

Rome, 17 March 2008

**PRESS RELEASE**
**Board approves 2007 results. Revenues up 8%, new orders up 14%. Positive FOCF of EUR 375m**
**Adj. EBITA\* up 11%. Net profit grew to EUR 521m. ROI is 18.9%, up from 17.1%**
**Dividend of 41 eurocents proposed (+17% compared to 2006)**

- Finmeccanica improved its results in 2007 through organic growth, confirming the stability and quality of its development strategy
- Revenues grew 8% to EUR 13,429 million from EUR 12,472 million in 2006
- Adj. EBITA\* increased 11% to EUR 1,045 million; in particular Aeronautic Defence and Security Adj. EBITA\* grew more than EUR 200 million
- Net profit was EUR 521 million. Excluding extraordinary operations that affected both 2007 and 2006, net profit grew 49%, to EUR 503 million from EUR 337 million
- Free Operating Cash Flow at 31 December 2007 was a positive EUR 375 million
- New orders rose 14% to EUR 17,916 million; the order backlog grew 10% to EUR 39,304 million, equivalent to about three years of production
- ROI rose to 18.9% compared to 17.7% in 2006, reflecting Group management's focus on profitable investments
- Net financial debt amounted to EUR 1,158 million, versus EUR 858 million at 31 December 2006. The Group's balance sheet remains sound (debt/equity ratio: 21%)
- Earnings per share (EPS) excluding extraordinary operations and minority interests jumped 53% compared to 2006
- Investment in research and development totalled EUR 1,836 million, equivalent to 14% of revenues

**Key 2007 figures**

(EUR million)

	2007	2006	Chg.	Chg. %
Revenues	13,429	12,472	957	8%
Adj. EBITA*	1,045	942	103	11%
Adj. EBITA* margin	7.8%	7.6%	0,2 p.p.	
EBIT	1,084	908**	176	19%
EBIT margin	8.1%	7.3%	0,8 p.p.	
Net profit	521	1,021	-500	-49%
FOCF	375	506	-131	-26%
New orders	17,916	15,725	2,191	14%
ROI	18.9%	17.7%	1,2 p.p.	
VAE	227	257	-30	-12%
Research and development	1,836	1,783	53	3%
Order backlog	39,304	35,810	3,494	10%
Net debt	1,158	858	300	
Adjusted EPS***	1.10	0.72	0.38	53%
Headcount	60,748	58,059	2,689	5%

\*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.

\*\*EBIT 2006 rose from EUR 878 million to EUR 908 million due to a retrospective change in the treatment of defined benefit plans.

\*\*\*excluding extraordinary operations and minority interests.

**Pier Francesco Guarguaglini**, Chairman and Chief Executive Officer, commented: "The excellent results achieved in 2007 confirm our credibility and our ability to meet the forecasts we provided to the market. We have exceeded the targets we set and will continue to meet our commitments".

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

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.

\*\* Items changed due to the retrospective change in the treatment of defined-benefit plans.

## BREAKDOWN OF KEY FINANCIAL RESULTS

**Revenues** totalled EUR 13,429 million in 2007, an annual increase of EUR 957 million (+8%) versus EUR 12,472 million in 2006. The rise was due to organic growth and was in line with the Group's general growth targets. More specifically, the increase was due to: organic growth in the Helicopters business (+9%), which was boosted by greater production volumes in the civil and government markets and product support activities; positive performance of the Aeronautics division (+21%), due to greater activity in the EFA programme and a larger contribution from the civil segment (ATR and B787); and good results from the Space division both in manufacturing and satellite services (+12%).

**Adj. EBITA\*** (calculated by stripping out of EBIT the following items: any goodwill impairment charges and portions of the purchase price allocated to intangible assets during business combinations, as required by IFRS3; restructuring costs of major, defined plans; other extraordinary income and expenses

relating to particularly significant events not connected to the ordinary operations of the company's core businesses) was EUR 1,045 million, an 11% increase on the EUR 942 million posted in 2006, thanks to improved performance in all business sectors, especially Helicopters (+27%), Defence Electronics (+26%), Energy (+43%) and Space (+45%). In the Transport division, the loss posted in Vehicles, due mainly to the overhaul of the order estimate process required as part of the resolution of industrial and product problems, was compensated by the positive performance of the Signalling and Systems segment. The **EBIT margin** was 7.8%, slightly up versus 2006.

**Net profit** was EUR 521 million compared to EUR 1,021 million in 2006. As in 2006, a number of non-recurring items contributed to this year's positive results. While the 2006 result included capital gains from the initial public offering of 60% of Ansaldo STS (about EUR 417 million) and the disposal of Avio Group (about EUR 291 million), the 2007 result includes write-up of receivables from ENEA (about EUR 248 million), the impairment of capitalized costs and financial charges following the resolution of the dispute concerning Law 808, (about EUR 230 million). Excluding these extraordinary effects, net profit for the year was EUR 503 million and therefore EUR 166 million higher (+49%) than that of 2006 which was EUR 337 million.

