Executive Summary

- Finmeccanica is a leading European A&D group with high technology expertise and synergic activities in the Aerospace, Defence and Security sectors.

- Finmeccanica plays leading roles in major European programmes and projects in the Aerospace, Defence and Security sectors, contributing its own exclusive design, development and production competence.

- Finmeccanica’s current acquisition strategy is designed to focus the group activities on core profitable and cash flow predictable A&D segments:
  - Leverage multi-business technologies/competencies in Aerospace, Defence and Security sectors.
  - Enlarge Client base by increasing exposure to UK defence budget.
  - De-consolidate non-core businesses in the Transport and Energy sectors.
  - Unwind helicopter and defence electronic JVs.

- Finmeccanica is committed to maintain low gearing and a solid BBB or better credit rating:
  - Conservative financial management.
  - Firm adherence to a strong and lean balance sheet.
  - Long average debt maturity.
  - Sources of financial flexibility, including asset disposals.

- Stable ownership structure (Italian Ministry of Economy and Finance owning no less than 30% of the share capital).
Agenda

- STRATEGY ON TRACK
- RECENT AEROSPACE & DEFENCE TRANSACTIONS
- FINANCIAL HIGHLIGHTS
- BUSINESS DIVISIONS OVERVIEW
- FINANCIALS
Group Structure (FY 2003 figures)

**Aeronautics**
- Alenia Aeronautica
  - Aermacchi
  - 100% ownership
  - Eur 1.3bn in revenues
  - 15% revenue contribution

**Space**
- Alenia Spazio
- Telespazio
- 100% ownership
- Eur 0.8bn in revenues
- 9% revenue contribution

**Helicopters**
- AgustaWestland
  - 50% ownership
  - Eur 1.3bn in revenues
  - 15% revenue contribution (100% ownership at year end 2004)

**Defence Systems**
- Oto Melara (100% ownership), WASS (100%), MBDA (25%)
  - Eur 1.1bn in revenues
  - 12% revenue contribution

**Defence Electronics**
- Galileo (100% ownership), Marconi Selenia (100%), AMS (50%)
  - Eur 1.9bn in revenues
  - 21% revenue contribution

**Information Technology**
- Elsag
  - 100% ownership
  - Eur 0.4bn in revenues
  - 4% revenue contribution

**Semiconductors**
- STMicroelectronics
  - 17% stake
  - (6.6% at year end 2004)

**Transportation**
- Ansaldo Trasporti S.F.
- Ansaldo Breda
- Ansaldo Signal
  - 100% ownership
  - Eur 1.3bn in revenues
  - 15% revenue contribution

**Energy**
- Ansaldo Energia
  - 100% ownership
  - Eur 0.8bn in revenues
  - 9% revenue contribution

Eur 8.6bn value of production\(^{(1)}\) in 2003 and Eur 22,275m backlog at year end

Note: Revenue contribution based on 2003 results. AgustaWestland, AMS and MBDA are proportionately consolidated. STM stake is accounted for using the equity method, thus does not contribute towards consolidated revenues.

\(^{(1)}\) From 2003 annual report net of others, corporate and eliminations
### Yesterday (up to 2001/2002)

<table>
<thead>
<tr>
<th>Industrial diversification</th>
<th>Exit Non-core</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fragmented</td>
<td>Helicopters, Defence Electronics, Military trainers, Tactical transport a/c</td>
</tr>
<tr>
<td>Aerospace &amp; Defence portfolio</td>
<td>Strategic industrial holding (1 JV = 10% A&amp;D revenues)</td>
</tr>
<tr>
<td>Loose confederation (3 JVs = 40% A&amp;D revenues)</td>
<td>Agusta Westland, Defence Electronics &amp; Space transactions</td>
</tr>
<tr>
<td>Domestic footprint</td>
<td></td>
</tr>
<tr>
<td>Too small (Eur 4.5 bn in A&amp;D)</td>
<td></td>
</tr>
<tr>
<td>Fragile capital structure</td>
<td></td>
</tr>
</tbody>
</table>

