

INTERIM FINANCIAL REPORT
AT 30 SEPTEMBER 2009
FINMECCANICA

Disclaimer

This Interim Financial Report at 30 September 2009 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

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Finmeccanica Group

Report on operations at 30 settembre 2009

The results and financial position for the first nine months of the year

Highlights

<i>€ millions</i>	Sept. 2009	Sept. 2008	Change	2008
New orders	13,656	11,579	18%	17,575
Order backlog (**)	43,496	40,856	1%	42,937
Revenues	12,640	9,688	30%	15,037
Adjusted EBITA (*)	885	606	46%	1,305
Net profit	364	396	(8%)	621
Adjusted net profit	364	342	6%	664
Net capital invested (**)	11,505	8,103	21%	9,513
Net financial debt (**)	5,220	2,706	54%	3,383
FOCF (*)	(1,286)	(1,542)	17%	469
ROS (*)	7.0%	6.3%	0.7 p.p.	8.7%
ROI (*)	16.7%	14.8%	1.9 p.p.	21.4%
ROE (*)	11.0%	10.5%	0.5	10.5%
EVA (*)	(78)	11	n.a	376
Research & Development	1,302	1,192	9%	1,809
Workforce (no.)	73,983	62,308	1%	73,398

(*): refer to page 24 for definitions of the indicators

(**): change with respect to 31 December 2008

The Finmeccanica Group's (hereinafter the "Group") consolidated results for the first nine months of 2009 confirm the growth seen over the first half of 2009, as compared with the same period of 2008.

Despite this, the results are not entirely representative of the trend for the financial year as a whole since a considerable portion of the Group's business occurs in the fourth

quarter of the year due to the high concentration of significant sub-supply and co-supply lots in production for the period.

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Before turning to examine the results at 30 September 2009 in detail, it should be reported that, on 22 October 2008, the Group completed the purchase of 100% of the American group DRS Technologies (DRS), a leader in providing integrated products, services and support in the defence electronics and security sector.

In line with strategic, industrial, market and financial policies, the acquisition of DRS has allowed the Group in general and the Defence Electronics and Security division in particular to gain a position on the U.S. market, a market that is very difficult to enter in any other manner due to the high barriers to entry that U.S. procurement policy imposes on foreign companies and groups, especially in the Defence sector. For DRS, integration with the Group offers a strategic opportunity to expand its position in non-U.S. markets.

Integration offers significant complementary areas in terms of technology and products. The major ones include: communications (including satellite connectivity), radar systems, electro-optics (particularly infra-red), homeland security solutions, weapons and vision systems for land vehicles and command and control systems.

It should be added that, as a result of the acquisition of DRS, the possibility of making the operations of DRS and the other Finmeccanica companies complementary by exploiting significant commercial synergies and by being able to leverage DRS to expand the Group's product offering in the U.S. market is a factor that is driving growth.

With regard to the foregoing, it creates a framework within which the benefits resulting from the integration of DRS and the other companies can only be quantified at the Group level, since identifying these benefits at the company level would prove to be a

mere theoretical accounting exercise and would, in no case, be representative of the growth of that specific company. The pursuit of greater integration, begun immediately after the completion of the acquisition of DRS, largely minimises the informational value of the data pertaining to DRS, which incorporate its internal growth and initiatives aimed at making DRS Finmeccanica's primary technological, industrial and commercial vehicle within the United States.

To provide an appropriate assessment of the Group's results, comments have been provided, from time to time, that take into account the changes in the scope of consolidation (where these effects can be largely isolated) and the performance of Finmeccanica overall (only where this has significant informational value).

The following principal data pertaining to DRS for the period is provided for informational purposes only:

	<i>€million</i>
New orders	2,623
Revenues	2,119
Adjusted EBITA (*)	248
Net profit	86
FOCF (*)	58

(*): refer to page 24 for definitions of the indicators

* * * * *

With regard to the period being examined, the analysis of the main Group indicators reveals that revenues increased by about 30% over the previous year and adjusted EBITA rose by roughly 46%. Return on sales (ROS) increased to 7.0%, up 0.7 percentage points over the 6.3% reported for the first nine months of 2008. New orders grew by about 18% compared with the figure at 2008.

Before analysing the changes in the principle indicators of the Group's profitability, it should be noted that Net Invested Capital and Shareholders' Equity at 30 September 2009, compared with the same period of the previous year, incorporate, respectively, the

effects of the purchase of DRS (goodwill) and the increase in the share capital of Finmeccanica, both of which occurred at the end of 2008.

Compared with the same period of the previous year, return on investment (ROI) stood at 16.7% (14.8% at 30 September 2008), return on equity (ROE) came to 11.0% (10.5%) and EVA came to a negative €mil. 78 (positive €mil. 11). It should be specified, with regard to EVA, that, due to the changes in the macroeconomic scenario, the increase in the cost of money and risk premiums, Finmeccanica recently increased the Group's cost of capital by around 1 percentage point, compared with that used up through 31 December 2008. Based on the cost of capital used for 2009, EVA at 30 September 2008 would have been negative €mil. 29 rather than positive €mil. 11.

The Group's net profit at 30 September 2009 amounted to €mil. 364, compared with €mil. 396 at 30 September 2008, for a decrease of €mil. 32 (-8%).

With regard to the net profit for the third quarter of 2008, it should be noted that contributing to the positive results for the period was the €mil. 54 capital gain net of tax effects from the sale of 26 million shares of STMicroelectronics (STM) to French company FT1CI (Section 5). Excluding the impact of this event, the adjusted net profit at 30 September 2008 came to €mil. 342.

Comparing the two adjusted net profits, broken down into their individual components, we can see that the adjusted net profit at 30 September 2009 was €mil. 22 higher than that of the same period of 2008.

The primary changes contributing to this result are attributable to the improvement in EBIT (€mil. 253), which was partially offset by:

- the increase in net finance costs (€mil. 149) due to the higher average amount of net financial debt compared with the previous period, resulting mainly from the acquisition of DRS overall;
- the increase in the tax burden (€mil. 82), due primarily to the increase in corporate income tax (IRES) in absolute terms resulting from the growth in the tax base and the exhaustion of available tax losses that can be carried forward.

As a result, the theoretical tax rate at 30 September 2009 came to 37.64%, compared with 34.03% at 30 September 2008.

* * * * *

<i>Income Statement</i>	<i>Section</i>	<i>For the nine months ended 30</i>	
		<i>September</i>	
		<i>2009</i>	<i>2008</i>
€ million			
Revenue		12,640	9,688
Purchases and personnel costs	(*)	(11,318)	(8,733)
Depreciation and amortisation	10	(395)	(319)
Other net operating income (expenses)	(**)	(42)	(30)
Adjusted EBITA		885	606
Non-recurring income/(costs)			-
Restructuring costs		(10)	(28)
Impairment of goodwill		-	-
Amortisation of intangible assets acquired through a business combination	10	(61)	(17)
EBIT		814	561
Net finance income (costs)	(***)	(230)	(25)
Income taxes	13	(220)	(140)
NET PROFIT (LOSS)		364	396

Notes on the reconciliation between the reclassified income statement and the statutory income statement:

(*) Includes "Purchases and personnel costs", excluding "Restructuring costs".

(**) Includes "Other operating income", "Other operating expenses" (excluding restructuring costs, impairment of goodwill, non-recurring income/(costs) and including impairment).

(***) Includes "Finance income", "Finance costs" and "Share of profit (loss) of equity accounted investments".

Primary Finmeccanica Group indicators by segment

September 2009 (€million)

	New orders	Order backlog	Revenues	Adj. EBITA	ROS %	R&D	Workforce (no.)
Helicopters	2,747	10,318	2,499	237	9.5%	228	10,350
Defence Electronics and Security	4,716	10,966	4,526	394	8.7%	476	30,558
Aeronautics	2,098	8,633	1,768	120	6.8%	304	13,887
Space	703	1,483	639	19	3.0%	53	3,679
Defence Systems	685	3,820	767	58	7.6%	178	4,061
Energy	951	3,487	1,216	114	9.4%	23	3,451
Transportation	2,086	5,583	1,328	60	4.5%	39	7,194
Other activities	78	210	301	(117)	n.a.	1	803
Eliminations	(408)	(1004)	(404)				
	13,656	43,496	12,640	885	7.0%	1,302	73,983

September 2008 (€million)

	New orders	Order backlog	Revenues	Adj. EBITA	ROS %	R&D	Workforce (no.)
		at 31 Dec. 2008					at 31 Dec. 2008
Helicopters	3,398	10,481	2,188	233	10.6%	185	10,289
Defence Electronics and Security	2,684	10,700	2,373	145	6.1%	385	30,330
Aeronautics	1,448	8,281	1,701	117	6.9%	339	13,907
Space	579	1,383	671	27	4.0%	42	3,620
Defence Systems	740	3,879	758	56	7.4%	183	4,060
Energy	1,937	3,779	801	62	7.7%	20	3,285
Transportation	950	4,858	1,259	74	5.9%	38	7,133
Other activities	45	348	248	(108)	n.a.	0	774
Eliminations	(202)	(772)	(311)				
	11,579	42,937	9,688	606	6.3%	1,192	73,398

Change

	New orders	Order backlog	Revenues	Adj. EBITA	ROS %	R&D	Workforce (no.)
	delta %	delta %	delta %	delta %	delta p.p.	delta %	delta %
Helicopters	(19%)	(2%)	14%	2%	(1.2) p.p.	23%	n.s.
Defence Electronics and Security	76%	2%	91%	172%	2.6 p.p.	24%	n.s.
Aeronautics	45%	4%	4%	3%	(0.1) p.p.	(10%)	n.s.
Space	21%	7%	(5%)	(30%)	(1.1) p.p.	26%	2%
Defence Systems	(7%)	(2%)	1%	4%	0.2 p.p.	(3%)	n.s.
Energy	(51%)	(8%)	52%	84%	1.6 p.p.	15%	5%
Transportation	120%	15%	5%	(19%)	(1.4) p.p.	3%	n.s.
Other activities	73%	(40%)	21%	8%	n.a.	n.a.	4%
	18%	1%	30%	46%	0.7 p.p.	9%	1%

The primary changes that marked the Group's performance compared with 30 September 2008 are described below. A deeper analysis can be found in the section covering the trends in each business segment.