**Adjusted Earnings Per Share** (EPS) (net of extraordinary operations and minority interests) increased 53% to EUR 1.10.

**Free Operating Cash Flow** (FOCF) at 31 December 2007 was a positive EUR 375 million, compared to EUR 506 million in 2006. The reduction was due to the higher level of investments in 2007 (which totalled close to EUR 200 million) versus 2006.

**New orders** totalled EUR 17,916 million compared to EUR 15,725 million in 2006. In more detail, the major orders in 2007 related to Defence Electronics (+25% versus 2006), with orders for avionics equipment and communication systems for the Eurofighter, and countermeasure and air traffic control systems; and to Aeronautics, with the Future Enhancements order for the Eurofighter for further developments in weapons systems and, in the civil sector, orders for ATRs. Good results were also achieved in the Space sector, specifically in satellite services, and Energy, which achieved a 72% improvement in orders compared to 2006.

**Net debt** stood at EUR 1,158 million, up EUR 300 million on the EUR 858 million recorded at 31 December 2006. This change, over and above normal financial activity, relates to the provision of EUR 389 million for financial payables as a result of the decisions made about loan reimbursement plans and associated financial costs with respect to the programmes funded under law 808/1985. This level of debt (equal to 21% of consolidated shareholders' equity) is within the limits set by rating agencies and in accordance with the company's conservative financial management policy.

In light of the 2007 results, the Board of Directors has decided to propose to the Shareholders' meeting the payment of a **dividend** of 41 eurocents per share. If the Shareholders' meeting approves the proposal, the dividend will be paid in June 2008, therefore confirming previous years procedures with the payment date on 26 June 2008 (ex dividend date on 23 June 2008).

The **Shareholders' meeting** called also to appoint the Board of Directors following expiry of its mandate, will be called on 5th and 6th June (first and second call) as opposed to the dates shown in the calendar of events issued on 29 January 2008.

<b>BALANCE SHEET</b>		
	€mil.	
	<b>31 Dec. 2007</b>	<b>31 Dec. 2006</b>
Non-current assets	9,845	9,919
Non-current liabilities	(2,562)	(3,334)
	<b>7,283</b>	<b>6,585</b>
Inventories	3,383	3,095
Contract work in progress	3,227	2,823
Trade receivables	4,319	3,856

Trade payables	(4,004)	(3,561)
Advances from customers	(6,477)	(5,529)
Provisions for short-term risks and charges	(545)	(571)
Other current net assets (liabilities)	(596)	(547)
<b>Net working capital</b>	<b>(693)</b>	<b>(434)</b>
<b>Net invested capital</b>	<b>6,590</b>	<b>6,151</b>
Capital and reserves attributable to equity holders of the Company	5,329	5,239
Minority interests	103	81
<b>Shareholders' equity</b>	<b>5,432</b>	<b>5,320</b>
<b>Net debt (cash)</b>	<b>1,158</b>	<b>858</b>
<b>Net liabilities (assets) held for sale</b>	<b>-</b>	<b>(27)</b>

Financial Position		
€mil.	31 Dec. 2007	31 Dec. 2006
Short-term financial payables	484	159
Medium/long-term financial payable	1,556	1,865
Cash and cash equivalents	(1,607)	(2,003)
<b>BANK DEBT AND BONDS</b>	<b>433</b>	<b>21</b>
Securities	(13)	(21)
Financial receivables from Group companies	(33)	(26)
Other financial receivables	(573)	(452)
<b>FINANCIAL RECEIVABLES AND SECURITIES</b>	<b>(619)</b>	<b>(499)</b>
Financial payables to related parties	560	500
Other short-term financial payables	665	722
Other medium/long-term financial payables	119	114
<b>OTHER FINANCIAL PAYABLES</b>	<b>1,344</b>	<b>1,336</b>
<b>NET FINANCIAL DEBT (CASH)</b>	<b>1,158</b>	<b>858</b>
Net financial debt (cash and cash equivalents) of discontinued operations	-	6

<b>CASH FLOW</b>		
€mil.	<b>2007</b>	<b>2006</b>
<b>Cash and cash equivalents at 1 January</b>	<b>2,003</b>	<b>1,061</b>
Gross cash flow from operating activities	1,711	1,600
Changes in other operating assets and liabilities	(630)	(629)
<b>Funds From Operations (FFO)</b>	<b>1,081</b>	<b>971</b>
Changes in working capital	318	347
<b>Cash flow generated from (used in) operating activities</b>	<b>1,399</b>	<b>1,318</b>
Cash flow from ordinary investing activities	(1,024)	(812)
<b>Free operating cash flow</b>	<b>375</b>	<b>506</b>
Strategic operations	(441)	580
Change in other financing activities	2	(30)
<b>Cash flow generated (used) by investment activities</b>	<b>(1,463)</b>	<b>(262)</b>
Dividends paid	(151)	(214)
Cash flow from financing activities	(169)	102
<b>Cash flow generated (used) by financing activities</b>	<b>(320)</b>	<b>(112)</b>
Exchange gains/losses	(12)	(2)
<b>Cash and cash equivalents at 31 December</b>	<b>1,607</b>	<b>2,003</b>

The **order backlog** totalled EUR 39,304 million versus EUR 35,810 at the end of 2006. This is equivalent to about three years of production.

