

Rome, March 1st 2007

Finmeccanica Board of Directors approves preliminary consolidated results for 2006.

EBIT at EUR 878 million (+19.5%). Revenues at EUR 12.5 billion (+14%).

Please note that the figures contained in this press release are currently being audited by PRICEWATERHOUSECOOPERS SpA, Finmeccanica's external auditor for the period 2006-2011. The results of the audit will be published in accordance with the schedule set out for the approval of the annual results.

Finmeccanica's Board of Directors today met under the Chairmanship of Pier Francesco Guarguaglini, the group's Chairman and CEO, to discuss the preliminary consolidated results for 2006.

- New orders: EUR 15.7 billion (vs. EUR 15.4 billion in 2005, +2%)
- Revenues: EUR 12.472 billion (vs. EUR 10.952 billion in 2005; +14%)
- EBIT: EUR 878 million (vs. EUR 735 million in 2005; +19.5%)
- EBIT margin: 7% (vs. 6.7% in 2005, +4.5%)
- Net debt at 31/12/2006: EUR 858 million (vs. EUR 1.1 billion at 31/12/2005, -22%)

For a better comparison of the figures reported here, please note the main changes in the basis of consolidation that occurred in the two periods under comparison:

- in Defence Electronics, the consolidation (from 1 May 2005) of the avionics and military and secure communications operations acquired from BAE Systems at the end of April 2005, and the consolidation of 100% of Datamat from October 2005;

- in Defence systems, the acquisition by MBDA of the German missile systems producer LFK GmbH, which was consolidated from 1 March 2006.

Note also that in March 2006 Finmeccanica listed 60% of its subsidiary Ansaldo STS, which produces signalling and rail systems, on the Italian stock market. In compliance with the IFRS accounting standards adopted by the group, Finmeccanica fully consolidates Ansaldo STS.

Pier Francesco Guarguaglini, Chairman and CEO, commented: "An analysis of the preliminary 2006 results clearly highlights Finmeccanica's excellent organic growth, achieved thanks to good performances from the group's subsidiaries. The results confirm that the international growth strategy pursued over the past few years has paid off".

During the fourth quarter of 2006 the Group acquired orders worth around EUR 5.5 billion. Particularly worthy of note was the good commercial performance by Aeronautics, with additional aerostructure orders for the B787 (100 shipsets in 2006 for a total of 300 shipsets in the backlog), C27J military tactical transport aircraft (8 shipsets ordered with a total of 32 firm orders) and ATR regional aircraft (63 orders in 2006).; In Defence Electronics, the first *tranche* of the TETRA order for Italy's police forces and national air traffic control orders was booked; and in Helicopters, orders were received for NH90 and product support activities.

In 2006 the Group acquired new **Orders** totalling more than EUR 15.7 billion, vs. around EUR 15.4 billion the previous year, significantly higher than expected. The main orders booked in the first nine

months concerned: in Helicopters, the first *tranche* of the 70 Future Lynx for the UK armed forces and the first *tranche* of the IMOS and MCSP contracts; in Defence Electronics, the command, control and communication systems for FREMM frigates and the second *tranche* of avionics systems for the Eurofighter; in Energy, the strong growth in services orders.

Revenues totalled EUR 12,472 million, an increase of 14% – of which 8% organic – compared to the EUR 10,952 million reported in 2005.

The indication of “revenues” instead of “value of production” is a result of the new accounting treatment of development costs due to the introduction of a new regulatory framework.

EBIT came in at EUR 878 million, an increase of around 20% – of which 17% due to organic growth – compared to EUR 735 million in 2005. The EBIT margin – expressed as the ratio between EBIT and revenues – also improved from 6.7% in 2005 to 7% in 2006.

Organic growth in EBIT was mainly due to the Helicopters, Aeronautics and Energy sectors.

Net debt stood at EUR 858 million at 31/12/2006, down from EUR 1,100 million at 31/12/2005. The end-2006 figure was boosted by a positive performance in ordinary operations, as well as the effects of some non-recurring transactions. These included:

- EUR 458 million of cash generated in March and April from the flotation of 60% of Ansaldo STS (including the exercise of the greenshoe option), of which EUR 80 million was paid out in extraordinary dividends in June;
- the sale in December of the stake of around 30% in Avio to investment funds Cinven for EUR 432 million. Finmeccanica's partner Carlyle also sold its stake in Avio to the same funds. At the same time, Finmeccanica bought back 15% of Avio for about EUR 130 million. These transactions generated net cash of EUR 302 million.

These operations helped finance the group's investment activity, including the completion of the purchase of Datamat (started in 2005) for EUR 109 million. Furthermore, net debt at 31/12/2006 includes around EUR 400 million projected for the purchase of the remaining 25% of the avionics business that still belongs to BAE Systems, which is expected to be finalised in the first half of 2007.

As in previous years, also at end-2006 net debt was higher than the average debt figure recorded during the year, because of the typical seasonal trend whereby receipts are heavily concentrated in the last quarter.

The 2006 results confirm that the group has met its previously announced economic and financial targets. In particular Revenues in 2006 rose by 14% compared to 2005, a rise higher than that indicated in the company's guidance for growth in the value of production between 2005 and 2006 (+11% / 13%). Taking into account the aforementioned changes to the regulatory framework the guidance target for revenues has also been met.

Finmeccanica will publish updated guidance for 2007 and 2008 on 27 March, when it announces its annual results for 2006.