
Finmeccanica: closing with GKN of the acquisition of 100% of AgustaWestland

Finmeccanica announces the completion of the acquisition of GKN's 50% shareholding in the helicopter joint venture AgustaWestland N.V. ("AW") and the acquisition of the real estate assets owned by GKN and used by the joint venture for a total transaction consideration of 1,496 million euros (1,001.5 million pounds) and 92 million euros (62 million pounds) respectively.

The total transaction consideration includes 52 million euros (35 million pounds) held in escrow. This amount will be repaid to Finmeccanica by 31 May 2008, if AW is not awarded the Future Lynx contract by the UK Ministry of Defence.

The sale of 93 million STM shares to Cassa depositi e prestiti, for 1.44 billion euros, will constitute the main source of financing for the acquisition. The completion of this transaction, which was announced on 26 November, is expected to occur by the end of the year. Meanwhile, Finmeccanica will draw on the Group's existing financial resources and the Revolving Credit Facility established in July.

Following the acquisition, Finmeccanica will consolidate 100% of AW with effect from 1 December 2004 for the profit and loss account and 31 December 2004 for the balance sheet.

The goodwill arising from the acquisition of GKN's shareholding in AW is estimated to be approximately 850 million euros. Following the introduction of the International Accounting Standards, with effect from January 2005, the goodwill will no longer be amortised.

The net cash position AW as at 31 December 2004 is expected to be positive, at approximately 100 million euros.

Merrill Lynch acted as exclusive financial advisor to Finmeccanica in respect of the transaction.

