



Finmeccanica 2005 Results

Business Review & Outlook

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Milan, 29 March 2006

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.

Transport companies floated successfully

- Smooth execution of the flotation process for Ansaldo STS announced in September 2005, earlier than the committed timeframe (Q106 vs. 1H06)
- In 2005 Ansaldo STS reported revenues of €840m (+8%), EBIT of €80m (+31%) and net income of €44m (+69%)
- Ansaldo STS valued at €780m, oversubscribed 8 times, 60% float (including greenshoe), raising proceeds of €458m to be invested in core business. Ansaldo shares start trading today on Milan Stock Market, STAR segment
- Listing will give Ansaldo STS higher visibility on the market, increasing its capacity to raise funds autonomously in order to exploit any possible consolidation within the industry
- IPO unlocks Ansaldo STS value in line with Finmeccanica's strategy to focus on core Aerospace, Defence & Security, generates cash proceeds and creates shareholder value

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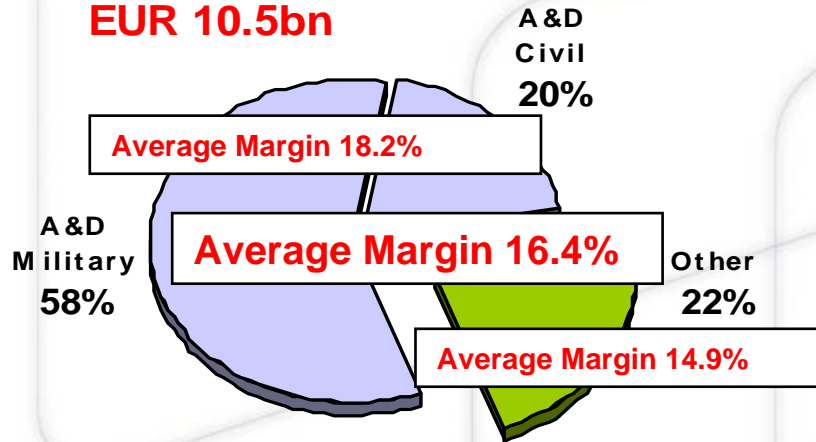
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1. Finmeccanica today

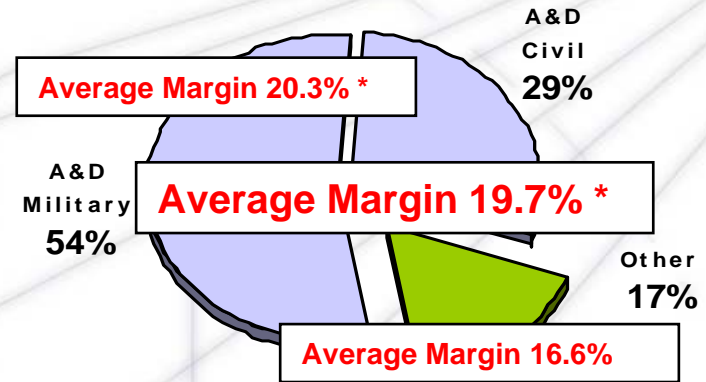
2005 strong commercial success underpins future organic growth...



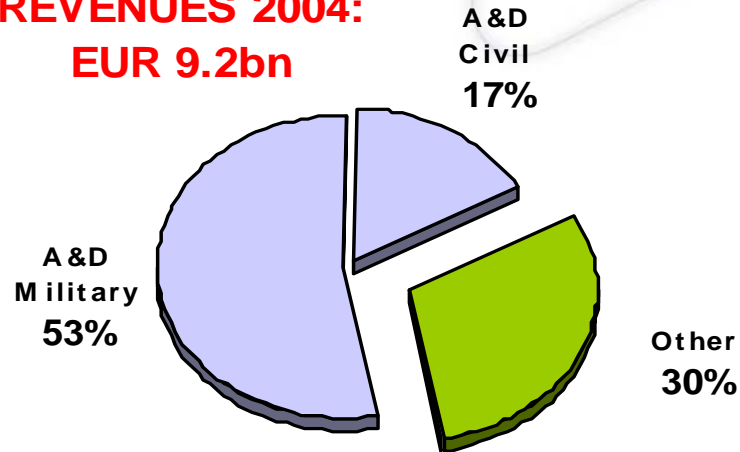
ORDER INTAKE 2004:
EUR 10.5bn



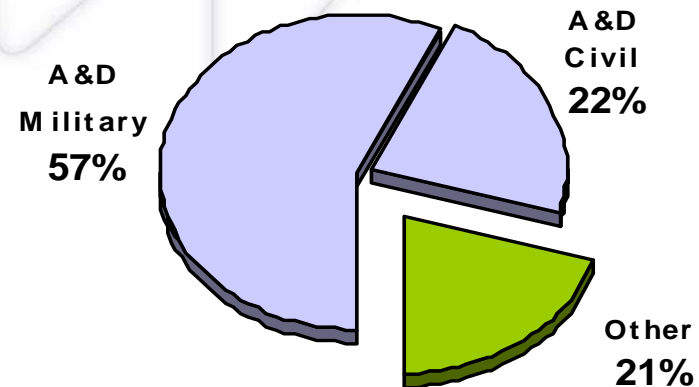
ORDER INTAKE 2005:
EUR 15.4bn



REVENUES 2004:
EUR 9.2bn



REVENUES 2005:
EUR 11.5bn

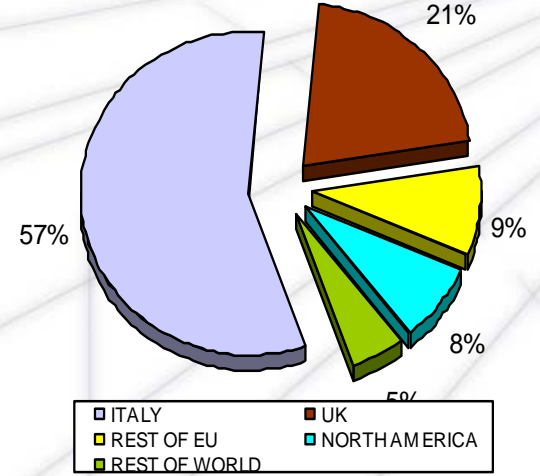
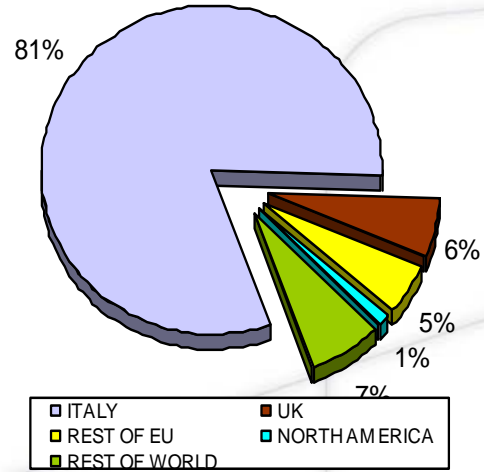


* Excluding BAE, Datamat & Alcatel.

