Finmeccanica Q1 2007 Results

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Financial Highlights

- Revenues up 6% driven by Helicopters, Defence Systems, Space and Energy
- Ebit substantially stable (+1%) but Q106 benefited from capital gain of Eur 18m
- Net income excluding extraordinary gains increases by Eur 8m, due mainly to lower financial charges
- Net debt increases increases by Eur 1.112 bn compared to end 2006 due to seasonal increase in working capital and higher investments mainly in Aeronautics
- Debt/Equity of 39% remains within rating agency limit range
- Order backlog remains substantially stable equivalent to 3 years of production and covers 89% of current year's production

Main Financial Results

(Eur mln)	1Q 07	1Q 06	%change	FY 06
Revenues	2,740	2,583	6%	12,472
EBIT	101	100	1%	878
EBIT Margin	3.7%	3.9%	n.s.	7%
Net income	18	383	(95)%	1,020
Excluding capital gain		*10*		
New orders	2,430	4,199	(42)%	15,725
Working Capital	466	703	n.s.	(434)
Net financial debt	1,970	1,481	n.s.	858
Debt/Equity	39%	30%	n.s.	16%
Order Backlog	35,362	34,194	n.s	35,810

Recent Events

- Russian Railways, Italian rail operator and Finmeccanica sign MOU for commercial cooperation on international projects – 9 February
- Selex Sistemi Integrati signs MOU in India with BHEL for radar systems – 14 February
- Finmeccanica completes 100% acquisition of Selex Sensors and Airborne Systems – 30 March
- Agreement signed with Libyan Government to create JV in electronics for defence and security - 2 April
- Steve Mogford (ex COO Programmes BAE Systems) appointed CEO of Selex Sensors and Airborne Systems - 3 April
- New Space Alliance formed between Finmeccanica and Thales - 4 April

Business Division Review

Helicopters

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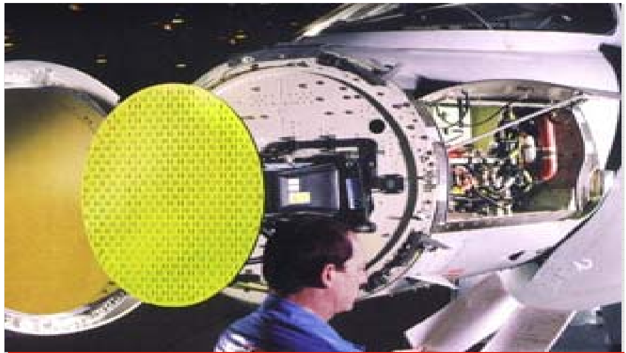
(€mln)	Q1 07	Q1 06	%change
Revenues	720	578	25%
EBIT	75	44	70%
Orders	712	1,836	(61)%
Backlog	8,496	8,572	(1)%

- Strong increase in volumes driven by civil (A109, AW139, A119), US presidential programme and UK support activities.
- Margin improvement due to benefits of integration UK-Italian activities and operational leverage particularly in civil
- Orders booked for 28 AW139s worth Eur 266m of which 14 for Saudi Arabian Oil Company
- Turkish army has selected A129 attack helicopter for ATAK programme worth an estimated Eur 1.2 bn for AgustaWestland
- Agreement to supply UK MoD with 6 EH101s out of Royal Danish Air Force fleet with 6 new 101s to be acquired by UK MoD in order to refurbish the Danish fleet.

