

Finmeccanica: shareholders' assembly approves 2005 annual results and dividend.

New board of auditors appointed.

The shareholders of Finmeccanica SpA, who met today in Rome, have approved the company's annual results for 2005 and viewed a presentation of the consolidated figures. The results were positive and up sharply on the previous year, leading to a solid level of ROI and creating good value for shareholders. This performance has enabled the company to increase its dividend by 92% compared with 2004.

The shareholders' meeting welcomed Finmeccanica's strategy of consolidating the aerospace and defence businesses, the group's satisfactory profitability and its sound capital and financial management. This allowed a significant rise in investment, including research and development spending (EUR 1.74 billion, or 15% of value of production). The results confirm Finmeccanica's position as one of the world's leading high-tech investors in the sectors of aerospace, defence and security.

Key figures

In 2005 the group generated a consolidated net profit of EUR 396 million, versus EUR 585 million in 2004. Note however that the 2004 figure benefited from income of EUR 270 million, which was the net result of capital gains from the sale of 93 million STMicroelectronics shares (EUR 702 million), and non-recurring write-downs and provisions (EUR 432 million). Moreover, 2004 also benefited from EUR 107 million in profit from STM, which in 2005 made no contribution as it was then recorded under assets held for sale, and thus valued at fair value in accordance with IFRS/IAS 39 (which came into effect from 1 January 2005). The positive performance for 2005 is confirmed by the growth in EBIT, up from EUR 465 million in 2004 to EUR 735 million last year. Value of production jumped by 25%, from EUR 9.16 billion in 2004 to EUR 11.47 billion. ROI rose to 17.5%, from 15.5% in 2004, while ROE stood at 9.6%, from 17.2% the previous year. New orders acquired were up by EUR 4.84 billion on 2004 (EUR 15.38 billion, versus EUR 10.54 billion the previous year). Over 52% of the orders related to the defence market, in line with 2004. The order backlog rose by EUR 7.8 billion to EUR 32.11 billion, from EUR 24.32 billion in 2004. This is equivalent to around three years' production. Net debt stood at EUR 1.1 billion, from EUR 701 million at end-2004. The 2005 figure (equivalent to 24% of consolidated shareholders' equity) is lower than the sector average and within the limits of a conservative financial management policy.

Dividend

in light of 2005 results, the shareholders' meeting approved the payment of a dividend of EUR 0.31 and an extraordinary dividend of EUR 0.19; this extraordinary dividend is related to the result of the flotation and listing of shares in Ansaldo STS SpA. This total dividend of EUR 0.50 per share will be payable on 22 June 2006 (ex-date: 19 June 2006).

Appointment of the board of auditors

The shareholders' meeting also voted on the appointment of a new board of auditors for the period 2006-2008. The new board of auditors is comprised as follows:
Statutory auditors: Giorgio Cumin, Francesco Forchielli, Luigi Gaspari, Silvano Montaldo, Antonio Tamborrino.

Deputy auditors: Maurizio Dattilo, Piero Santoni.

The shareholders also appointed Luigi Gaspari as chairman of the board of auditors, pursuant to the new para. 2-*bis* of the TUF law 58/1998, and art. 28.3 of Finmeccanica's articles of association, which stipulates that the chairman of the board of auditors must be elected from among the auditors appointed by minority shareholders.

Please see the company's website for detailed CVs of the new auditors.

The meeting also voted on the remuneration of the chairman and other members of the board of auditors.

Authorisation to purchase own shares

With reference to the share incentive scheme pursuant to the shareholders' resolutions of 1 June 2005 and 16 May 2003 (incentive schemes for 2002-2004 and 2005-2007), the shareholders' meeting voted to extend the authorisation to purchase and sell own shares for the purposes of the schemes for a period of 18 months from the date of the resolution, up to a maximum of 7,500,000 ordinary Finmeccanica shares. This buyback may be implemented in several stages as considered appropriate, at the market price recorded on the day before the purchase plus 5% (maximum) or at the market price recorded on the day before the purchase minus 5% (minimum). The shares may be purchased on the market, or via the purchase and sale of derivative instruments traded on regulated markets.

The company currently holds 223,605 own shares, equivalent to 0.05% of the share capital.

External auditor

Finally, the shareholders' meeting voted to appoint PricewaterhouseCoopers SpA to audit the annual accounts of the company and the consolidated accounts of the Finmeccanica group for the period 2006-2011, and to carry out a limited audit of the half-year results and an audit of the annual and half-year reporting package.