



Finmeccanica First Half 2008 Results Presentation

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Safe Harbor Statement



NOTE: Some of the statements included in this document are not historical facts but rather statements of future expectations, also related to future economic and financial performance, to be considered forward-looking statements. These forward-looking statements are based on Company's views and assumptions as of the date of the statements and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Given these uncertainties, you should not rely on forward-looking statements.

The following factors could affect our forward-looking statements: the ability to obtain or the timing of obtaining future government awards; the availability of government funding and customer requirements both domestically and internationally; changes in government or customer priorities due to program reviews or revisions to strategic objectives (including changes in priorities to respond to terrorist threats or to improve homeland security); difficulties in developing and producing operationally advanced technology systems; the competitive environment; economic business and political conditions domestically and internationally; program performance and the timing of contract payments; the timing and customer acceptance of product deliveries and launches; our ability to achieve or realize savings for our customers or ourselves through our global cost-cutting program and other financial management programs; and the outcome of contingencies (including completion of any acquisitions and divestitures, litigation and environmental remediation efforts).

These are only some of the numerous factors that may affect the forward-looking statements contained in this document.

Introduction

Pier Francesco Guarguaglini

Financial & Business Review

Alessandro Pansa

Business Strategy

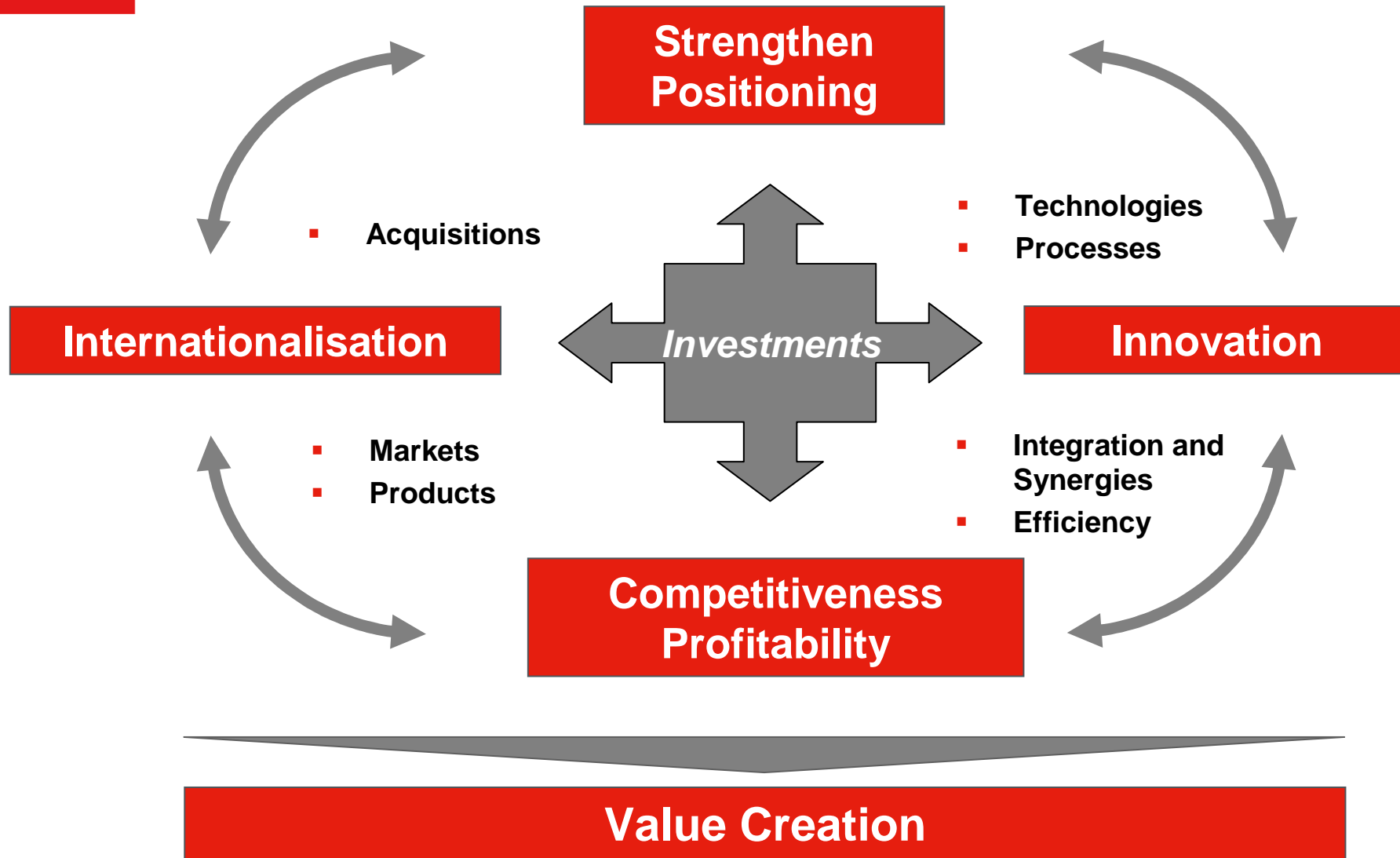
Pier Francesco Guarguaglini

Appendix

Pier Francesco Guarguaglini

Introduction

- Finmeccanica has a clear strategy in place since September 2004 with neither U turns nor deviations
- Crucial to maintain intact successful and consistent strategy given the long term nature of Aerospace, Defence & Security
- Our strategy is delivering results because it is the right strategy and it has not been modified



1H 2008 results in line with our strategic commitments



Innovation

- More than 95% of R&D investments devoted to A,D&S (ca. 77% Strategic Pillars)

Competitiveness Profitability