From a commercial perspective, the Group reported an increase in new orders across nearly all divisions, except for *Helicopters*, *Energy* and *Defence Systems*. **New orders** amounted to €nil. 13,656 at 30 September 2009, compared with €nil. 11,579 at 30 September 2008, for an increase of €nil. 2,077 (18%).

With regard to the segments that contributed to the improvement in the results, the following should be noted:

- *Defence Electronics and Security*: includes the contribution of DRS for €nil. 2,623, offsetting the decrease in significant orders for the Italian and French FREMM naval programme and for information technology and security activities, compared with the same period of the previous year;
- *Aeronautics*: due to increased orders in the military segment.
- *Space*: due to increased orders in satellite services, particularly in the earth observation and networks and connectivity segments;
- *Transportation*: due to increased orders across all segments.

With regard to the segments in which performance suffered:

- *Helicopters*: in the civil helicopter segment which fell as a result of the current international recession;
- *Defence Systems*: in the land, sea and air weapons systems and underwater systems segments;
- *Energy*: due to delays in the receipt of a number of significant contracts.

* * * * *

The **order backlog** at 30 September 2008 amounted to €nil. 43,496, an increase (€nil. 559) over 31 December 2008 (€nil. 42,937).

The net change is due to ordinary order acquisition and customer billing activities, as well as the effect deriving from the translation of financial statements expressed in

foreign currencies at more unfavourable euro/dollar and more favourable euro/pound sterling exchange rates than at the end of the previous period.

The order backlog, based on workability, guarantees coverage of over 2.5 years of production.

* * * * *

Revenues at 30 September 2009 came to €mil. 12,640, compared with €mil. 9,688 for the same period of 2008, an increase of €mil. 2,952 (30%).

In terms of the change, it should be noted that there was an increase in production volumes in the following sectors:

- *Helicopters*: due to growth in helicopter component and product support activities;
- *Defence Electronics and Security*: includes the contribution of DRS for €mil. 2,119 and an increase in activity in avionics and electro-optical systems and command and control systems, compared with the same period of the previous year;
- *Aeronautics*: due to the higher contribution of the military segment, particularly increased activity for the EFA programme and training aircraft;
- *Energy*: mainly due to work on orders for plants;
- *Transportation*: due primarily to increased activity in the transport systems segment of signalling and transport systems.

Finally, there was lower production in the *Space* segment, while in *Defence Systems*, revenues were substantially in line with those reported for the same period of 2008.

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Adjusted EBITA at 30 September 2009 came to €mil. 885, compared with €mil. 606 for the same period of 2008, an increase of €mil. 279.

Adjusted EBITA grew across all divisions with the exception of *Space*, due to lower production volumes and cost overruns for a number of manufacturing activities, partly attributable to the “halt in production” in the Globalstar programme due to financial difficulties. There was also a decline in *Transportation*, mainly attributable to the decline in profitability in the vehicles segment still negatively affected by a number of

industrial problems and, lately, by difficulties in production related to delays in receiving new orders, particularly in Italy.

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Research and development costs at 30 September 2009 amounted to €mil. 1,302, up €mil. 110 compared with the third quarter of 2008 (€mil. 1,192).

Research and development costs in the *Aeronautics* segment for the third quarter of 2009 amounted to €mil. 304 (about 24% of the Group total), reflecting the commitment to programmes being developed in the civil and military segments.

In *Defence Electronics and Security*, R&D costs totalled €mil. 476 (roughly 37% of the Group total) and related in particular to:

- in the *avionics and electro-optical systems segment*: the continuation of development for the EFA programme and new electronic-scan radar systems for both surveillance and combat;
- in the *integrated communications networks and systems segment*: the continuation of development of Tetra technology products and software design radio;
- in the *radar and command and control systems segment*: the continuation of development of MFRA multi-functional 3D Kronos active radar surveillance systems, upgrading of the current SATCAS products, the programme to develop capabilities and technologies for architectural design and construction of major systems for the integrated management of operations by armed ground forces (Combined Warfare Proposal (CWP)).

Finally, in the *Helicopters* segment, R&D costs came to €mil. 228 (about 18% of the Group's total) and mainly concerned the development of technologies primarily for military use (AW149) and of multi-role versions of the BA 609 convertiplane for national security.

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The **workforce** at 30 September 2009 came to 73,983, an increase of 585 from the 73,398 at 31 December 2008, due to positive turnover.

The geographical distribution of the workforce at 30 September 2009 was substantially the same as that at 31 December 2008, breaking down into 59% of the workforce in Italy and 41% in foreign countries (largely the United States, the United Kingdom and France).

* * * * *

Balance sheet	Section	30 Sept. 2009	31 Dec. 2008
<i>€ million</i>			
Non-current assets		13,485	13,113
Non-current liabilities	(*)	(2,634)	(2,655)
		10,851	10,458
Inventories		4,889	4,365
Trade receivables	(**) 19	8,800	8,329
Trade payables	(***) 26	(11,919)	(12,134)
Working capital		1,770	560
Provisions for short-term risks and charges	24	(571)	(632)
Other net current assets (liabilities)	(****)	(545)	(873)
Net working capital		654	(945)
Net invested capital		11,505	9,513
Capital and reserves attributable to equity holders of the Company		6,101	5,974
Minority interests in equity		184	156
Shareholders' equity		6,285	6,130
Net financial debt (cash)	25	5,220	3,383
Net (assets) liabilities held for sale	(*****)	-	-

Notes on the reconciliation between the reclassified balance sheet and the statutory balance sheet:

(*) Includes all non-current liabilities except "Non-current borrowings".

(**) Includes "Contract work in progress - net."

(***) Includes "Advances from customers - net".

(****) Includes "Income tax receivables", "Other current assets" and "Derivative assets", excluding "Income tax payables", "Other current liabilities" and "Derivative liabilities".

(*****) Includes the net amount of "Non-current assets held for sale" and "Liabilities directly correlated with assets held for sale".

* * * * *

At 30 September 2009 the consolidated **net capital invested** came to €mil. 11,505, compared with €mil. 9,513 at 31 December 2008, for a net increase of €mil. 1,992.

More specifically, there was a €mil. 1,599 increase in **net working capital**, which came to positive €mil. 654 at 30 September 2009 (compared with negative €mil. 945 at 31

December 2008). As to **capital assets**, there was an increase of €nil. 393 (€nil. 10,851 at 30 September 2009, compared with €nil. 10,458 at 31 December 2008).

* * * * *

The *Free Operating Cash Flow* (FOCF) is to be analysed in the context of the period, and seasonal factors have to be taken into account. The balance between trade collections and payments reveals that payments are particularly higher than collections for most of the year, while a significant portion of the Group's collections occurs in the last three months of the year.

Therefore, at 30 September 2009, FOCF was negative (use of cash) in the amount of about €nil. 1,286 compared with a negative €nil. 1,542 at 30 September 2008, an improvement of €nil. 256. This positive change is attributable to operating activities for €nil. 50, mainly due to changes in working capital, and to ordinary investing activities for €nil. 206, which is lower than for the same period of 2008 due to the reduced use of cash in several sectors.

In the period under review, investment activities, needed for product development, were largely concentrated in the Aeronautics (44%), Defence Electronics and Security (25%) and Helicopters (17%) divisions.

* * * * *

	<i>For the nine months ended 30 September</i>	
	<u>2009</u>	<u>2008</u>
Cash and cash equivalents at 1 January	2,297	1,607
Gross cash flow from operating activities	1,445	980
Changes in other operating assets and liabilities and provisions for risks and charges (*)	(648)	(489)
Funds From Operations (FFO)	797	491
Changes in working capital	(1,483)	(1,227)
Cash flow used in operating activities	(686)	(736)
Cash flow from ordinary investing activities	(600)	(806)
Free Operating Cash Flow (FOCF)	(1,286)	(1,542)
Strategic operations	(168)	191
Change in other investing activities (**)	(24)	108
Cash flow used in investing activities	(792)	(507)
Capital increases	-	2
Dividends paid	(254)	(187)
Net change in borrowings	(41)	240
Cash flow used in financing activities	(295)	55
Exchange differences	(13)	(7)
Cash and cash equivalents at 30 September	511	412

(*) Includes the amounts of "Change in other operating assets and liabilities and in provisions for risks and charges", "Finance costs paid", and "Income taxes paid".

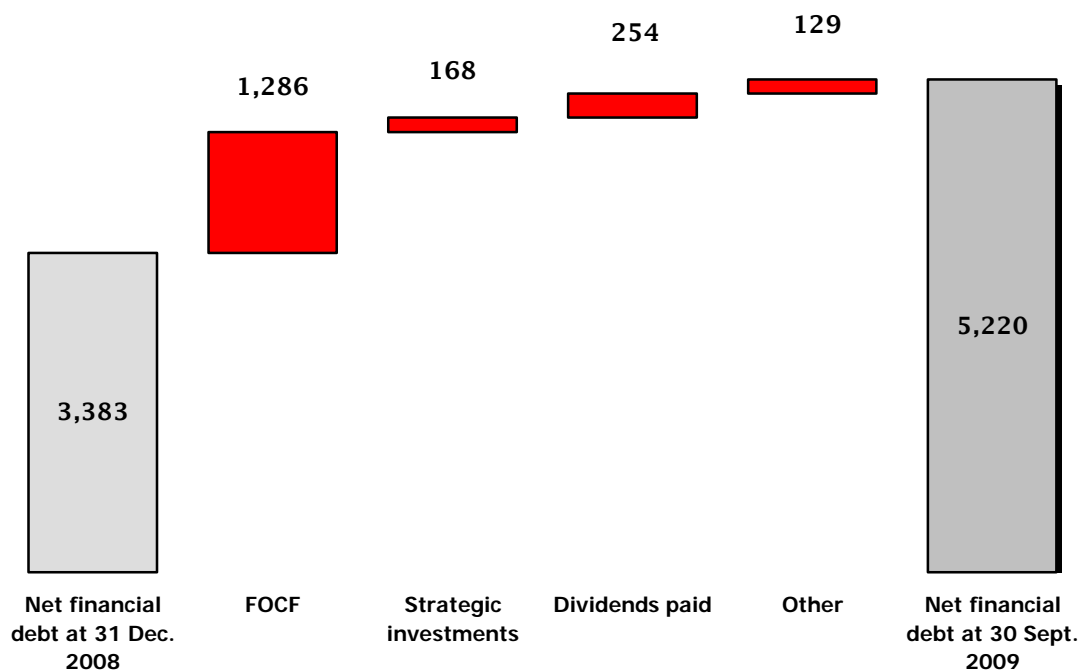
(**) Includes "Other investing activities", dividends received from subsidiaries and loss coverage for subsidiaries.

