

Finmeccanica First Half 2005

Results Presentation

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Milan, 30 September 2005



Pier Francesco Guarguaglini

Introduction

2005 First Half Results

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Strategic development of Finmeccanica: completion of Phase 1

- ▶ **Restructuring and reorganisation phase, which began in 1990s, now completed**
- ▶ **Strategic initiatives fulfilled five key objectives:**
 1. Pursue growth and increase focus on Aerospace and Defence
 2. Look for selective growth in business segments where leading global roles are possible
 3. Consolidate our position in the supply chain, developing a prime contractor's role in integrated systems at a certain level of complexity and preferred supplier status with the big US "system of systems" integrators
 4. Increase global footprint of the business
 5. Improve level of strategic autonomy and operational control

Our strategic development can now leverage on...

- Maximising the advantages of more than proportional correlation in A,D&S industry between critical mass and cash flow, profit and investments
- Playing a leading role in the consolidation of the industry in Europe - mitigating the risk of marginalisation
- Implementing a more aggressive strategy of market penetration of proprietary products and systems

**To extract value and cash-flows for future growth
from rationalisation of Group**

Alessandro Pansa

Financial and Business review
2005 First Half Results

First Half Highlights

- Value of production up 13%
- EBIT up 29% driven by Aeronautics, Helicopters, Space and Ansaldo Signal
- Net income triples, excluding STM, due to higher EBIT and lower tax
- Order flow more than doubles with backlog (+27% vs 2004) now covering almost 3 years of production
- Net debt rises to Eur 1.95bn due to strategic acquisitions, IFRS and seasonal increase in working capital

First Half Results - P&L/IFRS Impact

	Eur m.	1H 2005	1H 2004	Change %
Revenues		4.721	4.201	12%
Value of production		4.958	4.374	13%
Cost of goods, services and labour		(4.578)	(3.954)	
Depreciation		(155)	(144)	
Provisions for risks and charges		(10)	(17)	
Restructuring costs		(10)	(41)	
Other operating revenues (costs)		46	(23)	
EBIT		251	195	29%
<i>EBIT Margin</i>		5.1%	4.5%	
Financial income (expenses)		(64)	20	
Tax		(82)	(114)	
Profit before discontinued operations		105	101	4%
Profit of <i>discontinued operations</i>		-	(7)	
Net profit		105	94	12%

Balance Sheet/IFRS Impact

	Eur m	30/06/2005	31/12/2004
Non-current assets		7.397	5.520
Non-current liabilities		(2.008)	(1.877)
		5.389	3.643
Inventories		5.161	4.589
Work in progress		2.671	2.169
Receivables		3.610	3.353
Trade payables		(3.024)	(2.832)
Customer advances		(3.713)	(3.214)
Provisions for risks and charges S/T		(573)	(514)
Other net current assets (liabilities)		(3.030)	(2.975)
Net working capital		1.102	576
Net invested capital		6.491	4.219
Group's equity		4.100	3.627
Minorities' equity		449	22
Shareholders' equity		4.549	3.649
Net debt		1.952	701
Net (assets) liabilities held for sale		(10)	(131)

Cash Flow Analysis

	Eur m.	1H 2005	1H 2004
CASH AND EQUIVALENTS AT 1 JANUARY 2005		2.055	2.259
CASH FLOW FROM OPERATING ACTIVITIES		527	448
Changes in working capital		(402)	(591)
Changes in other operating assets and liabilities		(267)	(155)
CASH FLOW GENERATED BY (UTILISED IN) OPERATING ACTIVITIES		(142)	(298)
Net CAPEX		(134)	(143)
Other financial investments		(85)	93
Free operating cash-flow		(361)	(348)
Investments for acquisitions		(528)	-
CASH FLOW GENERATED BY (UTILISED IN) INVESTMENT ACTIVITIES		(747)	(50)
Dividends paid		(111)	(88)
CASH FLOW FROM FINANCING ACTIVITIES		(476)	(177)
CASH FLOW GENERATED BY (UTILISED IN) FINANCING ACTIVITIES		(587)	(265)
Exchange differences on cash and equivalents		9	(9)
CASH AND EQUIVALENTS AT 30 JUNE 2005		588	1.637

Balance Sheet still strong despite rise in net debt

- Balance sheet remains robust thanks to:
 - 6.6% financial stake in STMicroelectronics – 59.7m shares worth about Eur 830m*
 - Lengthened debt maturity to 10.6 years (vs 5.6 years in 2003)
- Debt remains under control and within objectives set by the Group:
 - Strong cash flow generation in Q4 '05
 - IPO cash proceeds from listing of Ansaldo Signal and Ansaldo Sistemi (early 2006)

***STM stake valued at market reference price of Eur 13.84 on 28 September 2005**

Transport companies to be floated, Datamat acquired

- Decision taken to merge Ansaldo Systems into Ansaldo Signal and list the combined entity on the Italian stock market
- Ansaldo Signal is a world leader in rail signalling with revenues in 2004 of Eur 530m and EBIT of Eur 49m. Ansaldo Systems is a high technology turnkey rail contractor with revenues in 2004 of Eur 270m and EBIT of Eur 16m. Profitability of both improving significantly.
- Milestone in value realisation strategy for civil activities
- Listing will create an Italian company with significant potential for growth
- Listing will increase Group focus on Aerospace, Defence and Security, generate cash proceeds and create shareholder value
- Datamat acquisition: Expected cash out of approx. Eur 151m for 52.7% of the share capital, plus up to Eur 119m for the remaining shares
- Datamat 2004 revenues of Eur 171m with EBITA of Eur 21.7m. Core Aerospace, Defence and Public Administration accounted for 51% of revenues and about 68% of total EBITDA (Eur 28.3m).