- EBITA Adj margin up from 5.8% in 1H07 to 6.2% in 1H08

Internationalisation

- Atak helicopter for Turkey €1.1bn; regional SuperJet100 \$1.4bn orders (48 a/c); Missiles for Pakistan ca. €450mln

Strengthened Positioning

- Total Revenues up 6% from €6.1bn in 1H07 to €6.4bn in 1H08 (100% organic)

Value Creation

- EVA increased from negative €32mln in 1H07 to €17mh in 1H08

Alessandro Pansa

Financial & Business Review

- **No material impact of financial market turbulence on industrial activity**
- **Excellent creditworthiness on debt markets confirmed**
- **All economic and financial guidance targets confirmed**
- **No major distractions from DRS acquisition**

Net impact of high oil demand and price beneficial to Finmeccanica:

- ✓ Limited exposure to civil aeronautics
- ✓ Boost to ATR Turboprop demand
- ✓ Positive impact on rail developments long term
- ✓ Demand booming for power generation

Large backlog based on long term Aerospace & Defence contracts and programmes

- ✓ Recessionary impact on defence budgets would impact Finmeccanica business only indirectly over longer term

Well placed to withstand difficult economic environment

1H 2008 Results vs 1H 2007

- Revenues up 6% to €6,433mln ↑
- Ebita Adjusted* up 14% to €400mln ↑
- Net profit up 68% to €297mln, including capital gain from STM share sale of €54mln ↑
- Net debt up 15% to €2,607mln. FOCF down 10% to negative €1,347mln ↓
- Orders up 5% to €6,809mln ↑
- Backlog at €39bn, equivalent to approx. 3 years of production
- Working capital flat vs 1H07
- EVA positive for €17mln and ROI increased to 15.5%

*EBITA Adjusted: Operating result before:

-any impairment in goodwill;

-amortisations of intangibles acquired under business combination;

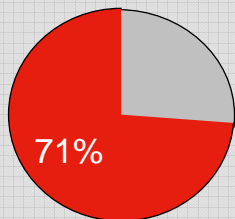
-reorganization costs that are a part of significant, defined plans;

-other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.



(€mln)	1H 08	1H 07	FY07
Revenues	1,469	1,478	2,980
EBITA Adj	158	154	377
EBITA Adj Margin	10.8%	10.4%	12.7%
Orders	1,618	1,470	3,970
Backlog	8,874	9,004*	9,004

Defence Revenues



*Backlog at 31/12/2007

1H 2008

- Strong order growth driven by both military and civil sector
- Profitability mainly driven by increase in volumes for commercial sector (AW139, AW109)

Recent Events

- 18 AW139 for Qatar, contract value of approx. €260mln
- Heads of agreement signed with Oboronprom Corporation for AW139 Final Assembly In Russia
- T129Atak Turkey (Tactical Reconnaissance and Attak Helicopter): final contract signed, tot value ca.€1.1bn

