in line with the figure at 31 December 2011 (EUR 12,121 million), and was broken down into 65% for helicopters (new helicopters and upgrading) and 35% for product support (spare parts and inspections), engineering and manufacturing; this value is sufficient to guarantee coverage of production for an equivalent of about three years.

Revenues were EUR 853 million, up by 4.7% from 31 March 2011 (EUR 815 million). This increase was mainly attributable to product support activity, which improved by 12% over the previous year, while helicopter components showed no significant changes.

Adjusted EBITA was EUR 88 million, up 8.6% compared with the EUR 81 million reported at 31 March 2011. This improvement is in line with the breakdown of revenues and is therefore correlated with the above mentioned increase in product support activity, which has high added value. **ROS** rose by 0.3% to 10.3% compared with 10% at 31 March 2011.

Headcount was 13,161, compared to 13,303 employees recorded at 31 December 2011; this decrease was due to the implementation of the plan to reorganise the Yeovil (UK) facility, involving the departure of up to 375 employees by the end of 2012.

Defence and Security Electronics

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

New orders: amounted to EUR 1,076 million, down by EUR 137 million from the same period of 2011 (EUR 1,213 million). Major new orders include: *avionics and electro-optical systems:* orders for the EFA programme, specifically avionics equipment and radar for the third tranche, as well as logistics; orders to design and build a spectrometer under the Aurora ExoMars space programme; the order from the Italian Navy for the ground station supporting ATOS surveillance systems on the ATR 72 aircraft as part of its P72A programme; the order for Unmanned Aerial Vehicle systems for a foreign country; customer support orders; *major integrated defence and security systems*: the supplemental contract with the Italian Ministry of Defence for systems support services for the management and development of the System Management & System Security Operation Centre under the main integrated defence network management programme; *command and control systems:* in the defence systems segment, the order from the Italian Navy for integrating the TESEO system on Orizzonte vessels, orders under the Medium Extended Air Defence System programme; *integrated communication networks and systems*: the order from NATO to design, implement and manage the Computer Incident Response Capability - Full Operating Capability programme for protecting data from threats and weak points as part of cyber security at numerous NATO command centres and locations in various countries, various orders under the EFA programme to supply a range of communication equipment, orders for communications systems for helicopter platforms; *information technology and security:* the order for the development and management of IT systems for the Ministry of Education, additional orders for the Russian postal service for systems under the revenue protection programme; *DRS:* the order for modular fuel tanks for the US army's Modular Fuel System, additional orders for Thermal Weapon Sight systems issued to soldiers, orders for support, technical assistance and logistics services for the Mast Mounted Sight system for the OH-58D Kiowa Warrior helicopter, additional orders for upgrades to the target acquisition sub-systems for Bradley fighting vehicles.

Order backlog was EUR 9,282 million compared with EUR 9,591 million at 31 December 2011. More than one-third of the order backlog relates to the *avionics and electro-optical systems* segment, while about one quarter relates to *command and control systems* and around one-fifth each to *major integrated systems* and to activities by *DRS*.

Revenues were EUR 1,276 million, down by 5% from 31 March 2011 (EUR 1,343 million), mainly due to lower activity in programmes for US armed forces (DRS). Revenues resulted mainly from the following segments: *avionics and electro-optical systems,* the continuation of activities relating to Defensive Aids Sub-System production and the production of avionics equipment and radar for the EFA programme, countermeasure systems, equipment for the helicopter and space programmes, combat and surveillance radar for other fixed-wing platforms, customer support and logistics; *major integrated defence and security systems,* continuation of the Forza NEC programme, progress on activities related to the Phase 2 Coastal Radar programme, continuation of work under the S.I.Co.Te. programme for the General Command of the Carabinieri Force; *command and control systems,* the continuation of activities relating to air traffic control programmes, in Italy and abroad, contracts for FREMM and upgrading Italian Navy vessels, progress in the Medium Extended Air Defence System international cooperation programme, the programme to supply Fixed Air Defence Radar for the domestic customer; *integrated communication systems and networks,* the continuation of activities relating to the construction of the national TETRA network, the development and manufacture of equipment for EFA and NH90, the provision of communication systems for the military both in Italy and the UK, the continuation of activities relating to the FREMM programme; *information technology and security,* activities relating to postal automation and industrial services, to monitoring and physical security for domestic customers and ICT services for public administration; *DRS,* additional orders for the Thermal Weapon Sight system issued to soldiers, additional deliveries for programmes to upgrade the target acquisition sub-systems for Bradley fighting vehicles, activity pertaining to the repair and provision of spare parts for the Mast Mounted Sight system for helicopters; the continuation of deliveries of rugged computers and displays, provision of services and products for Rapid Response contract and satellite communications services.