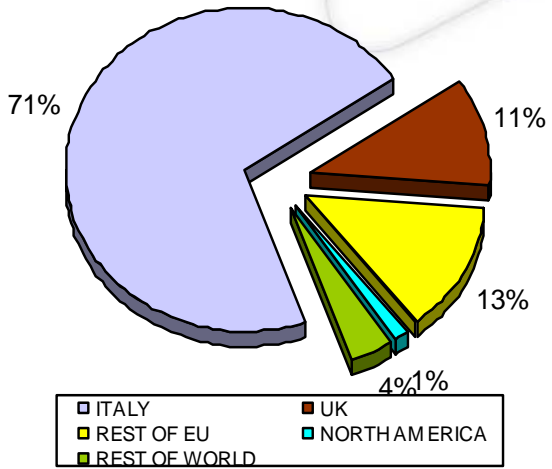
...based on increased exposure to faster growing international markets

Growth

Order intake

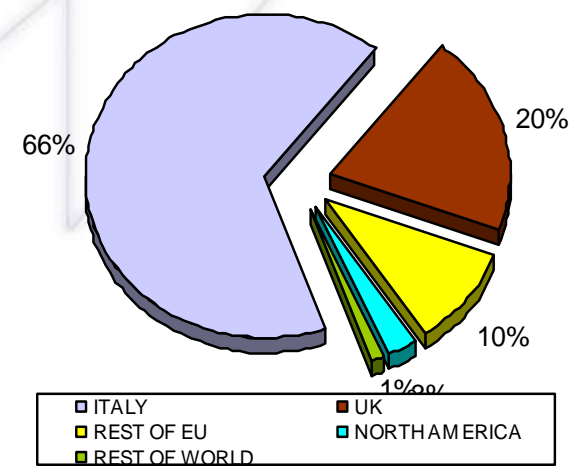


2004



Revenues

2005



Delivering on all our strategic commitments:

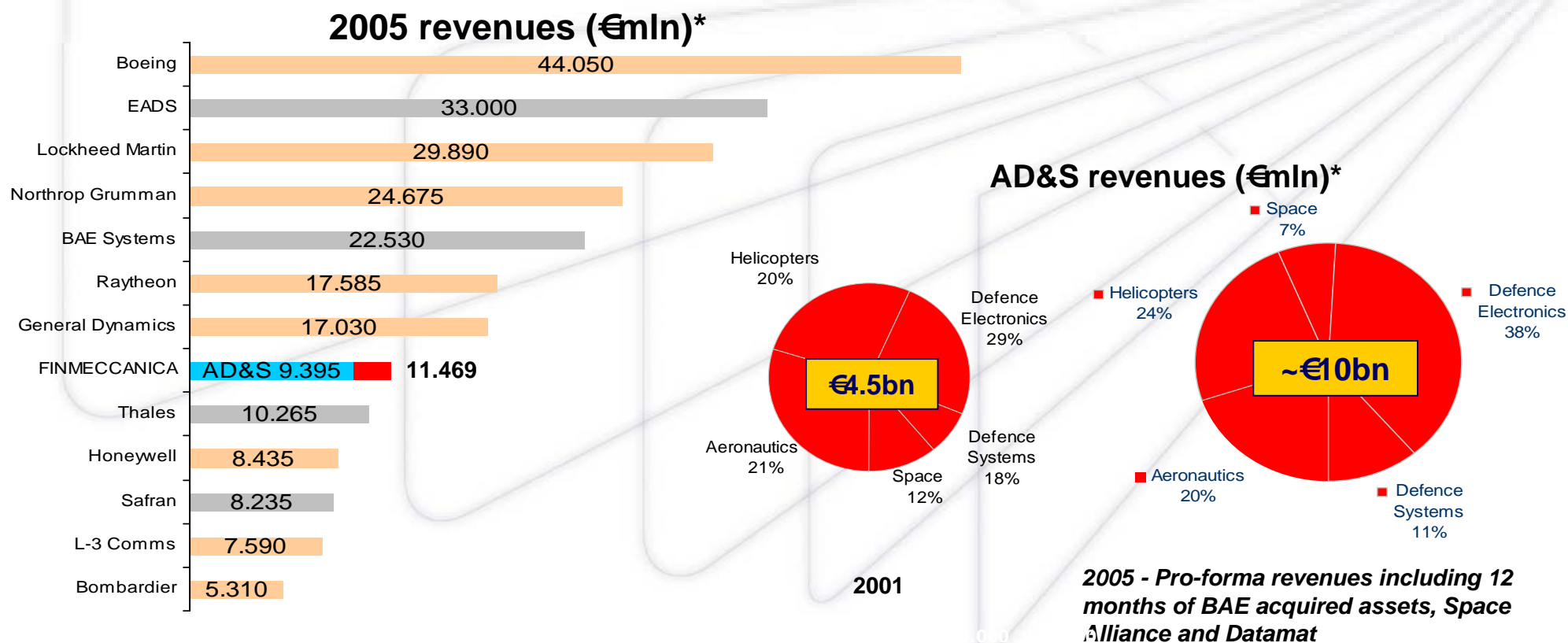
GROWTH

- **Provide integrated defence and security solutions:** missions of subsidiaries reviewed to enable joint solutions to be found, R&D expenditure committed to programmes with highest integration potential; role of prime attributed to Selex Sistemi Integrati. First order awarded by Italian coastguard for Vessel Traffic Management System
- **Improve technological and system content of the offer-portfolio:** new internal incentives introduced to reward scientific innovations which can be applied to products and programmes throughout the group (more than 450 entries for last year's competition)

INCREASING PROFITABILITY AND ITS CF CONVERSION

- **Integrate recent cross border acquisitions:** AgustaWestland on track, Defence Electronics and Space plans approved, Datamat to be merged with Eltag
- **Enhance process expertise and efficiency:** new team set up to monitor most profitable and strategic programmes, chaired by Caporaletti, former CEO and current Chairman of AgustaWestland
- **Pursue manufacturing localisation in attractive markets:** investments in US for enlargement of Philadelphia helicopter site to build AW139 assembly line and for B787 sub-assembly site in S Carolina. Further investments in additional sites according to outcome of US helicopter and aeronautic programmes. Exploring investment potential in key emerging markets (ie Russia for TETRA, Sukhoi; Turkey for military planes and helicopters)
- **Enhance value of civil activities:** **Ansaldo STS** (Signal + Systems): 60% floated, €458mln proceeds; EBIT up 31% in O5 ; **Energy:** becoming profit making Independent Service Provider; EBIT doubled in O5; **IT:** repositioned into AD&S, exiting civil IT; **Vehicles:** MoU with Alstom + rigorous improvement plan⁸

Ranking among top world AD&S players by size and profitability



- Strategic initiatives (AgustaWestland, BAE Avionics, Datamat acquisition and Space Alliance) increased critical mass in core AD&S and international footprint. Today Finmeccanica ranks 3rd in AD&S industry in Europe, with AD&S EBIT margin of 8.1%
- Greater focalisation in Defence Electronics and Helicopters now representing more than 60% of core business revenues
- World leader in military helicopters, 6th world player (2nd in Europe) in Defence Electronics, 3rd world operator (1st European) in satellites and space services

* Finmeccanica elaborated data, excluding engine manufacturers

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2. 2005 Results

2005: a record year for order intake and cash flow generation

2005 results vs. 2004

- Order intake up 46% at €15.4bn securing future growth
- Backlog up 32% at €32.1bn now covering almost 3 years of production
- Value of production up 25% to €11.5bn (+4% like for like)
- EBIT up 58% to €735mln (+22% like for like) driven by Defence Electronics, Aeronautics, Helicopters, Ansaldo STS and by cost cutting measures. EBIT margin up to 6.4% from 5.1% in 2004
- EBIT for AD&S rose 86% with margin of 8.1%
- Net income down 32% to €396mln, due to extraordinary capital gain from STM sale
- Record increase in FOCF to €501mln (€129mln in 2004) driven by significant reduction in working capital
- EPS €0.88
- Proposed ordinary DPS of €0.31 up 19%
- Proposed extraordinary DPS of €0.19 based on proceeds from Ansaldo STS flotation