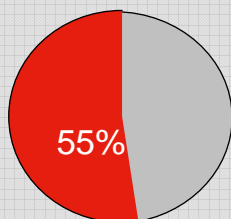
Outlook 2008

- High order intake
- Deliveries increase (vs 2007) on commercial and international BUs
- Profitability above 10%



(€mln)	1H 08	1H 07	FY07
Revenues	1,628	1,607	3,826
EBITA Adj	98	100	427
EBITA Adj Margin	6%	6.2%	11.2%
Orders	1,951	1,794	5,240
Backlog	8,759	8,725*	8,725

Defence Revenues



*Backlog at 31/12/2007

1H 2008

- Relevant orders for further tranche of FREMM programme and information technology and Security
- Revenues and Ebita Adj.in line with 1H 07, driven by avionics (EFA and Countermeasures) and IT and Security

Recent Events

- Selex Galileo delivery of the 1000°NEMESIS Direction al Infrared Countermeasure
- ATC contract worth \$105mln (Qatar)

Outlook 2008

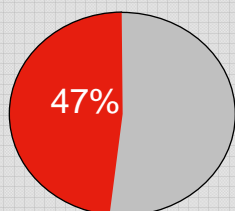
- Increase in 2H revenues driven particularly by UK avionics, communications, IT and security applications
- Profitability improves in 2H



(€mln) 1H 08 1H 07 FY 07

Revenues	1,062	953	2,306
EBITA Adj	70	68	240
EBITA Adj Margin	6.6%	7,1%	10.4%
Orders	844	1,148	3,104
Backlog	7,841	8,248*	8,248

Defence Revenues



*Backlog at 31/12/2007

1H 2008

- Revenue growth driven by ATR and aerostructures for B787 and A380
- Orders slightly decrease vs 1H 2007 mainly due to high order acquisitions in 1H 07 on ATR and EFA

Recent Events

- SuperJet 100: agreements signed for 122 a/c so far (of which 48, worth \$1.38bn, at Farnborough Airshow)

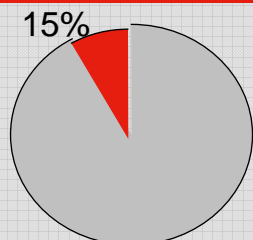
Outlook 2008

- Increase in revenues driven particularly by production of ATR, B787 and EFA
- Profitability improves in 2H



(€mln)	1H 08	1H 07	FY 07
Revenues	451	377	853
EBITA Adj	15	15	61
EBITA Adj Margin	3.3%	4%	7.2%
Orders	416	325	979
Backlog	1,407	1,423*	1,423

Defence Revenues



*Backlog at 31/12/2007

1H 2008

- Revenues up 20% thanks to service and manufacturing (GMES, Sycral 1B and Cosmo-Sky Med)
- Order increase mainly for phase IOV (In Orbit Validation) on Galileo programme and commercial TLC satellites

Recent Events

- Joint Venture between Telespazio and Italian Space Agency (ASI) for COSMO-SkyMed

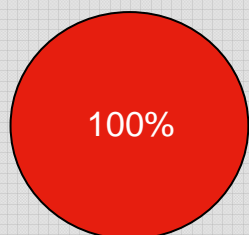
Outlook 2008

- Revenue growth driven by Defence, Earth observation, value added orders (Service) and commercial activities (manufacturing)
- Increase in 2H profitability driven by further industrial efficiencies (services) and integration benefits (manufacturing)



(€mln)	1H 08	1H 07	FY 07
Revenues	513	497	1,130
EBITA Adj	42	29	125
EBITA Adj Margin	8.2%	5.8%	11.1%
Orders	506	266	981
Backlog	3,997	4,099*	4,099

Defence Revenues



*Backlog at 31/12/2007

1H 2008

- Ebita adj increase thanks to a better profitability in Missiles and Underwater
- Revenue growth driven by Underwater, Land (VBM and SICCONA) and Naval armaments

Outlook 2008

- Growth in revenues driven by naval, land and underwater
- Further improvement in 2H possible from missiles



Transport

(€mln)	1H 08	1H 07	FY 07
Revenues	813	725	1,356
EBITA Adj	50	17	(110)
EBITA Adj Margin	6.2%	2.3%	(8.1%)
Orders	564	595	1,786
Backlog	4,835	5,108*	5,108