### Today/Tomorrow

<table>
<thead>
<tr>
<th>Concentration in Aerospace &amp; Defence</th>
<th>Exit Non-core</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on areas of excellence</td>
<td>Helicopters, Defence Electronics, Military trainers, Tactical transport a/c</td>
</tr>
<tr>
<td>Tight-knit union of companies</td>
<td>Strategic industrial holding (1 JV = 10% A&amp;D revenues)</td>
</tr>
<tr>
<td>Increased exposure to international defence budgets</td>
<td>Agusta Westland, Defence Electronics &amp; Space transactions</td>
</tr>
<tr>
<td>Leading European A&amp;D group</td>
<td>~Eur 9.5 bn in 05 including transactions already underway Eur 10 bn by end 06</td>
</tr>
</tbody>
</table>

...to enhance sustainability of cash flow generation...
...by focussing in Aerospace & Defence...

**by 2005**
Build A&D focussed Group

Complete transformation from holding to industrially focused group
Integrate recently acquired assets
Proceed with growth in those A&D sectors where Finmeccanica can exploit its leadership

**after 2005**
Strengthen leadership in selected businesses
Reinforce areas of excellence through internal and external investments
Expand geographical penetration for state of art products
Exploit business & technological Group synergies

---

2003 Actual revenues

<table>
<thead>
<tr>
<th>Sector</th>
<th>2003 Actual Revenues (€8.6bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence Systems</td>
<td>12%</td>
</tr>
<tr>
<td>Helicopters</td>
<td>14%</td>
</tr>
<tr>
<td>Aeronautics</td>
<td>15%</td>
</tr>
<tr>
<td>Space</td>
<td>9%</td>
</tr>
<tr>
<td>Energy</td>
<td>9%</td>
</tr>
<tr>
<td>IT</td>
<td>4%</td>
</tr>
<tr>
<td>Transport</td>
<td>15%</td>
</tr>
<tr>
<td>Defence Electronics</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€8.6bn</strong></td>
</tr>
</tbody>
</table>

A&D Target revenues 2006

<table>
<thead>
<tr>
<th>Sector</th>
<th>Target Revenues (€10bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence Systems</td>
<td>12%</td>
</tr>
<tr>
<td>Helicopters</td>
<td>14%</td>
</tr>
<tr>
<td>Aeronautics</td>
<td>15%</td>
</tr>
<tr>
<td>Space</td>
<td>9%</td>
</tr>
<tr>
<td>Energy</td>
<td>9%</td>
</tr>
<tr>
<td>IT</td>
<td>4%</td>
</tr>
<tr>
<td>Transport</td>
<td>15%</td>
</tr>
<tr>
<td>Defence Electronics</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€10bn</strong></td>
</tr>
</tbody>
</table>

- of which €6.3 bn in A&D
- of which more than 50% in Helicopters & Defence Electronics

2004 Guidance for Revenues/EBITDA/Operating Profit/Cash Flow/Net Debt all achieved
...and by capitalising on our Strategic Assets

Platform-based assets, consolidated areas of activity

Platforms
- Helicopters
- Aircraft
- Satellites
- Land Vehicles
- Warship Systems

Enabling assets for platforms and Integrated Solutions

Systems
- Mission Systems
- Sensors
- Comms
- Command & Control & Info Systems

We have a range of products and technologies consistent with:
Operational requirements for integrated solutions within Network Enabled Environment.
Technology convergence across air, land, naval and joint programmes.
## Mission Objectives

### Strategic Objectives
- Pursue leadership in selected areas of Aerospace, Defence and Security through both organic and external growth
  - Reinforce leadership as “prime” in helicopters and military trainers
  - Strengthen role as major player in Defence Electronics
  - Develop role as “supplier of choice” or “Small Prime” in Aero-structures
  - Maintain access to development of key technologies in the other sub-sectors
- Broaden access to defence budgets both in Europe and in the US
- Maintain and consolidate Finmeccanica’s role as the major supplier of the Italian MoD
- Deconsolidate non core businesses

