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
2007: A Year Of Strong Achievements

- **Strengthened Global Positioning**: Total Revenues up 8% from €12.5bn in 2006 to €13.4bn in 2007 (entirely organic)
- **Internationalisation**: International orders up 17% from €11.3bn in 2006 to €13.3bn in 2007
- **Competitiveness Profitability**: EBIT margin up from 7.3% in 2006 to 8.1% in 2007
- **Innovation**: R&D investments up 3% from €1.78bn in 2006 to €1.84bn (14% of total Revenues), of which 80% is concentrated in Strategic Pillars
- **Value Creation**: EVA increased 18% from €192mn in 2006 to €227mn in 2007 (2006 restated with higher WACC)
**Strong Track Record Over Last Five Years**

- **Strengthened Global Positioning**
  - Reinforced ranking amongst top ten A,D&S players

- **Internationalisation**
  - Proven ability to win large competitive export orders
  - Structural partnerships for high potential markets in place
  - Production localisation proceeding well

- **Competitiveness Profitability**
  - Improved product portfolio and avg. profitability of all orders
  - Post-acquisition integration accomplished successfully
  - Continued commitment to invest in selected enabling technologies

- **Innovation**
  - Share performance: +111% since 2003
  - Dividend increased from €0.20 p.s. in 2003 to €0.41 p.s. in 2007* (+20% CAGR)
  - Buy-back programme launched for up to 8% of share capital
  - EVA increased

*2007 proposal to be approved at AGM*
Pursuing Our Goals

1. Drive further growth of three Strategic Pillars*, both organically and through acquisitions particularly in UK and US
2. Exploit niche excellences to conclude wider strategic alliances. Leverage on niche 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
4. Further develop new enabling technologies and rationalise / 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

* Helicopters, Defence Electronics, Aeronautics
Alessandro Pansa

Financial & Business Review
FY 2007 Financial Highlights

FY 2007 Results vs. FY 2006

- Revenues up 8% to €13.4bn
- EBIT up 19% to €1,084mn
- Net profit up 49% to €503mn (excluding extraordinary capital gain in 2007 and capital gain from Ansaldo STS and Avio in 2006)
- Dividend proposed of €0.41 (+17% vs. 2006)
- EVA up 18% to €227mn
FY 2007 Financial Highlights

FY 2007 Results vs. FY 2006

- Positive FOCF of €375mn generated by strict monitoring of financial requirements of businesses and careful customer and supplier management. FFO up 11% to 1,081mn

- Net debt to €1,158mn, from €858bn at the end of 2006. Debt to Equity 21%

- Order intake at €17.9bn, 54% military

- Backlog up 10% to €39.3bn, equivalent to approx. 3 years of production

- ROI up to 18.9% from 17.7% in 2006
Reclassification Group EBITA Adjusted* 2007

Euro mn

- EBIT: 1,084
  - ROS 8.1%

- EBITA Adjusted: 1,045
  - ROS 7.8%

- Amortisation of intangible assets acquired under business combination
  - + 125
  - + 58
  - (248)

- Launch Aid
- Restructuring Costs
- Capital Gain from ENEA

*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.
FOCF Breakdown In 2007

Euro mn

Net Profit: 521
- Net Profit
- Net Financial Charges: +709
- Net Tax: +85
- Depreciation, Amortisation, Impairment

Net Profit FOCF: 1,399
- Changes in Working Capital: +318
- Others: (241)
- Net Sever./Def.Ben.Plans/Stock Grant

FOCF: 375
- Net CAPEX & R&D: (1,024)*
- FFO: 1,081
- Cash Flow From Operating Activities: 1,399

* (812) in 2006
## Total R&D Expenditure

<table>
<thead>
<tr>
<th></th>
<th>Eur mn</th>
<th>2007 Value</th>
<th>% of Revenues</th>
<th>2006 Value</th>
<th>% of Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D total expenditure</td>
<td>1,836</td>
<td>13.7%</td>
<td></td>
<td>1,783</td>
<td>14.3%</td>
</tr>
<tr>
<td>Less Customer Funded</td>
<td>(897)</td>
<td></td>
<td></td>
<td>(947)</td>
<td></td>
</tr>
<tr>
<td>Less Government Funded</td>
<td>(362)</td>
<td></td>
<td></td>
<td>(291)</td>
<td></td>
</tr>
<tr>
<td>Group Expenditure</td>
<td>577</td>
<td>4.3%</td>
<td></td>
<td>545</td>
<td>4.4%</td>
</tr>
<tr>
<td>Capitalised</td>
<td>(288)</td>
<td></td>
<td></td>
<td>(274)</td>
<td></td>
</tr>
<tr>
<td>R&amp;D Costs Charged to P&amp;L</td>
<td>289</td>
<td>2.2%</td>
<td></td>
<td>271</td>
<td>2.2%</td>
</tr>
<tr>
<td>Depreciation and Write-off</td>
<td>246</td>
<td></td>
<td></td>
<td>93</td>
<td></td>
</tr>
<tr>
<td>Royalties</td>
<td>31</td>
<td></td>
<td></td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Total P&amp;L Charges</td>
<td>566</td>
<td>4.2%</td>
<td></td>
<td>395</td>
<td>3.2%</td>
</tr>
</tbody>
</table>
## Development Costs Capitalised in Intangible Assets at FY 2007