*Backlog at 31/12/2007



Energy

(€mln)	1H 08	1H 07	FY 07
Revenues	512	477	1,049
EBITA Adj	37	31	93
EBITA Adj Margin	7.2%	6.5%	8.9%
Orders	1,063	599	1,801
Backlog	3,733	3,177*	3,177

1H 2008

- Significant growth of Ebita adj mainly due to recover in Vehicles
- Good order inflow from Signalling (China, Sweden and Tunisia) and Vehicles
- Revenue growth due to improvements in all segments

Recent Events

- Railway systems project won in Malaysia, tot value for STS €135mln
- Contract, for STS, for Sao Paulo Commuter Rail Line 7 and Line 12
- Order, for Vehicles, to supply SIRIO trams to Turkey

Outlook 2008

- Signalling & Systems on track to achieve 2008 targets
- Rolling Stock operating breakeven confirmed in 2008

1H 2008

- Orders up 77% mainly due to acquisitions in Components (foreign markets) and to a combined cycle Plant for the domestic market (Turano site)
- Ebita adj improves due to an increase in volumes of production and to a better profitability in some projects

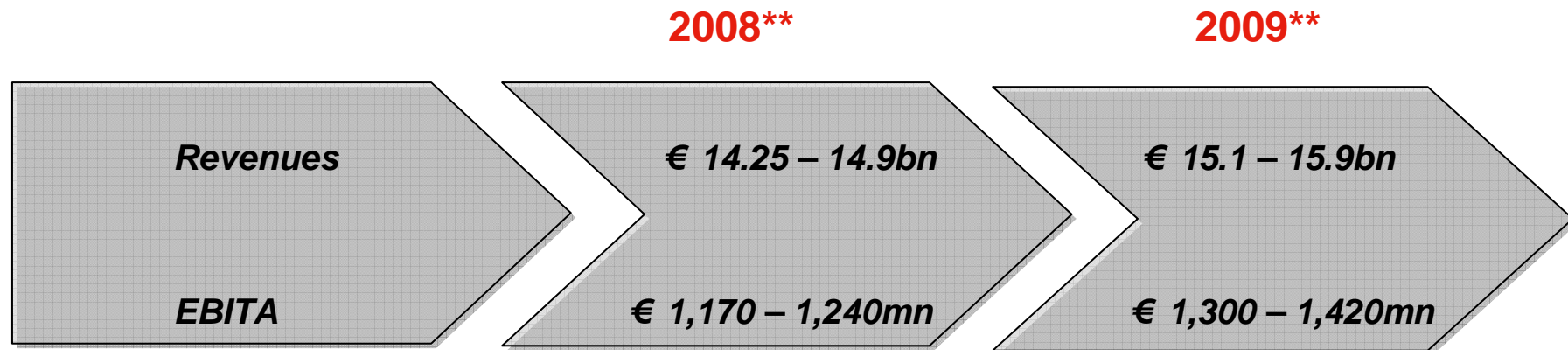
Recent Events

- First contract with Atel signed tot value of approx. € 251 mln

Outlook 2008

- Exceptional performance driven by higher order intake for plants and equipments, mainly abroad
- Growth in volumes and profitability especially on New Units segment (plant and components)

Guidance confirmed (excl. DRS Technologies' acquisition)



- Cumulative FOCF* 2008-2010 €1.3–1.5bn; 2008 in line with 2007
- Dividend policy: increase together with profits
- Optimal capital structure: Net debt/Equity <35-40%
- Net bank debt/EBITDA <1.8

*Free Operating Cash Flow: Operating Cash after investments, net financial charges and tax

**DRS Technologies' figures not included

Guidance 2010 (excl. DRS Technologies' acquisition)



(€M)	2007A			<i>Stretch 2010 Targets</i>		
	Revenues	Ebit	Ebit margin	Revenues	Ebit	Ebit margin
Strategic Pillars*	9,112	953	10.5%	11,960	1,280	10.7%
Space & Defence Systems	1,983	163	8.2%	2,350	230	9.8%
Transport, Energy and Others	2,750	(71)	(2.6%)	3,090	140	4.5%
TOTAL	13,845			17,400	1,650	-
Eliminations	(416)			(900)**	-	-
TOTAL	13,429	1,045	7.8%	16,500	1,650	10.0%