* * * * *

Group **net financial debt** (payables higher than financial receivables and cash and cash equivalents) at 30 September 2009 came to €nil. 5,220 (€nil. 3,383 at 31 December 2008), a net increase of €nil. 1,837.

The following graph shows the most significant movements that contributed to the change in net financial debt.

Net financial debt at 30 September 2009



€ million	30 Sept. 2009	31 Dec. 2008
Short-term borrowings	1,554	1,144
Medium/long-term borrowings	3,681	3,995
Cash and cash equivalents	(511)	(2,297)
BANK DEBT AND BONDS	4,724	2,842
Securities	(21)	(1)
Financial receivables from related parties	(57)	(26)
Other financial receivables	(626)	(653)
FINANCIAL RECEIVABLES AND SECURITIES	(704)	(680)
Borrowings to related parties	672	652
Other short-term borrowings	418	469
Other medium/long-term borrowings	110	100
OTHER BORROWINGS	1,200	1,221
NET FINANCIAL DEBT (CASH)	5,220	3,383

Consistent with the approach adopted in the presentation of the accounts over the last few years, the net debt figure does not include the net fair value of derivatives at the date the accounts were closed (positive balance of €mil. 228).

The performance reported during the period confirms the traditional trend of trade payments and collections, in which collections are concentrated in the final quarter, resulting in significant cash generation and improvement in the Group's net debt at the end of the year. FOCF, amounting to €mil. (1,286), is better than that for the same period of 2008 (€mil. (1,542)), confirming, albeit partially, the more favorable performance seen in the first half of 2009.

Assignments of non-recourse receivables came to a nominal amount of around €mil. 716 in the first nine months of half of 2009 compared with €mil 215 for the same period of 2008.

The debt figure for the first nine months of the year includes, among other things, the effects of the following transactions:

- the payment of €mil. 237 relating to the ordinary dividends paid out by the Group Parent to its shareholders for 2008;
- the payment of €mil. 16 relating to the minority interest portion of the ordinary dividends paid out by Ansaldo STS SpA to its shareholders for 2008;
- the payment of US\$mil. 183 (roughly €mil. 142) for the purchase of 25% plus one share of the Russian company SCAC (Joint Stock Company Sukhoi Civil Aircraft) by Alenia Aeronautica, a transaction described in more detail elsewhere in this document.

Moreover, in January 2009, the relevant Group companies made a second reimbursement payment of €mil. 80 (total initial debt of €mil. 389) to the Ministry for Economic Development (MED) as a result of the decisions made concerning the methods for complying with the scheduled repayment plans and the corresponding finance costs related to programmes funded by Law 808/85. The first reimbursement payment of €mil. 297 was made in May 2008.

As regards the composition of the debt items, with particular regard to bank borrowings and bonds, which went from €nil. 2,842 at 31 December 2008 to €nil. 4,724 at 30 September 2009, the main changes were as follows:

- short-term borrowings went from €nil. 1,144 at 31 December 2008 to €nil. 1,554 at 30 September 2009 mainly due to the use of the revolving credit line for €nil. 450 together with the recording of the coupons related to the new bond issues falling due in the twelve subsequent months and to the following:
 - the prepayment, for nearly the full amount, of the DRS bond issues (about €nil. 868). Although these bonds were set to mature in future years, at 31 December 2008 they were classified as current borrowings since they contained change of control clauses requiring the accelerated repayment of the principle (put option) in January 2009 (see the “Financial Transactions” section). The remaining portion of the bonds, amounting to about €nil. 20, was included among medium/long-term borrowings;
 - the inclusion of the short-term portion of the Senior Term Loan Facility entered into for the purchase of DRS, amounting to €nil. 300 at 30 September 2009. It should be noted that, as a result of the new bond issue completed in October 2009 on the European market, the amount falling due in June 2010 was entirely paid.;
 - the recognition of €nil. 484 for exchangeable bonds (maturity August 2010);
- medium/long-term borrowings went from €nil. 3,995 at 31 December 2008 to €nil. 3,681 at 30 September 2009, mainly due to the aforementioned reclassification, for the short-term portion, of the Senior Term Loan Facility (reduced following repayment to €nil. 300), as well as the same reclassification of the coupons related to the bonds maturing within the twelve subsequent months. The item also includes:
 - €nil. 20 from the remaining portion of the DRS bond issue;
 - nominal amount of €nil. 250 resulting from the reopening, in February 2009, of the bond issue placed on the financial market by Finmeccanica Finance at the end of 2008;

- the pound sterling-denominated bond issue, entirely used to partially repay the Senior Term Loan Facility, amounting to GBPmil. 400;
- the US\$mil. 800 (nominal value) bond issued by Meccanica Holdings USA in July 2009, also used to partially repay the Senior Term Loan Facility;
- the reclassification for exchangeable bonds (maturity August 2010) to short-term borrowings.

Also of importance is the fact that cash and cash equivalents went from €mil. 2,297 at 31 December 2008 to €mil. 511 at 30 September 2009, mainly due to the use of cash through ordinary operations. Moreover, a significant portion of cash and cash equivalents was used for the redemption of the DRS bonds prepaid in January 2009, as well as for the payment of €mil. 80 to the MED described above.

The item “financial receivables and securities” equal to €mil. 704 (€mil. 680 at 31 December 2008) includes the amount of €mil. 576 (€mil. 628 at 31 December 2008) in respect of the portion of financial receivables that the MBDA and Alcatel Alenia Space joint ventures hold vis-à-vis the other partners in implementation of existing treasury agreements. In accordance with the consolidation method used, these receivables, like all the other joint venture items, are included in the Group’s scope of consolidation on a proportionate basis.

The item “borrowings to related parties” amounting to €mil. 672 (€mil. 652 at 31 December 2008) includes the debt of €mil. 573 (€mil. 570 at 31 December 2008) of Group companies in the above joint ventures for the unconsolidated portion, and the debt of €mil. 89 (€mil. 62 at 31 December 2008) to the company Eurofighter, of which Alenia Aeronautica owns 21%. In regard to this, under a new treasury agreement signed in 2008, surplus cash and cash equivalents, when available, is now distributed among the partners.

As with the previous period, the debt figure benefited from the offsetting effect of the consolidated taxation mechanism, with lower outlays for the period of about €mil. 44.

Finally, as part of the centralisation of its financial operations, Finmeccanica has credit lines and guarantees to meet the Group’s needs. Specifically, it holds a medium-term

revolving credit line of €mil. 1,200 agreed in 2004 with a pool of domestic and foreign banks (current maturity 2012). At 30 September 2009, this credit line was used in the amount of €mil. 450. Also on that date Finmeccanica had additional short-term credit lines for cash amounting to around €mil. 1,243, of which €mil. 778 is unconfirmed and €mil. 465 is confirmed, that were also unused. There are also unconfirmed guarantees of around €mil. 1,881.

During the first nine months of the year, Finmeccanica pursued actions aimed at maintaining an average remaining life (over 10 years at the date of publication of this report) at levels consistent with its operating needs. This makes the Group's financial structure more sound and compatible with medium and long-term financial returns for significant investments required to develop products. By maintaining a stable financial and equity structure, the Group is also able to keep steady control over its companies' financial needs.

* * * * *

Transactions with related parties

Transactions with related parties concern activities in the ordinary course of business and are carried out at arm's length (where they are not governed by specific contractual conditions), as is the settlement of interest-bearing payables and receivables.

These mainly relate to the exchange of assets, the performance of services and the generation and use of net cash from and to associated companies, held under common control (joint ventures), consortia, and unconsolidated subsidiaries.

The section "Analysis of the financial statements at 30 September 2009" contains a summary of income statement and balance sheet balances attributable to transactions with related parties, as well as the percentage impact of these transactions on the respective total balances (Section 30).

Results for the quarter

Once again in the third quarter of 2009, the Finmeccanica Group's results improved with respect to the same period of 2008.

New orders for the third quarter of 2009 came to €mil. 5,329, up 12% over the same period of 2008 (€mil. 4,770).

Revenues amounted to €mil. 4,154, up 27% over the €mil. 3,261 reported for the third quarter of 2008. Adjusted EBITA amounted to €mil. 284 (+38%), compared with €mil. 206 for the same period a year earlier.

<i>Income Statement</i>	<i>Section</i>	<i>For the three months ended 30</i>	
		<i>September</i>	
<i>€ millions</i>		<i>2009</i>	<i>2008</i>
Revenue		4,154	3,261
Purchases and personnel costs	(*)	(3,734)	(2,928)
Depreciation and amortisation		(130)	(114)
Other net operating income (expenses)	(**)	(6)	(13)
Adjusted EBITA		284	206
Non-recurring income/(costs)		-	-
Restructuring costs		(3)	(14)
Amortisation of intangible assets acquired through a business combination		(23)	(6)
EBIT		258	186
Net finance income (costs)	(***)	(75)	(34)
Income taxes		(59)	(52)
NET PROFIT (LOSS)		124	100

Notes on the reconciliation between the reclassified income statement and the statutory income statement:

(*) Includes "Purchases and personnel costs" excluding "Restructuring costs".

(**) Includes the net balance of "Other operating income" and "Other operating expenses" (excluding restructuring costs, impairment of goodwill, non-recurring income/(costs) and including impairment).

(***) Includes "Finance income", "Finance costs" and "Share of profit (loss) of equity accounted investments".

This positive performance led to a ROS (ratio of Adjusted EBITA and revenues) of 6.8% for the third quarter of 2009 (+8%).

€ millions Segments	1 July – 30 Sept. 2009			1 July – 30 Sept. 2008		
	Revenue s	Adj. EBITA	EBIT	Revenu es	Adj. EBITA	EBIT
Helicopters	853	75	73	722	75	72
Defence Electronics and Security	1,481	125	104	750	47	35
Aeronautics	566	61	61	638	47	45
Space	204	6	3	220	12	11
Defence Systems	253	17	17	245	14	12
Energy	396	37	37	289	25	25
Transportation	433	5	5	423	27	27
Other Activities	104	(42)	(42)	97	(41)	(41)
Eliminations	(136)	-	-	(123)		
	4,154	284	258	3,261	206	186

Compared with the same period of 2008, there was a €nil 41 increase in finance costs in the third quarter of 2009 (of which €nil. 2 relating to the measuring of equity investments using the equity method). This was mainly due to a higher average level of net financial debt, attributable primarily to the total costs of the acquisition of DRS, partially offset by the *results valued at fair value through the income statement*.

