

June 2009

The Group

Finmeccanica is Italy's leading manufacturer in the high technology sector and ranks among the top ten global players in aerospace, defence and security. Thanks to the strategic investments made in recent years, Finmeccanica now has a well-established presence on the international market as an industrial integrated group known for its technologies and focused on global development. The Group's business is based on the three strategic pillars of Helicopters, Aeronautics and Defence Electronics and Security, which generate some 66% of revenues and account for around 74% of the workforce. Finmeccanica is Europe's leading Defence Systems company and enjoys a strong presence in the space sector, where it controls satellite services. Finmeccanica also has substantial expertise and a consolidated position in the Transports and Energy sectors.

The technological excellence of its products is the foundation on which Finmeccanica has built its worldwide success. It has become a global competitor and a reliable partner in some of the most important international programmes, establishing a significant and growing presence in Europe and the Rest of the World, and most notably, in the world's two biggest defence markets – the UK, which has become a second domestic market for the Group and the US, where the acquisition of DRS Technologies (completed in October 2008) and other recent Group's achievements have opened further attractive growth prospects.

In 2008, Finmeccanica posted revenues of 15 billion Euro. The Group, at December 2008, has over 73,000 employees, of which around 41% are located outside Italy, where it has its headquarters. Other important production locations for the Group are the US with over 12,600 employees, the UK with a staff of about 10,100 and France with over 3,600 employees.

Finmeccanica SpA's ordinary shares are listed on the Italian stock market (FNC IM; SIFI.MI). The Italian Treasury retains 30.2% of the share capital, and Italian and foreign institutional and private investors own the remainder.

The capabilities

Finmeccanica's main capability is the competence in providing solutions applicable to multiple and complex scenarios, through the development of technologies able to manage the integrated systems architecture in all its components (sensors, platforms, defence systems). This expertise is based on the technological excellence of the products supplied by Finmeccanica on the global market: helicopters, defence electronics and security, space systems and infrastructure, multi-role aircraft, trainer aircraft, UAV (Unmanned Aerial Vehicles), aerostructures for military and civil aircraft, air traffic control systems, defence systems – in each case a complete system which can be sold individually or as part of a larger homeland security, defence, satellite services, logistics or network centric warfare system.

The strategy

The volume of revenues achieved in its core businesses enables Finmeccanica to compete effectively on the global stage. Its critical mass ensures that sufficient cash flow is available to support investment in Research and Development. Going forward, Finmeccanica's aim is to boost its leading position in high technology sectors. As a systems integrator, the challenge for Finmeccanica is to consolidate its role as prime contractor in large integrated systems. At sector level, Finmeccanica is principally committed to maintaining world leadership in helicopters and trainer aircraft, advancing its role as a leading operator in defence electronics and security, strengthening its presence as prime contractor in aerostructures and developing key technologies in the space, military aircraft and defence systems sectors.

Research and Development

Technology and innovation are key to Finmeccanica's competitiveness and represent the cornerstones of its international success. This is why in 2008 the company invested 1.8 billion Euro in R&D, equivalent to 12% of revenues. Finmeccanica is Italy's leading investor in high technology, and placing itself among the top 50 firms worldwide. The 77% of investments are focused on the three strategic pillars of Helicopters, Aeronautics and Defence Electronics and Security. Dual technologies account for much of the investment, which, although originally developed for military purposes, can also be applied in highly strategic civil initiatives. To maintain the excellence achieved in the high technology sphere, Finmeccanica puts a strong emphasis on its human resources: some 13,200 employees work on design and development, while Group company laboratories employ around 5,100 highly specialised researchers.

Core businesses

Helicopters. Finmeccanica is a key player in the global helicopter market. Through its subsidiary **AgustaWestland**, Finmeccanica offers a comprehensive range of helicopters able to satisfy its clients' most stringent civil and military requirements. AgustaWestland has built up a high level of all-round expertise, enabling it to handle the entire helicopter production cycle and to select and integrate the appropriate avionics, computerised flight control and mission management systems.