Management Objectives

*Orders acquisition, based on our key products,
is the main driver of our organic growth*

INCREASED INDUSTRIAL EFFICIENCY



HIGHER PROFITABILITY

- Good quality orders acquired
- New life cycle and risk management programmes being implemented
- All contracts subject to EVA analysis
- Accelerated pay-back on investments
- Tight control of working capital to increase cash-flow generation

**Efficient management of programmes and industrial operations
represents the basis for our financial performance and value creation**

Acquisitions drive rationalisation and commercial growth benefits

- Significant integration and commercial benefits from new acquisitions still to be realised and coming to fruition in the m-t, as typical for Defence sector
- Return on capital employed (12.2% in 1H05 vs 15.2% in 1H04) reflects rise in net capital employed (goodwill of Eur 1.1bn from acquisition of BAE Avionics) but only 2 month EBIT contribution
- Integration benefits to EBIT from acquisitions of AgustaWestland, BAE Avionics and Datamat worth more than Eur 60m by end 2006 and more than Eur 100m by end 2008
- High quality UK and US orders create platform for profitable growth in core businesses of Helicopters and Avionics

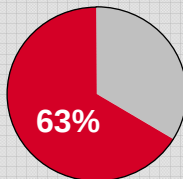
First Half Operating Performance and Outlook by Business Division

Aeronautics: Current growth driven by Military and ATR



	(Eur M) 1H05	%change
Revenues	934	6%
Ebit	49	58%
Orders	1,067	78%
Backlog	5,674	46%

Defence Revenues



- Higher volumes in H2 with first C27J deliveries to Greece
- Good military and strong ATR drive higher 1H margin
- Large B787 order underpins m-l term growth in civil
- EFA Tr II sustains high military activity until 2012
- Increasing demand for tactical transport (C27J), military trainers (M346 and M311) and special maritime missions (ATR72)

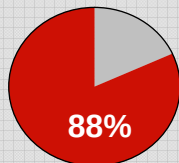
Significant improvement in outlook for Civil

Helicopters: positive outlook ...



	(Eur M) 1H05	%change*
Revenues	1,168	101%
Ebit	127	76%
Orders	2,420	n.s
Backlog	7,155	149%

Defence Revenues



- Large domestic and international order wins (US101, Apache targeting systems, Skios, AB139 for Gulf of Mexico, 109 Grand for EASA) in 1H
- Further large UK orders (Future Lynx, Merlin 101 support and/or upgrade) expected in 2H
- Robust operating performance in 1H to be maintained in 2H thanks to integration plan benefits
- IH increase in civil production (AB139 and A109) and customer support expected to grow steadily
- US Presidential selection opens up further major potential opportunities in US (CSAR and LUH). Competitive bid for CSAR (worth approx \$10bn) in 2H and contract award expected early 2006

Driven by strong order intake

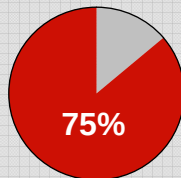
*Proportional consolidation (50%) of AgustaWestland in 1H04

Defence Electronics: exciting growth prospects



	(Eur M) 1H05*	%change
Revenues	1,219	6%
Ebit	81	(7%)
Orders	2,849	164%
Backlog	7,337	94%

Defence Revenues



- Small temporary decline in profitability in 1H due to delay in acquiring TETRA contract with significant recovery expected in 2H
- Expansion driven by Eurofighter and other avionics business, naval radar command & control, ATM, TETRA and security business
- UK avionics contributes revenues of Eur 800m (8 months) in 05 rising to well over Eur 1.2bn in 06. First order Eurofighter Tr II of Eur 1.25bn taken in 1H
- IT capacity (Elsag) to be integrated in 2005 (consolidated from 1/1/05)
- Optimum skills now available to provide Integrated System solutions (Network Centric/C4ISR in Defence, Homeland Security and CNS/ATM)
- Significant opportunities for dual use comms (wireless broadband, network interoperability, secure TLC)
- Organic annual growth for total revenues in next 4 years confirmed at 10% with operating margin target of 8-9% by 2008

Significant and profitable growth thanks to synergistic contribution from all divisions and following consolidation of businesses acquired in UK

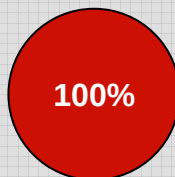
* New Defence Electronics activities acquired from BAE are consolidated starting from 1 May 2005

Defence systems: short-term weakness



	(Eur M) 1H05	%change
Revenues	469	(10%)
Ebit	20	(39%)
Orders	332	17%
Backlog	4,124	(7%)

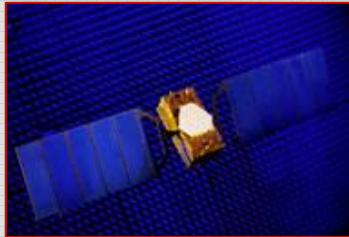
Defence Revenues



- Revenues down in 1H for land armaments and underwater – partial recovery expected in 2H
- Operating profit down for same reason together with weaker mix and restructuring in MBDA. Partial recovery expected in 2H
- Medium to long term outlook improving thanks to increasing requirements for air defence systems (MEADS), armoured vehicles, integrated naval gun/smart ammunition systems and underwater surveillance and electronic measures
- Key strategic order won in 1H by MEADS international consortium (MBDA-EADS-Lockheed Martin) for planning and development of mobile Medium Extended Air Defense System in USA, Germany and Italy

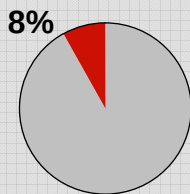
Medium-long term outlook stable

Space: Efficiency gains kicking in



(Eur M) 1H05		%change
Revenues	373	5%
Ebit	21	n.s
Orders	267	8%
Backlog	1,306	26%

