

Rome, 17 October 2006

Finmeccanica signs memorandum of understanding on industrial co-operation with Russian Railways

Finmeccanica and Russian railways have signed a memorandum of understanding to co-operate in the areas of production, technical assistance and the sale of rolling stock and rail infrastructure. The agreement has arisen out of a strong demand from the Russian market and CIS countries for new electric trains and locomotives and the modernisation and construction of new lines over the next 10 years, particularly for high speed systems.

The chairman of Russian railways (OAO RZD), Vladimir Yakunin, and the chairman and chief executive of Finmeccanica, Pier Francesco Guarguaglini, signed a memorandum of understanding in Moscow, in the presence of the chairman of Transmashholding, D. Komissarov, and the managing director of the high-speed company OAO Skorostnye Magistrali, S. Khronopulo.

With this agreement – said Pier Francesco Guarguaglini, Finmeccanica's chairman and chief executive – Finmeccanica is laying the foundations for a series of partnerships with major industrial organisations in the country, in a very important market that is expanding rapidly, and will therefore be able to consolidate its own business by leveraging the technological expertise developed in over 150 years of operation at international level. The partnership will also have significant effects on priority development programmes for Italian railways".

The agreement is of particular importance given that demand for high-speed rolling stock will grow far more rapidly than the sector as a whole (accounting for up to 40% of total orders), as a result of the significant investment expected. In 2000-2004, the world high-speed market (excluding Japan) was worth EUR 1.6 billion a year, and is expected to grow by up to 50% by 2008. Finmeccanica has also signed a partnership agreement with Transmashholding for the joint design and production of urban transport systems, such as trams and metros.