### Operational/Financial Objectives
- Increase profitability and cash flow generation of the Finmeccanica Group
  - Focus on economies of scale and control in selected segments
  - Leveraging on technological synergies
  - Streamline businesses within Aerospace & Defence portfolio
- Complete transition from a financial holding company to a distinctly recognisable industrial Group
  - Maximise synergies within the Group
  - Increase control of assets
  - Increase efficiency across the Group
- Maintain financial stability
  - Strong and lean balance sheet
  - Stringent internal financial policy targets
  - Strict investment criteria
Ministry of Economy and Finance special powers (recently amended):

- Veto powers over material changes:
  - Liquidation of the Company
  - Disposal of Company’s assets, mergers, spin-offs
  - By-laws amendments (including modifying special powers)
- Veto power on material acquisition of shares (more than 3%) and/or relevant material shareholders agreements
- No medium-term changes in shareholder structure expected

Current Board of Directors made of 13 members, includes 9 members appointed by Ministry of Economy and Finance of which 3 are nominated by Government decree.

(1) As at 31 December 2004
(2) Of which 1.7% indirectly held (Fintecna)
(3) Italian State owned holding company
## Agenda

- STRATEGY ON TRACK
- RECENT AEROSPACE & DEFENCE TRANSACTIONS
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Major 2004/2005 A&D Transactions...

...reducing the number of existing JVs and ...

➢ **Helicopters**: outright control of AgustaWestland, a world’s leading helicopter player. Closing signed last 30 November. Additional revenues of at least Eur 1 bn in 05

➢ **Defence Electronics**: building leadership in European Avionics, Military and Secure Communication and Air Traffic Management, while retaining full control of Italian Radar, Land and Sea systems activities. Final agreement signed. Additional revenues of Eur 1 bn (considering 100% consolidation of Avionics)

➢ **Space**: Alenia/Alcatel space alliance final agreement signed. Minority 33% stake in Manufacturing (combined revenues of Eur 1.8 bn in 04) and majority stake in Services (combined revenues of Eur 350 mln in 04)

...increasing control of consolidated cash flows and assets
Helicopters

Complete control of AgustaWestland will boost profitability…

- Compete more aggressively for international and military programmes (for example recent award of US 101 Presidential contract)

- Removing delays in decisional process typical of JVs

- Integration effects: Eur 50 mln annualised savings by end 06 thanks to:
  - Increased outsourcing
  - Streamlining of staff functions
  - Elimination of cost duplications
  - Tighter integration of engineering and production activities
  - Integrated procurement
  - Creation of a single “factory”

- Higher recognition in world’s markets for other Finmeccanica products

---

<table>
<thead>
<tr>
<th>Uses</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eur 1,496 MM for 50%</td>
<td>Eur 1.44 Bn from sale of STM shares to CDP</td>
</tr>
<tr>
<td>AgustaWestland(1)</td>
<td></td>
</tr>
<tr>
<td>Eur 92 MM real estate</td>
<td></td>
</tr>
<tr>
<td>assets used by AW</td>
<td></td>
</tr>
</tbody>
</table>

...and widen range of strategic/operational options

(1) Of which Eur 52 MM conditional upon the award of the Super Lynx contract from the UK government
Helicopters

Just an example: AgustaWestland product line

2 Ton - 3 Ton
- A119 Koala
- A109 Power
- A109 K2
- A109 LUH

4 Ton - 6 Ton
- AB139
- BA609
- AB412
- Lynx & Super Lynx 300

Multiruolo - Cmbt
- A129
- Apache

9 Ton 10 Ton
- NH90 (TTH)
- NH90 (NFH)

14 Ton - 15 Ton
- EH101 Family
- Cormorant
- Naval
- Terrestrial/US 101
 Defence Electronics

Strategic autonomy and full managerial control over complete range of...