*Helicopters; Aeronautics; Defence Electronics

** Estimated



Pier Francesco Guarguaglini

Business Strategy

- 1 Drive further growth of three Strategic Pillars, both organically and through acquisitions particularly in UK and US
- 2 } Exploit specific companies' excellences to conclude wider strategic alliances
Leverage on companies' capabilities in civil sectors to capture value in growing businesses }
- 3 Establish and develop new local partnerships to achieve strong footprint in selected growing markets and to further expand the supply chain to US\$ countries
- 4 Further develop new enabling technologies and rationalize / innovate product portfolio
- 5 Resolve residual criticalities through restructuring and industrial partnerships
- 6 Strengthen the Industrial Plan '08 – '10 to secure profitability targets through implementing additional efficiency measures
- 7 Enhance management accountability by increasing incentives based on performance related remuneration

Creating Value for our Shareholders

- ➔ aimed at increasing footprint in key markets, improving skills/capabilities as a solution provider and further strengthening UK and US presence

USA:

- **DRS Technologies**, defence technology leader providing integrated products, services and support mainly for the US DoD and other Government customers. ➔ Transaction expected to close by the end of Q4 2008
- **Reles** Law Enforcement solutions provider with distinctive skills in advanced imaging for surveillance and recognition ➔ Acquisition completed in October 2007

EU: Eurotech, leading company in research, development, production and sale of hi tech products/services to aerospace, transport, security and manufacturing companies ➔ 11.1% stake acquired in May 2008

UK: Vega Defence, Aerospace and Government services provider offering engineering, technology consulting services, managed solutions and competences as Lead System Integrator ➔ Fully consolidated from December 2007

Large Programmes Driving Growth Over Next Five Years (1/2)



EXPECTED

Helicopters

- VH-71 Presidential helicopter increment 2
- AW101 export
- AW139 best selling helicopter with > 420 orders expected over 2008-2012, of which 43 signed in 1H08

Defence Electronics

- Eurofighter Tr.3 & Saudi worth €3bn for avionics
- Forza Nec, Battleground Digitalisation worth €1bn
- Tetra, Secure Comms, for Italian Police
- Fremm, Naval Frigates, for Italian Navy worth €600mln
- Italian Civil Protection programme worth > €200mln

Aeronautics

- Eurofighter Tr.3 & Saudi Arabia
- C-27J export opp. (in addition to US JCA)
- B787: 300 a/c in backlog, >550 still to be received from Boeing
- M346, 14 a/c for Italian AF (1st order expected by 2008), additional opportunities (i.e. UAE shortlisted)

OPPORTUNITIES

Helicopters

- Combat Search&Rescue in USA (in 2008)
- CH47+ AW101 in UK
- Integrated Operational Support for UK MoD rotary wing fleet

Defence Electronics

- Border Control programmes in different countries (Middle Eastern, Arabic and North African countries)
- Avionics equipment for additional Eurofighter export opportunities

Aeronautics

- M346 additional export sales (i.e., Singapore, Chile, Saudi, others)
- Eurofighter additional opp. (Japan, Brazil, Turkey, India, Greece, Romania, Switzerland)
- JSF involvement over next decade starting 2011/12

Large Programmes Driving Growth Over Next Five Years (2/2)



EXPECTED

Space

- Sicral, Defence & Security, ca. €240mln
- Egnos/Galileo, Infomobility, ca. €260mln
- Cosmo, Earth Observation, ca. €290mln

Defence Systems

- Forza Nec, Battleground Digitalisation ca. €250mln
- Black Shark (Italy & export) worth €400mln
- Fremm, Naval Frigates, ca. €100mln over 2008-2012

Energy

- New Turbines: Europe, Middle East & North Africa worth €2bn
- Service ca. €2bn expected over 2008-2012

Transport

- Saudi, High Speed Mecca-Medina worth \$1.7bn
- Russia, Regional trains worth €600mln (i.e Sochi Winter Olympics 2014)
- Italy High Speed and Regional ca. €1bn over 2008-2012

OPPORTUNITIES

Space

- Commercial segment ca € 300 mln
- Security and Earth Observation for Europe and Middle East ca. € 200 mln