Income taxes for the period came to €nil. 59, substantially in line with the same period of 2008 (€nil. 52).

The net profit for the period amounted to €nil. 124 (+24%), compared with €nil. 100 for the third quarter of 2008.

“Non-GAAP” performance indicators

Finmeccanica’s management assesses the Group’s performance and that of its business segments based on a number of indicators that are not envisaged by the IFRSs. Specifically, adjusted EBITA is used as the primary indicator of profitability, since it allows us to analyse the Group’s marginality by eliminating the impact of the volatility associated with non-recurring items or items unrelated to ordinary operations.

As required by Communication CESR/05-178b, below is a description of the components of each of these indicators:

- **EBIT**: i.e. earnings before interest and taxes, with no adjustments. EBIT also does not include costs and income resulting from the management of unconsolidated equity investments and other securities, nor the results of any sales of consolidated shareholdings, which are classified on the financial statements either as “*finance income and costs*” or, for the results of equity investments accounted for with the equity method, under “*effect of the accounting for equity investments with the equity method*”.

- **Adjusted EBITA**: It is arrived at by eliminating from EBIT (as defined above) the following items:
 - any impairment in goodwill;
 - amortisation of the portion of the purchase price allocated to intangible assets in relation to business combinations, as required by IFRS 3;
 - reorganization costs that are a part of significant, defined plans;
 - other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

Adjusted EBITA is then used, with reference to the last twelve months, to calculate return on sales (ROS) and return on investment (ROI), which is calculated as the ratio of adjusted EBITA as previously determined to the average value of capital invested during the two periods being compared, net of investments in STM and Avio.

A reconciliation of EBIT and adjusted EBITA for the periods concerned is shown below:

<i>€ million</i>	<i>For the nine months ended 30 September</i>		
	2009	2008	Section
EBIT	814	561	
Amortisation of intangible assets acquired through a business combination	61	17	10
Restructuring costs	10	28	9/11
Adjusted EBITA	885	606	

- **Adjusted net profit:** This is arrived at by eliminating from net profits the positive and negative components of income that are the effects of events that, due to their scale and departure from the Group's usual performance, are treated as extraordinary.

The reconciliation of net profit and adjusted net profit for the periods concerned is shown below:

<i>€ million</i>	<i>For the nine months ended 30 September</i>		
	2009	2008	Section
Net profit	364	396	
Net gain on sale of STM shares	-	(56)	5
Adjusted earnings before taxes	364	340	
Tax effect of the adjustments	-	2	5
Adjusted net profit	364	342	

This adjusted net profit, with reference to the last twelve months, is used to calculate return on equity (ROE), which is based on the average value of equity for the two periods being compared.

- ***Free Operating Cash Flow (FOCF)***: This is the sum of the cash flow generated by (used in) operating activities and the cash flow generated by (used in) investment and divestment of intangible assets, property, plant and equipment, and equity investments, net of cash flows from the purchase or sale of equity investments that, due to their nature or significance, are considered “strategic investments”. The calculation of FOCF for the periods concerned is presented in the reclassified statement of cash flows shown in the previous section.

- ***Funds From Operations (FFO)***: This is cash flow generated by (used in) operating activities net of changes in working capital (as described under Section 28) The calculation of FFO for the periods concerned is presented in the reclassified statement of cash flows shown in the previous section.

- ***Economic Value Added (EVA)***: This is calculated as adjusted EBITA net of taxes and the cost (comparing like-for-like in terms of consolidated companies) of the average value of invested capital (excluding the investments in STM and Avio) for the two periods concerned and measured on a weighted-average cost of capital (WACC) basis.

- ***Working capital***: this includes trade receivables and payables, contract work in progress and advances received.

- ***Net working capital***: this is equal to working capital less current provisions for risks and charges and other current assets and liabilities.

- ***Net capital invested***: this is the algebraic sum of non-current assets, non-current liabilities and net working capital.

- ***Net financial debt***: the calculation model complies with that provided in Paragraph 127 of Recommendation CESR/05-054b implementing EC Regulation 809/2004. For details on its composition, refer to Section 25 of the notes.

- **Research and development spending:** the Group classifies under R&D all internal and external costs incurred relating to projects aimed at obtaining or employing new technologies, knowledge, materials, products and processes. These costs may be partly or entirely reimbursed by customers, funded by public institutions through grants or other incentives under law or, lastly, be borne by the Group. From an accounting standpoint, R&D costs can be categorised differently as indicated below:
 - if they are reimbursed by the customer pursuant to a contract, they are classified under “work in progress”;
 - if they relate to research - or if they are at a stage at which it is not possible to demonstrate that the activity will generate future economic benefits - these costs are taken to profit or loss in the period incurred;
 - finally, if these costs relate to a development activity for which the technical feasibility, the capability and the willingness to see the project through to the end, as well as the existence of a potential market for generating future economic benefits can be shown, they are capitalised under “Intangible assets”. In the case in which a grant is given towards these expenses, the carrying value of the intangible assets is reduced by the amount received or to be received.

- **New orders:** this is the sum of contracts signed with customers during the period that satisfy the requirements for being recorded in the order book.

- **Order backlog:** this figure is the difference between new orders and invoiced orders (income statement) during the reference period, excluding the change in contract work in progress. This difference is added to the backlog for the preceding period.

- **Workforce:** the number of employees reported on the last day of the period.

Performance by division

HELICOPTERS

€millions	30 Sept. 2009	30 Sept. 2008	Q3 2009	Q3 2008	31 Dec. 2008
New orders	2,747	3,398	926	1,780	5,078
Order backlog	10,318	10,126	n.a	n.a	10,481
Revenues	2,499	2,188	853	722	3,035
Adjusted EBITA	237	233	75	75	353
ROS	9.5%	10.6%	8.8%	10.4%	11.6%
Research & Development	228	185	66	59	273
Workforce (no.)	10,350	10,176	n.a	n.a	10,289

Finmeccanica, through the AgustaWestland NV group, is a world leader in the civil and military helicopter industry.

Total volume of **new orders** at 30 September 2009 came to €mil. 2,747, a 19% decrease from the third quarter of 2008 (€mil. 3,398), and breaks down into 54% for helicopters (new helicopters and upgrading) and 46% for support (spare parts and inspections) and engineering. The civil helicopter segment fell from 30 September 2008 by around 35% as a result of the international recession, the effects of which are being felt even in the helicopter industry. By contrast, there were positive results posted in the government and military helicopter lines.

The most important new orders received in the *military segment* were:

- the orders from the U.K. Ministry of Defence for:
 - twelve Lynx Mk 9 helicopters, a variant of the Super Lynx helicopter used by the U.K. armed forces, in order to ensure support to military

operations prior to the entry into operation of the new Future Lynx helicopter. The contract is worth €mil. 62 (Q1);

- integrated operational support contract for the 2010-2014 period worth €mil 480 for 67 Apache AH-MK1 helicopters used by the British army (Q3).
- the order from the Air Force Armaments Department (ARMAEREO) to supply the Italian Army with sixteen ICH-47F Chinook helicopters and related logistical support, with an option for an additional four helicopters. The contract was entered into following the signing in July 2008 of the partnership agreement between AgustaWestland and Boeing Company for the joint production of the helicopter, with AgustaWestland acting as prime contractor and responsible for systems integration, final assembly and delivery to the Italian Army. The contract is worth about €mil. 900 (Q2);
- the order for two AW139 helicopters for the United Arab Emirates (UAE) armed forces (Q2).

In the *civil and government segment*, new orders for 74 helicopters were received at 30 September 2009, worth a total of about €mil. 600. Of note in that regard are the following:

- the order from the Cypriot Justice Ministry for two AW139 helicopters for use in search and rescue and public order operations (Q1);
- the order from the Malaysian fire department for two AW139 helicopters for use in fire-fighting and search and rescue operations (Q1);
- the order for five AW109 Power helicopters for an important Turkish customer (Q2);
- the order for two offshore-configuration AW139 helicopters for the Danish company Bel Air Helicopters (Q2).
- the order for seven AW139 Grand, VIP configuration, from Fittipaldi Aircraft (Q3).
- the order for one additional AW139 helicopter from the Los Angeles fire department (Q3).

The value of the **order backlog** at 30 September 2009 came to €mil. 10,318, substantially in line with the same figure at 31 December 2008 (€mil. 10,481) and is sufficient to guarantee coverage of production for an equivalent of 3 years.

The order backlog at 30 September 2009 breaks down into 73% for helicopters (where the T129 Atak and NH90 programmes account for 30%), 23% for support activities (where about 50% is represented by integrated operational support (IOS) contracts for the British Ministry of Defence), and the remaining 4% for engineering activities.

With regard to progress made on the order for the **helicopter for the President of the United States of America**, at 30 September 2009 the 9 helicopters provided for under the contract (Increment 1), 4 test vehicles (TV) and 5 pilot production vehicles (PP), had been delivered to the American partner Lockheed Martin System Integrator Ltd.

On 3 June 2009 AgustaWestland was formally notified, through Lockheed Martin System Integrator Ltd. acting as prime contractor, of the “termination for convenience” process for the programme, which effectively put an end to activity pertaining to this supply contract. Under the contract, AgustaWestland has the right to termination costs. This procedure is rather complex and, as of today, it is difficult to estimate the amount to be received and how long the process will take.

Revenues at 30 September 2009 came to €mil. 2,499, up 14% from the figure at 30 September 2008 (€mil. 2,188). This increase is largely due to helicopter components, where production volumes rose 17%.

In particular, there was an increase in AW139 and AW101 volumes due to programmes in Algeria, Japan and the MK3A in the U.K. are in full production, while volumes declined for the AW109 (Power and LUH) and the AW119.

The T-129 Atak programme is proceeding on schedule, with the maiden flight of the first prototype (P1) taking place in September 2009.

There was also good performance in product support, up 6% compared with 30 September 2008, including the IOS contracts for the British Ministry of Defence, which increased by 10%.

Adjusted EBITA at 30 September 2009 came to €mil. 237, up about 2% from the €mil. 233 reported at 30 September 2008. This increase, however, was negatively affected by the translation of financial statements in foreign currencies into euros and lower profitability resulting from the different mix of revenues mentioned above. As a result, **ROS** fell to 9.5%, down from the 10.6% reported at 30 September 2008.

