

*Il Sole 24 Ore - 23 September 2008*

**Defence.** Finmeccanica CEO, Guarguaglini: “companies pay for the financial crisis in borrowing costs”

### **DRS: crisis-proof acquisition**

Capital increase to go ahead without Lehman’s: “there are plenty of other banks”

**By Mara Monti MILAN**

Following the Lehman Brothers catastrophe, other big industrial groups will also have to take stock as they are forced to look for suitable replacements for the US investment bank with which they had initiated financial transactions before the collapse. This is the case for Finmeccanica, as Lehman Brothers, along with Goldman Sachs and Mediobanca, was one of the advisors in its capital increase totalling EUR 1.4 billion for the acquisition of US company DRS Technologies. The shareholders meeting is due to meet on 25 September to approve the merger.

An unimaginable scenario until 8 September when the board of directors of the Group headed by Pier Francesco Guarguaglini gave the green light to the start of formal procedures for the recapitalisation of the company. Despite the hiccup en route, the timetable will be adhered to, as Finmeccanica CEO Pier Francesco Guarguaglini, and Co-General Manager and Chief Financial Officer Alessandro Pansa have assured us. As Mr Pansa was at pains to immediately point out, Finmeccanica is currently “weighing up various options. These include replacing Lehman Brothers with another bank, but do not rule out the possibility of not choosing anyone. This depends on the methods of training for the guarantee and placement consortium”.

Mr Pansa also reiterated that Ansaldo Energia’s listing would be deferred until next year due to current market conditions.

### **Mr Guarguaglini, the Lehman Brothers bankruptcy doesn’t affect Finmeccanica in any way, does it?**

Not at all. The capital increase will go ahead according to the planned timetable, which will happen in the second half of October. This means there will be no delay in the acquisition of DRS, as there are many banks ready to replace Lehman Brothers. So, make no mistake about it, the money is available. I would also like to add that we hadn’t signed any undertaking with Lehman’s and therefore we have no exposure to that investment bank on our balance sheet.

### **Are you also renegotiating the terms and conditions of the deal?**

It is early days yet, but we are not indifferent to what’s happened in the financial markets last month. It’s appropriate for issuers and investors to have a clear perception of market risk in order to be able to take control of the deal. This financial crisis has shifted the focus from banks to industry, which, although blameless, is paying for it in terms of borrowing costs or share prices. The crisis is only affecting it indirectly, The least we can do is to shift the pendulum a little towards those transactions with the best quality issuers.

**You also met the deadline for the C-27J: next Thursday, 25 September, the first aircraft for the US army will be delivered on time. Is that right?**

I confirm that the programme is continuing according to the timetable we set ourselves, and this is very important, given that it is not only the US that is interested in the C-27J, but many other countries too. Our new tactical transport aircraft, which is part of the joint cargo aircraft programme, has been adopted by both the US army and air force. This interest could inflate the current 78 orders to over 200 aircraft within the next ten years, at an estimated value of USD 6 million.

**The Alitalia case: after the latest developments, what will happen to the Atitech proposal?**

I would like to emphasise that if we do a deal, we see it through to the end only if it is profitable. If not, we're not interested in doing anything. Alitalia per se has never interested us, and we've never been in the running to join the consortium, but Alitech is a different story. In the last three years, we have taken on around 1,000 employees in southern Italy to meet our need for manpower: if we have a need in the future, we will not hold back.

**Mr Guarguaglini, the M-346 aircraft was today (yesterday for those reading this ed.) presented to internal affairs minister Roberto Maroni and defence minister Ignazio La Russa at Venegono Superiore, near Varese. What assurances have you had on the order from the Italian air force?**

We are confident that we will have the order by the end of the year. It's a significant order for 14 Aermacchi-Alenia M-346 trainer aircraft. Procedures for the award of the order began last year. Of course it takes a long time, but if we get the Italian air force as the first customer, it will be an excellent recommendation with which to launch the product globally.