Avionics JV
- Avionic systems and equipment
- Combat, surveillance and surface systems & radar
- Electro-optical and space systems
- Simulators and UAVs

New AMS (Italy)
- Land radar and command & control systems
- Naval radar and mission systems
- Air Traffic Control radar
- Air Traffic Management systems

Military & Secure Communications
- Land & naval communication systems and tactical command & control systems
- CNI (Communications, Navigation, Identification)
- Secure Communications
- PMR (Private Mobile Radio)

Total revenues: Eur 1.525 bn

Total revenues: Eur 525 mln

Total revenues: Eur 775 mln

(Revenues in Eur bn)

Northrop Grumman
Raytheon
Thales
Lockheed Martin
General Dynamics
FNM post-agreement
L-3 Communications
BAE North America
FNM pre-agreement
EADS
ITT
Rockwell Collins
BAE Europe
Honeywell
Sagem

≥ 75%
100%
100%

*After agreement with BAE and including Underwater Systems & Horizon activities

...Italian and UK Defence Electronics assets after new agreement with BAE

Higher thinking.
Space

Space alliance with Alcatel: ready to exploit renewed EU commitment…

➢ Manufacturing (Alcatel Alenia Space, 67% Alcatel / 33% Finmeccanica):
  ▪ European leadership in institutional and world telecom satellite markets
  ▪ Economies of scale and expanded customer base
  ▪ More balanced customer portfolio (institutional/commercial)

➢ Services (Telespazio, 67% Finmeccanica / 33% Alcatel):
  ▪ Leadership in European institutional services in Navigation, Earth Observation and Military
  ▪ Leverage on global footprint of Alcatel parent company
  ▪ Participates to the tender process for the Galileo programme through the Eurely Consortium

…to participate in large institutional space programmes
Agenda

- STRATEGY ON TRACK
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Financial criteria for A&D acquisitions

- IRR > WACC (7.6%) + Hurdle rate of at least 2%
- Cash generative once integration completed
- Funding criteria aimed at least at maintaining current credit ratings

Instruments:

- STM shares: remaining 40 mln STM shares still available to fund A&D investments + 20 mln underlying exchangeable
- Equity related funding capabilities while maintaining 30% Italian Government minimum participation
- Additional financial capacity through assets disposals
- Cash ~ Eur 2 bn end 2004

... while respecting internal financial target ratios: D/E < 40%; Net Debt/EBITDA < 2X
Selected Historical Financial Ratios

Low leverage and strong coverage ratios reflect Finmeccanica’s commitment to maintaining a sound financial profile: achieved 2004 targeted Financial Ratios.
## Debt Overview

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term debt</td>
<td>47</td>
<td>65</td>
<td>86</td>
<td>112</td>
</tr>
<tr>
<td>Current portion of medium- to long-term debt</td>
<td>920</td>
<td>64</td>
<td>84</td>
<td>86</td>
</tr>
<tr>
<td>Medium- to long-term debt (net of current portion)</td>
<td>1,404</td>
<td>2,268</td>
<td>2,304</td>
<td>1,816</td>
</tr>
<tr>
<td>Cash on hand or equivalent</td>
<td>(1,399)</td>
<td>(1,617)</td>
<td>(2,234)</td>
<td>(1,022)</td>
</tr>
<tr>
<td><strong>NET BANK AND BOND DEBT</strong></td>
<td><strong>972</strong></td>
<td><strong>780</strong></td>
<td><strong>240</strong></td>
<td><strong>992</strong></td>
</tr>
<tr>
<td>Interest-bearing securities</td>
<td>(16)</td>
<td>(18)</td>
<td>(20)</td>
<td>(17)</td>
</tr>
<tr>
<td>Government bonds</td>
<td>(22)</td>
<td>(22)</td>
<td>(63)</td>
<td>(68)</td>
</tr>
<tr>
<td>Loans to third parties</td>
<td>(393)</td>
<td>(458)</td>
<td>(504)</td>
<td>(498)</td>
</tr>
<tr>
<td>Loans to subsidiaries and affiliated companies</td>
<td>(98)</td>
<td>(119)</td>
<td>(116)</td>
<td>(223)</td>
</tr>
<tr>
<td>Loans from subsidiary and affiliated companies</td>
<td>335</td>
<td>381</td>
<td>440</td>
<td>429</td>
</tr>
<tr>
<td>Liabilities to industry ministry (MAP)</td>
<td>62</td>
<td>62</td>
<td>65</td>
<td>64</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>109</td>
<td>111</td>
<td>214</td>
<td>45</td>
</tr>
<tr>
<td><strong>NET DEBT</strong></td>
<td><strong>949</strong></td>
<td><strong>717</strong></td>
<td><strong>256</strong></td>
<td><strong>724</strong></td>
</tr>
</tbody>
</table>

