

Finmeccanica: Board of directors votes on reverse stock split and amendments to the articles of association

Shareholders' meeting also to vote on the appoint new board members

The Finmeccanica board of directors today voted to amend the agenda for the next shareholders' meeting in ordinary session on 31 May 2005, and if necessary on 1 June 2005, for the approval of the accounts for the year to 31 December 2004. In extraordinary session, shareholders will be asked to approve a reverse stock split, at a ratio of one ordinary share with a face value of EUR 4.40 for every twenty shares with a current face value of EUR 0.22.

The reverse split is intended to simplify the management of the share capital and encourage trading, by making the face value per share easier to understand. Following the operation, if approved, Finmeccanica's share capital of EUR 1,856,335,760.40 will consist of 421,894,491 ordinary shares with a face value of EUR 4.40.

The board of directors then voted to propose another amendment to article 8 of the articles of association, in order to include the facility, introduced for listed companies by the reform of company law, to launch capital increases with the exclusion of option rights for up to 10% of the share capital.

Furthermore, the board of directors is proposing another amendment to article 8, to enable it to make bonus issues for employees pursuant to article 2349 of the civil code, as part of incentive plans to be adopted in the future.

The shareholders will also be asked to vote on the renewal of the authorisation to buy own shares pursuant to article 2357 of the civil code to service the three-year incentive plan (2005-2007) for key personnel. Under the new plan, to be implemented by the board of directors following shareholders' approval, shares will be allocated to staff free of charge, provided that performance targets fixed by the board when the plan is implemented are met.

Finally, the board of directors accepted the resignation of board member Lorenzo Bini Smaghi on 12 April—with effect from 20 May—following his appointment to the executive board of the European Central Bank. His replacement will be appointed at the next shareholders' meeting. Mr. Bini Smaghi does not have any operational responsibilities and is a member of the strategy committee.