Research and development costs at 30 September 2009 came to €mil. 228 (€mil. 185 at 30 September 2008) and concerned:

- The development of technologies primarily for military use for a new helicopter of the 6/7-tonne class named the A149 and development of multi-role versions of the BA 609 convertiplane for national security.
- The start of the development and certification phase for the AW109SP version, as part of product improvement research, initially to satisfy the needs of Rega, the Swiss air rescue firm.

The **workforce** at 30 September 2009 came to 10,350, a 61 employee increase over 31 December 2008 (10,289), due largely to turnover.

DEFENCE ELECTRONICS AND SECURITY

€millions	30 Sept. 2009	30 Sept. 2008	Q3 2009	Q3 2008	31 Dec. 2008
New orders	4,716	2,684	1,410	733	4,418
Order backlog	10,966	8,795	n.a.	n.a.	10,700
Revenues	4,526	2,373	1,481	750	4,362
Adjusted EBITA	394	145	125	47	442
ROS	8.7%	6.1%	8.4%	6.3%	10.1%
Research & Development	476	385	153	113	619
Workforce (no.)	30,558	19,490	n.a.	n.a.	30,330

In line with strategic, industrial, market and financial policies, the acquisition of DRS has allowed the Group in general and the Defence Electronics and Security division in particular to gain a position on the U.S. market, a market that is very difficult to enter in another manner due to the high barriers to entry that U.S. procurement policy imposes on foreign companies and groups, especially in the Defence sector. For DRS, integration with the Group offers a strategic opportunity to expand its position in the non-domestic market.

The division covers activities relating to the creation of major integrated systems for defence and security based on complex architectures and network-centric techniques and the manufacture of avionics and electro-optical equipment and systems, unmanned aircraft, radar systems, land and naval command and control systems, air traffic control systems, communications systems and integrated networks for land, naval, satellite and avionic applications, and activities for private mobile radio communications systems, value-added services and IT and security activities.

Finmeccanica has a number of companies that are active in the Defence Electronics and Security industry, including: Selex Sensors and Airborne Systems Ltd, Galileo Avionica SpA, the Selex Sistemi Integrati Group, the Eltag Datamat Group, the Selex

Communications Group, Selex Service Management SpA, Seicos SpA and the Vega Group (which has been under the control of the U.K. subsidiary Selex Sistemi Integrati SpA since 2 January 2009).

On 22 October 2008, Finmeccanica also successfully completed the acquisition of DRS Technologies, the American company that is a leader in the supply of integrated products, services and support for military forces and governmental agencies in the defence electronics and security sector. DRS specialises in defence technologies, developing, producing and supplying assistance for a vast range of systems conceived to satisfy the requirements of mission critical and military support operations, in addition to homeland security systems.

However, to provide a representation of the division's performance, where appropriate, the differences between the two periods compared are presented, excluding the effect of the results of DRS as previously reported in another part of the document.

New orders at 30 September 2009 totalled €mil. 4,716 (€mil. 2,684 at 30 September 2008). The contribution of DRS to the receipt of new orders during the period amounted to €mil. 2,623, for a total increase for the sector of 76%. In addition, the same period of last year benefited from significant orders for the Italian and French FREMM naval programme and for information technology and security activities.

The main new orders received in the various segments include the following:

- *avionics and electro-optical systems*: additional orders for the European EFA programme relating, in particular, to simulators, to logistics and to the Defensive Aids Sub System (DASS) combat radar (Q1-Q2-Q3); orders for countermeasure systems (Q1-Q2); the order from the Italian Navy to supply Airborne Tactical Observation and Surveillance Systems (ATOS) for ATR 72 aircraft (Q2); space programme orders (Q1-Q2-Q3) and customer support activity (Q1-Q2-Q3);
- *radar and command and control systems*: the order from the Italian Department of Civil Protection to build the G8 event management system including two security operation centres, a radiolocalisation communications system and a Supervision and Control centre (Q1); the signing of a rider to the contract to supply Fixed Air

Defence Radar (FADR) to NATO countries (Q1); orders from ENAV for further upgrading of various airports, particularly that of Palermo (Q2); the order to supply air traffic control systems for the Blaise Diagne international airport of Dakar (Q2); a contract to supply command and control systems to the navy of the United Arab Emirates for new swift patrol boats (Q2); orders for consultancy services for the U.K. Ministry of Defence (Q1-Q2); the order for European Multifunction Phased Array Radar (EMPAR) for use on Italian ships under the Italian and French FREMM programme (Q3); orders from Malaysia to upgrade airports (Q3);

- *integrated communication networks and systems*: additional orders for EFA communication systems (Q1-Q2-Q3); the order from Libya to build the professional communications network for its new railway line (Q3); the order from the Italian Ministry for the Interior for a video surveillance system for the Region of Sicily (Q3);
- *information technology and security*: the order to supply the Egyptian railways with a ticket booking and management system for passenger traffic (Q2); the order from Poste Italiane to supply PDAs for letter carriers (Q1); the order for supervisory control and data acquisition activities for the Rome Metro line C (Q1); the order from INPS for software development, re-engineering, applications maintenance and professional services as part of its “Welfare” programme (Q1-Q2-Q3); the maintenance contract for the electromechanical baggage handling systems at Milan’s Malpensa Airport (Q3);
- *DRS group*: orders from the U.S. Army to supply Military Rugged Tablet computers (MRT) that comprise a platform integrated with keyboards, fixed workstations and peripherals to support the Movement Tracking System (MTS) (Q1-Q2); additional activities related to the Thermal Weapon Sight (TWS) system issued to soldiers (Q1); order to supply rugged servers and displays for JV-5 vehicles (Q3); the order to supply Driver’s Vision Enhancers (DVE) for combat and tactical-wheeled vehicles (Q3); logistics, support and spare parts for the Mast Mounted Sight (MMS) system for Kiowa Warrior helicopters (Q1); the provision of Tactical Quiet Generators (TQG) (Q1); the production of more than three hundred M989A1 HEMAT heavy expanded mobility ammunition trailers (Q2);

the order from the U.S. Navy's Space and Naval Warfare Systems Center (SPAWAR) to supply satellite Internet communication services and a Voice over Internet Protocol (VoIP) network to support personnel deployed in operational scenarios (Q3).

The **order backlog** came to €nil. 10,966 at 30 September 2009, compared with €nil. 10,700 at 31 December 2008 (+2.5%), one-third of which related to the avionics and electro-optical systems segment, and one-fourth to the activities of DRS.

Revenues at 30 September 2009 amounted to €nil. 4,526 (€nil. 2,373 at 30 September 2008). The contribution of DRS to revenues during the period amounted to €nil. 2,119, for a total increase for the sector of 91%, despite the negative change due to the translation of the financial statements denominated in a foreign currency. There was increased activity in the avionics and electro-optical systems and the command and control systems segment compared with 30 September 2008.

Revenues resulted mainly from the following segments:

- *avionics and electro-optical systems*: the continuation of activities relating to DASS production and the production of avionics equipment and radar for the EFA program; systems for countermeasures; devices for the helicopter and space programmes; activities relating to Tornado aircraft for the British Air Force and logistics;
- *radar and command and control systems*: the continuation of activities relating to air traffic control programmes both in Italy and, above all, abroad; contracts for Orizzonte, FREMM, Baynunah and upgrading; the Medium Extended Air Defense System (MEADS) international cooperation programme; the programme to supply Fixed Air Defence Radar (FADR), in particular for the domestic customer; the contract with the Civil Protection Department for the emergency management system; completion of provisions required for managing the G8 event;
- *integrated communication systems and networks*: the continuation of activities relating to the construction of the national Tetra network; the development and manufacture of equipment for EFA and the NH90; the provision of

communication systems for the military both in Italy and the U.K.; the continuation of activities relating to the FREMM programme;

- *information technology and security*: activities relating to postal automation services, the combat system for the FREMM, the management of the G8 event and ICT services;
- *the DRS group*: activities to supply Thermal Weapon Sight (TWS) under the new bridge contract; additional deliveries for programmes to upgrade the target acquisition subsystems for Bradley fighting vehicles; activity pertaining to the repair and provision of spare parts for the Mast Mounted Sight (MMS) system helicopters; provision of services and products for the Rapid Response contract; significant deliveries of rugged computers and displays for vehicles.

Adjusted EBITA reached €nil. 394 at 30 September 2009, compared with €nil. 145 at 30 September 2008. The contribution of DRS came to €nil. 248, for a total increase for the sector of 172%, despite the negative change due to the translation of financial statements denominated in a foreign currency. The improvement compared with 30 September 2008 is due to the aforementioned increase in production volumes and to higher profitability in the command and control systems segment, which offset the deterioration seen in the information technology and security segment. As a result, calculated in this way, **ROS** came to 8.7% (6.1% at 30 September 2008).

Research and development costs at 30 September 2009 totalled €nil. 476, up about €nil. 91 compared with 30 September 2008, and related in particular to:

- *avionics and electro-optical systems segment*: the continuation of development for the EFA programme and new electronic-scan radar systems for both surveillance and combat;
- *integrated communications systems and networks segment*: the development of Tetra technology products, new avionics products and software design radio;
- *radar and command and control systems segment*: the continuation of development of MFRA multi-functional 3D Kronos active radar surveillance systems, upgrading of the current SATCAS products and of the programme to develop capabilities and technologies for architectural design and construction

of major systems for the integrated management of operations by armed ground forces (Combined Warfare Proposal (CWP)).

The **workface** at 30 September 2009 came to 30,558 as compared with 30,330 at 31 December 2008, an increase of 228, mainly due to turnover.

AERONAUTICS

€millions	30 Sept. 2009	30 Sept. 2008	Q3 2009	Q3 2008	31 Dec. 2008
New orders	2,098	1,448	1,447	604	2,720
Order backlog	8,633	7,920	n.a.	n.a.	8,281
Revenues	1,768	1,701	566	638	2,530
Adjusted EBITA	120	117	61	47	250
ROS	6.8%	6.9%	10.8%	7.4%	9.9%
Research & Development	304	339	92	94	508
Workforce (no.)	13,887	13,910	n.a.	n.a.	13,907

Note that the figures relating to the GTE-ATR joint venture are consolidated on a proportionate basis at 50%.