Adjusted EBITA was EUR 55 million, down from 31 March 2011 (EUR 98 million) due to the mentioned decline in production volumes for DRS and the deterioration in the mix of activities, particularly in the *information technology and security* and *integrated communication networks and systems* segments.

ROS was at 4.3%, compared with 7.3% at 31 March 2011.

Headcount was 26,539 as compared with 27,314 at 31 December 2011, a net decrease of 775 attributable to the on-going rationalisation process in all segments, particularly at DRS.

Aeronautics

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

(*) The data of the GIE-ATR Consortium are consolidated on a 50% proportional basis.

(**)The data of the Superjet International joint venture are consolidated on a 51% proportional basis.

New orders were EUR 873 million, up by EUR 338 million or 63.2% from the EUR 535 million reported at 31 March 2011, due to more orders in the *military* segment in relation to the EFA programmes and ATR aircraft special versions. The main orders received in the first quarter of 2012 included the following: in the *military* segment, for the EFA programme, the 5-year contract to provide technical and logistics support. This order is part of a broader agreement signed by the Eurofighter consortium with NETMA to provide support to the fleet of the four partner nations (Italy, Germany, Spain and the UK), for the Maritime Patrol version of the ATR 72, the additional order for logistics support for four aircraft, currently being produced, ordered by the Italian Air Force in 2008 for maritime patrol; in the *civil* segment, for the ATR aircraft, GIE-ATR received new orders for two ATR 72 aircraft from Lao Airlines

(Laos) and for customer support; for aerostructures, orders for additional lots of the B767, B777, A380 and A321 programmes and for engine nacelles.

Order backlog was EUR 8,929 million (EUR 8,656 million at 31 December 2011) and is expected to continue expanding over the medium/long term. The breakdown revealed a significant portion for the EFA (42%), B787 (17%), ATR (15%), M346 (5%) and C27J (3%) programmes.

Revenues were EUR 584 million, a slight increase of 3% from the EUR 567 million reported at 31 March 2011, due to greater activity in the *civil* segment, particularly the higher production rate for B787 and ATR aircraft that offset the decline in the military transport business (C27J and G222).

Adjusted EBITA was EUR 13 million, a EUR 9 million increase compared with the EUR 4 million reported at 31 March 2011. This increase was largely due to lower operating expenses and improved industrial efficiency following implementation of the restructuring and reorganisation plan last year, as more fully described in the report accompanying the 2011 consolidated financial statements. **ROS** was 2.2%, higher than 31 March 2011 (0.7%).

Headcount: numbered 12,162, a net increase of 169 from the 11,993 at 31 December 2011, essentially due to: the conversion of 393 persons from temporary to permanent employees, as provided by the agreement signed with the unions on 8 November 2011 and staff reduction and efficiency efforts undertaken as part of the on-going reorganisation and restructuring process.

Space

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

(*) All data relates to the two joint ventures - Telespazio and Thales Alenia Space – which are consolidated on a proportional basis at 67% and 33%, respectively.

New orders: in the first quarter of 2012, the Group acquired new orders for EUR 110 million, up by 7% compared with EUR 103 million at 31 March 2011. The most significant new orders for the period related to the following segments: in the *commercial telecommunications* segment, new orders for satellite telecommunications services; in the *military and government telecommunications* segment, additional tranches of orders from the Italian Space Agency (ASI) and the French Space Agency (CNES) for the Athena Fidus satellite and orders for military telecommunications satellite services; in the *earth observation* segment, additional tranches of orders for 3rd generation Meteosat satellites; orders for Cosmo and GeoEye data; in the *satellite navigation* segment, orders for the Egnos programme; in the *science programmes* segment, an additional tranche for the Bepi-Colombo and ExoMars programmes.