Return on Capital improves despite strategic acquisitions

- ROI 17.5% (15.5% in 2004) despite ca. €800mln of strategic acquisitions
- ROE 9.6% (17.2% in 2004)
- EVA €217mln (52 mln in 2004)
- Net debt rises to €1.1bn, D/E = 0.24 well within company guidelines
Average loan maturity increased from 5 to 10 years
- Credit Ratings: A3 (Moody's); BBB (Fitch, Standard and Poors) all with stable outlook
- STMicro stake currently valued at approx. €900mln*

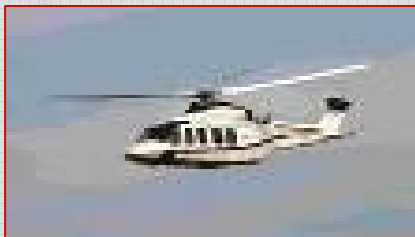
Robust and flexible balance sheet maintained

*STM closing price at 27 March 2006

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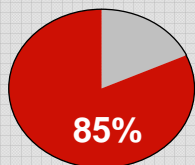
3. Business Review & Outlook

Helicopters: positive outlook



	(€mln) 2005	%change*
Revenues	2,490	71
EBIT	272	n.s
Margin	10.9%	
Orders	3,712	n.s
Backlog	7,397	41

Defence Revenues



2005

- Customer support and integration benefits drive higher profitability

Outlook 2006 – 08

- Integration plan on track to be completed by end 06
- Large UK military (ca. €5bn) and AW139 + A109 export orders underpin volume growth and good cash flow generation

Major US opportunities for US101 and AW139

*Proportional consolidation of AgustaWestland in 2004

Extracting integration benefits – AgustaWestland - Helicopters

Completed:

- Reduction of headcount / Rationalisation of offices and sites
- Introduction of a new “one integrated company” organisation model
- Compensation schemes linked to savings

Underway:

- Initiation of shared Procurement, major benefits expected from customer support, Future Lynx and NH90
- Process integration (i.e. engineering)

€18mIn of savings achieved in 2005, remaining €32mIn to be achieved by end 2006, confirming the target of €50mIn of EBIT improvement by end 2006

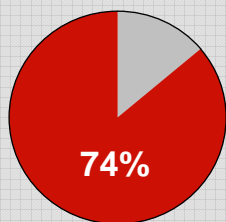
Defence Electronics: wide range of capabilities ready to exploit...



(€mln) 2005* %change

Revenues	3,324	60
EBIT	269	74
Margin	8.1%	
Orders	4,627	n.s.
Backlog	6,946	n.s.

Defence Revenues



2005

- Revenues up 14% organically thanks to good performance from all businesses
- EBIT up 23% organically thanks to cost cutting and rationalisation measures


Outlook 2006- 08

- Strong top line growth based on high backlog and new orders for Eurofighter Tr 2, TETRA, ATM, Large Homeland Security systems (VTS), FREMM, Security
- Margin growth benefits from increased volumes, cost cutting and UK-Italy avionics integration

...high growth in domestic and foreign demand

Extracting integration benefits - SELEX Sensors & Airborne Systems - Avionics

Competitiveness Enhancement Program approved in order to achieve savings through:

- Commercial opportunities: complementary markets, wider and rationalised product portfolio, improved time to market
 - Shared investments in selected R&D programmes
 - Cost base reduction (procurement, IT, operations)
 - Reorganisation of Basildon (UK) site
- 
- Expected benefits from integration of Italian and UK businesses of approx. €50mln of additional EBIT annually by 2008, with 10% operating margins

Major strategic aims to pursue along with integration:

- Become preferred supplier to Group's platforms (helicopters and aircraft)
- Become first tier partner with UK MOD
- Leverage UK to penetrate USA (UAV, surveillance systems, ATM)

Elsag and Datamat combining forces to grow...

- Newly acquired Datamat – key domestic player in IT for Defence, Space and PA software – provides Elsag with access to defence logistics business and is a further step towards Elsag strategic repositioning in AD&S as the Group's centre of excellence for growing Security market requirements
- Elsag-Datamat integration plan, to be approved by end June 2006, enhances Finmeccanica's software know-how development, particularly in Naval, Aeronautics and Helicopters and consolidates Group's position in integrated logistic services, through the control of S3Log consortium (66%) as the main MoD national provider
- Key IT competencies for Homeland Security programmes (VTS)
- Security business (€150mIn) expected to more than triple over next 10 years, thanks to unique European offering in:
 - Network security (140,000 devices sold in 6 years)
 - Personal security (electronic ID, car number plate detection, biometrics)
 - Joint management of logistics and physical security services

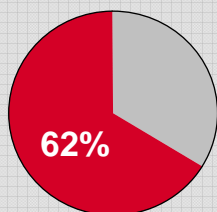
...in Security & Defence business

Aeronautics: growth supported by strong order backlog and outlook



	(€mln) 2005	%change
Revenues	2,046	7
EBIT	166	42
Margin	8.1%	
Orders	3,230	(3)
Backlog	6,865	28

Defence Revenues



2005

- Growth in revenues and EBIT driven by strong performance from ATR and compensation from Boeing on B757 line closure
- Large order wins for B787, ATR and Eurofighter Tr 2

Outlook 2006- 08

- Strong volume growth driven by military and civil.
- Orders and expected production rates ramping up for B787
- Tough cost cutting measures being introduced to improve productivity and margins by lowering
 - transformation costs (i.e. rationalise engineering work)
 - direct external costs (i.e. materials)
 - structural costs (i.e. IT and G&A)

Major opportunities to increase US exposure (B787 and C27J)₁₉

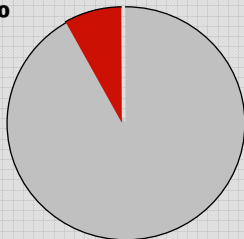
Space: institutional and commercial TLC outlook improving



(€mIn) 2005		%change
Revenues	736	(5)
EBIT	26	13
Margin	3.5%	
Orders	599	(43)
Backlog	1,154	(18)

Defence Revenues

7%



2005

- Profitability improves following significant reduction in headcount over last two years

2006- 08

- Global positioning (Galileo) and environmental monitoring (Cosmo, GMES) strategic for EU (€8bn allocated to international programmes over 5 years)
- Commercial TLC poised to rebound (more than 20 satellites a year expected 2006-08)

Alcatel-Alenia convergence plan approved

Space: leveraging critical mass with Alcatel...

Services – Telespazio (67% stake): ready to exploit recently approved Galileo programme.

- Constellation & Mission Control Centre and Performance Centre of the European satellite navigation system Galileo will be completed in Italy in Fucino and Rome areas respectively
- Telespazio to play key role in Galileo Constellation & Mission Control Centre (Fucino, Italy) completed under Telespazio responsibility, Performance Valuation Centre (signal and system, Rome) will take advantage of Telespazio, Galileo Industries Italy and Galileo Test Range

Satellite Manufacturing – Alcatel Alenia Space (33% stake).

- Alcatel-Alenia convergence plan to deliver additional EBIT of €50mIn annually by 2008 (33% Finmeccanica stake), thanks to R&D, SG&A, Industrial efficiency and Procurement savings

...to achieve savings

Defence Systems: better than expected performance in 05 but...