Defence Revenues



- Performance improves in 1H due to higher volumes on ISS and scientific satellite programmes together with restructuring benefits
- Signs of recovery in commercial with improving outlook for broadband and services
- EU and ESA award strategic priority to satellite navigation (Galileo), earth monitoring (GMES and Cosmo) and broadband
- Opportunities to exploit international use of Cosmo for security requirements
- New Manufacturing and Service companies managed by Alcatel and Finmeccanica provide critical mass and enlarge market access to French Space budget

**Profitability to improve
further due to integration
benefits from Alcatel tie-up**

Civil activities: Strength of Signalling and Systems in Transport unable to offset weak Vehicles

Transport



	(Eur M) 1H05	%change
Revenues	586	(16%)
Ebit	(13)	n.s
Orders	836	(23%)
Backlog	3,921	3%

Energy



	(Eur M) 1H05	%change
Revenues	338	(1%)
Ebit	12	100%
Orders	436	n.s
Backlog	2,181	36%

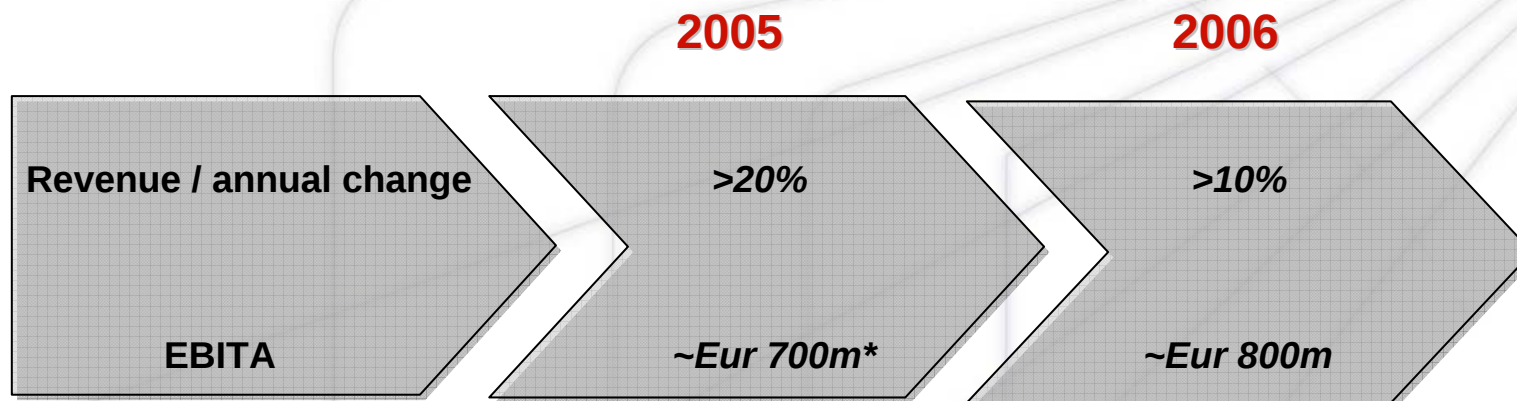
- **Transport**

- ▶ Cost over-runs on Vehicle programmes in 1H more than offset strong performance by Signalling and Systems. Corrective measures now being implemented
- ▶ Strong order flow for Signalling both in US and Italy
- ▶ Large high speed train opportunity for Vehicles in Italy

- **Energy**

- ▶ Good performance accompanied by positive cash flow thanks to improved mix, increased efficiency and higher margin service activity and despite higher R&D spending
- ▶ Strong orders also underpin future growth in Services

Guidance incorporating IFRS impact confirmed



- Cumulative Free Operating Cash Flow of > Eur 600m in next 3 years (2005-07)
- Dividend policy: increase together with profits
- Optimal capital structure: Net debt/Equity < 35-40%
- Net bank debt/EBITDA <2.0.

*Including AW 100%, consolidation of acquired UK Defence Electronics assets from 1 May and Space (Alcatel) operation from 1 July 2005

Recent developments

June

- Moody's raises Finmeccanica's rating from Baa2 to A3

July

- New Finmeccanica-Alcatel space manufacturing and service companies become operational
- Re-grouping of shares: 1 for 20
- Ansaldo Signal flotation announced
- Acquisition Datamat (specialised in IT and Mission systems) announced
- Eurofighter Tr 2 (DASS) order awarded for Eur 1.25bn
- B787 Dreamliner order awarded for US\$ 1.1 bn