Order backlog: totalled EUR 2,387 million, a decrease of EUR 78 million from 31 December 2011 (EUR 2,465 million). The backlog at 31 March 2012 consisted of manufacturing activities (62%) and satellite services (38%).

Revenues were EUR 218 million, essentially in line with the same period of 2011 (EUR 219 million). Production mainly related to the continuation of activities in the following segments: in the *commercial telecommunications* segment for W3D, APSTAR 7 and 7B, and Yamal-401 and 402 satellites and payloads; the O3B and Iridium NEXT satellite constellations, the provision of telecommunications satellite services and the resale of satellite capacity; in the *military telecommunications* segment for the Sicral 2 and Athena Fidus satellites and the provision of satellite services; in the *earth observation* segment for the satellites for the Sentinel mission (Kopernikus programme, formerly the GMES programme), for the Göktürk satellite system for the Turkish Ministry of Defence; in the *science programmes* segment for the ExoMars programme; in the *satellite navigation* segment for the ground mission segment of the Galileo programme and activity for the Egnos programme.

Adjusted EBITA was EUR 10 million, up over the same period of 2011 (EUR 0 million). This improvement was due to higher profitability in the manufacturing segment (EUR 3 million), the different mix of satellite services (EUR 7 million) and the benefits deriving from the enactment of the efficiency plans. As a result, **ROS** amounted to 4.6%.

Headcount was 4,151, an increase of 12 employees from the 4,139 reported at 31 December 2011.

Defence Systems

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

(*) The data relating to the MBDA joint venture are consolidated on a 25% proportional basis.

New orders were EUR 314 million, up compared with the EUR 119 million posted at 31 March 2011, due to an important contract from the Indian Air Force in the *missile systems* segment. The following were the most important new orders for the period: in the *missile systems* segment, the order for Mica air-to-air missiles as part of the programme to upgrade the Indian Air Force's fleet of Mirage 2000 aircraft, various orders for customer support activities; in the *land, sea and air weapons systems* segment, logistics orders from various customers; in *underwater systems,* various contracts for heavy torpedoes and counter-measures business lines.

Order backlog was EUR 3,722 million at 31 March 2012 (EUR 3,656 million at 31 December 2011), of which about 65% related to missile systems.

Revenues were EUR 250 million, down by 4% from 31 March 2011 (EUR 260 million) due mainly to the decline reported in the *missile systems* segment. Revenues were the result of the following activities in the various segments: *missile systems:* activities for the production of Aster surface-to-air missiles and Spada aerial defence missile systems, activities relating to the development of the air defence system in connection with the Medium Extended Air Defence System programme, customer support; *land, sea and air weapons system:* the production of MAVs for the Italian Army, Hitfist turrets kits for Poland, FREMM programme activities, the production of SampT missile launchers, the production of machine guns for various foreign customers, logistics; *underwater systems:,* activities relating to the Black Shark heavy torpedo, the A244 light torpedo and to counter-measures and activities relating to the FREMM programme, logistics.

Adjusted EBITA*:* totalled EUR 15 million, up from the figure reported for 31 March 2011 (EUR 12 million), mainly due to better profitability in *underwater systems*. As a result, **ROS** amounted to 6% (4.6% at 31 March 2011).

Headcount was 4,018, down by 48 from the figure reported at 31 December 2011 (4,066).

Energy

Companies: **Ansaldo Energia** (*) (**)

(*) *On 13 June 2011 Finmeccanica sold 45% of the share capital of the Ansaldo Energia group to the US investment fund First Reserve Corporation. As a result of this sale, Ansaldo Energia Holding and its subsidiaries have been consolidated on a proportional basis as of the transaction date.*

(**) *In order to provide an accurate picture of the division's performance, changes in income statement items will be reported each time on a uniform basis of accounting for the periods compared, accompanied by an explanation of these changes.*