	(€mln) 2005	%change
Revenues	1,154	1
EBIT	112	15
Margin	9.7%	
Orders	763	(6)
Backlog	3,869	(6)

Defence Revenues

100%

2005

- Higher profitability comes from improved contract margin in Missiles and benefits from previous restructuring

2006- 08

- Missiles: ongoing site rationalisation and headcount reduction plan to deliver gradual margin improvement offsetting tough export market
- Land and naval armaments: opportunities for naval guns and tank turrets in Italy and abroad
- Underwater systems: heavy torpedo moving from development to production phase

...outlook remains challenging

Civil Activities: Transport to benefit from investments in high speed and safety

Transport



	(€mln) 2005	%change
Revenues	1,230	(10)
EBIT	(48)	n.s
Margin	(3.9%)	
Orders	1,615	(2)
Backlog	3,956	8

2005

- Strong performance by Signalling & Systems (now listed on Milan stock market) with combined EBIT of €80m (margin 9.5%) offset by weakness in Vehicles

2006-08

- Signalling & Systems benefit from strong order flow (€500m in Q106) due to rising investments in European high speed rail, urban metros and network standardisation. Vehicles to improve in 06, agreement with Alstom to build high speed train for world markets

Energy



	(€mln) 2005	%change
Revenues	772	6
EBIT	39	95
Margin	5.1%	
Orders	1,032	10
Backlog	2,329	11

2005

- Profitability almost doubles thanks to higher domestic volumes, increased service activity and rationalisation benefits and despite higher R&D costs to sustain technological standalone plan

2006-08

- Strong volume growth underpinned by robust and fast increasing backlog. High margin service business (35% of new orders) set to double from 20% of revenues to 35% by 08

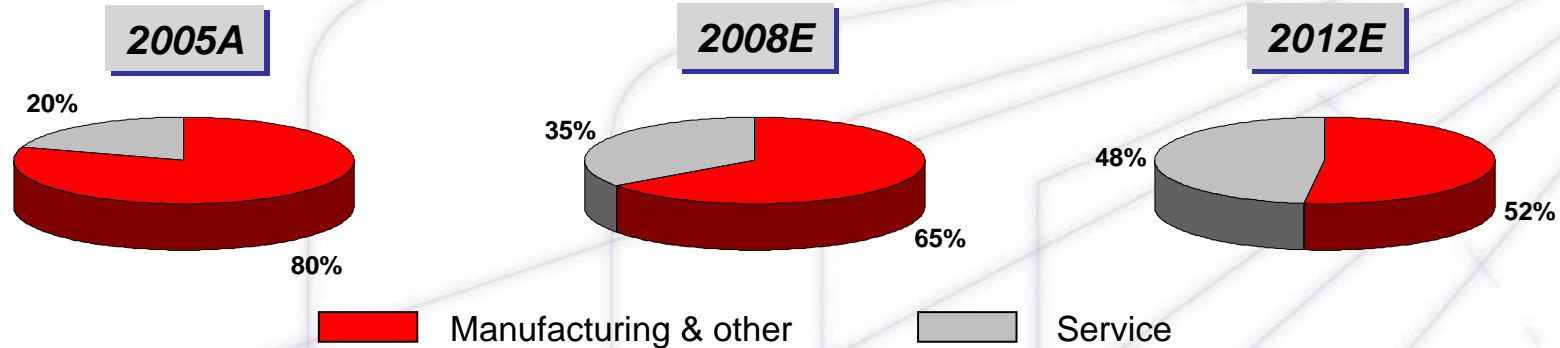
Excellent performance by Energy set to continue

Vehicles: recovery plan now underway

- Restructuring plan started by new Management end 2005, aimed at improving production value chain and programme performance:
 - Short term, profitability recovery actions and process optimisation
 - Long term, detailed programme focussed on commercial policy, industrial process optimisation and efficiency measures
- Strategic and industrial partnership signed with Alstom in November 05, for the engineering, production and marketing of single deck high-speed trains worldwide
- The partnership will explore domestic and international business opportunities, offering a complete product portfolio and a high level of technology that can compete on all markets
- Consortium will be managed jointly; AnsaldoBreda will have strategic control of Italian market and will take responsibility for development, commercialisation, industrialisation and production of VHS (Very High Speed - 330Km/h and more) and HS (High Speed 250Km/h - 300Km/h) trains
- Potential order for 100 new High Speed trains for Trenitalia worth ca. €1bn could strengthen AnsaldoBreda's recovery prospects

Energy: successful strategic decisions...

Energy sales



- Strategy to achieve technological autonomy and transform into high margin “independent service provider” rewarded by clients through strong order inflow (i.e. €220mln from Tirreno Power; €490mln from EGL Italia, including Long Term Service Activity)
- On track to double Service revenues in 4 years, from ca. €150mln in 2004 to > €300mln in 2008
- Friendly way-out from expiring license agreement with Siemens, signed in November 2005, allows Ansaldo Energia to:
 - continue to produce all models of machine covered until now, without paying any royalties
 - develop improvements and/or changes to the existing products, with no obligation towards Siemens
 - cooperate in the domestic market, aiming to become a major service provider
- Ansaldo Nucleare incorporation: strengthen in-house technological and project engineering capabilities, in order to exploit decommissioning opportunities and development of new generation nuclear plants on foreign markets

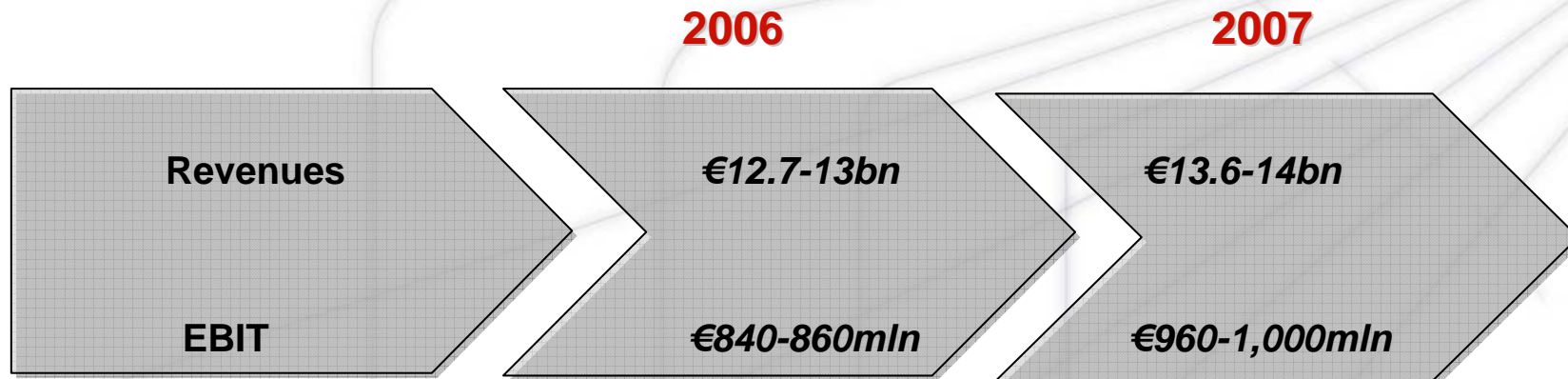
...are maximising value for Finmeccanica