Investment in **research and development** was EUR 1,836 million, compared to EUR 1,783 million in 2006 (+3%), equivalent to about 14% of revenues. The investment was spread across the main divisions of Aeronautics, Helicopters and Defence Electronics, with particular emphasis on programmes such as the B787, C-27J and M346. The main programmes related to Helicopters were the development of technologies for homeland security. In Defence Electronics, the main programmes related to TETRA products and new product families such as multilevel switching devices based on IP protocols, Software Design Radio, Ad Hoc Networks and WiMAX products.

The **headcount** stood at 60,748 employees, versus 58,059 at 31 December 2006. The increase of 2,689 was due to a positive turnover and growth in activities.

#### **2007 OPERATIONAL HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD**

On **7 February**, AgustaWestland and Boeing signed a Memorandum of Understanding for the joint production of the next generation of Chinook logistical transport helicopters for the Italian army, and for other future vertical take-off aircraft programmes.

On **9 February** Russian Railways (RZD), the Italian rail operator Ferrovie dello Stato and Finmeccanica signed a Memorandum of Understanding relating to joint international projects, notably in the area of high-speed rail travel. The first initiative under the partnership will relate to the EUR 6,000 million project to build a high-speed rail link between Jeddah, Mecca and Medina in Saudi Arabia. In **March**, Finmeccanica signed a further industrial partnership agreement with Russian Railways, which sets out timetables and procedures for priority projects such as the development of a new regional train, safety and security systems, and a satellite system for Earth observation. On **5 July**, Finmeccanica, Ferrovie dello Stato and Russian Railways qualified for the first stage of the Saudi high-speed rail link bidding process.

On **14 February**, Selex Sistemi Integrati and the Indian company Bharat Heavy Electricals Ltd (BHEL) signed a Memorandum of Understanding for cooperation in the field of radar and associated technology.

On **20 February**, an intergovernmental agreement was signed by the Italian Ministry for Economic Development and Russia's Industry and Energy Ministry related to the industrial partnerships formed between Finmeccanica and Sukhoi Aviation Holding and their respective subsidiaries Alenia Aeronautica SpA and Sukhoi Civil Aircraft Company (SCAC) to work on the 75-100-seat SuperJet 100 family of

regional jets. In **June**, Alenia Aeronautica SpA signed an agreement with SCAC to purchase a 25% plus one share stake in SCAC and will have the right to a corresponding stake in the SuperJet programme. In September, Alenia Aeronautica and Sukhoi formed a joint venture (51% Alenia Aeronautica, 49% Sukhoi) based in Italy responsible for marketing, sales and delivery of the Superjet in Western markets, as well as after-sales service worldwide.

On **30 March**, Finmeccanica acquired 25% of Selex Sensors and Airborne Systems S.p.A. from BAE Systems for a total consideration of around EUR 400 million.

On **5 April**, Alenia Aeronautica and TsAGI, Russia's Central Aerohydrodynamics Institute, signed an cooperation agreement in the research, development and design of aerostructures for civil aircraft and for joint projects in advanced aerodynamics.

On **4 April**, Thales replaced Alcatel Lucent in the joint ventures Alcatel Alenia Space (renamed Thales Alenia Space) and Telespazio.

On **17 April** Finmeccanica exercised its squeeze-out rights on residual Datamat shares at a price of EUR 10.040 per share, following a public tender offer for the remaining shares and the delisting of the company in early 2007. Finmeccanica is now the sole shareholder of Datamat. After acquiring 100% of the Datamat share capital, Finmeccanica began the process of merging Datamat and Elsag SpA, which was completed on 1 August.

On **13 June**, Finmeccanica won an important new order in the US through its subsidiary Alenia North America (Alenia Aeronautica), in partnership with L-3 and Boeing. The C-27J – designed, developed and manufactured by Alenia Aeronautica – has been chosen by the US Army and Air Force as the new tactical transport aircraft for the Joint Cargo Aircraft (JCA) programme. The C-27J team, headed by L-3 Integrated Systems with Alenia North America, Boeing Integrated Defence Systems and Global Military Aircraft Systems (GMAS is a 50-50 joint venture of Alenia Aeronautica and L-3), was awarded an initial contract worth USD 2,040 million to provide 78 aircraft. The US armed forces plan to buy 145 aircraft initially – 75 for the Army and 70 for the Air Force – and a total of 207 in the next ten years, with an estimated value of USD 6,000 million.