New orders in the first quarter of 2012 amounted to EUR 83 million, down by EUR 647 million from the same period of 2011 (EUR 730 million) as a result of changing the method of consolidation from line-by-line to proportional and to fewer new orders in the *plants and components* segment. During the first quarter of 2011, the segment benefited from the receipt of a new order from Turkey for an 800 MW combined-cycle plant and related scheduled maintenance (worth around EUR 638 million). However, using the same basis of accounting, new orders fell by EUR 319 million, attributable entirely to the abovementioned decline in the *plants and components* segment. The most significant new orders for the period include: in the *service* segment: the solutions contract (modifying parts of the turbine) related to the revamping of the turbo-alternator for the nuclear power plant in Argentina (Embalse); various field service contracts*;* in the *nuclear* segment: the engineering order for Argentina (Embalse) in *plant engineering*.

Order backlog was EUR 1,887 million, compared with EUR 1,939 million at 31 December 2011. Around 38.4% of the backlog mix was attributable to *plants and components*, 57.3% to *service* activities (69% of which scheduled maintenance contracts), 2.8% to the *nuclear* segment and the remaining 1.5% to *renewable energy*.

Revenues, at 31 March 2012, amounted to EUR 139 million, a decrease of EUR 127 million from the EUR 266 million reported for the same period of 2011. Using the same basis of accounting, revenues fell by EUR 7 million, mainly attributable to lower production volumes in the *plants and components* segment. The revenues in the *services* and *nuclear* segments remained essentially the same, while growth was reported in the *renewable energy* segment as a result of work on orders received in 2010. Revenues were mainly generated by the following activities in the following segments: in the *plants and components* segment: orders from Italy, Tunisia, Egypt, Turkey, France and Algeria; in the *service* segment: LTSAs for Italy (Rosignano, Rizziconi, Servola and various Enipower sites), gas turbine spare parts orders from Spain and the Dominican Republic and the order for components from Argentina; in the *nuclear* segment, for *plant engineering*, activities continued on the new AP1000 nuclear reactor for the China project with Westinghouse and on engineering to complete two VVER 440 reactors for the power station in Slovakia. In *waste and decommissioning*, work involved the treatment and storage of radioactive waste from submarines in Russia; *renewable energy,* in *photovoltaics*, production progressed on the Syracuse, Avellino and Lecce orders; in *wind*, work was carried out on the order to build a 66 MW wind farm in Avellino.

Adjusted EBITA: at 31 March 2012 was EUR 11 million, down by EUR 10 million from 31 March 2011 (EUR 21 million). Using the same basis of accounting, adjusted EBITA fell by EUR 1 million, due to lower revenues in *plants and components*. **ROS** at 31 March 2012 stood at 7.9%, in line with the first quarter of 2011.

Headcount: stood at 1,866 at 31 March 2012, compared with 1,872 at 31 December 2011, a decrease of 6 employees.

Transportation

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

New orders were EUR 267 million, down by EUR 372 million from the same period of 2011 (EUR 639 million), due mainly to the *signalling and transportation solutions* segment where, in the first quarter of 2011, significant new orders were reported in both *signalling* (Turin-Padua line) and *transportation solutions* (Milan metro Line 5 extension). The following were the most important new orders for the period: in the *signalling* segment, the contract with Southeastern Pennsylvania Transportation Authority for the integrated Positive Train Control system, the systems integration order for the new Shah-Habshan-Ruwais line in the United Arab Emirates, various component and service & maintenances orders; in *transportation solutions,* the order from Rio Tinto for the Automatic Train Operations system in Australia; for the *vehicles* segment: service orders; for the *bus* segment: orders for a total of 3 buses and various orders for post-sale services.

Order backlog: amounted to EUR 8,140 million, down by EUR 177 million from 31 December 2011 (EUR 8,317 million). The order backlog breaks down as follows: 66.1% for *signalling and transportation solutions*, 33.7% for *vehicles* and 0.2% for *buses*.