Delivering on our financial commitments

	2003 (ITALIAN GAAP)		2004 (ITALIAN GAAP)		2005 (IAS)		Outcome
	Guidance	Reported	Guidance	Reported	Guidance	Reported	
Revenue growth YoY	9-10%	11%	7%	9%	20%	25%	✓✓✓
EBIT	6-6,5% low end	6,4%	€550mln	€614 mln	ca.€700mln	€735mln	✓✓✓
Net Debt/Equity	<35-40%	8%	<35-40%%	10%	<35-40%	24%	✓✓✓
Operating Cash Flow	€ 0	€496 mln	€ 0	€364 mln		€501 mln	✓✓✓

Cumulative free operating cash flow 2005-2007 : €600mln

Guidance



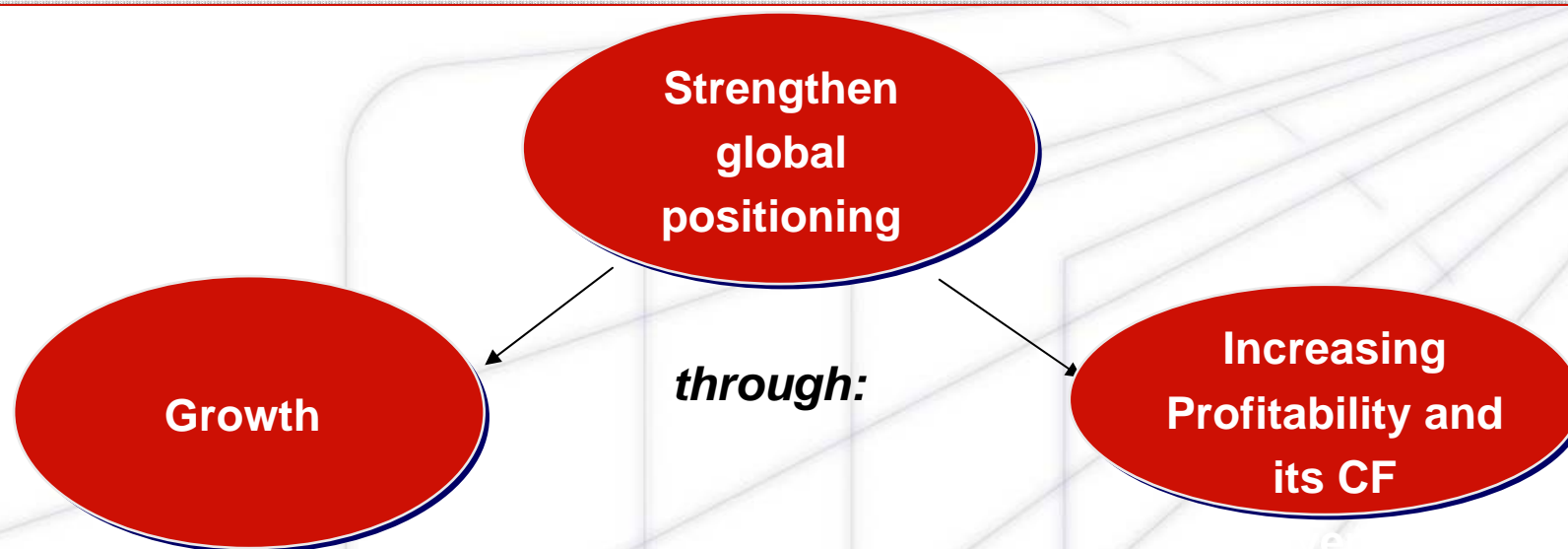
- Average Free Operating Cash Flow per Year (2006-08) of ca. €300mln
- Dividend policy: increase together with profits
- Optimal capital structure: Net debt/Equity < 35-40%
- Net bank debt/EBITDA <2.0

Contents



4. Business Strategy

Implementing our Strategy to achieve our economic and financial goals



- **Exploiting international commercial success of our key products and through targeted acquisitions**

- Providing integrated defence and security solutions
- Improving technological and system content of the offer-portfolio

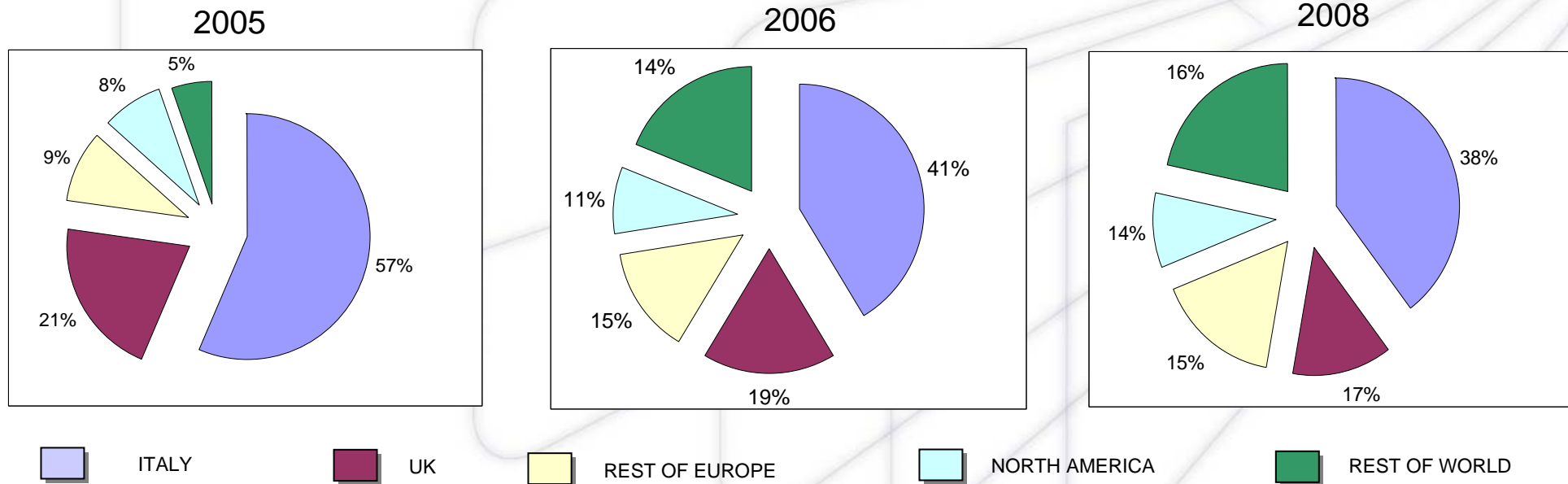
- Integrating recent cross border acquisitions

- **Enhancing process expertise and efficiency**

- Pursuing manufacturing localisation in attractive markets

Organic growth mainly driven by export opportunities

Order intake



- Helicopters:** Orders expected from UK MoD over 2006-08 ca. €5bn, including €1.4bn for Future Lynx. Additional upside from large tenders in USA, such as US101 for CSAR, AW139 for LUH and in Turkey.
- Defence Electronics:** Eurofighter expected contracts worth €3bn in the forthcoming years including Aeronautics and export (i.e. Saudi Arabia). ATC: €800mln; Large integrated systems: €850mln. Tetra Russia: potential target market for us worth €2bn over next 10 years.
- Aeronautics:** North America C27J: €800mln; B787: €900mln; A380: €300mln; ATR: €350mln; Eurofighter Tr2: €800mln (excluding S. Arabia); Trainers €600mln.