Net Debt at the end of 2004 is approx. € 400 MM
Debt Refinancing Strategy

- Significant liquidity sources:
  - Bank lines uncommitted Eur 1.0 bn
  - Bank lines committed Eur 1.2 bn (no financial covenants and rating triggers)
  - Cash available Eur 2.0 bn (as at 31-Dec-04)
  - Total liquidity sources Eur 3.5bn (as at 31-Dec-04)

Average Life of Bond Debt: 5.1 years (as at 31-Dec-04)

(1) At Maturity
Agenda

- STRATEGY ON TRACK
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Aeronautics: currently capitalising on previous military investment...

**Significant presence in two largest civil programmes (A380 and 7E7) create strong base to reap benefits of sector recovery from 2006**

- Eurofighter first tranche: production ramp up, deliveries until 2006 = 50% of backlog. Second tranche: acquired entire order for about 236 a/c, worth Eur 1.7 bn, deliveries 2007-11

- C27J military transport a/c: production ramp up for Greece and Italy. US requirement of up to 128 A/C. Other significant export opportunities (Portugal, Canada and India)

- M346 military a/c trainer; highly successful first flight, leading candidate for Eurotrainer. Potential world market of 600 a/c over next 20 years

- A380: 4% of programme, first deliveries to Airbus, opportunities on cargo version. 7E7: 26% stake in collaboration with Vought, moving up the value chain, first deliveries in 07

---

**Higher thinking.**

**Finmeccanica**
Helicopters: export build and customer support help offset...

High margin customer support rising from 25% to 30% revenues in 04. Further increase over next few years

- NH90 ramping up over next few years (>150 helos in backlog)

- AB139, selected for DeepWater, first deliveries in 04 ramping up to >30 a/c by 06. Leading contender for potential world market of 1,000 a/c over next 20 years

- Significant opportunities in US market for US101:
  - Presidential fleet: $ 1.8 bn contract awarded for system development and demonstration phase of first 8 helicopters on 28 January 2005. $ 2.5 bn contract extension expected in next few years for further 15 helos
  - Further US requirements for about 200 a/c worth $ ~9bn

- Total US military requirements worth about $ 15 bn until 2010

...lower domestic volumes
Space: outlook improving thanks to new boost …

Weak commercial offset by improved m-t prospects for govt funded programmes.
Space investment considered strategic by new EU white paper

- Ramp-up in Cosmo earth monitoring programme (~Eur 500 mln order acquired in December) drives Manufacturing growth in s-m term
- Recognised leadership on Galileo programme drive m-l term prospects for Services
- Profitability improving also thanks to restructuring
- Interesting opportunities in military and security comms.

(Euro mln) 2003

| Revenues   | 767  |
| Ebita      | 14   |
| Backlog    | 1,189|

Defence Revenues

8%

…to institutional programmes
Defence Electronics: volume growth and restructuring…

Exciting prospects driven by growing demand for integrated system solutions

- Significant growth in avionics driven by forthcoming Eurofighter 2nd tranche (contract worth ~ Eur 3 bn including BAE avionics) as well as good export opportunities (Grifo radar)

- Major potential boost to military comms from TETRA (contract worth ~ Eur 3 bn) to provide terrestrial trunked radio network to Italian security forces

- Naval contracts and programmes support medium term profitability (Horizon, Italian a/c carrier, Fremm multifrigate)

---

...boost profitability

*Including 50% of AMS and 100% of Galileo Avionica, Marconi SC (consolidated from August 02) and SNI*
Defence Systems: ramp-up in missile production...