The Aeronautics division includes Alenia Aeronautica SpA (production of military aircraft for combat, transport and special missions, as well as civil applications such as aerostructures and regional turboprop aircraft) and its subsidiaries, including: Alenia Aermacchi SpA (production of military training aircraft and engine nacelles for civil aeronautics); Alenia Aeronavali SpA (cargo aircraft conversions and maintenance); and the GIE-ATR consortium, in which a 50% equity stake is held (final assembly and marketing of ATR aircraft), Alenia North America Inc which operates in the American market through a joint venture and Superjet International SpA in which a 51% equity stake is held (sale and assistance for Superjet aircraft).

New orders at 30 September 2009 came to €mil. 2,098, up €mil. 650 (+45%) from the €mil. 1,448 reported at 30 September 2008. This increase is mainly due to higher orders in the *military segment*. In the third quarter, new orders totalling €mil. 1,447 (€mil. 604 in the third quarter of 2008) were received, mainly relating to the third lot of the EFA order obtained at the end of July 2009 for the production of the first lot of 112 aircraft, of which 21 are for the Italian Air Force.

Major orders for the first nine months of 2009 include:

- *in the military segment*: the third lot of the EFA order (Q3), the order for seven more C27J aircraft for the U.S. (Q1) and orders for logistics support for EFA, AMX and Tornado craft;
- *in the civil segment*: orders from GIE ATR for 33 aircraft, of which twenty-nine ATR72 and four ATR42 (22 in Q2 and 11 in Q3); further orders for aerostructures for the A380, A321, B777, engine nacelles and customer service activities for ATR craft.

With regard to commercial activity in the *military segment*, important agreements were reached concerning the M346 training aircraft which will lead to significant new orders in the coming months, currently being negotiated with:

- United Arab Emirates which, on 25 February 2009 announced that it has begun negotiations for the purchase of 48 advanced training aircraft from Alenia Aermacchi SpA;
- the Italian Air Force for the provision of the first lot of 6 aircraft.

In the *civil segment*, in March 2009, an agreement was signed with Bombardier Aerospace to develop and supply parts using composite materials for aircraft in the new CSeries family of regional jets.

The **order backlog** at 30 September 2009 came to €mil. 8,633, up €mil. 352 from the €mil. 8,281 reported at 31 December 2008. It is expected to continue expanding over the medium/long term. The breakdown revealed a significant portion for the following programmes: EFA (about 52%), B787 (about 14%), C27J (about 6%) and special versions of the ATR (about 5%).

Revenues at 30 September 2009 came to €mil. 1,768, an increase of €mil. 67 (+3.9%) over the €mil. 1,701 reported at 30 September 2008. Growth was due to greater activity in the *military segment*, specifically to increased production for the EFA programme and for trainers. In the *civil segment*, which is beginning to feel the effects

of the crisis in the air transport market, production on aerostructures dipped slightly and revenues for ATR remained fairly stable.

In the first nine months of 2009, production in the *military segment* mainly regarded:

- *aircraft*: continuation of development and production for the second lot of the EFA programme, logistics and delivery of 9 aircraft to the Italian Air Force (3 in Q1, 4 in Q2 and 3 in Q3); production of C27J aircrafts for the Italian Air Force, the United States and a number of export markets; the continuation of upgrades to the Tornado aircraft and the modification and upgrading of the avionics of the AMX aircraft; activities relating to the reconditioning of used G222 aircraft commissioned by the U.S. Air Force to which the first aircraft was delivered at the end of September 2009;
- *trainers*: the production of the MB339 aircraft with regard to contracts for upgrading 14 aircraft for the Italian Air Force and for supplying 8 craft to the Royal Malaysian Air Force, of which the first 4 were delivered (2 in Q1 and 2 in Q2) and an additional 4 are scheduled to be delivered in the fourth quarter of 2009; start up of activity for the production of the new M346 aircraft.

Production in the *civil segment* mainly related to provisions for the following customers:

- Boeing: production of sections of fuselages and horizontal tail wings for the new B787 aircraft, for which 8 fuselage sections (3 in Q1, 2 in Q2 and 3 in Q3) and 6 stabilizers (1 in Q1, 3 in Q2 and 2 in Q3) were delivered in the first nine months of the year, and production of control surfaces for the B767 and B777 aircraft;
- Airbus: production of components for the central section of the fuselage of the A380, of a fuselage section for the A321, and of the tail cone and mechanical wing components for the A340;
- GIE ATR: in partnership with EADS-ATR, the production of the ATR 42 and ATR 72 turboprops;
- Dassault Aviation: production of the fuselage section for the extended-range version of the Falcon 2000 and the engine nacelles for the Falcon 900EX.

For other customers work continued on the assembly and sale of ATR craft, with the delivery of 30 aircraft (8 in Q1, 13 in Q2 and 9 in Q3), and the production of engine nacelles and cargo transformations of the MD10 and MD11 aircraft.

Adjusted EBITA came to €nil. 120 at 30 September 2009, €nil. 3 higher than the €nil. 117 reported at 30 September 2008. The average profitability was substantially in line with a **ROS** of 6.8%, compared with 6.9% at 30 September 2008.

Research and development costs for the first nine months of 2009 totalled €nil. 304 (€nil. 339 at 30 September 2008). This result reflects the commitment to programmes being developed: B787, C27J, M346, special versions of the ATR and A380. Research and development into technologies for innovative aerostructures using composite materials and system integration also continued.

Furthermore, a portion of these costs is related to the development of important military programmes (EFA, Tornado and Neuron) that have been commissioned by customers.

The **workforce** at 30 September 2009 numbered 13,887, a decrease of 20 from the 13,907 employees at 31 December 2008, mainly due to turnover.

SPACE

€millions	30 Sept. 2009	30 Sept. 2008	Q3 2009	Q3 2008	31 Dec. 2008
New orders	703	579	138	163	921
Order backlog	1,483	1,381	n.a.	n.a.	1,383
Revenues	639	671	204	220	994
Adjusted EBITA	19	27	6	12	65
ROS	3.0%	4.0%	2.9%	5.5%	6.5%
Research & Development	63	42	23	13	64
Workforce (no.)	3,679	3,574	n.a.	n.a.	3,620

Note that all figures refer to the two joint ventures (Thales Alenia Space SAS and Telespazio Holding Srl) are consolidated on a proportionate basis at 33% and 67%, respectively.

Finmeccanica SpA operates in the space industry through the **Space Alliance** between Finmeccanica and Thales through two joint ventures in the space industry dedicated, respectively, to satellite services (Telespazio Holding Srl, which is based in Italy and has its main industrial facilities in Italy, France, Germany and Spain and in which Finmeccanica SpA holds 67% and Thales 33%) and to manufacturing (Thales Alenia Space SAS, which is based in France and has its main industrial facilities in France, Italy, Belgium and Spain, in which Finmeccanica SpA holds 33% and Thales 67%). More specifically, **Telespazio Holding Srl** focuses on satellite services in the following segments: networks and connectivity (fixed and mobile telecommunications services, network services, TV, defence and security services, valued-added services), satellite operations (in-orbit satellite control, earth centre management, telemetry services, command and control and Launch and Early Operation Phase (LEOP) services), earth observation (data, thematic maps, operational services) and navigation and infomobility (Galileo services). **Thales Alenia Space SAS** focuses on manufacturing (design, development and production) in the following segments:

telecommunications satellites (commercial, governmental and military), scientific programmes, earth observation systems (optical and radar), satellite navigation, orbital infrastructures and transport systems, equipment and devices.

From a commercial perspective, during the first nine months of 2009, the Group acquired **new orders** amounting to €mil. 703, up €mil. 124 from the same period of 2008 (€mil. 579) due to an increase in orders primarily for satellite services, particularly in the earth observation and networks and connectivity segments.

The most significant new orders for the period related to the following segments:

- in the *commercial telecommunications segment*: the contracts for the provision of the W3C satellite (Q1) and launch services for the W3B satellite (Q1) for Eutelsat; the additional lots for the second-generation Globalstar constellation (Q2) and the Yahsat programme (Q1); contracts to supply the payload for the Arabsat 5C (Q1), Yamal (Q1), Telkom 3 (Q2) and Arsat (Q3) satellites; new orders for satellite TV capacity and services (Q1-Q2) and telecommunications satellite services (Q1-Q2-Q3);
- in the *military and government telecommunications segment*: the first lot of the order relating to Phase B of the CSO (post-Helios) programme (Q1); the additional lot for the Syracuse 3 programme (Q3); new orders for military telecommunications satellite services (Q2-Q3);
- in the *earth observation segment*: the Sentinel 3 order (Q2) and the first two lots of the Sentinel 1 order (Q1-Q3) relating to the GMES-Kopernikus programme (Q1); the order from 4C Satellite for Cosmo data in the Middle East and North Africa (Q2); new orders for monitoring and territorial management services based on the GeoDataBase platform (Q2);
- in the *satellite navigation segment*: further orders relating to the In Orbit Validation (IOV) phase of the Galileo Programme (Q1-Q3) and the Egnos programme (Q2-Q3);
- in the *orbital infrastructure segment*: the order from Orbital Science Corporation to provide NASA (CYGNUS COTS programme) with pressurised modules for transport connected with the International Space Station (Q2);

- in the *science programmes segment*: additional lots for the Herschel-Planck (Q1), Bepi-Colombo (Q2-Q3), Exomars (Q2-Q3) and Expert programmes (Q3);
- in the *equipment and devices segment*: new orders for onboard equipment (Q1-Q2-Q3).

Finally, with regard to commercial programmes, in July 2009 the contract from Turkey for an earth observation satellite system called GokTurk was signed. This should lead to an order worth more than €nil. 250 in the next few months. The system will be comprised of a satellite equipped with high-resolution optical sensors, an integration and test centre for satellites to be built in Turkey and the entire ground segment of the system.

The **order backlog** at 30 September 2009 came to €nil. 1,483, an increase of €nil. 100 over the same figure at 31 December 2008 (€nil. 1,383), due to both segments, particularly manufacturing. The order backlog, based on workability, guarantees coverage of 83% of production expected for the remaining three months of the year (about 70% by the manufacturing segment and 30% by satellite services). The backlog at 30 September 2009 is composed of manufacturing activities (53% satellites and payloads, 10% infrastructures and equipment) for 63% and satellite services for the remaining 37%.

Revenues in the first nine months 2009 came to €nil. 639, a decrease of €nil. 32 from the corresponding period of the previous year (€nil. 671).