August

- MOU signed with Sukhoi for collaboration on Russian regional jet

September

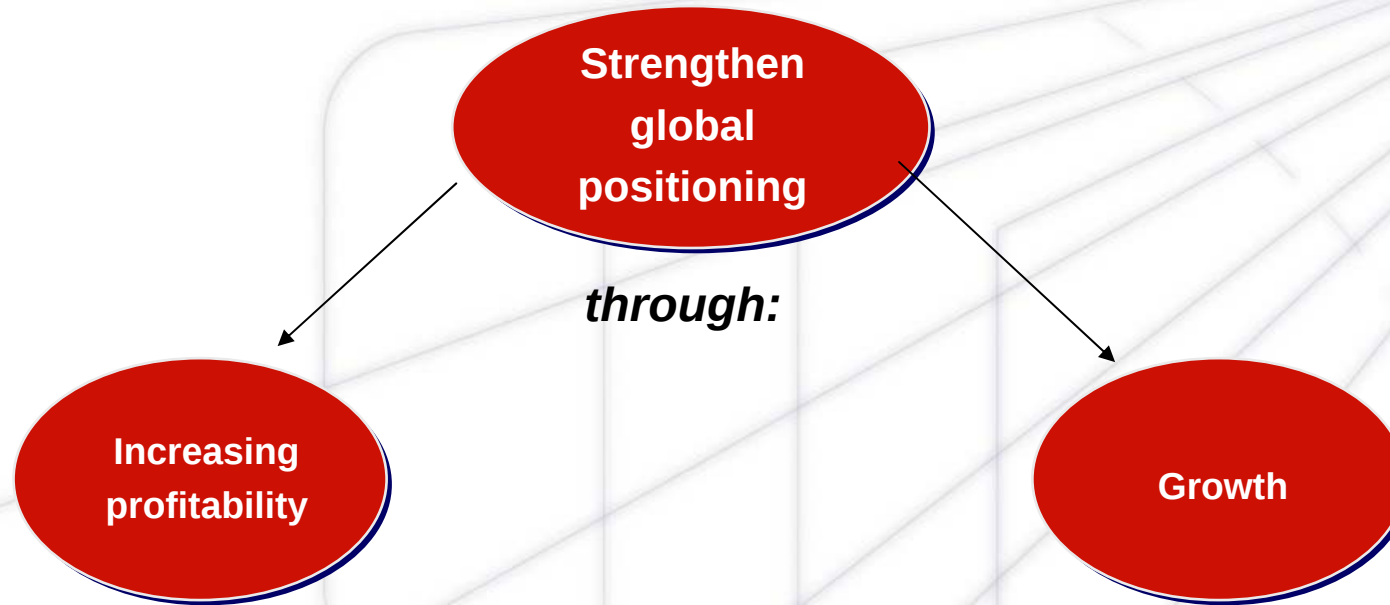
- Ansaldo Systems flotation announced

Pier Francesco Guarguaglini

Business strategy and Summary

2005 First Half Results

Phase 2 Strategy



- Integrating and consolidating recent acquisitions
- Enhancing process expertise
- Pursuing manufacturing localisation in attractive markets
- Organically and through selected acquisitions
- Providing integrated defence and security solutions
- Improving technological and system content of the offer-portfolio

Integrating and consolidating recent acquisitions: AgustaWestland

- Integration plan under implementation and ahead of schedule
- Approximately 2/3 of the actions approved have been completed

To Do:

- Complete rationalisation of UK and Italian operations to improve efficiency of new programmes (i.e. Future Lynx, AB139)
- Establish one HQ for governance, administration services and back office.

Savings of Eur 18m expected by end 2005 and additional Eur 32m by 2006, confirming the target of Eur 50m of EBIT improvement by end 2006

Integrating and consolidating acquisitions: Selex Sensors and Airborne Systems

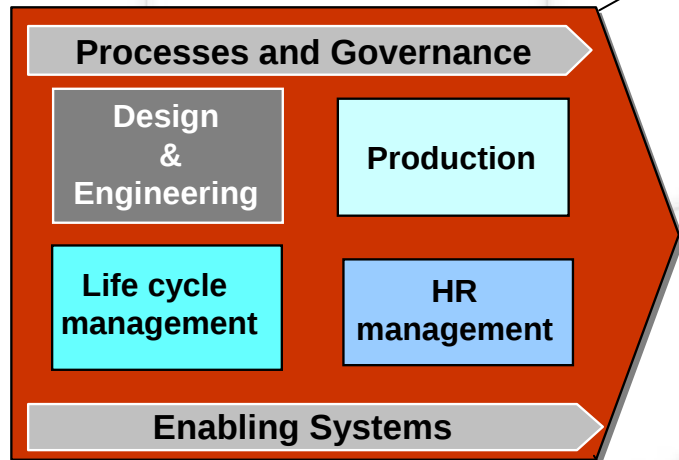
- Integration plan to be approved by October 2005

Expected synergies coming from:

- Shared procurement, lower material handling costs and production efficiencies (60% synergies)
- Integrated product portfolio (15% synergies)
- Reduction in overhead (SG&A) and IT costs (20% synergies)
- Shared R&D and new product development (5% synergies)

Synergies worth Eur 50-60m of EBIT by 2008, with 10% operating margins

Enhancing process expertise



- **DESIGN & ENGINEERING:**

- risk assessment
- time-to-market improvement
- product life-cycle design (including logistics and customisation)

- **PRODUCTION:**

- risk mitigation
- lead time reduction
- supply-chain optimisation

- **LIFE CYCLE MANAGEMENT:**

- project control improvement
- programme phase review enhancement
- milestone achievement

- **HR MANAGEMENT:**

- professional skills quality maximisation
- professional skills employment optimisation

Integrating companies' critical processes through Group Process Governance, common Enabling Systems and shared IT infrastructures

Pursuing manufacturing localisation - Boeing 787

Charleston state-of-the-art plant for large scale composite sub-assembly allows us to:

- scale up the value chain
- perform “small prime” role through a pre-integration facility
- access 250+ high skilled local workers
- carry out almost 26% of workshare in strategic partnership with Vought



Initial order awarded worth Eur 900m for 150 series - almost double expected size - due to increased quantity of series and enlarged scope of activity. Additional orders expected in the short term.

Good profitability and cash-flow generation will pay back for expected Eur 600m gross investment planned over 2005-07

Organic growth: domestic and co-operative programmes

Italian VTMS



EFA II Tranche



TETRA



VBC



FREMM



Securing funding for major and co-operative programmes, thanks to domestic financial sources additional to Italian MoD budget.