<table>
<thead>
<tr>
<th>Eur mn</th>
<th>Self Funded National Security</th>
<th>Self Funded Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Jan 2007 Opening balance</strong></td>
<td>693</td>
<td>284</td>
<td>977</td>
</tr>
<tr>
<td>Investments</td>
<td>140</td>
<td>148</td>
<td>288</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(58)</td>
<td>(65)</td>
<td>(123)</td>
</tr>
<tr>
<td>Write-off and Other Movements</td>
<td>(91)</td>
<td>(35)</td>
<td>(126)</td>
</tr>
<tr>
<td><strong>Net Investments</strong></td>
<td>(9)</td>
<td>48</td>
<td>39</td>
</tr>
<tr>
<td><strong>31 Dec. Closing Balance</strong></td>
<td>684</td>
<td>332</td>
<td>1,016</td>
</tr>
</tbody>
</table>
BUSINESS REVIEW

&

OUTLOOK
Foreign Exchange Risk Hedging

- Relatively low exposure to Forex volatility, namely US$ and to a lesser extent GBP (only translation effect)

- Currently approx. 20% of Finmeccanica Group Revenues denominated in US$ (of which approx. 70% naturally hedged)

- Centralised Forex hedging through forwards, swaps, and options in place for all material transactions, as well as those which are very likely to occur

- Strategic hedging through increasing US$ procurement in USA and production site delocalisation in other low US$ cost countries

- Raw material Forex risk hedged directly through financial hedging and Long Term Agreements

- Group backlog financially and naturally hedged until 2010
Large Programmes Driving Growth Over Next Five Years

**EXPECTED**

**Helicopters**
- Presidential helicopter increment worth €2.5bn in 2009
- AW139 best selling helicopter with > 420 orders expected over 2008-2012 for approx. €3.5bn

**Defence Electronics**
- Eurofighter Tr.3 & Saudi worth €3bn for avionics
- Forza Nec, €1.1bn for Defence Electronics
- Tetra, €1.5bn over 2008-2012
- Fremm, naval ca. €0.6bn over 2008-2012

**Aeronautics**
- C-27J export ca. €1.7bn over 2008-2012
- B787: 300 a/c in backlog, >550 still to be received from Boeing
- M346, 12-14 a/c for Italian AF, first order expected by 2008
- ATR: ca. 200 a/c in backlog, further large export orders expected

**OPPORTUNITIES**

**Helicopters**
- CSAR in USA of ca. US$15bn; decision expected in 2008
- CH47+ EH101 in UK ca. €1.6bn
- IOS for UK MoD worth €1.5bn over 2008-2012

**Defence Electronics**
- Saudi Border Control system worth $7bn

**Aeronautics**
- M346 exports (i.e. UAE, Greece, Saudi)
- Eurofighter (i.e. Japan, Brazil, Turkey, Greece)
- JSF ca. US$10bn over next decade starting 2011/12
Helicopters: Demonstrating Strong Profitable Growth

FY 2007
- Volumes, higher civil mix, productivity gains and ongoing UK-Italy integration benefits drive higher profitability
- EBITA benefits from centralised contingency release of €21mn mainly from successful completion of Apache programme
- Book to bill very high due to increasing international order intake

Outlook 2008 – 2010
- High order intake expected to continue due to high demand for new civil helicopters, increased penetration of US civil and government market, higher UK integrated support and increasing military exports
- Steady ramp up in production to satisfy growing civil and military demand
- Ongoing integration benefits and good civil mix should sustain margins above 10%

<table>
<thead>
<tr>
<th></th>
<th>FY 07</th>
<th>FY 06</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,980</td>
<td>2,727</td>
<td>9%</td>
</tr>
<tr>
<td>EBITA Adj</td>
<td>377</td>
<td>296</td>
<td>27%</td>
</tr>
<tr>
<td>Margin</td>
<td>12.7%</td>
<td>10.9%</td>
<td>-</td>
</tr>
<tr>
<td>Orders</td>
<td>3,970</td>
<td>4,088</td>
<td>(3%)</td>
</tr>
<tr>
<td>Backlog</td>
<td>9,004</td>
<td>8,572</td>
<td>5%</td>
</tr>
</tbody>
</table>