At the end of **August**, the US Government Accountability Office (GAO) for the second time requested that the US Air Force reconsider the decision made in November 2006 to award Boeing a contract for 141 search and rescue helicopters. The award was then cancelled and the contract re-tendered, enabling the consortium formed by Finmeccanica (AgustaWestland Bell) and Lockheed Martin to bid in accordance with tender requirements.

On **26 September**, Elsag Datamat completed the acquisition of 100% of the US company Remington Elsag Law Enforcement Systems (RELES) made through Elsag Datamat's subsidiary Elsag Inc., thus strengthening the Group's presence in the global security market.

On **9 October**, Ansaldo Fuel Cells, a Finmeccanica company managed by Ansaldo Energia, and L-3 Communications – Combat Propulsion Systems signed an agreement for the joint development and marketing of fuel cell power generation systems. Under the agreement, the two companies will cooperate on marketing activities in the US and product development in the military sector. The agreement also envisages a possible joint venture that would offer services and products to the US government.

On **29 November**, Finmeccanica announced a cash takeover bid of 280 pence per share for Vega Plc, a UK company listed on the London Stock Exchange operating in defence, aerospace and government services. The offer is worth a total of approximately GBP 61.6 million on a fully-diluted basis (around EUR 90 million). On **30 November**, Finmeccanica acquired 28.2% of Vega's share capital through open market operations while on 7 December, the offer period commenced, the successful conclusion of which was subject to certain conditions that included obtaining a minimum of 90% of Vega's share capital. On **30 January 2008**, the offer became irrevocable with the receipt of acceptances representing 65.1% of Vega's share capital which, together with the shares already purchased on the open market, brought Finmeccanica's total shareholding to 93.3% and payment of the purchase consideration was made. In addition, having reached the statutory minimum and as announced in the Offer Document, Finmeccanica applied to delist Vega's shares from the London Stock Exchange and the mandatory acquisition (by squeeze out) of the remaining shares not included in the takeover bid. Vega shares were delisted from

the London Stock Exchange on **13 February 2008** and the squeeze-out is expected to be completed by **March 2008**.

On **30 November**, Finmeccanica and Thales signed a Memorandum of Understanding for the proposal, development and implementation of an integrated project for European maritime safety (Maritime Security & Safety, as part of the joint undertaking called SEASAME. The joint effort in the areas of environment, safety and security sectors will aim to offer a global, multidisciplinary response for the management of European maritime regions and offer solutions for the optimal development of maritime activities.

Also on **30 November**, Finmeccanica, Thales and DCNS signed Heads of Agreement for cooperation between France and Italy in the submarine defence sector. The agreement will seek to create three joint ventures: a Torpedo Program JV (51% controlled by Finmeccanica and 49% by Thales) for the engineering, design and development (Design Authority), and marketing and sales of submarine defence systems as well as its programme management; a Torpedo Manufacturing JV (51% DCNS and 49% Finmeccanica) for the production of torpedoes and the provision of support services as well as the engineering, testing and production of energy modules; and a Sonar JV (51% Thales and 49% Finmeccanica) for the design, development and production of acoustic heads along with the provision of support services.

The new Selex Galileo brand was introduced on **1 January 2008**, which will be used by Galileo Avionica SpA and Selex Sensors and Airborne Systems Ltd. to provide a united, strengthened presence in the market segment for sensors, electro-optics, electronic warfare and tactical unmanned aerial vehicles.

On **27 February 2008**, Ansaldo Fuel Cells, a Finmeccanica company managed by Ansaldo Energia and Enel, signed an agreement for the joint development, implementation and testing of a molten carbonate fuel cell power station. The agreement marks an important milestone in the development of that technology.

#### FINANCIAL OPERATIONS

Finmeccanica carried out no transactions on the capital markets in 2007. As a result, there was no significant change in the structure of its medium-/long-term debt, especially bonds, which totalled about EUR 1,758 million at the end of the period (recorded under IAS/IFRS principles). The average term of the debt is around 8.7 years.

The bonds issued by the Group that mature in the 18 months following the end of the reference period.

Issuer	Year of issue	Maturity	Amount (EUR m)	Annual coupon	Type of issue	IAS values recorded (EUR m)
Finmeccanica Finance SA	2002	30 Dec 08	297	Variable	Italian, retail	296

#### OUTLOOK

Over the past five years, the Finmeccanica Group has set and achieved strategic objectives that have strengthened its global positioning (doubling revenues in Helicopters, Aeronautics, Defence Electronics and Security sectors and thus achieving full control over core assets), brought greater internationalisation (doubling of export orders), and enabled further innovations to its cutting-edge products. These achievements have in turn brought the Group improved competitiveness and profitability, increasing margins by about 35% and creating value that, besides providing the funds needed for product development and significant selective acquisitions, has allowed for increased shareholder remuneration.