Significant potential for further improvement in performance thanks to ongoing rationalisation of missile JV

- Missiles: m-l term increase in profitability supported by programmes (PAAMS/FSAF, Storm Shadow/Scalp EG, Brimstone) moving from development into production

- Armaments: profitability sustained by strong domestic (Dardo, Centauro, PZ2000) and export (naval gun) activity

- Underwater weapons: advanced development of Black Shark heavy torpedo key for maintaining m-l term performance

... drives increased profitability
Non-core: strong commitment to exit Transport and Energy confirmed

Increasing European investment in rail infrastructure

- Positive outcome for spin-off into combined civil engineering activities (Transport, Energy and Fincantieri shipbuilding) only with defined time-frame and clear exit route
- If outcome negative, Finmeccanica will pursue all other viable alternatives. Expressions of interest in Transport by other third parties
- Positive m-t trading outlook for Transport thanks to major European rail infrastructure investments and benefits of past restructuring
- Energy strengthening its m-l term outlook thanks to selective technology investments. IT still profitable despite weak demand and harsh competitive environment

IT now a core business thanks to new A&D mission
Agenda

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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of goods and services</td>
<td>(4,057)</td>
<td>(3,794)</td>
<td>(5,561)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VALUE ADDED</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour cost</td>
<td>(1,849)</td>
<td>(1,713)</td>
<td>(2,340)</td>
</tr>
<tr>
<td>Other provisions</td>
<td>(13)</td>
<td>(23)</td>
<td>(34)</td>
</tr>
<tr>
<td>Provisions for risks and charges</td>
<td>(44)</td>
<td>(50)</td>
<td>(80)</td>
</tr>
<tr>
<td>Other income (charges)</td>
<td>72</td>
<td>64</td>
<td>158</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(206)</td>
<td>(187)</td>
<td>(267)</td>
</tr>
<tr>
<td>Revenue from capital grants</td>
<td>18</td>
<td>21</td>
<td>26</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>307</td>
<td>241</td>
<td>549</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>240</td>
<td>180</td>
<td>467</td>
</tr>
<tr>
<td>Financial income (expenses)</td>
<td>(33)</td>
<td>(30)</td>
<td>(39)</td>
</tr>
<tr>
<td>Exchange rate gains (losses)</td>
<td>(3)</td>
<td>705</td>
<td>(6)</td>
</tr>
<tr>
<td>Increase/decrease in the value of investments</td>
<td>69</td>
<td>101</td>
<td>162</td>
</tr>
<tr>
<td>of which STMicroelectronics</td>
<td>88</td>
<td>79</td>
<td>41</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX</strong></td>
<td>268</td>
<td>252</td>
<td>584</td>
</tr>
<tr>
<td>Extraordinary income (expenses)</td>
<td>(60)</td>
<td>(53)</td>
<td>(173)</td>
</tr>
<tr>
<td><strong>PRE-TAX PROFIT</strong></td>
<td>207</td>
<td>198</td>
<td>411</td>
</tr>
<tr>
<td>Tax</td>
<td>(129)</td>
<td>(129)</td>
<td>(211)</td>
</tr>
<tr>
<td><strong>NET PROFIT</strong></td>
<td>78</td>
<td>69</td>
<td>199</td>
</tr>
<tr>
<td>Minority interests</td>
<td>(1)</td>
<td>(7)</td>
<td>(11)</td>
</tr>
<tr>
<td><strong>NET ATTRIBUTABLE PROFIT</strong></td>
<td>77</td>
<td>62</td>
<td>189</td>
</tr>
</tbody>
</table>
## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>1,194</td>
<td>1,198</td>
<td>1,222</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>1,690</td>
<td>1,692</td>
<td>1,626</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>1,420</td>
<td>1,419</td>
<td>1,486</td>
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<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
<td>4,304</td>
<td>4,310</td>
<td>4,333</td>
</tr>
<tr>
<td>Inventory (net of progress billings)</td>
<td>7,765</td>
<td>6,720</td>
<td>7,095</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>3,070</td>
<td>3,328</td>
<td>3,030</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,091</td>
<td>1,137</td>
<td>1,400</td>
</tr>
<tr>
<td>Trade payables</td>
<td>(2,390)</td>
<td>(2,564)</td>
<td>(2,577)</td>
</tr>
<tr>
<td>Customer advances</td>
<td>(4,332)</td>
<td>(4,232)</td>
<td>(4,490)</td>
</tr>
<tr>
<td>Provisions for risks and charges</td>
<td>(1,100)</td>
<td>(1,108)</td>
<td>(1,234)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(3,442)</td>
<td>(3,318)</td>
<td>(2,911)</td>
</tr>
<tr>
<td><strong>WORKING CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which operating working capital</td>
<td>663</td>
<td>(37)</td>
<td>313</td>
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<tr>
<td>STAFF SEVERANCE FUND</td>
<td>(725)</td>
<td>(714)</td>
<td>(712)</td>
</tr>
<tr>
<td><strong>NET INVESTED CAPITAL</strong></td>
<td>4,242</td>
<td>3,559</td>
<td>3,934</td>
</tr>
<tr>
<td>covered by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SHAREHOLDERS’ EQUITY</td>
<td>3,293</td>
<td>3,302</td>
<td>3,210</td>
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<tr>
<td>NET DEBT</td>
<td>949</td>
<td>256</td>
<td>724</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>4,242</td>
<td>3,559</td>
<td>3,934</td>
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</table>
## Divisions