Defence Revenues 76%
Helicopters: Changes In EBITA Adjusted* (2007 vs. 2006)
### FY 2007

- Strong international order intake for Eurofighter and large integrated systems
- Higher profitability driven by business mix improvement and better integration between businesses with good performances in particular by UK avionics, IT & Security and Command & Control
- EBITA benefits from centralised contingency release of about €20mn (successful completion of some avionic, command & control and comms programmes), real estate gain of €12mn, and exclusion of comms restructuring charge of €30mn*

### Outlook 2008 – 2010

- Significant increase in revenues driven particularly by Large Integrated Systems, Eurofighter, FREMM naval, new Battleground systems for Italian Army and new security applications
- Sustain good level of profitability through operational leverage and ongoing efficiency measures (plant rationalisations, supply chain optimisation, shared procurement and plant integration)

### Defence Revenues

<table>
<thead>
<tr>
<th>(€mn)</th>
<th>FY 07</th>
<th>FY 06</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>3,826</td>
<td>3,747</td>
<td>2%</td>
</tr>
<tr>
<td>EBITA Adj</td>
<td>427</td>
<td>338</td>
<td>26%</td>
</tr>
<tr>
<td>Margin</td>
<td>11.2%</td>
<td>9%</td>
<td>-</td>
</tr>
<tr>
<td>Orders</td>
<td>5,240</td>
<td>4,197</td>
<td>25%</td>
</tr>
<tr>
<td>Backlog</td>
<td>8,725</td>
<td>7,676</td>
<td>14%</td>
</tr>
</tbody>
</table>

*Charged in EBIT line below EBITA adjusted*
Defence Electronics: Changes In EBITA Adjusted (2007 vs. 2006)
Aeronautics: Balanced and Profitable Growth

Outlook 2008 – 2010

• Military trainer, C27J and Eurofighter exports together with ramp up in ATR and B787 production to drive significant volume growth
• Margins sustainable due to operating leverage, efficiency measures and G&A reduction

FY 2007

• ATR and Eurofighter second tranche drive increase in volumes and operating profit
• EBITA benefits from €20mn price revision on Eurofighter development activity (positive ATR provision release of €32mn in 2006)

<table>
<thead>
<tr>
<th>(€mn)</th>
<th>FY 07</th>
<th>FY 06</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,306</td>
<td>1,908</td>
<td>21%</td>
</tr>
<tr>
<td>EBITA Adj.</td>
<td>240</td>
<td>209</td>
<td>15%</td>
</tr>
<tr>
<td>Margin</td>
<td>10.4%</td>
<td>11%</td>
<td>-</td>
</tr>
<tr>
<td>Orders</td>
<td>3,104</td>
<td>2,634</td>
<td>18%</td>
</tr>
<tr>
<td>Backlog</td>
<td>8,248</td>
<td>7,538</td>
<td>9%</td>
</tr>
</tbody>
</table>

Defence Revenues

Emerging Military Export Opportunities
Aeronautics: Changes In EBITA Adjusted (2007 vs. 2006)
### FY 2007

- Services and Manufacturing both drive volume increase
- Profitability improvement due to industrial efficiency gains increased saturation of satellite capacity in Services and ongoing integration benefits between Italian-French plants in Manufacturing

### Outlook 2008 – 2010

- Revenue growth driven by higher Defence and value added orders in Services together with higher commercial activity for Manufacturing
- Order mix expected to improve over next few years with higher Defence, Security and Space Agency intake
- More satellite proprietary activity to improve profitability for Services
- Further efficiency and integration benefits to offset tougher commercial market conditions for Manufacturing in short term

<table>
<thead>
<tr>
<th>(€mn)</th>
<th>FY 07</th>
<th>FY 06</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>853</td>
<td>764</td>
<td>12%</td>
</tr>
<tr>
<td>EBITA Adj.</td>
<td>61</td>
<td>42</td>
<td>45%</td>
</tr>
<tr>
<td>Margin</td>
<td>7.2%</td>
<td>5.5%</td>
<td></td>
</tr>
<tr>
<td>Orders</td>
<td>979</td>
<td>851</td>
<td>15%</td>
</tr>
<tr>
<td>Backlog</td>
<td>1,423</td>
<td>1,264</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Defence Revenues**

11%
FY 2007

- Underwater profitability recovers due to increased activity for light torpedoes and countermeasures
- EBITA benefits from provision release of €18mn in land guns

Outlook 2008 – 2010

- Growth and profitability driven by naval, land and underwater
- Site rationalisation and industrial efficiency being implemented
Transport