TETRA – Italian flagship technology

- A leading technology for high capability Secure Communications
- Cornerstone of future needs in Network-Centric Environments and Operations
- TETRA - integrated with wireless broadband technologies
 - The backbone of communication systems for Italy's police and Armed forces: Eur 260m order finalising in October, additional by end 2005 and in 2006
 - Entering the Russian market: target Eur 2bn (25% market share)
 - Other targeted markets: Turkey, Qatar, Brazil and Argentina

UK: Our second home market for organic growth

- 10,000 employees in UK (20% of the Group), Eur 2.7bn (£1.8bn) in sales generated by UK businesses (about 25% of expected 2005 A,D&S Revenues), following BAE Avionics and AgustaWestland transactions
- Second largest Defence company operating in the UK; UK MoD sits alongside the Italian MoD as Finmeccanica's largest customer
- Our total weight in EFA programme will increase from 22% of the Development and Production Investment Phase to 36-38% of the 1st and 2nd Tranches Production Phase as an effect of our enlarged scope of activities
- EFA Tranche II electronic warfare order secured for Eur 1.25bn, bringing total Tranche II orderbook to Eur 2.2bn
- Further opportunities for our Avionics business will arise from current negotiations about "ground attack capabilities" in Tranche II aircraft

UK Helicopter orders: achievements and outlook

- Partnership with UK MoD in current and future helicopter requirements, worth cEur 4.5bn (£3bn) over ten years
- Well positioned to obtain UK MoD Future Lynx programme valued at cEur 1.5bn (£1bn)
- Eur 440m (£300m) SKIOS five year contract, for the support of UK MoD's fleet of Sea King helicopters. Eur 284m (£194m) Apache Mk 1 fleet upgrade
- Support and upgrade contracts for UK MoD's Merlin (EH101) fleet pending

Total expected orders for more than Eur 2bn over the next 12 months, on top of approx. Eur 800m already awarded

US market penetration supported by strong credentials in Helicopters

- Helicopters: US101 'Marine One' won on merit:
 - Initial contract for 8 aircraft worth US\$ 1.8bn
 - 15 additional helicopters worth US\$ 2.5bn
 - 'Through life' Product Support contracts still to be awarded
- Further opportunities in US market: US Air Force DoD CSAR ('PRV'), c 200 aircraft, worth US\$ 9-12bn
- Competing for US Army LUH requirement for about 350 a/c
- Leverage on already existing wide range of institutional/civil customers: US101-US Navy, A119-NY Police, AB139 - offshore oil operators, A109

Further opportunities for organic growth in the US market

- Tactical military transport aircraft C27-J ready to supply US National Guard and US Army customer, satisfying US DoD requirement for up to 200 military transporters
- UK Selex Sensors and Airborne Systems partner of choice for the supply of US Solutions for MoD and DoD customers (JSF Laser targeting system, F/A-18 ATFLIR, Airborne infra-red counter-measures, Javelin Missile EO Seeker)



Expected order growth in the US from Eur 1.6bn in 2002-04 to Eur 5.2bn in 2005-07, based on key programmes totally compliant with strict US requirements and standards

Significant opportunities for organic growth in other attractive markets

- RUSSIA: ATC, postal automation control in Moscow, bidding for Tetra, agreement in Space for satellites, MoU with Sukhoi for regional transport, MoU for rail and equipment technology
- INDIA: ATR, Avionics (PAR), underwater systems, Helicopters, Military Comms, Signalling
- TURKEY: ATR 72 MP, A129 helicopters, Naval Combat Systems, Comms, Eurofighter, Trainers, Satellites
- MALAYSIA: radar systems, ATC, trainers, VTMS for Security applications, helicopters, torpedoes
- GREECE: C27-J, M346 trainers, Helicopters, Eurofighter, frigates, ATR MP, Metro

Significant order acquisition will drive organic growth

- In 2004 there were orders of Eur 10.8bn, followed by orders for Eur 7.9bn in 1H 2005 – increasing the backlog to Eur 31bn or 2.7 years of production

Based on:

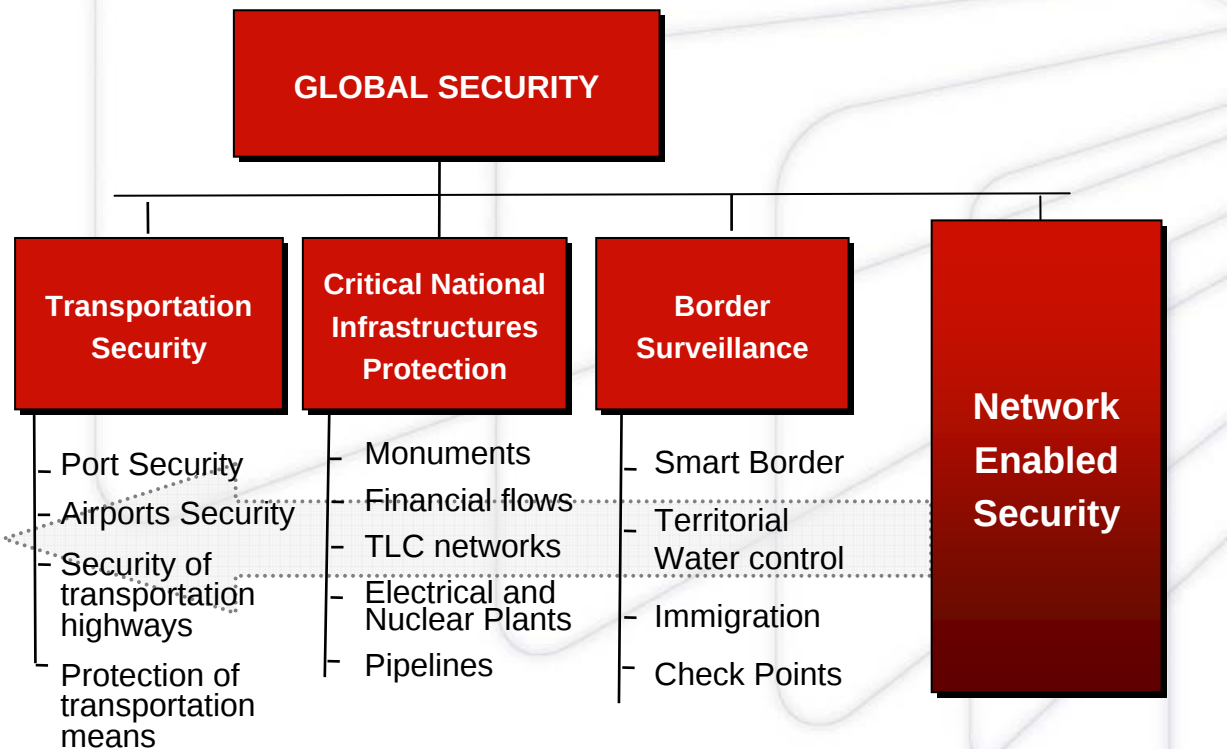
- 3 key markets - Italy and UK “home” markets and US
- and aggressive business and commercial policy towards other markets i.e. Russia, India, Turkey, Malaysia, Greece