Defence Systems

- Eurofighter Saudi €1-3bn for missiles

Energy

- New Turbines Russia & CIS worth €1bn
- Service worth €1bn
- Nuclear & Renewables ca. €500mln

Transport

- High Speed opportunities worldwide ca. €2bn
- Asia, Driverless Systems worth €400mln

Exploit niche excellences



Leveraging on **Space Alliance** to further exploit our competencies and complementary assets in satellite systems and services to significantly strengthen positioning as major European Space player



Establishing Italian-French cooperation agreement to create a leading player in **Underwater Systems**: working with DCNS and Thales for a structural alliance aimed at strengthening the European defence industry and creating a leading world player in this segment



Exploiting further opportunities in **Land and Naval Armaments**



✓ **Energy**: Strategies as Original Equipment Manufacturer (OEM) and Original Service Provider (OSP) confirmed by continuously growing business performance in Energy. Focus on further strengthening OEM & OSP roles, with some targeted investments in Renewables



✓ Return to profitability of **Rolling Stock** on track, aiming at playing a key role as preferred supplier for urban rolling stock and the new Italian High Speed train fleet (Industrial and commercial partnership with Bombardier)



✓ Obtain benefits (in terms of market and volumes) from integration of **Signalling** and Systems businesses to improve competitiveness



- Long term commercial and industrial commitment
- Partnerships with domestic industries
- Local investments aimed at exploiting domestic skills based on contribution of our know how and technologies

We are expanding our commercial and manufacturing operations into high potential growth markets

- ✓ **Turkey** (i.e. T129Atak for military programmes)
- ✓ **Gulf region** (i.e. Trainers, Security Systems)
- ✓ **Mediterranean Basin** (i.e. Aeronautics and Defence Electronics)
- ✓ **India** (i.e. Helicopters, Defence Electronics, Aeronautics, Underwater Systems)
- ✓ **Japan** (i.e. Helicopters)

In order to

- ✓ integrate our technological product expertise with that of local players
- ✓ increase commercial opportunities
- ✓ reduce risks and investments
- ✓ speed the time to market

Finmeccanica invests in strategic technologies, anticipating proactively market needs & customer expectations, and enhancing industrial efficiency, with the objective of improving competitive advantage



BA609 Tiltrotor



Sky-Y UAV



Large Systems for Defence and Security

Need for security

- integrated solutions to complex problems for institutional and business clients
- effective and creative responses to requirements of security, which
 - ✓ are no longer a simple adjunct to defence activities but a business sector with well-defined characteristics
 - ✓ adds another dimension to all systems and infrastructure

First step of restructuring successfully completed and on track to achieve expected targets for:

- Space Manufacturing and Services (Telespazio),
- Security and Automation (ElsagDatamat),
- Military Communications (Selex Comms)

Programmes underway:


- Aircraft Modification and Maintenance (Alenia Aeronavali) to be completed by 2009
 - Industrial mission redefined: industrial and managerial capacity to be devoted to Aeronautics new Regional Jet (i.e. Superjet Intl.) and Helicopters (i.e. NH90)
 - Optimisation of workloads throughout the Group
- Transport Rolling Stock (Ansaldo Breda) to be completed in 2008
 - Reorganisation plan completed
 - On track to achieve break-even by the end of 2008
 - Industrial plan revised: main key technical issues solved; managing some few residual criticalities with specific customers

2007 was a year of strong achievements for the Group

Performance of first six months of 2008 confirm our capability to meet targets set for 2008

Over 2008-2010 we will continue to pursue our strategy based on

- ✓ Growing organically and through acquisitions**
- ✓ Leveraging high exposure to large defence programmes and further expand internationally**
- ✓ Resolving residual criticalities and completing implementation of our industrial plan**



**In order to achieve
our 2010 targets**

Appendix

Recent achievements (Q2) confirming growth opportunities (1/2)



Helicopters

- ✓ Agreement signed with Boeing for the joint manufacture of new **CH-47F** Chinook helicopters for the **Italian Army** (worth €800mln)
- ✓ Heads of agreement signed with Oboronprom Corporation for **AW139** Final Assembly In **Russia**
- ✓ Kaigai Aviatech Corporation to establish spare parts centre for AgustaWestland in **Japan**
- ✓ **AW139**: contract signed in **Qatar**, 18 helos worth €260mln
- ✓ **T129Atak Turkey** (Tactical Reconnaissance and Attak Helicopter): final agreement signed, tot value ca.€1.1bn