**FY 2007**
- Good performance by Signalling & Systems (Ebita + 17%) more than offset by Rolling Stock losses

**Outlook 2008 - 2010**
- Signalling & Systems expected to maintain solid and profitable growth
- Rolling stock expected to recover in 2008 due to restructuring and higher volumes leveraging strong backlog

---

Energy

**FY 2007**
- Exceptional performance driver by higher volumes and increased profitability of some orders

**Outlook 2008 – 2010**
- On track to continue significant growth path and maintain higher level of profitability through improved order margins and increased service mix
Operating loss (EBIT) of €230mn of which:

- €105mn of negative trading loss (vs. €77mn in 2006) due to ongoing losses on legacy programmes, restructuring costs (300 layoffs) and lower than expected revenues in particular for service activities
- €125mn attributable to further prudent contract revision due to:
  - higher costs necessary to solve technical problems on light rail contracts
  - higher than expected settlement costs for revised Danish contract
  - delays in recovering production efficiency for Morocco and Madrid contracts
  - increased engineering costs for high speed Holland-Belgium train contract
  - increased penalty costs due to programme delivery delays
Industrial recovery plan accelerated in 2007 and now in advanced state of implementation:

Reorganisation Plan Completed:
- Engineering and Production line skills renewed and strengthened together with reduction in administration staff

Industrial Plan Revised
- Crash programme completed
- Process programme in advanced stage of implementation

Key Technical Issues Solved
- Weight problem completely resolved for E403 locomotives with first vehicle delivered in December
- “Conditional Preliminary Taking Over” achieved for Danish railways with start up of passenger services on regional lines
- Finalisation of prototype for high speed Holland – Belgium train

Operating breakeven expected in 2008 due to significant increase in revenues underpinned by strong order backlog
Integration Targets Confirmed

- Helicopters
  - 2010 €65mn target (of which €52mn achieved by 2007)
    - Consolidation of lead times project to gain additional productivity and efficiency
    - Completion of single SAP project will bring enhanced efficiency and effectiveness in operations

- Avionics
  - 2010 €60mn target (of which €23mn achieved by 2007)

- It Security
  - 2010 €20mn target (of which €10mn achieved by 2007)

+ Additional Target for Space

  - Satellite Manufacturing
    - 2008 €15mn target from eliminating cost duplication, procurement savings and industrial rationalisation
Industrial Cost Cutting Targets Confirmed

- Production cost reduction
  - Global sourcing on €700mn purchase of materials and components:
    - Expected 10% savings 36 months after start up with 2010 €60mn target
  - Further ongoing purchase reduction activities (i.e. on-line auctions)
  - Reduction in services and labour costs

- Production sites
  - Restructuring to eliminate overlaps: 2010 €60mn target savings

- G&A
  - G&A% share of Revenues: to fall from 5.9% in 2007 to 5.1% in 2010 mainly due to administration rationalisation and consultancy expense cuts
- Extracted majority premium on 26mn shares due to French need to rebalance voting stake

- Sold 26mn to French shareholders at €10 per share for total proceeds of approx. €260mn, with capital gain of €69mn net of taxes, plus a potential earn out of €4 per share

- Cash proceeds to be invested for Finmeccanica Share Buy Back.

- Residual stake of 33.7mn shares, currently hedged at approx. €2 in addition to market price
Shareholder Remuneration: Share Buy Back Started

- On 16 January 2008, AGM approved Share Buy Back
  - 11.1mn shares for Management Performance Share Plan
  - 22.9mn shares aimed at increasing ordinary share value
  - Time frame 18 months

- On 28 February, Board launched Share Buy Back

- On 29 February 2008, 100,000 shares purchased for €2mn

- On 3 March pre results “black out” period started

- Total number of shares currently owned by Group amounts to 443,777
Dividend of €0.41 proposed (+17% compared to previous year)

DPS more than doubled from 2003 to 2007

Constant dividend increase every year (CAGR 20%)
During 2008-2010 Finmeccanica has investment plans totaling €4.2bn before government grants. Other external funding up approx. 25% vs. the 2005-2007 period.

Investments are the result of a rigorous investment selection that has cut the “lower 10%” of operating company expenditures and focused resources on high-performance programmes.
Finmeccanica’s portfolio is expected to move to a higher risk-return frontier, increasing its return on capital with a limited increase in risk.