In the face of new market challenges, the Group has decided to launch new initiatives designed to secure robust and steady earning growths and more abundant cash flows. These objectives should be achieved thanks to a number of short-term initiatives that include:

- Reducing general and administrative expenses as a percentage of sales by streamlining procedures and containing external services and consultancy costs;
- Revising investment plans via meticulous selection, constant monitoring of possible synergies between companies and careful management of dedicated resources;
- Reducing product costs through ongoing improvements to procurement processes, encouraging companies to source their supplies from low-cost countries;

Medium-term initiatives include:

- optimising the product portfolio across all Group companies, with a view to concentrating business activities on specific areas of excellence;
- reorganising production facilities with a view to optimising industrial processes;

Before moving on to a review of growth in the Group's main divisions, it is important to note that the Group's order backlog at 31 December 2007 was sufficient to cover 82% of expected production for 2008.

On the basis of the forecasts set out above, the Group expects to post revenue growth of between 6% and 11% in 2008, while Adj. EBITA\* is forecasted to rise by 12%-19% over the previous year. In 2009, the Group expects to post revenue growth of between 6% and 7%, while Adj. EBITA\* is forecasted to increase by between 11% and 15%.

Free operating cash flow (FOCF) in 2008 are expected to be broadly similar to 2007 levels, after making the significant investments in product development needed to sustain growth. These investments, as in 2007, will be concentrated in the Aeronautics, Helicopters and Defence Electronics and Security businesses.

SHARE DATA			
	2007	2006	Change %
Average number of shares in period (thousands)	424,336	423,323	0.2%
Net result (not including minority interests) (€mil.)	484	988	
Result of continuing operations (not including minority interests) (€mil.)	484	997	
<b>BASIC EPS (EUR)</b>	1.140	2.333	-51%
<b>Basic EPS from continuing operations</b>	1.140	2.353	-52%
Average number of shares for the period (in thousands)	425,191	425,094	0.0%
Result adjusted (not including minority interests) (€mil.)	484	988	
Adjusted result of continuing operations (not including minority interests) (€mil.)	484	997	
<b>DILUTED EPS (EUR)</b>	1.138	2.323	-51%
<b>Diluted EPS from continuing operations</b>	1.138	2.344	-51%

## RESULTS BY BUSINESS SECTOR (figures in EUR million)

### Helicopters

Companies: **AgustaWestland**

Revenues: EUR 2,980 million (+9%); Adj. EBIT\*: EUR 377 million (+27%)

**Revenues** totalled EUR 2,980 million, up 9% from EUR 2.727 million in 2006. This improvement was due to higher volumes in the civil/government helicopters business and product support activities (IOS integrated operational support contracts with the UK).

**Adj. EBITA\*** was EUR 377 million, an increase of about 27% compared to 2006 (EUR 296 million). The increase was due partly to higher revenues and partly to the impact of the full integration of Italian and UK operations.

**New orders** were EUR 3,970 million, in line with last year's figure. Significant military contracts included: contract with the UK Ministry of Defence for the upgrade of six EH101 Merlin helicopters, worth EUR 270 million; the second tranche of the Skios program providing operational support for the Sea King helicopters of the British armed forces, worth USD 660 million; and the contract with the Government of Algeria to provide six EH101 International and four Super Lynx 300 worth a total of EUR 402 million. The civil sector generated new orders for a further 75 AW139 helicopters worth a total of EUR 718 million.

**The order backlog** totalled EUR 9,004 million, up 5% versus that on 31 December 2006 (EUR 8,572 million). Helicopters represented 67% of the order backlog, support activities 30% and engineering 3%.

**Headcount** totalled 9,556 employees, an increase of 657 compared to 31 December 2006 (8,899), necessary to meet the technical and production requirements stemming from increased business.

### Defence electronics

Companies: **SELEX Galileo, SELEX Communications, SELEX Sistemi Integrati, SELEX Service Management, Elsag Datamat, la Seicos S.p.A. and the Vega Group Plc (the 2007 figures for which are only recognized on the balance sheet).**

Revenues: EUR 3,826 million (+2%); Adj. EBITA\*: EUR 427 million (+26%)

**Revenues** were EUR 3,826 million, above the previous year's sales of EUR 3,747 million. The main contributors to revenues were: production of the DASS system and avionics equipment and radar for the Eurofighter the Horizon, New Major Unit and FREMM naval contracts in the area of radar and command and control systems; and work on the Eurofighter and NH90 in the area of systems and integrated communications networks.

**Adj. EBITA\*** at 31 December 2007 was EUR 427 million, an increase of EUR 89 million versus the previous year, that was driven by improved performances in the avionics and electro-optical segments, and, in the UK, in information technology and security as well as in command and control systems.

**New orders** were EUR 5,240 million, an increase 25% over the EUR 4,197 million recorded in 2006. The increase was due mainly to orders for the supply of avionics equipment and systems for the Saudi Arabian Eurofighters. Other new orders in the area of avionics included additional orders for EFA and associated logistics activities, along with various orders for countermeasures and for space programmes (avionics). In the area of integrated communications networks and systems, these included orders relating to the second tranche of the TETRA contract and further orders for communication systems for the Eurofighter and NH90 orders. In the area of information technology, these included a framework agreement following the tender issued by Italy's CNIPA (National Centre for IT in Public Administration) to create and manage websites awarded to a group consisting of Datamat, Elsig, Telecom Italia and Engineering Italia.