Finmeccanica expects to increase orders significantly: up to Eur 14-16bn annually over the next 3 years, of which 80% in A,D & S

Acquisition case study - Datamat

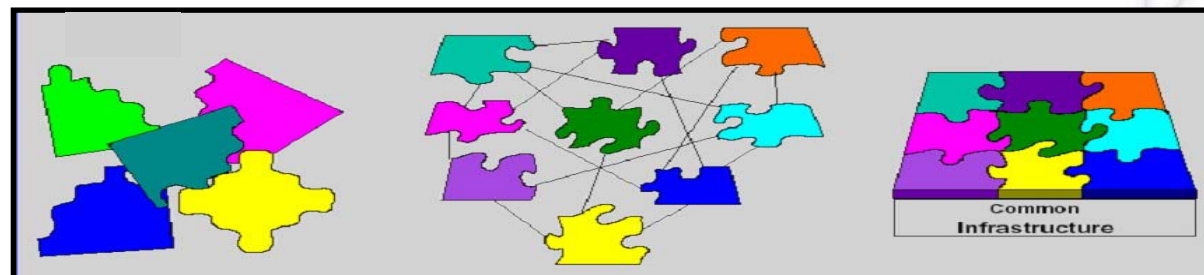
- Datamat: an example of an optimal target for selected acquisitions
- Reinforces and complements IT and Mission systems' key competencies for core A, D & S, with significant industrial and commercial integration opportunities in:
 - Naval command and control systems with Selex Sistemi Integrati
 - Security and integrated logistics with Elsag;
 - Space operations with Telespazio;
 - Mission planning with Aeronautics and Helicopters
- Non-core civil assets to be sold, possibly with similar non-core civil activities in Elsag

Integrated approach to highly promising Security market



Leveraging Group's system integration capabilities owned by Selex Sistemi Integrati

Exploiting highly profitable and recurring Security Service market



Independent Systems

Interoperable Systems

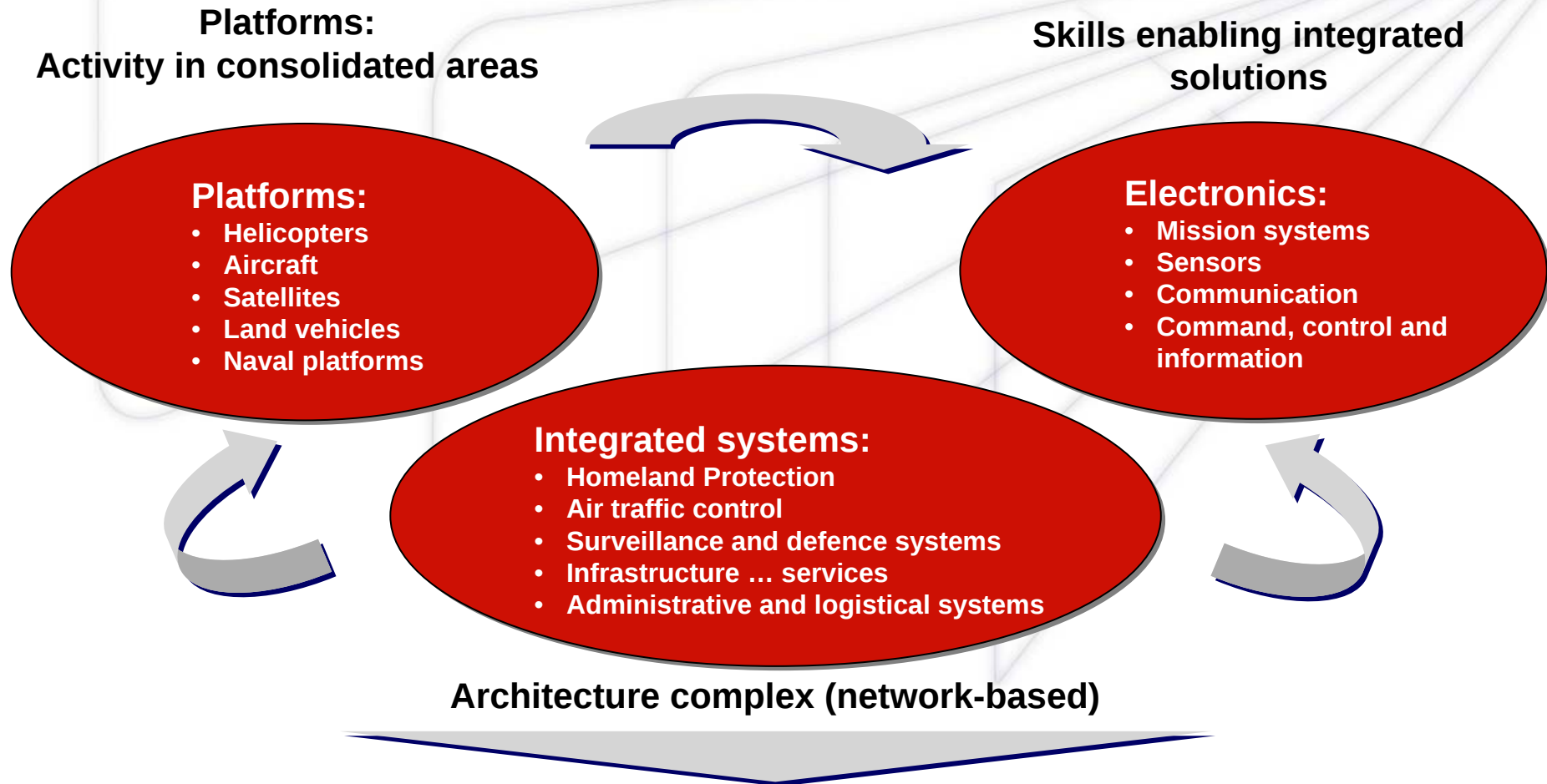
Integrated Systems

Integrated Security Solution Provider...

