Finmeccanica
Investor Day 2006

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Outlook for UK / US Markets
Finmeccanica in the UK

- Expanding network of businesses throughout the UK, our second domestic market
- 9,000* employees within the UK’s high technology A&D industries (*12,000 including MBDA)
- Award-winning design, engineering and manufacturing expertise
- Maintaining national capability via our UK Centres of Excellence

- AgustaWestland
- Ansaldo Signal
- MBDA
- Quadrics
- SELEX Communications
- SELEX Sensors and Airborne Systems
- SELEX Sistemi Integrati

“A British business”
• Has formed two core pillars of the Group in the UK – Helicopters and Defence Electronics
• Has evolved into the second largest domestic defence contractor with over €2.3B in sales
• Believes a strong UK presence is the gateway to export success, particularly to the US
• Well positioned in the UK Defence Industrial Strategy and Defence Technology Strategy

UK - Strategic market value
Strategic Partnering with AgustaWestland

“To create a continuously improving business relationship that delivers, with increasing effectiveness and efficiency, against mutually important corporate aims”

- UK MoD considers rotorcraft as a key element of their defence strategy
- For MoD: year on year value for money improvements in the delivery of through-life rotorcraft capability and an onshore provider who delivers effectively in peace and crisis
- For AW: a more predictable income stream from UK rotorcraft business

SPA grants AW a robust position in the UK, with ~ €4 Bn in the next 5 years
The EU / US connection

Proven successes leveraged from UK and Italy
Finmeccanica in the US

Approx 1,400 employees

- BAAC - Fort Worth TX
- Global Aeronautics - Charleston SC
- Battsburg SC
- RELES - Madison NC
- Washington DC
- New York NY
- Philadelphia PA
- Pittsburgh PA
- Hamilton NJ
- Kansas City
- Cupertino CA
- Philadelphia PA
- Pittsburg PA
- Hamilton NJ
- GMAS - Greenville TX
- Uffici di rappresentanza
- ALCATEL ALenia SPACE
- SELEX Sistemi Integrati

[Map showing locations of Finmeccanica operations in the US]
Finmeccanica …

• Is focusing on competitive niche excellence
• Is building on proven in-country successes to increase US capabilities and facilities
• Is learning from experiences, even losses
• Has experience in teaming with US primes
  • FCA – C27J bid with L3 and Boeing
  • 787 with Vought and Boeing
  • Marine One with Lockheed Martin and Bell
• CREW – counter IEDs with BAE Systems
• EO with Lockheed Martin and Northrop Grumman

US - Strategic market value
Challenges

– UK:
  • Expand scope within stable budget
  • Be recognised as “TLCM lead”
  • Leveraging partnering with the MOD

– US:
  • Resising of US budget
  • Organic growth may not provide sufficient mass
  • Partner and competitor – a difficult balancing act
The Outlook – a summary

- UK / US market success criteria:
  - Transformation
  - Access to a wide technology base
  - New industrial partnership models
  - Globalisation
Site Visit - Basildon

- FNM’s UK business capabilities
  - Air Combat
  - Land Systems
  - Battlespace / Intelligence
  - Border Security / Homeland Defence
- Value Drivers
  - Meeting Operational Priorities
  - Technology / Skills
  - Export / New Market Leverage
- Our people