Production mainly related to the continuation of activities in the following segments:

- in the *commercial telecommunications segment* for the Yahsat, Globalstar, Rascom 1R, W3B and W2A (launched on 4 April from the Baikonur Cosmodrome in Kazakhstan with an ILS rocket) satellites for Eutelsat, Palapa-D, Alphasat, Nilesat; development of the payloads for the Arabsat 5A/5B satellites; the provision of telecommunications satellite services and the resale of satellite capacity;

- in the *military telecommunications segment* for the Sicral 1B (which was launched on 20 April using a Sea Launch Zenit-3SL rocket), Syracuse 3, CSO (post-Helios) and Satcom BW programmes;
- in the *earth observation segment* for the COSMO-SkyMed programme, the satellites for the Sentinel 1 and 3 missions (GMES programme) and the GOCE satellite (which was launched on 17 March from the Plesetsk base in Russia with a Rockot rocket), earth monitoring services;
- in the *science programmes segment* for the Herschel-Plank (deep-space observation satellites launched on 14 May 2009 from the Kourou base in French Guiana, with an Ariane 5 launcher), Bepi-Colombo, Exomars and Alma programmes (one of the largest radio telescopes on Earth for astronomy, which should be installed in the Atacama desert in Chile by the spring of 2010);
- in the *satellite navigation segment* for the Galileo (IOV phase) and Egnos programmes;
- in the *orbital infrastructure segment* for the start up of programmes connected with the International Space Station (CYGNUS COTS and FLPP);
- in the *equipment and devices segment* for the development of onboard equipment.

Adjusted EBITA at 30 September 2009 came to €nil. 19, a decrease of €nil. 8 compared with the figure posted at 30 September 2008 (€nil. 27), specifically due to the aforementioned lower production volumes and to cost overruns in a number of manufacturing activities, partly attributable to the “halt in production” in the Globalstar programme due to financial difficulties. As a result, **ROS** came to 3.0%, compared with the 4.0% reported at 30 September 2008.

Research and development costs for the first nine months of 2009 came to €nil. 53, an increase of €nil. 11 over the figure posted for the same period of 2008 (€nil. 42). Activities in this area included the development of systems and solutions for security and emergency management (GMES), for navigation/infomobility services (Galileo, GNSS); homeland security communications systems, solutions and applications; GIS platforms (Geodatabase) and processing systems for earth observation data (COSMO-

SkyMed); Ka, C and Ku-band telecommunications payloads and payloads for earth observation; preparatory studies for planetary exploration (ExoMars), technologies for space infrastructures, life-support systems and vehicles for interplanetary exploration.

The **workforce** at 30 September 2009 came to 3,679, for an increase of 59 employees over the 3,620 at 31 December 2008, particularly in the satellite services segment.

DEFENCE SYSTEMS

€millions	30 Sept. 2009	30 Sept. 2008	Q3 2009	Q3 2008	31 Dec. 2008
New orders	685	740	119	234	1,087
Order backlog	3,820	3,979	n.a.	n.a.	3,879
Revenues	767	758	253	245	1,116
Adjusted EBITA	58	56	17	14	127
ROS	7.6%	7.4%	6.7%	5.7%	11.4%
Research & Development	178	183	59	61	258
Workforce (no.)	4,061	4,056	n.a.	n.a.	4,060

Note that the figures relating to the MBDA joint venture are consolidated on a proportionate basis at 25%.

Defence Systems includes the activities of MBDA, the joint venture with BAE Systems and EADS in which Finmeccanica holds a 25% stake, in missile systems, the Oto Melara group in land, sea and air weapons systems, and WASS SpA in underwater weapons (torpedoes and countermeasures) and sonar systems.

New orders at 30 September 2009 came to €mil 685, down 7% from the same period of 2008 (€mil. 740), attributable to land, sea and air weapons systems and underwater systems which, during the same period of 2008, benefited from significant orders for the FREMM programme. Missile systems grew due to important orders in the export market.

The most important new orders in the three segments include:

- *in the missile systems segment*: the order for Marte anti-ship missiles for United Arab Emirate Navy patrol boats, an important order in part because it represents the first order for these systems for naval platforms (Q2); the

extension of the order from the U.K. Ministry of Defence to study and pre-assess new missile projects (Q3); the first order for the ground-based configuration of the Vertical Launch Mica short-range air defence system from a Middle Eastern nation (Q2); the order from the U.K. Ministry of Defence for upgrading of the Brimstone air-to-surface missile systems (Q1) and various orders for customer support (Q1-Q2-Q3);

- *in the land, sea and air weapons systems segment*: the order for roughly 500 small diameter bombs and about 70 missile launchers to be installed on aircraft and the related logistics support for the Italian Air Force (Q2); the order from Turkey for four 40/70 mm machine gunners (Q1); the order for two 76/62 SR cannons and four 30 mm machine gunners from the Greek Navy (Q1); orders for four 76/62SR cannons from the Norwegian, Moroccan, Thai (Q2) and Turkish (Q3) navies; the order for three more 120 mm Hitfact turrets from Oman (Q2), four 30 mm Marlin cannons for the Malaysian Navy (Q3), and various logistics orders (Q1-Q2-Q3);
- *in underwater systems*: order for ship-based sonar and countermeasures and eight A244 Mod. 3 torpedoes (Q2-Q3) from foreign customers.

The **order backlog** at 30 September 2009 came to €nil 3,820 (€nil. 3,879 at 31 December 2008), corresponding to 3.2 years of activity, of which two-thirds related to missile systems.

Revenues at 30 September 2009 came to €nil 767, in line with the figure reported at 30 September 2008 (€nil. 758).

Revenues were the result of the following activities in the various segments:

- *missile systems*: as to domestic programmes, activities for the production of Mica air-to-air missiles, Taurus cruise missiles and Seawolf naval air defence missiles; for export programmes, activities for the production of Aster and Mistral surface-to-air missiles and Exocet anti-ship missiles; activities relating to the development of the air defence system in connection with the tri-national Medium Extended Air Defense System (MEADS) program in which the U.S., Germany and Italy participate and activities under contracts with the U.K.

Ministry of Defence for the pre-assessment phases for new Defence Industrial Strategy programmes;

- *land, sea and air weapons systems*: the production of PZH 2000 howitzers; MAVs for the Italian Army; Hitfist turrets kits for Poland; 76/62 SR cannons for various foreign customers; the development of guided munitions; the production of SAMPT missile launchers for MBDA Italia and logistics;
- *underwater systems*: activities relating to the Black Shark heavy torpedo; the MU90 light torpedo and to countermeasures and activities relating to the FREMM programme.

Adjusted EBITA at 30 September 2009 totalled €mil 58, in line with the figure reported for the same period of 2008 (€mil. 56), primarily attributable to improved industrial profitability in *land, sea and air weapons systems*. As a result, **ROS** amounted to 7.6% at 30 September 2009, slightly higher than at 30 September 2008.

Research and development costs at 30 September 2009 came to €mil 178, down about 3% from the €mil. 183 reported at 30 September 2008, mainly attributable to underwater systems. Some of the key activities included those for the MEADS air defence program mentioned above and the continuation of development of the Meteor air-to-air missile in the *missile systems segment*; activities for guided munitions programmes and programmes for the development of the 127/64 LW cannon in the *land, sea and air weapons segment*; and activities relating to the Black Shark heavy torpedo and the upgrading of the A244 light torpedo in the *underwater systems segment*.

The **workforce** at 30 September 2009 came to 4,061, in line with 31 December 2008 (4,060).

ENERGY

€millions	30 Sept. 2009	30 Sept. 2008	Q3 2009	Q3 2008	31 Dec. 2008
New orders	951	1,937	553	874	2,054
Order backlog	3,487	4,327	n.a.	n.a.	3,779
Revenues	1,216	801	396	289	1,333
Adjusted EBITA	114	62	37	25	122
ROS	9.4%	7.7%	9.3%	8.7%	9.2%
Research & Development	23	20	7	8	32
Workforce (no.)	3,451	3,225	n.a.	n.a.	3,285

Ansaldo Energia and its subsidiaries specialise in providing “plants and components” for generating electricity (conventional thermal, combined-cycle and simple-cycle, cogeneration, geothermal and nuclear power plants) and post-sale services. The scope of the companies directly controlled by Ansaldo Energia includes Ansaldo Nucleare SpA, Ansaldo Ricerche SpA (merged with Ansaldo Energia starting from 22 June 2009), Ansaldo Fuel Cells SpA, Asia Power Projects Private Ltd, Ansaldo ESG AG and the Ansaldo Thomassen group.

In the first nine months of 2009, **new orders** totalled €nil. 951, down from the €nil. 1,937 during the same period of the previous year due to a number of delays in receiving important contracts.

The most significant new orders received were:

- *in the plants and components segment*: a turbogroup with a V94.3A4 turbine and the related balance-of-plant (BOP) equipment for the Torino Nord site (Q1); a turbogroup with a V94.2 turbine for the Priolo Gargallo site (Syracuse) (Q1); a reservation fee from Energy Plus to build a 400-MW turnkey combined-cycle plants for the Salerno site (Q1); the contract from Sorgenia to supply a 800-MW combined-cycle plants for the Aprilia site (Latina) (Q3);

- *in the service segment*: new long term service agreements (LTSA) for the Torino Nord site (Q1); new solution contracts (changing parts of the turbine) from ENEL for the Brindisi site (Q2) and from Edipower for the Turbigio site (Milan)(Q2); numerous spare parts contracts (Q1-Q2); new LTSA for the Aprilia site (Latina) (Q3),
- *in the nuclear segment*: as regards the power station side, new engineering contracts from China as part of the partnership with Westinghouse on the Sanmen project (Q1) and new engineering orders from ENEL for the completion of the Mohovce power station in the Slovak Republic (Q1-Q2); on the service-related side, the Superphoenix reactor support contract for the Creyes Malville power station in France (Q1-Q2-Q3); variants to the IAMS Chernobyl project (Q3); service contract for the Embalse (Argentina) power station (Q1); in the waste and decommissioning area, new orders from Sogin for the Phadec power station (Caorso) (Q2), and for the new waste tank facility in Saluggia (Vercelli) (Q2).

The **order backlog** at 30 September 2009 came to €nil. 3,487, compared with €nil. 3,779 at 31 December 2008. The composition of the backlog at 30 September 2009 is attributable for 47% to plant and manufacturing-related activities, 52% to service activities (largely constituted of scheduled maintenance contracts), and the remaining 1% to nuclear work processes.

At 30 September 2009, **revenues** came to €nil. 1,216, a 52% increase over the same period of the previous year (€nil. 801). The growth in production volumes is mainly due to work on orders for plants (specifically Turano, San Severo, Bayet).