Defence Electronics and Security. Finmeccanica ranks second in Europe and among the global leaders in Defence Electronics. Group companies in this sector include **SELEX Sistemi Integrati**, active in homeland protection and air traffic management systems, **SELEX Galileo** - a brand that since 2008 jointly represents on the market both SELEX Sensors & Airborne Systems and Galileo Avionica - active in avionics and electro-optical systems and UAV (Unmanned Aerial Vehicles) and **SELEX Communications** active in advanced military and secure communications systems. Other companies are **DRS Technologies**, a leading supplier of integrated products, services and support to military forces, government agencies and prime contractors worldwide; **Elsag Datamat**, which designs and develop systems, services and solutions for automation, security, transport, defence, space and IT applications; **SELEX Service Management**, a supplier of services and applications for the management of complex ICT platforms; **SEICOS**, which designs and manages next generation telecommunications networks.

Aeronautics. Finmeccanica has gained a key role in the latest international aeronautics programmes through its Group companies. **Alenia Aeronautica** is at the cutting edge of the production and integration of high-performance combat aircraft, military and commercial transport aircraft, unmanned air systems, aircraft mission systems and modern aerostructures for airliners, as well as the conversion and updating of aircraft for the world's leading producers. **Alenia Aermacchi** has a leading global position in the development and production of trainer aircraft and related ground support services. Lastly, **ATR** (Alenia Aeronautica 50% and EADS 50%) is worldwide leader in the regional turboprop aircraft sector, while **SuperJet International** (Alenia Aeronautica 51% and SCAC-Sukhoi Civil Aircraft Corporation 49%) is active in the regional jet sector.

Space. Through the Space Alliance Finmeccanica has become European leader in the space sector. In particular, **Telespazio** (Finmeccanica 67% and Thales 33%) is one of the main international operators in satellite management and in valued-added Earth observation, satellite navigation and integrated connectivity services. **Thales Alenia Space** (Thales 67% and Finmeccanica 33%) operates in the development and production of satellite systems for navigation, telecommunications, meteorology, environmental monitoring, defence, scientific missions and Earth observation. It is also a global pioneer in the development and production of orbital infrastructure.

Defence systems. Finmeccanica designs, develops and produces missile systems, torpedoes, naval artillery and armoured vehicles. The Group operates in the sector via the joint venture **MBDA** (BAE Systems 37,5%, EADS 37,5% and Finmeccanica 25%), Europe's biggest missile systems producer, and via its directly-owned subsidiaries **Oto Melara**, a producer of armoured vehicles and naval and land-based artillery, and **WASS**, world leader in torpedoes.

Other businesses

Energy Ansaldo Energia specialises in the supply of power generation plants and components. It operates internationally, offering a wide range of mostly proprietary products, and has a customer base encompassing the public sector, independent producers and industrial firms.

Transports. In the rail transport sector, **ANSALDO STS** designs, develops and produces traffic management, planning, train control and signalling systems and services. **AnsaldoBreda** produces technologically advanced rolling stock for railway and urban transit systems, while **BredaMenarinibus** is the second largest manufacturer of buses in Italy.

KEY FIGURES*

(Figures in EUR million)	2003 (Italian GAAP)	2004 (IFRS)	2005 (IFRS)	2006 (IFRS)	2007 (IFRS)	2008 (IFRS)
Revenues	--	--	10,952	12,472	13,429	15,037
Adjusted EBITA	549	--	--	942	1,045	1,305
Net profit	189	585	396	1,021	521	621
Net invested capital	3,558	4,219	5,670	6,188	6,590	9,513
Net debt	256	701	1,100	858	1,158	3,383
Research and Development	1,251	1,381	1,742	1,783	1,836	1,809
Return on net invested capital (ROI)	20.2%	15.5%	17.5%	17.7%	18.9%	21.4 %
New orders	9,136	10,543	15,383	15,725	17,916	17,575
Order backlog	22,276	24,315	32,114	35,810	39,304	42,937
No. of employees	46,861	49,336	56,603	58,059	60,748	73,398

* Percentages calculated using value of production until 2005 and revenues from 2006

Revenues 2008:**EUR 15,037 million**