**The order backlog** was EUR 8,725 million, up 14% from EUR 7,676 million in 2006. Half of the portfolio relates to avionics activities.

**Headcount** was 19,589 employees, an increase of 404 over the headcount at 31 December 2006, that reflects the recent acquisition of UK subsidiary Vega Group.

## Aeronautics

Companies: **Alenia Aeronautica, Alenia Aeronavali, Alenia Aermacchi, GIE ATR(\*), Alenia SIA**  
**Revenues: EUR 2,306 million (+21%); Adj. EBITA\*: EUR 240 million (+15%)**

*(\*) figures for the GIE-ATR consortium are consolidated proportionally at 50%*

**Revenues** totalled EUR 2,306 million, a 21% increase over the EUR 1,908 million reported in 2006. This performance was due to a greater contribution from the civil market, in particular work on the ATR aircraft and start-up of production on the B787. In the military field, revenues from the Eurofighter contract increased thanks to increased development and production activity relating to the second tranche of the programme.

**Adj. EBITA\*** was EUR 240 million, an increase of EUR 31 million over the previous year (EUR 209 million). This reflects the increased contribution of EFA and civil aircraft production.

**New orders** totalled EUR 3,104 million, up from EUR 2,634 million in 2006. In the military segment, these included the Eurofighter order for activities associated with the supply of 72 aircraft to Saudi Arabia, the Future Enhancements order for further developments of the aircraft, the second tranche of EFA logistics, the contract for the supply of two ATR 42 MP to Nigeria and the order for the supply of the first two C-27Js to the US Army. In the civil sector, these included orders of the GIE-ATR consortium (123 aircraft) and further tranches of the B767, B777, A321, Falcon, engine nacelles and cargo aircraft conversion programmes.

**The order backlog** totalled EUR 8,248 million, up 9% from EUR 7,538 million at 31 December 2006. Of this total, 49% related to the Eurofighter programme, 19% to the B787 and 3% to the C-27J.

**Headcount** was 13,301 employees, compared to 12,135 at 31 December 2006, an increase of 1,166 due to hirings by Alenia Aeronautica to manage the greater workload and at Alenia Composite following the rise in production of the B787 at the Grottaglie plant.

## Space

Companies: **Thales Alenia Space, Telespazio (\*)**

Revenues: EUR 853 million (+12%); Adj. EBITA\*: EUR 61 million (+45%)

*\*All figures relate to two joint ventures – Thales Alenia Space and Telespazio – consolidated proportionally at 33% and 67% respectively.*

**Revenues** were EUR 853 million, up 12% from EUR 764 million in 2006, owing to increased output in both the manufacturing and satellite services segments. Production mainly related to project work on telecommunications satellites, the Globalstar constellation satellites and Phase 1 of the third-generation Meteosat programme; activities relating to earth observation programmes, commercial satellites and military telecommunications (Sicral 1B and Syracuse III), scientific programmes (Herschel/Plank, Bepi Colombo, Alma and Goce), the Galileo and EGNOS navigation programmes; and further work on programmes relating to the International Space Station.

**Adj. EBITA\*** was EUR 61 million, a 45% increase over 2006 (EUR 42 million) thanks to efficiency drives at both Telespazio and Thales Alenia Space and operating synergies harnessed by the Space Alliance.

**New orders** totalled EUR 979 million, versus EUR 851 million in 2006. Important new orders in the commercial segment included the first five tranches of the programme to supply 48 satellites in low earth orbit (LEO) for the second-generation Globalstar constellation. In the civil/government segment, new orders for the operation of satellites in orbit (particularly the ESA's Artemis satellite) and the management of ground stations. In the military/government segment, the order for the completion, launch and operational management of the Sicral 1B satellite and NATO orders for the supply of satellite services using Sicral 1B capacity. In the earth observation sector, the contract for the Cosmo-Skymed programme to complete a fourth satellite and the first tranche of the Sentinel 1 order for the GMES territorial monitoring and security programme. In the navigation and mobile information segment, further new orders for the Galileo and EGNOS programmes.

**The order backlog** was EUR 1,423 million, compared to EUR 1,264 million at 31 December 2006, and is sufficient to cover 76% of expected production in 2008. Manufacturing accounted for 75% of the portfolio, and satellite services for 25%.

**Headcount** was 3,386 employees, compared to 3,221 at 31 December 2006, an increase of 165 attributable to greater production in both the manufacturing and services segments and to the commercial development of satellite services.