Defence Electronics



(€mln)	Q1 07	Q1 06	%change
Revenues	680	708	(4)%
EBIT	6	42	(86)%
Orders	502	629	(20)%
Backlog	7,418	7,676	(3)%

- Lower volumes mainly due to order delays (eg Electronic Identity Card)
- Operating margins temporarily impacted by lower volumes and weaker mix in radar, command & control
- Ebit Q1 benefited from capital gain on real estate disposal (Eur 18m)

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

Aeronautics

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(€mln)	Q1 07	Q1 06	%change
Revenues	412	408	1%
EBIT	20	15	33%
Orders	667	431	(55)%
Backlog	7,866	7,538	(4)%

- Slow start to the year by military offset by growth in civil
- Margins improve due to higher civil activity
- Eurofighter Tranche 2 operational enhancement order taken worth Eur 292m to increase multirole capability
- First B787 shipsets delivered to Charleston on 22 March
- Orders for 24 ATRs worth Eur 125m

Space

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(€mln)	Q1 07	Q1 06	%change
Revenues	166	140	19%
EBIT	1	9	(89)%
Orders	121	218	(44)%
Backlog	1,251	1,264	(1)%

- Higher volumes due to increased manufacturing activity
- Lower Ebit due to increase in headcount and higher costs on some French programmes
- Some commercial and institutional TLC orders delayed
- New Space Alliance formed between Finmeccanica and Thales on 4 April 2007

Defence Systems

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(€mln)	Q1 07	Q1 06	%change
Revenues	238	214	11%
EBIT	1	7	(86)%
Orders	132	89	48%
Backlog	4,133	4,252	(3)%

- Revenues increase mainly due to contribution of German missiles company acquired 1 March 2006
- Margins mainly impacted by restructuring costs in Missiles
- Important export order won in Land & Naval Armaments to supply naval systems to German frigates worth Eur 80m (April)

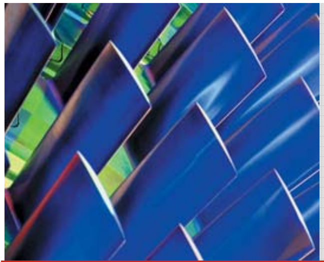
Civil Activities

Transport

(€mln)	Q1 07	Q1 06	%change
Revenues	330	340	(3)%
EBIT	9	16	(44)%
Orders	170	484	(65)%
Backlog	4,540	4,703	(3)%

Transport

- Revenues fall slightly due to Vehicles
- Strong performance by Signalling more than offsets operating loss in Vehicles
- Important orders won in China for rail signalling systems (Eur 30m) and metro software applications



Energy

(€mln)	Q1 07	Q1 06	%change
Revenues	218	201	8%
EBIT	11	7	57%
Orders	145	576	(75)%
Backlog	2,396	2,468	(3)%

Energy

- Revenues and margins increase due to higher export activity.
- Increase in Service export orders

Guidance for 2007 and 2008

	2007	2008
Revenues (not Value of Production)	***€13.1-13.7bn***	***€14-14.7bn***
EBIT	***€950-1,000mln***	***€1,050-1,170mln***

- Confirming average Free Operating Cash Flow per Year (2006-08) of ca. €300 mln
- Dividend policy: increase together with profits
- Optimal capital structure: Net debt/Equity < 35-40%
- Net bank debt/EBITDA <2.0

APPENDIX

Update on impact of state incentives Directive N 28* on Finmeccanica balance sheet

Development costs for “National Security” programmes are no longer recorded in working capital under “Work in Progress” and “Other Liabilities” but capitalised in “Intangible Assets” and netted off against the amount of incentives received.

Development costs for “Other” funded programmes not qualifying as of “National Security” interest previously recorded in working capital under “Work in Progress” and in “Other Liabilities” are also capitalised in “Intangible Assets” whereas the advances received are recorded under “Other Liabilities” at nominal value.

Development costs capitalised in Intangible Assets at end 2006

Eur Mln	Qualifying for funding Dir N 28	Self Funded	Total
1 Jan 2006 Opening balance	0	24	24
Reclassified from inventories	596	174	770
Investments	156	118	274
Depreciation	(59)	(34)	(93)
Business combination	0	2	2
31 Dec 2006 Closing balance	693	284	977

* Directive on State Incentives for Development costs passed by Italian Government on 22 March 2006

Safe Harbour Statement

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- 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.