- 2004 worldwide Homeland Security market worth US\$ 42bn, more than 50% of which is in US
- EU Commission intends to invest up to Eur 250m p.a. by 2007 in research for security projects
- We are leading two of the main EU Projects: 1) reinforcement of security of the European Borders and 2) security in mainline, subway and metro railways systems
- Border Surveillance Vessel Traffic Management Systems for Italian Coast Guard – the largest in the world – is a top level show-case of our systems of systems integration capabilities

Based on state of the art, multi-domain technology

Improving technological & system content of our offer-portfolio

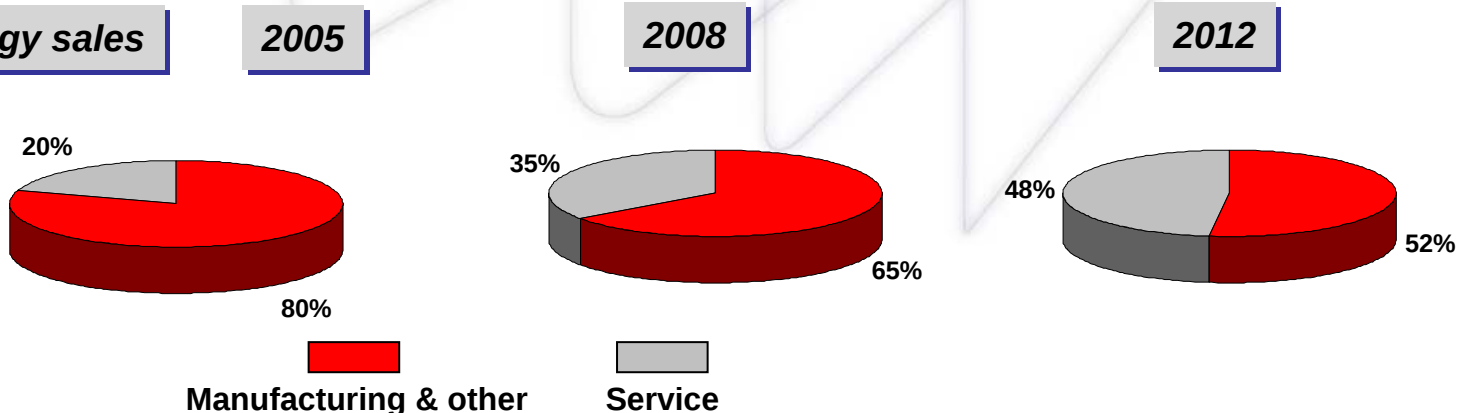


**Build critical mass on a full range of products and technologies
and achieve technical and operational synergies in Network-enabled
environment in order to compete successfully with international players**

Addressing specific solutions for Civil Activities

- **ELSAG:** successfully repositioned in Defence Electronics, as the Group's centre of excellence for growing Security market requirements; defence logistic services and systems, now reinforced by Datamat acquisition
Disposal of civil business on track, approx. 50% sold in 1H 2005
- **ENERGY:** transforming into an "independent service provider", focussed on high margin service activity, set to double in 4 years, from c Eur 150m revenues in 2004 to > Eur 300m in 2008