Revenues were EUR 447 million compared to EUR 458 million in the first quarter of 2011. The production mainly included: in *signalling:* projects related to high-speed trains, train control systems and the Turin-Padua route in Italy, orders for the Bogazkopru-Ulukisla-Yenice and Mersin-Toprakkale lines and for the Ankara metro in Turkey, orders for Australian Rail Track in Australia, the Union Pacific Railroad project in the US; various component orders; in *transportation solutions:* the metro systems of Copenhagen, Naples Line 6, Rome Line C, Brescia, Genoa and Riyadh (Saudi Arabia), projects for Rio Tinto in Australia; for the *vehicles* segment: trains for the Danish railways; double-decker train cars for Trenitalia, trains for the Dutch and Belgian railways, trains for the Milan, Fortaleza (Brazil) and Riyadh (Saudi Arabia) metros, Sirio tram orders for Goteborg (Sweden) and various service orders; for the *bus* segment: various orders for buses (78% of revenues for the segment) and for post-sale services.

Adjusted EBITA was EUR 8 million, down by EUR 14 million from the first quarter of the previous year (EUR 22 million), mostly attributable to the *vehicles* segment, which, despite generating higher revenues than at 31 March 2011, still has negative profitability, although this is in line with management forecasts and is basically due to the production mix. Finally, the efficiency measures provided under the EOS project, started by AnsaldoBreda's management, continue, as largely explained in the 2011 consolidated financial statements. The *signalling and transportation solutions* segment also reported a decline in adjusted EBITA due to lower revenues in the period due to the completion of a number of projects in *signalling* and a different production mix.

Headcount: stood at 6,858 at 31 March 2012, an 18 employee decrease from the 6,876 reported at 31 December 2011.

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The officer in charge of preparing the company's accounting documents, Alessandro Pansa, hereby declares, in accordance with the provisions of Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information included in this press release corresponds to the accounting records, books and supporting documentation.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

€mil.	1Q 2012	1Q 2011	*Chg. % y/y*
Revenues	**3,686**	**3,855**	*(4%)*
Costs for purchases and personnel	(3,369)	(3,497)	
Depreciation and amortisation	(134)	(135)	
Other net operating revenues (costs)	(10)	(8)	
EBITA Adj (*)	**173**	**215**	
ROS %	*4.7%*	*5.6%*	
Non-recurring revenues (costs)	-		
Restructuring costs	(9)	(13)	
PPA amortisation	(22)	(21)	
EBIT	**142**	**181**	
EBIT margin	*3.9%*	*4.7%*	
Net finance income (costs)	(91)	(119)	
Income taxes	(26)	(55)	
Net profit before discontinued operations	**25**	**7**	
Profit of discontinued operations	-	-	
Net profit	**25**	**7**	
Group	*18*	-	
Minorities	*7*	*7*	
EPS (EUR)			
Basic	*0.031*	-	
Diluted	*0.031*	-	
EPS of continuing operations (EUR)			
Basic	*0.031*	-	
Diluted	*0.031*	-	

(*) 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.

BALANCE SHEET		
€mil.	**31.03.2012**	**31.12.2011**
Non-current assets	13,446	13,543
Non-current liabilities	(4,002)	(4,145)
	9,444	**9,398**
Inventories	4,694	4,486
Trade receivables	9,069	8,932
Trade payables	(12,737)	(13,162)
Working capital	**1,026**	**256**
Provisions for short-term risks and charges	(879)	(932)
Other current net assets (liabilities)	(470)	(676)
Net working capital	**(323)**	**(1,352)**
Net invested capital	**9,121**	**8,046**
Capital and reserves attributable to equity holders of the Company	4,298	4,301
Minority interests	308	303
Shareholders' equity	**4,606**	**4,604**
Net debt (cash)	**4,515**	**3,443**
Net liabilities (assets) held for sale	**-**	**(1)**

CASH FLOW		
€mil.	**1Q 2012**	**1Q 2011**
Cash and cash equivalents at 1 January	**1,331**	**1,854**
Gross cash flow from operating activities	320	373
Changes in other operating assets and liabilities	(403)	(372)
Funds From Operations (FFO)	**(83)**	**1**
Changes in working capital	(892)	(811)
Cash flow generated from (used in) operating activities	**(975)**	**(810)**
Cash flow from ordinary investing activities	(163)	(188)
Free operating cash flow (FOCF)	**(1,138)**	**(998)**
Strategic operations	-	(4)
Change in other investing activities	(13)	6
Cash flow generated (used) by investment activities	**(176)**	**(186)**
Cash flow from financing activities	763	(75)
Dividends paid	-	-
Cash flow generated (used) by financing activities	**763**	**(75)**
Exchange gains/losses and other movements	-	(14)
Cash and cash equivalents at 31 December	**943**	**769**