Defence Electronics

- ✓ SELEX Galileo: delivery of the 1000th NEMESIS Directional Infrared Countermeasure (**DIRCM**)
- ✓ **Efa**, new orders for ca. € 180 mln
- ✓ **Fremm**, worth € 260mln
- ✓ ATC **Qatar** worth \$ 105mln

Aeronautics

- ✓ **SuperJet100** signed agreements for 122 a/c so far (of which 48, worth \$1.38bn, at Farnborough Airshow)
- ✓ New orders for **Eurofighter**

Recent achievements (Q2) confirming growth opportunities (2/2)



Space

- ✓ New orders for **GMES (€12mln)** and **Koreasat6 (€23mln)** signed in 2Q
- ✓ ASI and Telespazio signed a JV for **COSMO-SkyMed** to promote worldwide selling of images and other value added services based on data collected by the satellite

Defence Systems

- ✓ **Missiles: Pakistan** contract signed, total value ca. €450mln
- ✓ **Land and Naval Armaments:** new orders from **France**
- ✓ **Underwater systems:** new orders from **France** and **Morocco**

Energy

- ✓ **Russia:** contract for 4 steam turbines tot value ca. € 100 mln
- ✓ **Israel:** contract for a gas turbine tot value € 27 mln
- ✓ **Hungary:** contract for gas turbine and Service total value of approx. € 77 mln

Transport

- ✓ Ansaldo Breda wins a €106mln contract to supply SIRIO trams to **Turkey**
- ✓ Ansaldo STS wins a \$36mln contract to provide a Signalling system to **Brasil**; new contracts signed in **China, Italy, Australia** and **Malaysia**

1H 2008 Selected Data



(Eur mln)	1H 08	1H 07	FY 07
Revenues	6,433	6,079	13,429
EBITA* Adjusted Margin	400 6.2%	351 5.8%	1,045 7.8%
Net income <i>Excluding capital gain</i>	297 <i>243</i>	177	521
EPS (cents) adj	53	37	110
New orders	6,809	6,478	17,916
Order Backlog	36,245	36,245	39,304
Working Capital	503	531	(693)
FOCF	(1,390)	(1,244)	375
Net Financial Debt	2,607	2,268	1,158
Debt/Equity	50%	42%	21%
ROI	15.5%	14.8%	18.9%
EVA	17	(32)	227

*EBITA Adjusted: 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

CONSOLIDATED PROFIT AND LOSS ACCOUNT



CONSOLIDATED PROFIT AND LOSS ACCOUNT			
€mil.	1H 2008	1H 2007	Change %
Revenues	6.433	6.079	6%
Costs for purchases and personnel	(5.811)	(5540) (**)	
Depreciation and amortisation	(205)	(204)	
Other net operating revenues (costs)	(17)	16	
Adj EBITA (*)	400	351	14%
<i>Adj EBITA (*) margin</i>	<i>6,2%</i>	<i>5,8%</i>	
Non-recurring revenues (costs)	-	-	
Restructuring costs	(14)	(11)	
PPA amortisation	(11)	(12)	
EBIT	375	328	14%
<i>EBIT margin</i>	<i>5,8%</i>	<i>5,4%</i>	
Net finance income (costs)	10	(59) (**)	
Income taxes	(88)	(92)	
Net profit before discontinued operations	297	177	68%
Profit of discontinued operations	-	-	
Net profit	297	177	68%
<i>Group</i>	<i>278</i>	<i>159</i>	
<i>Minorities</i>	<i>19</i>	<i>18</i>	
EPS (EUR)			
<i>Basic</i>	<i>0,655</i>	<i>0,38</i>	
<i>Diluted</i>	<i>0,654</i>	<i>0,37</i>	
EPS of continuing operations (EUR)			
<i>Basic</i>	<i>0,655</i>	<i>0,38</i>	
<i>Diluted</i>	<i>0,654</i>	<i>0,37</i>	

(*) Operating result before:

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

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

CONSOLIDATED BALANCE SHEET



BALANCE SHEET		
	€mil.	
	1H 2008	1H 2007
Non-current assets	9.705	9.845
Non-current liabilities	(2.467)	(2.562)
	7.238	7.283
Inventories	3.945	3.383
Trade receivables	8.210	7.546
Trade payables	(10.559)	(10.481)
Provisions for short-term risks and charges	(480)	(545)
Other current net assets (liabilities)	(613)	(596)
Net working capital	503	(693)
Net invested capital	7.741	6.590
Capital and reserves attributable to equity holders of the Company	5.028	5.329
Minority interests	106	103
Shareholders' equity	5.134	5.432
Net debt (cash)	2.607	1.158
Net liabilities (assets) held for sale	-	-

Financial Position		
	€mil.	
	30.06.2008	31.12.2007
Short-term financial payables	1.018	484
Medium/long-term financial payable	1.538	1.556
Cash and cash equivalents	(314)	(1.607)
BANK DEBT AND BONDS	2.242	433
Securities	(33)	(13)
Financial receivables from Group companies	(26)	(33)
Other financial receivables	(595)	(573)
FINANCIAL RECEIVABLES AND SECURITIES	(654)	(619)
Financial payables to related parties	539	560
Other short-term financial payables	360	665
Other medium/long-term financial payables	120	119
OTHER FINANCIAL PAYABLES	1.019	1.344
NET FINANCIAL DEBT (CASH)	2.607	1.158
Net financial debt (cash and cash equivalents) of discontinued operations	-	-

CASH FLOW			
	€mil.	1H 2008	1H 2007
Cash and cash equivalents at 1 January		1.607	2.003
Gross cash flow from operating activities		635	669
Financial charges paid		(40)	(66)
Income taxes paid		(67)	(91)
Changes in other operating assets and liabilities		(183)	(208)
Funds From Operations (FFO)		345	304
Changes in working capital		(1.135)	(956)
Cash flow generated from (used in) operating activities		(790)	(652)
Investment in tangible and intangible assets after disposals		(557)	(572)
Free operating cash flow		(1.347)	(1.224)
Strategic operations		182	(416)
Change in other financing activities		(3)	(10)
Cash flow generated (used) by investment activities		(378)	(998)
Cash flow from financing activities		71	211
Dividends paid		(187)	(151)
Cash flow generated (used) by financing activities		(116)	(60)
Exchange gains/losses		(9)	(2)
Cash and cash equivalents at 31 December		314	411

DIVISIONS



H1 2008 (€ mil)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	1.469	1.628	1.062	451	513	512	813	173	(188)	6.433
Adj EBITA (*)	158	98	70	15	42	37	50	(70)		400
<i>Adj EBITA (*) margin</i>	10,8%	6,0%	6,6%	3,3%	8,2%	7,2%	6,2%	n.s.		6,2%
Depreciation and amortisation	48	58	59	12	15	9	9	6		216
Investment in non-current assets	57	88	268	16	25	21	15	5		495
Research and development costs	126	272	245	29	122	12	26	2		834
New orders	1.618	1.951	844	416	506	1.063	564	41	(194)	6.809
Order backlog	8.874	8.759	7.841	1.407	3.997	3.733	4.835	471	(912)	39.005
Headcount	10.021	19.487	13.778	3.531	4.049	3.184	6.793	1.066		61.909

H1 2007 (€ mil)	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	1.478	1.607	953	377	497	477	725	135	(170)	6.079
Adj EBITA (*)	154	100	68	15	29	31	17	(63)		351
<i>Adj EBITA (*) margin</i>	10,4%	6,2%	7,1%	4,0%	5,8%	6,5%	2,3%	n.s.		5,8%
Depreciation and amortisation	52	58	60	11	13	7	9	6		216
Investment in non-current assets	75	102	388	13	24	9	10	10		631
Research and development costs	147	266	264	26	110	8	27	3		851
New orders	1.470	1.794	1.148	325	266	599	595	416	(135)	6.478
Order backlog (31/12/2007)	9.004	8.725	8.248	1.423	4.099	3.177	5.108	697	(1.177)	39.304
Headcount (31/12/2007)	9.556	19.589	13.301	3.386	4.149	2.980	6.669	1.118		60.748

(*) Operating result before:

- any goodwill impairment;
- amortisations of intangibles acquired under business combination;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary operations of the company's core businesses.

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