UK: significant opportunities in a growing domestic market

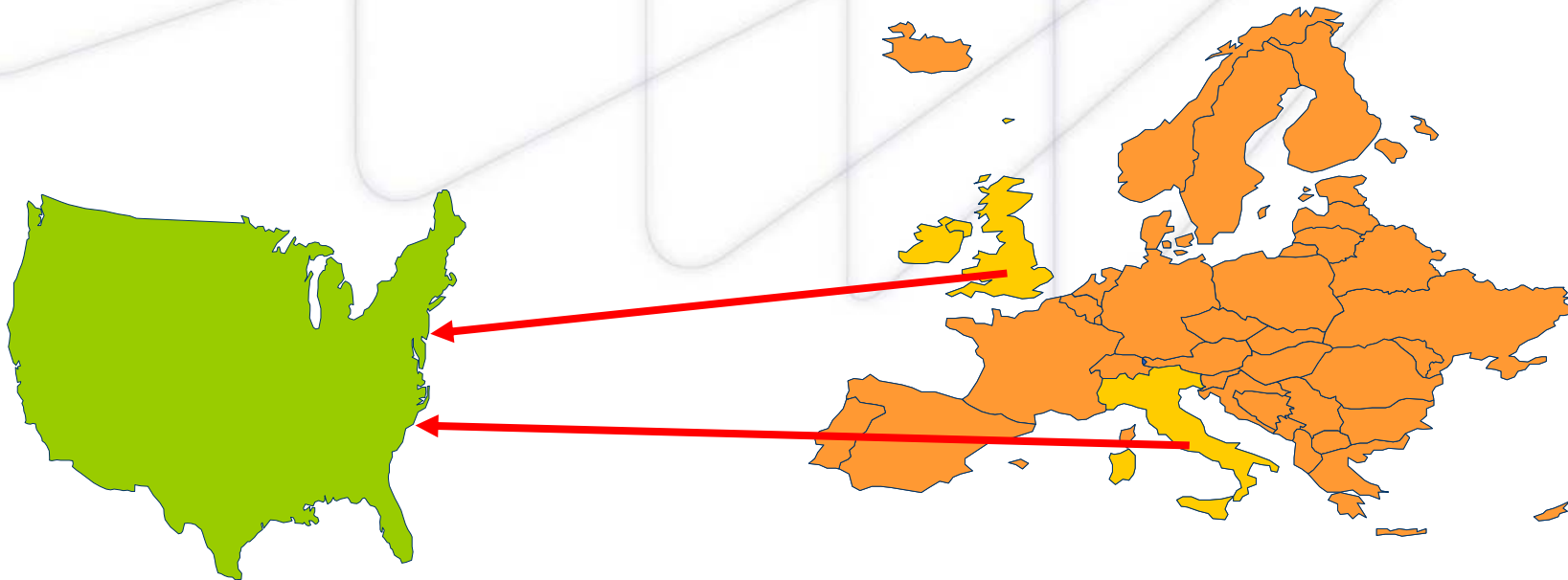
- In recently published “Defence Industrial Strategy” (DIS), UK MoD confirms Helicopters as a strategic national sector and recognises AgustaWestland’s helicopter capability as a significant part of the UK’s defence supply base, together with SELEX’s avionics/electronics capability
- MOU with UK MoD on Strategic Partnering Arrangement, final agreement expected by July, according to DIS principles: high emphasis given to through life support and upgrades; transition to a Customer Service & Partnered organisation; leverage Training and Logistic Support capabilities
- Newly acquired BAE Avionic assets have significantly increased Finmeccanica weight in Eurofighter programme. Further opportunities arise from increasing importance of avionics equipment for upgrading current and future British platforms
- Our Defence Electronic technologies recognised as strategic to UK MoD and key to Through Life Capability Management on major airborne platforms
- Leverage UK presence to: exploit other business opportunities in highly strategic new programmes such as FRES, UAV, Crypto/Special Forces, Air Training, Homeland Protection; penetrate US market (UAV, surveillance systems, ATM, Seaspray radar, HALO) thanks also to legacy programmes (JSF, F18, Javelin)
- SELEX Communications recognised among prime contract level players in expanding C4ISTAR industrial sector

2006 a decisive year for market penetration goals in North America

- US DoD will take crucial decisions on some key programmes involving Group companies
- C27J military tactical transport a/c: higher potential (300-400 a/c) following USAF and US ARMY agreement on a common requirement. Decision expected by December 2006
- CSAR helicopters (140 a/c) : USAF has decided to reinvigorate the programme; US101 well positioned on the back of US Presidential win. Entire contract worth over \$10bn
- Light Utility Helicopter for US Army: AW139 strong contender in prime role. Contract including life support estimated at least \$5bn
- Selex SAS UK confirmed partner of choice for the supply of advanced solutions on primary programmes such as JSF, F18, Javelin, Surveillance Systems for the Coast Guard
- Other potential opportunities in Canada: Tactical Transport a/c, Marine Surveillance, Naval Systems

Pursuing strategic strengthening...

- Consolidating our leadership in domestic markets (Italy, UK)
- Strengthening our presence in Europe
- Building a solid footprint in US in Defence Electronics – through our valuable UK assets and possible targeted acquisitions – in Helicopters and in Aeronautics



...also through targeted acquisitions

Enhancing process expertise and efficiency measures...

New team set up to monitor most profitable and strategic programmes under leadership of Caporaletti, former CEO and current Chairman of AgustaWestland

- Industrial coordination mechanisms strengthened, to optimise resource allocations and their economic return
- Efficiency measures implemented on procurement, site rationalisation, restructuring, to maintain working capital under control and reduce industrial costs and SG&A
- Potential Group saving areas addressed (IT, real estate management)
- Group methodology for contract management and control adopted, based on Group Governance process, common Enabling Systems and IT infrastructure Systems, to reduce risk and tightly control entire life cycle management of contracts, from bid to delivery phase
- Methodology includes international standards of Life Cycle Management, Phase Review, Project Control and Risk Management
- Implementation to be completed by end 2007

... to improve profitability and cash flow generation

Roadmap in place to further improve...