## Defence systems

Companies: **OTO Melara, WASS, MBDA (\*)**

Revenues : EUR 1,130 million (0%); Adj. EBITA\*: EUR 125 million (+17%)

*(\*) Figures relating to the MBDA joint venture are consolidated proportionally at 25%.*

**Revenues** totalled EUR 1,130 million, in line with the 2006 figure, driven primarily by growth in underwater systems that offset a decline in land, naval and air weapons systems. The main contributors to this performance in missile systems were the production of Aster missiles for PAAMS surface-to-air systems, the Storm Shadow and SCALP EG air-to-surface missile systems, MICA air-to-air missiles and Brimstone anti-tank systems. In the weapons systems segment, these included production on the PZH 2000 for the Italian army. In underwater systems, these included work on the Black Shark heavy torpedo and the MU90 and A244 light torpedoes, and countermeasures for India and for logistics.

**Adj. EBITA\*** for 2007 was EUR 125 million, an increase of EUR 18 million over 2006 thanks to improved performance of underwater systems.

**New orders** totalled EUR 981 million, below the EUR 1,111 million reported in 2006 which benefited from the contract on VMB vehicles for the Italian Army. In 2007, the largest orders in missile systems were the contract with the UK Ministry of Defence related to Rapier anti-air defence systems, significant orders for surface-to-air Mistral missile systems, short-range air defence VL Mica systems, anti-ship and

antitank missile systems for Middle Eastern countries, the upgrade of the German Patriot and RAM systems and the refurbishment of the Aspide missile batteries. In the area of weapons systems, significant orders included orders for four 76/62 SR guns, the supply of 70 Pintle Mounts for the NH90 to the Italian army and the supply of 16 weapon systems to the Turkish Navy. In the area of underwater systems, important orders included for six countermeasure launch systems for the FREMM programme, orders from Germany for 22 launch systems for the Lynx helicopter, orders from Australia for additional work on the MU90 light torpedo and orders for logistics activities on the FREMM programme.

**The order backlog** totalled EUR 4,099 million versus EUR 4,252 million at 31 December 2006. This is equivalent to about 3.5 years of activity. More than two thirds of the order portfolio relates to missile systems.

**Headcount** was 4,149 employees, compared to 4,275 at 31 December 2006. The loss of 126 jobs was due to the ongoing restructuring of the missiles business.

## Energy

Companies: **Ansaldo Energia**

*Revenues: EUR 1,049 million (+7%); Adj. EBITA\*: EUR 93 million (+43%)*

**Revenues** totalled EUR 1,049 million, up 7% from EUR 978 million in 2006. The increase was primarily due to the plant and components business and to service activities (particularly for flows). Plant and components accounted for 73% of sales, services 24% and the nuclear division 3%.

**Adj. EBITA\*** was EUR 93 million, 43% higher than in 2006 (EUR 65 million). In addition to the usual profits generated on orders for both plant and services, the advance was attributable to the definitive termination of the Enipower project.

**New orders** totalled EUR 1,801 million, an increase of more than 70% over the EUR 1,050 million recorded in 2006. The increase is attributable to the rise in plant and component purchases recorded in the year. Plant and components contracts accounted for 72% of total orders, services for 26% and nuclear processing for 2%. The main orders in the area of plants and components included one turbine controller and steam turbine for Albania, one turbine controller for the ESPOO power station in Finland, one turbine controller for the Algeciras power station in Spain and four simple cycle plants for Algeria. IN the are of services, major orders included orders in the area of renewable energy relating to the upgrade of four hydroelectric units, two hydroelectric generators and a hydroelectric plant. In the nuclear processing area, the main orders were the agreement concluded with Westinghouse to take part in the Sanmen project in China and the start of a cooperation agreement with Enel for the development of the Mohovce power station in Slovakia.

**The order backlog** was EUR 3,177 million, compared to 2,468 million at 31 December 2006, is an annual increase of 29% and equivalent to about three years of production. Around 53% of the order backlog at 31 December 2007 related to manufacturing activities, 46% to services and the remaining 1% to nuclear operations.

**Headcount** was 2,929 employees, up slightly versus 2006 (2,856) due to an increase in production volumes.

## Transport

Companies: **Ansaldo STS (Ansaldo Signal and ATSF), AnsaldoBreda**

*Revenues : EUR 1,356 million (-1%); Adj. EBITA\*: EUR -110 million (n.a.)*

**Revenues** were EUR 1,356 million, compared with EUR 1,368 million year before, a decline reflecting a revision of expected vehicle orders that was only partly offset by greater activity in signalling. The main revenue generators in the signalling area were work on the high-speed train programme and train control systems (SCMT) in Italy, phase 2 of the Channel Tunnel Rail Link, the project to build an optimising traffic planner (OTP) system and the next-generation computer-aided dispatch system for Union Pacific Railroad. In the area of systems, the main sales related to services for the Copenhagen, Naples, Genoa

and Brescia metro systems. In the area of vehicles, the main orders were for trains for the Madrid metro, high-capacity trains for Morocco, high-speed trains for the Dutch-Belgian railways and vehicles for the Danish railways and the city of Los Angeles.