### 9M 2004 RESULTS

<table>
<thead>
<tr>
<th></th>
<th>Aeronautics</th>
<th>Helicopters</th>
<th>Space</th>
<th>Defence Electronics</th>
<th>Defence Systems</th>
<th>Transp.</th>
<th>Energy</th>
<th>I.T</th>
<th>Other</th>
<th>Elim.</th>
<th>TOTAL</th>
</tr>
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<tbody>
<tr>
<td><strong>Value of production</strong></td>
<td>1.200</td>
<td>867</td>
<td>523</td>
<td>1.408</td>
<td>748</td>
<td>987</td>
<td>515</td>
<td>267</td>
<td>96</td>
<td>(223)</td>
<td><strong>6.388</strong></td>
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<tr>
<td><strong>EBITA</strong></td>
<td>75</td>
<td>75</td>
<td>9</td>
<td>97</td>
<td>42</td>
<td>41</td>
<td>19</td>
<td>9</td>
<td>(60)</td>
<td></td>
<td><strong>307</strong></td>
</tr>
<tr>
<td><strong>EBITA Margin (%)</strong></td>
<td><strong>6.3%</strong></td>
<td><strong>8.7%</strong></td>
<td><strong>1.7%</strong></td>
<td><strong>6.9%</strong></td>
<td><strong>5.6%</strong></td>
<td><strong>4.2%</strong></td>
<td><strong>3.7%</strong></td>
<td><strong>3.4%</strong></td>
<td>n.s</td>
<td></td>
<td><strong>4.8%</strong></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>69</td>
<td>68</td>
<td>4</td>
<td>69</td>
<td>27</td>
<td>37</td>
<td>19</td>
<td>7</td>
<td>(60)</td>
<td></td>
<td><strong>240</strong></td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>62</td>
<td>20</td>
<td>30</td>
<td>72</td>
<td>32</td>
<td>23</td>
<td>9</td>
<td>10</td>
<td>15</td>
<td></td>
<td><strong>273</strong></td>
</tr>
<tr>
<td><strong>New orders</strong></td>
<td>586</td>
<td>394</td>
<td>354</td>
<td>1.063</td>
<td>382</td>
<td>1.332</td>
<td>128</td>
<td>277</td>
<td>86</td>
<td>(172)</td>
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<td>2.710</td>
<td>1.006</td>
<td>3.319</td>
<td>4.303</td>
<td>3.840</td>
<td>1.454</td>
<td>262</td>
<td>108</td>
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<td><strong>20.613</strong></td>
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<td>4.140</td>
<td>5.955</td>
<td>2.492</td>
<td>2.728</td>
<td>839</td>
<td></td>
<td><strong>46.685</strong></td>
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</table>
### Divisions