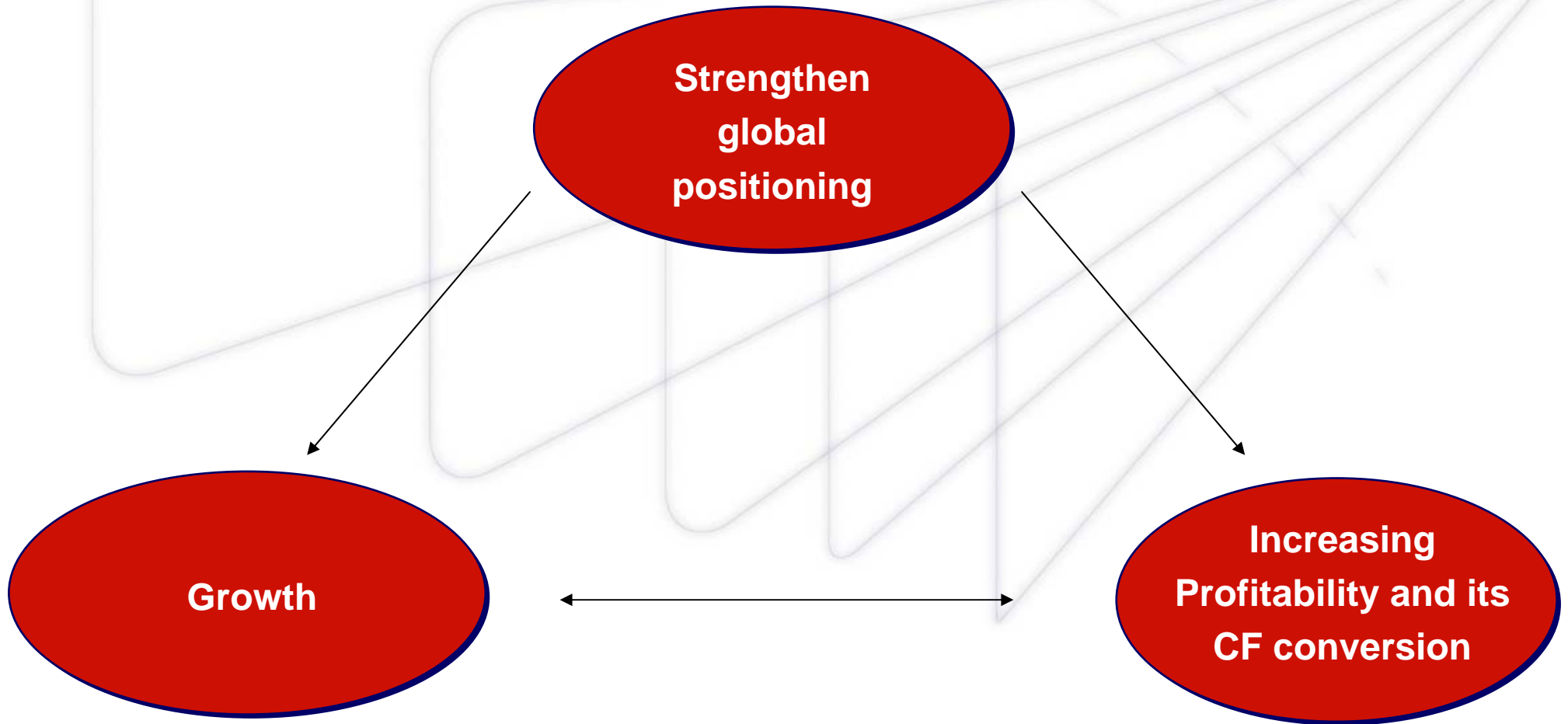
Finmeccanica in its role of industrial holding is pursuing an aggressive industrial, technological, commercial process integration strategy throughout the Group, in order to secure and/or improve its growth and profitability targets

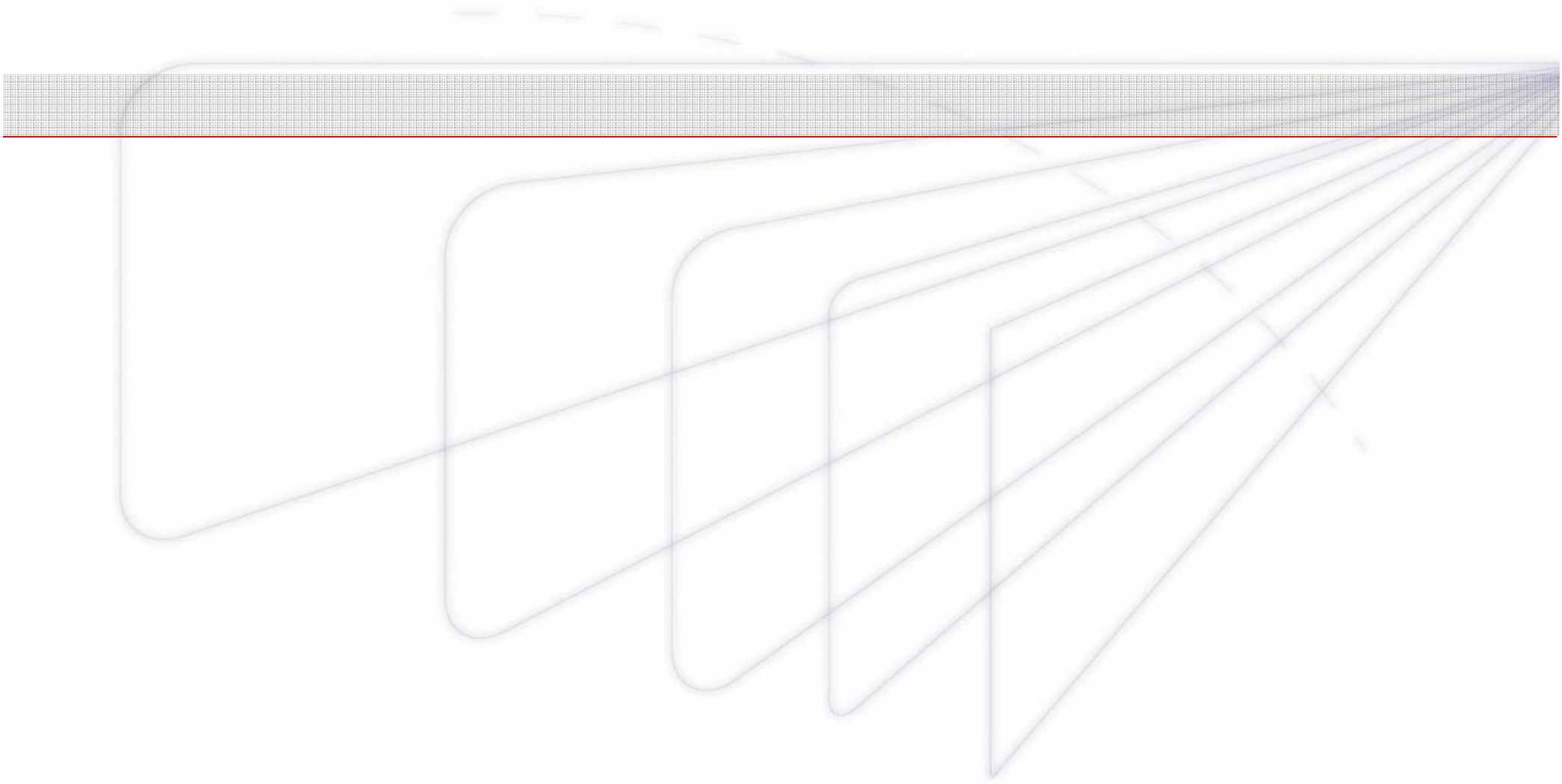
Objectives

- increase EBIT steadily: by growing revenues and acquiring higher margin contracts; by obtaining efficiencies through more effective contract management and by reducing industrial costs in manufacturing and in SG&A
 - Targeted 1%-1.5% reduction in impact of SG&A on Value of Production by 2008 from current 10%
 - Targeted reduction of IT spend across Group of 10-15% by 2008, currently ~€350mln
 - closer alignment of economic and financial flows: by a more disciplined management of working capital and CAPEX programme
 - simplify Group structure and reduce number of subsidiaries by at least one third
- ➔ Group Management MBOs strongly correlated to the above mentioned objectives

**...OPERATING AND NET PROFITABILITY, RETURN ON CAPITAL INVESTED AND
CASH FLOW GENERATION FOR OUR SHAREHOLDERS**

Our strategic objectives





5. Appendix

Financial Highlights 2005 vs 2004

(€ln)	2005	2004	Change %
Value of Production	11,469	9,158	25
Orders	15,383	10,543	46
Backlog	32,114	24,315	32
EBIT	735	465	58
Margin	6.4%	5.1%	
Net Income	396	585	(32)
Free Operating cash flow	501	129	n.s.
EPS (€)	0.88	1.33	(34)
DPS (€)	0.31	0.26	19
Extraordinary DPS (€)	0.19	-	-
	2005	2004	Change %
➤ Working Capital	17	576	n.s.
➤ Net Capital Employed	5,670	4,219	34
➤ Net Debt	1,100	701	
➤ ROI	17.5%	15.5%	
➤ ROE	9.6%	17.2%	
➤ D/E	24%	19.2%	