**Adj. EBITA** was a negative EUR 110 million, representing a EUR 127 million decline versus 2006. The improvement in Signalling, due to greater volumes and an increase in industrial productivity, was completely offset by the significant loss posted by Vehicles, chiefly due to a significant overhaul of the order estimate process required after the resolution of industrial and product problems.

**New orders** totalled EUR 1,786 million, down 16% from EUR 2,127 million in 2006, due to a fall in new contracts related to the Vehicle business that was partly offset by the strong performance of the systems business. The main new orders in the systems area during the period were orders for the first phase of Line C of the Rome driverless metro system, orders relating to the Naples metro and modifications for the Italian high-speed trains. In the signalling area, the main new orders were two orders from the mining company Rio Tinto, an order from Fortescue Metals Group and contracts following the agreement signed with Australian Rail Track Corporation. In the vehicles area, the main new orders were options for the supply of an additional eight trains to Ferrovie Nord di Milano's regional service, vehicles for Line C of the Rome metro and service orders.

**The order backlog** was EUR 5,108 million, up 9% from EUR 4,703 million at the end of 2006. Vehicles accounted for 42% of the total, systems 36% and signalling 22%.

**Headcount** was 6,669 employees, down very slightly from 6,677 at 31 December 2006, reflecting a reduction in staff in the vehicles division that was offset by an increase in signalling staff, particularly in Australia and India.

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Alessandro Pansa, the director responsible for drawing up the company's corporate accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2, of the Unified Financial Act (*Testo Unico della Finanza*), that the information contained in this press release accurately represents the figures contained in the Group's accounting records.

**PRESS RELEASE**

<b>2007 (EUR million)</b>	<b>Helicopters</b>	<b>Defence Electronics</b>	<b>Aeronautics</b>	<b>Space</b>	<b>Defence Systems</b>	<b>Energy</b>	<b>Transport</b>	<b>Other Activities and Corporate</b>	<b>Eliminations</b>	<b>Total</b>
Revenues	2,980	3,826	2,306	853	1,130	1,049	1,356	345	(416)	<b>13,429</b>
<b>Adj. EBITA*</b>	377	427	240	61	125	93	(110)	(168)		<b>1,045</b>
Adj. EBITA* margin (%)	12.7%	11.2%	10.4%	7.2%	11.1%	8.9%	<i>n.s.</i>	<i>n.s.</i>		7.8%
Depreciation and amortisation	103	157	135	23	31	15	25	14		<b>503</b>
Investment in non-current assets	127	206	523	53	48	20	25	26		<b>1,028</b>
Research and development costs	322	557	581	62	241	20	47	6		<b>1,836</b>
New orders	3,970	5,240	3,104	979	981	1,801	1,786	557	(502)	<b>17,916</b>
Order backlog	9,004	8,725	8,248	1,423	4,099	3,177	5,108	597	(1,077)	<b>39,304</b>
Headcount	9,556	19,589	13,301	3,386	4,149	2,980	6,669	1,118		<b>60,748</b>
<b>2006 (EUR million)</b>	<b>Helicopters</b>	<b>Defence Electronics</b>	<b>Aeronautics</b>	<b>Space</b>	<b>Defence Systems</b>	<b>Energy</b>	<b>Transport</b>	<b>Other Activities and Corporate</b>	<b>Eliminations</b>	<b>Total</b>
Revenues	2,727	3,747	1,908	764	1,127	978	1,368	229	(376)	<b>12,472</b>
<b>Adj. EBITA*</b>	296	338	209	42	107	65	17	(132)		<b>942</b>
Adj. EBITA* margin (%)	10.9%	9.0%	11.0%	5.5%	9.5%	6.6%	1.2%	<i>n.s.</i>		7.6%
Depreciation and amortisation	131	117	136	25	29	13	20	11		<b>482</b>
Investment in non-current assets	89	150	554	16	51	15	22	17		<b>914</b>
Research and development costs	356	541	486	64	279	17	40			<b>1,783</b>
New orders	4,088	4,197	2,634	851	1,111	1,050	2,127	99	(432)	<b>15,725</b>
Order backlog	8,572	7,676	7,538	1,264	4,252	2,468	4,703	346	(1,009)	<b>35,810</b>
Headcount	8,899	19,185	12,135	3,221	4,275	2,856	6,677	811		<b>58,059</b>

\*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.

**Finmeccanica** is Italy's leading high-tech company, operating in the design and manufacture of helicopters, defence electronics, civil and military aircraft, aerostructures, satellites, space infrastructures, missiles. It plays a leading role in the European aerospace and defence industry, and participates in some of the biggest international programmes in the sector through well-established alliances with European and American partners. Finmeccanica also boasts significant manufacturing assets and skills in the Transport and Energy sectors. The Group is listed on the Milan Stock Exchange, and operates in Italy and abroad through subsidiaries and joint ventures. It employs over 61,000 staff in total of which approximately 10,000 in UK, 3,500 in France and 1,600 in US. As part of its drive to maintain and build on its technological expertise, Finmeccanica spends 14% of its revenues on Research and Development.