2008 → 2010:
- Efficiency gains in product development across the entire portfolio
- Tight control on invested capital, both capitalised assets and working capital
- Risk management policies applied to individual contracts and to large programmes

\[
\text{Return} = \frac{\text{EBIT}_{\text{Risk Adjusted}}}{\text{Net Invested Capital}}
\]

\[
\text{Risk} = \frac{\text{EBIT}_{\text{Risk Adjusted}} - \text{EBIT}_{\text{WorstCase}}}{\text{Net Invested Capital}}
\]
Guidance Revised Upwards For 2008 And 2009 On Track To Achieve....

- 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
### Guidance 2010

<table>
<thead>
<tr>
<th>(Euro mn)</th>
<th>2007A</th>
<th>Stretch 2010 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenues</td>
<td>EBITA</td>
</tr>
<tr>
<td>Strategic Pillars*</td>
<td>9,112</td>
<td>953</td>
</tr>
<tr>
<td>Space &amp; Defence Systems</td>
<td>1,983</td>
<td>163</td>
</tr>
<tr>
<td>Transport, Energy and Others</td>
<td>2,750</td>
<td>(71)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13,845</strong></td>
<td><strong>1,045</strong></td>
</tr>
</tbody>
</table>

**Stretch 2010 Targets**

- **Revenues**
- **EBITA**
- **EBITA Margin**

* Strategic Pillars: Helicopters; Aeronautics; Defence Elect.

** Estimated
### Guidance Achieved For Fifth Consecutive Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
<th>Reported</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003 (Italian GAAP)</td>
<td>Value of Production YOY</td>
<td>9-10%</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>EBIT</td>
<td>6-6.5% low end</td>
<td>6.4%</td>
</tr>
<tr>
<td></td>
<td>Net Debt/Equity</td>
<td>&lt;35-40%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>Operating Cash Flow</td>
<td>&gt; € 0</td>
<td>€ 496 mln</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
<th>Reported</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 (IAS)</td>
<td>Revenues YOY</td>
<td>€ 12.7-13bn (Value of Production)</td>
<td>€ 12.5bn (Revenues)</td>
</tr>
<tr>
<td></td>
<td>EBIT</td>
<td>€ 840-860mln</td>
<td>€ 878mln</td>
</tr>
<tr>
<td></td>
<td>Net Debt/Equity</td>
<td>&lt;35-40%</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>Free Operating Cash Flow</td>
<td>€ 300mln</td>
<td>€ 506mln</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
<th>Reported</th>
<th>Outcome</th>
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<tr>
<td></td>
<td>Free Operating Cash Flow</td>
<td>€ 300mln</td>
<td>€ 506mln</td>
</tr>
</tbody>
</table>
Pier Francesco Guarguaglini

Business Strategy
Pursuing Our Goals

1. Drive further growth of three Strategic Pillars*, both organically and through acquisitions particularly in UK and US

2. Exploit niche excellences to conclude wider strategic alliances. Leverage on niche 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

4. Further develop new enabling technologies and rationalise / 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

* Helicopters, Defence Electronics, Aeronautics
Long Term Organic Growth Driven By High Quality Order Intake

“Defensive” Revenue profile:
> 50% of Group Revenues and > 60% of A,D&S Revenues coming from purely military programmes
Domestic Markets

Orders

2007A: €17.9bn
Avg Gross Margin 19.5%

2008E: ca. €17.1bn
Avg Gross Margin 20%

2010E: ca. €20bn
Avg Gross Margin 22.6%

Organic Growth Driven By Expanding International Footprint (1/2)
Domestic Markets

- Italy: 15%
- UK: 11%
- Rest of Europe: 25%
- North America: 16%
- North America: 26%
- Rest of World: 12%

Revenues

2007A: €13.4bn
2008E: €14.3-14.9bn
2010E: €16-17bn
Revenue Growth Targets Well Covered By Growing Backlog

Mainly driven by 3 Strategic Pillars

- Eurofighter
- C-27J
- AW101-US101
- B787
- AW139
- M346
- TETRA

Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Covered by firm orders</th>
<th>Covered by orders to be acquired...</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008E</td>
<td>€14.3-14.9bn</td>
<td>ca. 82%</td>
<td>... during 2008</td>
</tr>
<tr>
<td>2009E</td>
<td>€15.1-15.9bn</td>
<td>ca. 60%</td>
<td>... during 2008</td>
</tr>
<tr>
<td>2010E</td>
<td>€16-17bn</td>
<td>ca. 50%</td>
<td>... during 2009</td>
</tr>
</tbody>
</table>

1. Covered by orders to be acquired...
Recent Strategic Acquisition For Defence & Security...

Two selective “value adding” small - mid size acquisitions finalised over the last few months in the US and UK:

- **US: Reles** is a provider of Law Enforcement solutions for Local and Federal authorities with distinctive skills in advanced imaging techniques for automatic surveillance and recognition.