FINANCIAL POSITION		
€mil.	**31.03.2012**	**31.12.2011**
Short-term financial payables	1,063	414
Medium/long-term financial payable	4,322	4,397
Cash and cash equivalents	(943)	(1,331)
BANK DEBT AND BONDS	**4,442**	**3,480**
Securities	(38)	(40)
Financial receivables from Group companies	(186)	(184)
Other financial receivables	(824)	(887)
FINANCIAL RECEIVABLES AND SECURITIES	**(1,048)**	**(1,111)**
Financial payables to related parties	982	949
Other short-term financial payables	77	66
Other medium/long-term financial payables	62	59
OTHER FINANCIAL PAYABLES	**1,121**	**1,074**
NET FINANCIAL DEBT (CASH)	**4,515**	**3,443**

SHARE DATA			
	1Q 2012	**1Q 2011**	***Chg. y/y %***
Average number of shares in period (thousands)	578,118	577,438	*0.1%*
Net result (not including minority interests) (€mil.)	18	-	
Result of continuing operations (not including minority interests) (€mil.)	18	-	
BASIC EPS (EUR)	**0.031**	**-**	
Basic EPS from continuing operations	**0.031**	**-**	
Average number of shares for the period (in thousands)	578,118	578,097	*0.0%*
Result adjusted (not including minority interests) (€mil.)	18	-	
Adjusted result of continuing operations (not including minority interests) (€mil.)	18	-	
DILUTED EPS (EUR)	**0.031**	**-**	
Diluted EPS from continuing operations	**0.031**	**-**	

1Q 2012 (EUR million)	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities	Eliminations	Total
New orders	826	1,076	873	110	314	83	267	7	(76)	**3,480**
Order backlog	12,095	9,282	8,929	2,387	3,722	1,887	8,140	228	(949)	**45,721**
Revenues	853	1,276	584	218	250	139	447	63	(144)	**3,686**
EBITA Adj (*)	**88**	**55**	**13**	**10**	**15**	**11**	**8**	**(27)**		**173**
ROS (%)	*10.3%*	*4.3%*	*2.2%*	*4.6%*	*6.0%*	*7.9%*	*1.8%*	*n.a.*		*4.7%*
EBIT	**86**	**29**	**13**	**10**	**14**	**11**	**6**	**(27)**		**142**
Depreciation and amortisation	34	56	31	8	7	3	6	11		**156**
Investment in non-current assets	42	42	68	6	7	5	5	4	-	**179**
Research and development costs	90	165	67	11	61	4	11	-		**409**
Headcount	13,161	26,539	12,162	4,151	4,018	1,866	6,858	897		**69,652**

1Q 2011 (EUR million)	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities	Eliminations	Total
New orders	680	1,213	535	103	119	730	639	15	(218)	**3,816**
Order backlog (12/31/2011)	12,121	9,591	8,656	2,465	3,656	1,939	8,317	256	(996)	**46,005**
Revenues	815	1,343	567	219	260	266	458	49	(122)	**3,855**
EBITA Adj (*)	**81**	**98**	**4**	**-**	**12**	**21**	**22**	**(23)**		**215**
ROS (%)	*10.0%*	*7.3%*	*0.7%*	*n.a.*	*4.6%*	*7.9%*	*4.8%*	*n.a.*		*5.6%*
EBIT	**79**	**77**	**(4)**	**-**	**10**	**21**	**21**	**(23)**		**181**
Depreciation and amortisation	35	53	29	8	7	6	5	13		**156**
Investment in non-current assets	39	35	50	6	8	6	4	2		**150**
Research and development costs	77	148	62	19	59	6	13	0		**384**
Headcount (12/31/2011)	13,303	27,314	11,993	4,139	4,066	1,872	6,876	911		**70,474**

(*) 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.