#### 9M 2003 RESULTS

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<thead>
<tr>
<th></th>
<th>Aeronautics</th>
<th>Helicopters</th>
<th>Space</th>
<th>Defence Electronics</th>
<th>Defence Systems</th>
<th>Transp.</th>
<th>Energy</th>
<th>I.T</th>
<th>Other</th>
<th>Elim.</th>
<th>TOT</th>
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<tbody>
<tr>
<td><strong>Value of production</strong></td>
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<td>937</td>
<td>486</td>
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<td>590</td>
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<td>88</td>
<td>(37)</td>
<td>70</td>
<td>42</td>
<td>38</td>
<td>25</td>
<td>16</td>
<td>(45)</td>
<td></td>
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<tr>
<td><strong>EBITA Margin (%)</strong></td>
<td>5.1%</td>
<td>9.4%</td>
<td>-7.6%</td>
<td>5.6%</td>
<td>6.0%</td>
<td>4.1%</td>
<td>4.2%</td>
<td>5.7%</td>
<td>n.s</td>
<td></td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>42</td>
<td>81</td>
<td>(44)</td>
<td>44</td>
<td>27</td>
<td>35</td>
<td>25</td>
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<td>(45)</td>
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<td><strong>Depreciation and amortisation</strong></td>
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<td>36</td>
<td>63</td>
<td>31</td>
<td>23</td>
<td>10</td>
<td>10</td>
<td>14</td>
<td></td>
<td>24</td>
</tr>
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<td><strong>New orders</strong></td>
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<td>495</td>
<td>492</td>
<td>1.182</td>
<td>752</td>
<td>1.334</td>
<td>336</td>
<td>331</td>
<td>99</td>
<td>(192)</td>
<td>5.6%</td>
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<tr>
<td><strong>Order backlog</strong></td>
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<td>3.071</td>
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<td>4.254</td>
<td>3.544</td>
<td>1.674</td>
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<td>100</td>
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<td>2.650</td>
<td>2.770</td>
<td>890</td>
<td></td>
<td>46.9</td>
</tr>
</tbody>
</table>

*Higher thinking.*

**FINMECCANICA**

31
## FY 2003 RESULTS

<table>
<thead>
<tr>
<th>Divisions</th>
<th>(Eur mln)</th>
<th>Aeronautics</th>
<th>Helicopters</th>
<th>Space</th>
<th>Defence Electronics</th>
<th>Defence Systems</th>
<th>Transport</th>
<th>Energy, IT, Other Corporate</th>
<th>Elim.</th>
<th>TOTAL</th>
<th>Energy</th>
<th>IT</th>
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</thead>
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<tr>
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<td>767</td>
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<td>796</td>
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<td>137</td>
<td>14</td>
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<td>88</td>
<td>66</td>
<td>(53)</td>
<td></td>
<td>549</td>
<td>23</td>
<td>24</td>
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<tr>
<td>EBITA margin (%)</td>
<td></td>
<td><strong>10.4%</strong></td>
<td><strong>10.6%</strong></td>
<td><strong>1.8%</strong></td>
<td><strong>8.6%</strong></td>
<td><strong>8.0%</strong></td>
<td><strong>5.0%</strong></td>
<td><em>(4.2%)</em></td>
<td></td>
<td><strong>6.4%</strong></td>
<td><strong>2.9%</strong></td>
<td><strong>6.0%</strong></td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
<td>133</td>
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<td>5</td>
<td>127</td>
<td>68</td>
<td>61</td>
<td>(55)</td>
<td></td>
<td><strong>467</strong></td>
<td>23</td>
<td>23</td>
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<td>31</td>
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<td><strong>349</strong></td>
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<td>15</td>
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<td>1,940</td>
<td>1,594</td>
<td>1,717</td>
<td>1,170</td>
<td>(255)</td>
<td><strong>9,136</strong></td>
<td><strong>676</strong></td>
<td><strong>382</strong></td>
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<tr>
<td>Order backlog</td>
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<td>4,075</td>
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<td>3,588</td>
<td>4,685</td>
<td>3,490</td>
<td>2,146</td>
<td></td>
<td><strong>22,276</strong></td>
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<td>Capital spending*</td>
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<td>37</td>
<td>19</td>
<td>37</td>
<td></td>
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</tr>
<tr>
<td>Research &amp; Development</td>
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<td>402</td>
<td>228</td>
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<td>21</td>
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<td></td>
<td><strong>46,861</strong></td>
<td><strong>2,573</strong></td>
<td><strong>2,793</strong></td>
</tr>
</tbody>
</table>

* Including Goodwill of Eur 68 mln deriving from acquisitions among which Aermacchi Eur 51 mln.
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.