- **UK: Vega** - formerly listed on LSE, operating in Defence, Aerospace and Government services - provides engineering, technology consulting services and managed solutions, particularly in UK and Germany and is involved in *Eurofighter* and *Watchkeeper*. This acquisition allows to complete the range of competences as Lead System Integrator.

Both acquisitions are part of our external growth strategy aimed at increasing footprint in key markets, improving skills/capabilities as a solution provider and further strengthening ties with the **UK MoD** (Vega).

... targeting additional opportunities for external growth mainly in Strategic Pillars, particularly in the US.
Achieve Leading Positioning in Defence Systems Through Strategic Alliances …

Italian - French cooperation agreement to create a leading player in Underwater Systems

- Finmeccanica, DCNS and Thales cooperating for a **structural alliance in Underwater Systems** aimed at strengthening the European defence industry and creating a leading world player in this segment.

- Finmeccanica and its partners are creating three joint-ventures:
  - **Torpedo Programme JV**, in charge of torpedo system engineering, design and development, marketing & sales and programme management activities.
  - **Torpedo Manufacturing JV**, responsible for torpedo manufacturing and support activities, energy module engineering, test and manufacturing.
  - **Sonar JV**, including the acoustic head design, development, manufacturing & support activities and sonar business dedicated to Italian customer.

... now working for a wider strategic alliance in Land and Naval Armaments
Energy

- Strategies as Original Equipment Manufacturer (OEM) and Original Service Provider (OSP) confirmed by continuously growing business performance (Orders:+72% in 2007, mainly driven by gas turbines)
- Focus on further strengthening OEM & OSP roles, with some targeted investments in Renewables

Transport

- Return to profitability of Rolling Stock on track, aiming at playing a key role as preferred supplier for the new Italian High Speed train fleet. Industrial and commercial partnership under discussion with large international player
- Obtain benefits (in terms of market and volumes) from integration of Signalling and Systems businesses to improve competitiveness

... as assets to capture value in growing civil businesses
Establish Local Partnerships in Target Markets

NORTH AMERICA
Strengthen manufacturing capability and expand footprint in Defence & Security

MIDDLE EAST
Cooperation in Aeronautics and Security Systems

INDIA
Partnership localisation for Helicopters, Defence Electronics, Aeronautics, Underwater Systems

RUSSIA
Structural partnerships for civil markets (ATM, ATR, Helicopters, Railways, Postal services, Energy)

CHINA
Expansion of presence in Civil Helicopters, Regional aircrafts, Signalling, ATC and Port Security
International Strategy in Attractive Growth Markets

- 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

Some current manufacturing initiatives in USA:
- AW139 – Philadelphia, to increase manufacturing capacity for Helicopters
- Boeing 787 – Charleston, for final assembly of 787 fuselage

Initiatives to come:
- USA: new plant for C-27J final assy
- Turkey: A129Atak for military programmes
- India: Underwater, Helicopters
- Saudi Arabia: logistic support for Eurofighter

Enlarging international footprint, leveraging US cost base, exploiting global sourcing
Enabling Technologies For Innovation

Innovation continuing at pace for Platforms and Electronics, complemented by focussed investments enabling Modular, Scalable, Open and Service Oriented Architectures (SOA) for Integrated Systems.

Satisfying customers’ needs by providing end-to-end solutions for Defence & Security.
Operational scenarios are continuously evolving and requiring digitalised and interoperable systems, with high level of deployability, mobility and survivability, securing information dominance and enhanced situation awareness.

Forza NEC is the proposed solution to the battlespace needs of the Italian Armed Forces.

Italian 2008 Defence Budget has allocated funds for programme start up.

Overall project amounting > €15bn.

Proposed solution includes vertical/horizontal integration of products & capabilities from the Group, under Selex SI lead.
Resolve Residual Criticalities

First step of restructuring programmes successfully completed for:

- **Space Manufacturing and Services (Telespazio)**
  - €4.5mn benefits achieved in 2007, €8-10mn annual benefits expected once completed

- **Security and Automation (ElsagDatamat):**
  - Elsag & Datamat merger fully operational
  - Integration targets: €10mn achieved in 2007, €20mn annual benefits expected once completed

- **Military Communications (Selex Comms):**
  - €30mn of restructuring costs (lay offs) in 2007; €18mn annual benefits expected once completed

Programmes underway:

- **Aircraft Modification and Maintenance (Alenia Aeronavali) to be completed by 2009**
  - Complete redefinition of the industrial mission
  - Optimisation of workloads throughout the Group

- **Transport Rolling Stock (Ansaldo Breda) to be completed in 2008**
  - Reorganisation plan completed
  - Industrial plan revised
  - Key technical issues solved
Implementation of additional efficiency measures approved in order to strengthen the Industrial Plan, including contingencies to mitigate external risks beyond our control