FY 2005 Results – Profit & Loss

	€mln	2005	2004	Change %
Revenues		10,952	8,834	24%
Value of production		11,469	9,158	25%
Cost of goods, services and labour		(10,330)	(8,198)	
Depreciation		(347)	(277)	
Provisions for risks and charges		(18)	(78)	
Restructuring costs		(32)	(124)	
Other operating revenues (costs)		(7)	(16)	
EBIT		735	465	58%
<i>EBIT Margin</i>		6.4%	5.1%	
Financial income (expenses)		(149)	570	
Tax		(200)	(185)	
Profit before discontinued operations		386	850	(55%)
Profit of <i>discontinued operations</i>		10	(265)	
Net profit		396	585	(32%)

Balance Sheet

	€mln	31/12/2005	31/12/2004
Non-current assets		7,671	5,520
Non-current liabilities		(2,018)	(1,877)
		5,653	3,643
Inventories		5,511	4,589
Work in progress		2,538	2,169
Receivables		3,600	3,353
Trade payables		(3,431)	(2,832)
Customer advances		(4,389)	(3,214)
Provisions for risks and charges short term		(523)	(514)
Other net current assets (liabilities)		(3,289)	(2,975)
Net working capital		17	576
Net invested capital		5,670	4,219
Group's equity		4,444	3,627
Minorities' equity		154	22
Shareholders' equity		4,598	3,649
Net debt		1,100	701
Net (assets) liabilities held for sale		(28)	(131)

Cash Flow Analysis

	€mln	2005	2004
Cash and equivalents at 1 January 2005		2,055	2,259
Cash Flow from operating activities		1,398	1,051
Changes in working capital		204	(193)
Changes in other operating assets and liabilities		(647)	(388)
Cash Flow generated by (utilised in) operating activities		955	470
Net CAPEX		(385)	(386)
Other financial investments		(69)	45
Free operating cash-flow		501	129
Investments for acquisitions		(807)	(124)
Changes in other financial activities		56	11
Cash Flow generated by (utilised in) investment activities		(1,205)	(454)
Dividends paid		(111)	(88)
Cash Flow from financing activities		(640)	(136)
Cash Flow generated by (utilised in) financing activities		(751)	(224)
Exchange differences on cash and equivalents		7	4
Cash and equivalents at 31 December 2005		1,061	2,055

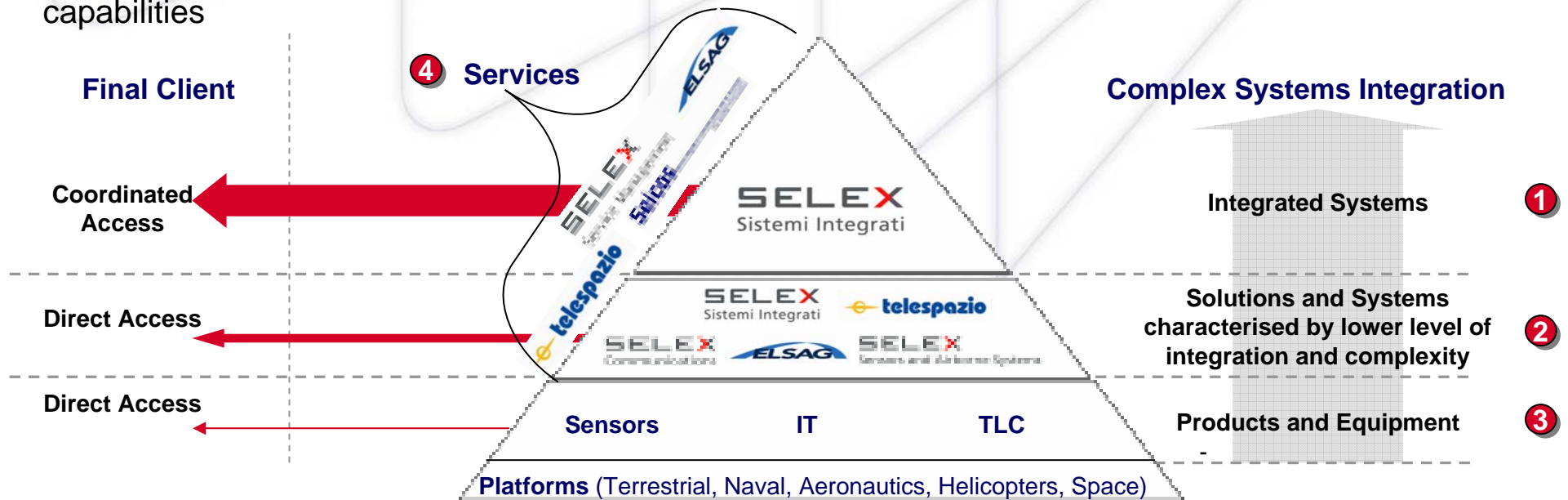
Pursuing international manufacturing delocalisation...

- **Boeing 787 - Charleston (USA)**
More than €1bn of new orders expected over 06-08, in addition to €1.2bn awarded in 2005, for a total of 350 series
Stronger than expected commercial success will pay back more rapidly for planned €600mln gross investment over 05-07. Further ramp up may require additional investments, but should generate stronger cash flow
- **A109/AW139 helicopters – Philadelphia (USA)**
Investment underway to enlarge scope of the site, establishing a prime role “domestic” manufacturing asset base to benefit from increasing demand
- Evaluating opening of new offices/sites in other key markets, in order to exploit local commercial opportunities, cost and professional skill advantages

... of key programmes

Providing integrated defence and security solutions...

- Targeting several opportunities for Homeland Protection large systems in domestic (Crisis Management, Civil Protection, Security, Defence initiatives (NCW), Transportation, Utilities) and export markets (Border Protection, Large Events' Protection, "Nation-wide" Systems)
- Entrance door provided mainly by existing contracts and products already operated by Customers, leveraging on Finmeccanica presence in key countries and extensive use of Group's Product Portfolio
- Investments already in place to update Product Portfolio and strengthen adequate marketing capabilities



... leveraging on system integration capabilities of Selex Sistemi Integrati

Improving technological & system content of our offer/portfolio

Platforms:
Activity in consolidated areas

**Skills enabling
integrated solutions**

Platforms:

- Helicopters
- Aircraft
- Satellites
- Land vehicles
- Naval platforms

Electronics:

- Mission systems
- Sensors
- Communication
- Command, control and information

Integrated systems:

- Homeland Protection
- Air traffic control
- Surveillance and defence systems
- Infrastructure ... services
- Administrative and logistical systems

Complex architecture (network-based)



**Build critical mass on full range of products and technologies
and achieve technical and operational synergies in Network-enabled
environment in order to compete successfully with international players**

Transport Signalling and Systems : majority listing of Ansaldo STS...

- **Benefits of listed Ansaldo STS :**
 - operational autonomy, without losing advantages of industrial and technology links with Group's core activities (i.e. ICT) and Vehicles
 - possibility to raise financial resources autonomously to fund external growth options
 - capitalise on tighter links between Signal and Transport Systems, respectively contributing strong technology know-how and international foothold, sophisticated system integration capabilities for turn-key systems
- **Major advantages for Finmeccanica:**
 - Further focalisation on Aerospace, Defence & Security
 - Value extraction from civil activities through cash in from IPO
 - Enhancement of market value of civil industrial activities

...a milestone in value realisation strategy for civil activities

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