Energy sales



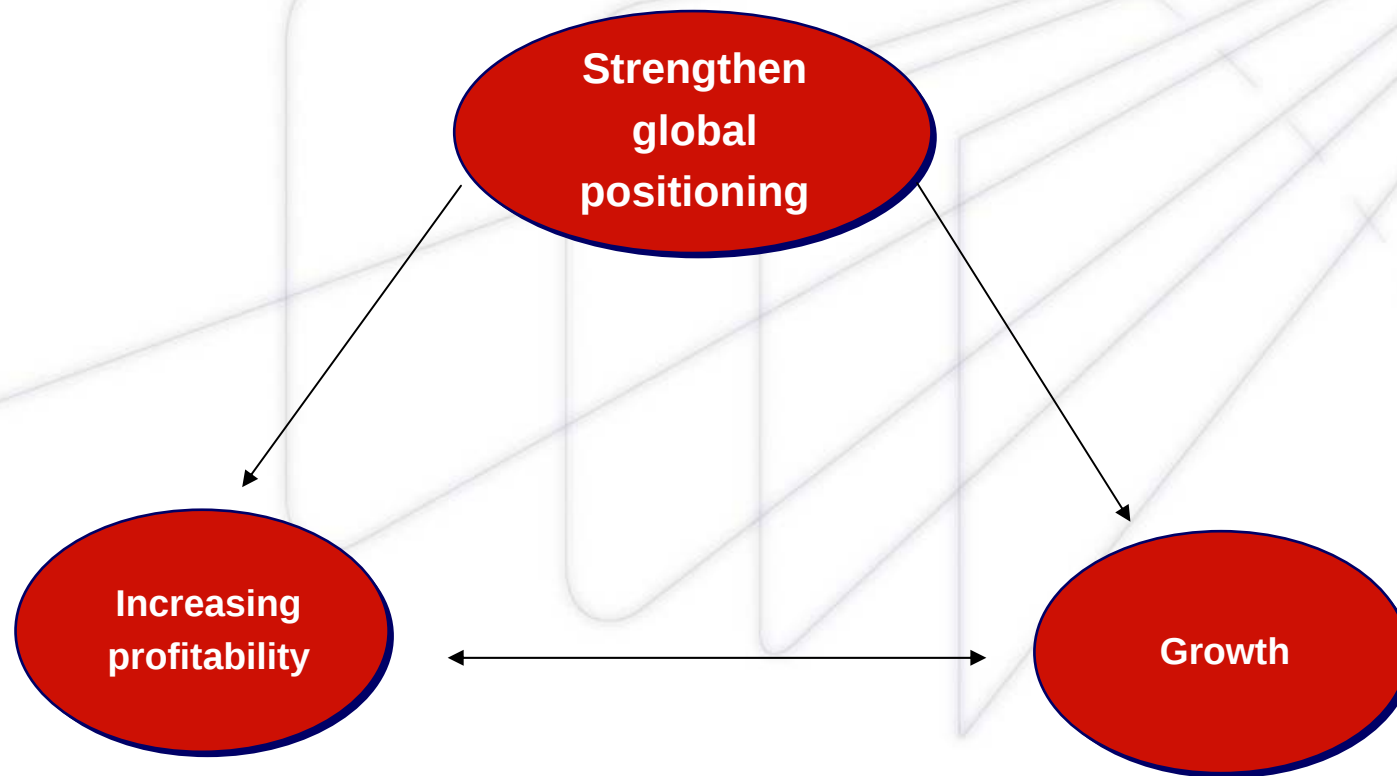
Maximising value for Finmeccanica

Addressing specific solutions for Civil Activities

- **ANSALDO SIGNAL and ATSF IPO** aimed at extracting value for the companies and raising financial resources for the Group
- **ANSALDO SIGNAL** will benefit from strengthened technology links with Group's core activities, thanks to ICT (microwave) technology (i.e. GSMR with Selex Comms, satellite rail tracking and tracing through Galileo, with Telespazio)
- **ATSF** technology system integration capabilities for turn-key systems will benefit from the structural link with Signal technology know-how and from synergistic opportunities within the Group for core Security applications (i.e. support of Elsag know-how in security systems ATSF metro turn-key systems)
- **ANSALDO BRED A** (Vehicles): new Management implementing a rigorous plan to improve production value chain and programme performance. Partnership with an industrial player to exploit opportunities in domestic and international high speed market

Maximising value for Finmeccanica

Phase 2 Strategy

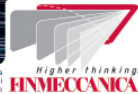


A volte la tecnologia supera l'immaginazione.



Immaginiamo e realizziamo i più sofisticati sistemi di rilevamento e di comunicazione. La fantasia, nelle sue espressioni più alte, cambia nome. Diventa tecnologia. Finmeccanica ha fatto dell'alta tecnologia il suo punto di forza nell'aerospazio, nella difesa, nelle comunicazioni, nella sicurezza.

Aerospazio Alenia Aerospazio • Aerospazio Elicotteri AgustaWestland Spazio Alitalia Alenia Space • Telecomunicazioni per la difesa Galileo Avio • SELEX Communications • SELEX Sensors and Airborne Systems • SELEX Systems Integrati • EDO • Ditec • Sistemi di difesa MBDA • Oto Melara • WASS • Trasporti AnsaldoBreda • Ansaldo Trasporti Sistemi Ferroviari • Ansaldo Signal Energia Ansaldo Energia



Q & A

A volte la tecnologia supera l'immaginazione.



Immaginiamo e realizziamo le più evolute macchine del cielo. La fantasia, nelle sue espressioni più alte, cambia nome. Diventa tecnologia. Finmeccanica ha fatto dell'alta tecnologia il suo punto di forza nell'aerospazio, nella difesa, nelle comunicazioni, nella sicurezza.

Aerospazio Alenia Aerospazio • Aerospazio Elicotteri AgustaWestland Spazio Alitalia Alenia Space • Telecomunicazioni per la difesa Galileo Avio • SELEX Communications • SELEX Sensors and Airborne Systems • SELEX Systems Integrati • EDO • Ditec • Sistemi di difesa MBDA • Oto Melara • WASS • Trasporti AnsaldoBreda • Ansaldo Trasporti Sistemi Ferroviari • Ansaldo Signal Energia Ansaldo Energia



Appendix

Debt/IFRS Impact

	30.06.2005	01.01.2005	31.12.2004	30.06.2004
Short-term financial debt	385	1.079	1.083	1.183
Medium to long term financial debt	1.884	1.443	1.551	1.362
Cash on hand or equivalent	(588)	(2.055)	(2.055)	(1.637)
NET BANK DEBT	1.681	467	579	908
Government bonds and securities	(33)	(33)	(33)	(22)
Loans to subsidiary and affiliated companies	(40)	(89)	(89)	(142)
Loans to third parties	(358)	(445)	(445)	(467)
FINANCIAL LOANS and securities	(431)	(567)	(567)	(631)
Loans from subsidiary and affiliated companies	325	456	456	385
Other short-term financial debt	279	647	130	172
Other medium to long term financial debt	98	103	103	116
OTHER FINANCIAL DEBT	702	1.206	689	673
NET DEBT	1.952	1.106	701	950
Net debt of <i>discontinued operations</i>	-	(61)	(61)	17

FREMM



- French – Italian programme to jointly develop 27 Multi-Mission Frigates for national Navies
- Italian Government funded the development through an initial Eur 400m budget allocation
- First deliveries set in 2012

Provides superiority and flexibility to execute European Defence missions and Italian Navy tasks

Safe Harbor Statement

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.

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