Companies must reach specific targets for:

- **Production cost reduction:**
  - Global sourcing on €700m purchase of materials and components:
  - Expected 10% savings 36 months after start up, with 2010 €60m target

- **Industrial sites optimisation**
  - €60m target savings by 2010

- **G&A costs**
  - From 5.9% of Revenues in 2007 to 5.1% in 2010

- **Investments and R&D costs**
Management Remuneration Aligned to Delivery Of Strategy

Guarantee alignment between Strategy and Management

Commit to both short and long term objectives

Enhance Value Creation

Increase motivation to deliver superior performance

Enhance Management accountability
Strengthen positioning in Defence Electronics
• Become a leading player for Defence and Security solutions

Expand our role as Space service provider
• Grow as a distinctive player in Energy & consolidate positioning in Transport

Strengthened Global Positioning

Confirm leading worldwide positioning in Helicopters
• Grow as global player in Aeronautics

Technological excellence in Aerostructures
• Modular and interoperable architecture design capability

Worldwide Brand Recognition

Internationalisation

Innovation

Competitiveness Profitability

Value Creation
Conclusion

2007: A year of key achievements

2008 - 2010: Building a stronger future
- Growing organically and through acquisitions
- Leveraging high exposure to large defence programmes and international markets
- Resolving residual criticalities and implementing our new industrial plan

On track to achieve 2010 targets
Appendix
## FY 2007 Results – Profit & Loss

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

<table>
<thead>
<tr>
<th>Category</th>
<th>€mil.</th>
<th>FY 2007</th>
<th>FY 2006</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td>13,429</td>
<td>12,472</td>
<td>8%</td>
</tr>
<tr>
<td>Costs for purchases and personnel</td>
<td>(12,098)</td>
<td>(11,091)**</td>
<td></td>
<td></td>
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<tr>
<td>Depreciation and amortisation</td>
<td>(478)</td>
<td>(458)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Writedowns</td>
<td>(93)</td>
<td>(23)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other net operating revenues (costs)</td>
<td>220</td>
<td>66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in inventories of work in progress, semi-finished and finished goods</td>
<td>65</td>
<td>(24)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITA Adj</strong>*</td>
<td></td>
<td>1,045</td>
<td>942</td>
<td>11%</td>
</tr>
<tr>
<td><strong>EBITA Adj</strong>* margin</td>
<td></td>
<td>7.8%</td>
<td>7.6%</td>
<td></td>
</tr>
<tr>
<td>Non-recurring revenues (costs)</td>
<td>123</td>
<td>0</td>
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<tr>
<td>Restructuring costs</td>
<td>(58)</td>
<td>(10)</td>
<td></td>
<td></td>
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<tr>
<td>PPA amortisation</td>
<td>(26)</td>
<td>(24)</td>
<td></td>
<td></td>
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<tr>
<td><strong>EBIT</strong></td>
<td></td>
<td>1,084</td>
<td>908</td>
<td>19%</td>
</tr>
<tr>
<td><strong>EBIT margin</strong></td>
<td></td>
<td>8.1%</td>
<td>7.3%</td>
<td></td>
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<tr>
<td>Net finance income (costs)</td>
<td>(237)</td>
<td>365**</td>
<td></td>
<td></td>
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<tr>
<td>Income taxes</td>
<td>(326)</td>
<td>(243)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit before discontinued operations</strong></td>
<td></td>
<td>521</td>
<td>1,030</td>
<td>-49%</td>
</tr>
<tr>
<td>Profit of discontinued operations</td>
<td>0</td>
<td>(9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td></td>
<td>521</td>
<td>1,021</td>
<td>-49%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td>484</td>
<td>988</td>
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<tr>
<td><strong>Minorities</strong></td>
<td></td>
<td>37</td>
<td>32</td>
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<tr>
<td><strong>EPS (EUR)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic</strong></td>
<td></td>
<td>1.14</td>
<td>2.33</td>
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<tr>
<td><strong>Diluted</strong></td>
<td></td>
<td>1.138</td>
<td>2.32</td>
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<tr>
<td><strong>EPS of continuing operations (EUR)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic</strong></td>
<td></td>
<td>1.14</td>
<td>2.35</td>
<td></td>
</tr>
<tr>
<td><strong>Diluted</strong></td>
<td></td>
<td>1.138</td>
<td>2.34</td>
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</table>
## BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>€mil.</th>
<th>31 Dec. 2007</th>
<th>31 Dec. 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td>9,845</td>
<td>9,919</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td>(2,562)</td>
<td>(3,334)</td>
</tr>
<tr>
<td>Total</td>
<td>7,283</td>
<td>6,585</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>3,383</td>
<td>3,095</td>
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<tr>
<td>Contract work in progress</td>
<td></td>
<td>3,227</td>
<td>2,823</td>
</tr>
<tr>
<td>Trade receivables</td>
<td></td>
<td>4,319</td>
<td>3,856</td>
</tr>
<tr>
<td>Trade payables</td>
<td></td>
<td>(4,004)</td>
<td>(3,561)</td>
</tr>
<tr>
<td>Advances from customers</td>
<td></td>
<td>(6,477)</td>
<td>(5,529)</td>
</tr>
<tr>
<td>Provisions for short-term risks and charges</td>
<td>(545)</td>
<td>(571)</td>
<td></td>
</tr>
<tr>
<td>Other current net assets (liabilities)</td>
<td>(596)</td>
<td>(547)</td>
<td></td>
</tr>
<tr>
<td>Net working capital</td>
<td></td>
<td>(693)</td>
<td>(434)</td>
</tr>
<tr>
<td>Net invested capital</td>
<td></td>
<td>6,590</td>
<td>6,151</td>
</tr>
<tr>
<td>Capital and reserves attributable to equity holders of the Company</td>
<td>5,329</td>
<td>5,239</td>
<td></td>
</tr>
<tr>
<td>Minority interests</td>
<td></td>
<td>103</td>
<td>81</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td>5,432</td>
<td>5,320</td>
</tr>
<tr>
<td>Net debt (cash)</td>
<td></td>
<td>1,158</td>
<td>858</td>
</tr>
<tr>
<td>Net liabilities (assets) held for sale</td>
<td></td>
<td>-</td>
<td>(27)</td>
</tr>
<tr>
<td>Description</td>
<td>€mil.</td>
<td>2007</td>
<td>2006</td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
<td>--------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>2,003</td>
<td>1,061</td>
<td></td>
</tr>
<tr>
<td>Gross cash flow from operating activities</td>
<td>1,711</td>
<td>1,600</td>
<td></td>
</tr>
<tr>
<td>Changes in other operating assets and liabilities</td>
<td>(630)</td>
<td>(629)</td>
<td></td>
</tr>
<tr>
<td><strong>Funds From Operations (FFO)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>318</td>
<td>347</td>
<td></td>
</tr>
<tr>
<td>Cash flow generated from (used in) operating activities</td>
<td>1,399</td>
<td>1,318</td>
<td></td>
</tr>
<tr>
<td>Cash flow from ordinary investing activities</td>
<td>(1,024)</td>
<td>(812)</td>
<td></td>
</tr>
<tr>
<td><strong>Free operating cash flow</strong></td>
<td>375</td>
<td>506</td>
<td></td>
</tr>
<tr>
<td>Strategic operations</td>
<td>(441)</td>
<td>580</td>
<td></td>
</tr>
<tr>
<td>Change in other financing activities</td>
<td>2</td>
<td>(30)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow generated (used) by investment activities</strong></td>
<td>(1,463)</td>
<td>(262)</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(151)</td>
<td>(214)</td>
<td></td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>(169)</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow generated (used) by financing activities</strong></td>
<td>(320)</td>
<td>(112)</td>
<td></td>
</tr>
<tr>
<td>Exchange gains/losses</td>
<td>(12)</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 December</td>
<td>1,607</td>
<td>2,003</td>
<td></td>
</tr>
</tbody>
</table>
### Divisions

<table>
<thead>
<tr>
<th></th>
<th>2007 (EUR million)</th>
<th>2006 (EUR million)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Helicopters</td>
<td>Defence Electronics</td>
<td>Aeronautics</td>
</tr>
<tr>
<td>Revenues</td>
<td>2,980</td>
<td>3,826</td>
<td>2,308</td>
</tr>
<tr>
<td>EBITA*</td>
<td>377</td>
<td>427</td>
<td>249</td>
</tr>
<tr>
<td>EBITA* margin (%)</td>
<td>12.7%</td>
<td>11.2%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>103</td>
<td>152</td>
<td>134</td>
</tr>
<tr>
<td>Investment in non-current assets</td>
<td>127</td>
<td>206</td>
<td>523</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>322</td>
<td>557</td>
<td>501</td>
</tr>
<tr>
<td>New orders</td>
<td>3,970</td>
<td>5,240</td>
<td>3,104</td>
</tr>
<tr>
<td>Order backlog</td>
<td>9,004</td>
<td>8,725</td>
<td>6,240</td>
</tr>
<tr>
<td>Headcount</td>
<td>9,556</td>
<td>19,589</td>
<td>13,301</td>
</tr>
</tbody>
</table>

*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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