Adjusted EBIT came to €nil. 114 at 30 September 2009, compared with €nil 62 for the same period of 2008. The increase of €nil 52 is largely attributable to the aforementioned increase in production volumes and in part to a different mix of activities pursued.

As a result, **ROS** came to 9.4% at 30 September 2009, an improvement of 1.7 percentage points over the same period of 2008 (7.7%).

Research and development costs at 30 September 2009 came to €nil. 23, up €nil. 3 over the same period of 2008 (€nil 20). Activity mainly included large-size gas and steam turbine development projects and continued development of the new air-cooled generator model.

The **workface** at 30 September 2009 came to 3,451, an increase of 166 over the 3,285 reported at 31 December 2008.

TRANSPORTATION

€millions	30 Sept. 2009	30 Sept. 2008	Q3 2009	Q3 2008	31 Dec. 2008
New orders	2,086	950	896	372	1,595
Order backlog	5,583	4,760	n.a.	n.a.	4,858
Revenues	1,328	1,259	433	423	1,798
Adjusted EBITA	60	74	5	27	117
ROS	4.5%	5.9%	1.2%	6.4%	6.5%
Research & Development	39	38	15	10	55
Workforce (no.)	7,194	7,110	n.a.	n.a.	7,133

The Transportation division comprises the Ansaldo STS group (signalling and transport systems), AnsaldoBreda SpA and its subsidiaries (vehicles) and BredaMenarinibus SpA (buses); the latter has been included in the Transportation division starting from 1 January 2009 (data at 30 September 2008 and at 31 December 2008 have been reclassified accordingly).

New orders at 30 September 2009 came to €nil. 2,086, up €nil. 1,136 compared with 30 September 2008 (€nil. 950), due to increased new orders across in all segments.

The following were the most important new orders for the period:

- *in signalling*: the contract to supply signalling, telecommunications and power supply systems for the Ras Ajdir-Sirt coastal line and the Al-Hisha-Sabha inland line in Libya (Q3); maintenance contract for the Madrid-Lleida high-speed line in Spain (Q1); the order from Rete Ferroviaria Italiana for the ACC computer-based interlocking system for the Palermo station in Italy (Q1); the order from Siemens for the Level 2 on-board European Rail Traffic Management System (ERTMS) in Germany (Q1); the contract for the Lexington Avenue and Fifth Avenue stations of the New York metro (Q1), the

contract from Long Island Railroad (LIRR) to upgrade the interlocking systems for the Harold and Point stations (Q2), and the order from the Port Authority Trans-Hudson Corporation (PATH) for a new system for the traffic supervision and control centre (Q3), new orders relating to the Mumbai monorail in India (Q2); orders from Australian Rail Track Corporation (ARTC) in Australia; various components orders;

- *in transport systems*: the first phase of the project for the driverless circular line of the Taipei metro (Q1); the order for Naples Line 1 (Q1); the order for the driverless metro system for the Riyadh University for Women in Saudi Arabia (Q2);
- *in vehicles*: trains for the circular line of the Taipei metro (Q1); Sirio trams for the city of Kayseri in Turkey (Q1); trains for the metro for the Riyadh University for Women (Saudi Arabia) (Q2); trains for the Fortaleza metro in Brazil (Q3); a contract to revamp the trains in San Francisco (Q3); and service orders;
- *in buses*: 45 trolley buses and related two-year maintenance activity for the city of Rome (Q1); 54 buses for the city of Madrid (Q2) and 45 buses for the town of Kocaeli in Turkey (Q2).

At 30 September 2009 the **order backlog** €nil. 5,583, up €nil. 725 compared with 31 December 2008 (€nil. 4,858). The order backlog at 30 September 2009 breaks down as follows: 68% for systems and signalling, 31% for vehicles and 1% buses.

Revenues at 30 September 2009 were equal to €nil. 1,328, up €nil. 69 compared with the same period of 2008 (€nil. 1,259), due primarily to signalling and transport systems, as a result of increased activity in transport systems.

Major orders include:

- *in the signalling segment*: high-speed train orders for the Milan-Bologna line and for automated train control systems (SCMT) orders, both wayside and on-board, for Italy; orders for ARTC in Australia; the Cambrian Line in the U.K.; the Shitai line and the high-speed Zhengzhou-Xi'an line in China; the Union

Pacific Railroad project; the Seoul-Busan high-speed line in Korea; various orders for components;

- *in the transport systems segment*: the metro systems of Naples Line 6, Rome Line C, Copenhagen, Genoa, Milan Line 5 and Brescia; the Alifana regional line; high-speed rail orders in Italy;
- *in the vehicles segment*: trains for regional service for Ferrovie Nord of Milan; trains for the Dutch and Belgian railways; trains for the Milan, Brescia and Rome Line C metros; trains for the Danish railways; the Circumvesuviana; trams for the city of Los Angeles; various Sirio orders and service orders;
- *in the bus segment*: revenues were generated by a number of orders for vehicles (79%) and for the post-sales services.

Adjusted EBITA stood at €nil. 60 at 30 September 2009, up €nil. 14 over the same period of the previous year (€nil. 74), mainly attributable to the decline in profitability in the vehicles segment still negatively affected by a number of industrial problems and, lately, by difficulties in production related to delays in receiving new orders, particularly in Italy. The decline in the vehicles segment was partially offset by improvement in the signalling and transport systems segment mainly as a result of higher production volumes. **ROS** for the sector rose came to 4.5% compared with 5.9% at 30 September 2008.

Research and development costs at 30 September 2009 were equal to €nil. 39, substantially in line with the same period of 2009 (€nil. 38). R&D activities focused primarily on signalling and transport systems segment projects, with the main emphasis on signalling projects.

The **workforce** stood at 7,194 at 30 September 2009 for a 61 person increase over 31 December 2008 (7,133 employees).

OTHER ACTIVITIES

€millions	30 Sept. 2009	30 Sept. 2008	Q3 2009	Q3 2008	31 Dec. 2008
New orders	78	45	4	19	75
Order backlog	210	415	n.a.	n.a.	348
Revenues	301	248	104	97	386
Adjusted EBITA	(117)	(108)	(42)	(41)	(171)
ROS	n.a.	n.a.	n.a.	n.a.	n.a.
Research & Development	1	-	-	-	-
Workforce (no.)	803	767	n.a.	n.a.	774

The division includes: the Elsamcom NV group, which manages satellite telephony services; Finmeccanica Group Services SpA, the Group service management company; Finmeccanica Finance SA, Aeromeccanica SA and Meccanica Holdings USA Inc., which provide financial support to the Group; Finmeccanica Group Real Estate SpA, which manages, rationalises and improves the Group's real estate holdings; and So.Ge.Pa. - Società Generale di Partecipazioni SpA, which manages the pre-winding-up/winding-up and rationalisation processes of companies falling outside the activity sectors through transfer/repositioning transactions. Beginning from 1 January 2009, BredaMenarinibus SpA (buses) is included in the Transportation division (data at 30 September 2008 and at 31 December 2008 have been reclassified accordingly).

The division also includes **Fata SpA**, which operates in the area of plants for processing aluminium and steel flat-rolled products and engineering design in the electricity generation area for engineering, procurement and construction (EPC) activities.

With regard to Fata SpA, from a commercial standpoint, the company received **new orders** totalling €mil. 77 at 30 September 2009, up €mil. 45 from the same period of 2008 (€mil. 32). This improvement is entirely traceable to the acquisition of the Torino Nord order, relating to the construction of a combined-cycle plant in partnership with Ansaldo Energia.

Revenues at 30 September 2009 came to €mil. 207, up €mil. 1 over the previous year (€mil. 206).

Production broke down as follows: 77% attributable to the Smelter line, 11% to the Hunter line, 1% to the Power line and 11% to logistics.

Specifically, progress was made on the Hormozal, Hormozal Phase 2 and Qatalum orders (Smelter line), on the Chinese, Korean and Romanian orders (Hunter line) and on the Moncalieri order (Power line). Logistics activities carried out by Fata Logistic SpA, primarily for Finmeccanica Group companies, contributed to these results.

Fata SpA's **workforce** at 30 September 2009 totalled 300 employees, compared with 285 employees at 31 December 2008.

This division's figures also include those of **Finmeccanica SpA**, which for some years has been undergoing an extensive transformation process, altering its focus from a financial company to that of an industrial company. This process received a boost during the preceding fiscal year with a commitment from management to press on with a series of actions concerning industrial, technological and commercial integration. The Group will then be able to benefit from an additional impetus in improving its own productivity through processes to increase efficiency and rationalisation.

Significant events and events subsequent to closure of the accounts for the quarter

Industrial transactions

In the *Helicopters* division, on 12 February 2009, AgustaWestland and **Tata Sons** - an Indian business group active in the ICT, engineering, materials, services and energy sectors - signed a Memorandum of Understanding to form an Indian joint venture for the final assembly of the AW119 helicopter. The new joint venture will be responsible for AW119 final assembly, customisation and delivery worldwide, while AgustaWestland will remain responsible for worldwide marketing and sales.

On 18 August 2009, AgustaWestland signed an agreement to purchase 87.61% of **PZL - Swidnik**, a Polish company which produces helicopters and aerostructures. This stake is in addition to the 6.2% already held by AgustaWestland. The transaction - coming after the privatisation process launched by ARP, the Polish industrial development agency - is subject to antitrust approval and is expected to be completed by the end of the year.

In the *Defence Electronics and Security* division, following the successful acquisition of the British Vega Group Plc, on 2 January 2009, Finmeccanica - as part of the process of strengthening Selex Sistemi Integrati role as a system integrator - transferred the entire share capital of Vega Group Plc (renamed Vega Consulting Services Ltd) to Selex Systems Integration Ltd (a UK subsidiary of Selex Sistemi Integrati). The systems business belonging to Vega Consulting Services Ltd was also transferred to Selex Systems Integration Ltd. Only the highly-specialised consulting services targeted at the UK Ministry of Defence in the Defence and Government divisions and customer care services remain with Vega Consulting Services Ltd.

On 7 April, 2009, Selex Sistemi Integrati and the Russian companies **Scartel LLC** and **Russian Electronics OJSCo**, which belong to the **Russian Technologies** public group, reached an agreement to form a consortium in the future in the security sector to design and produce systems for the management of the security of large events and

the protection of critical infrastructures (such as industrial and oil plants, ports, airports, train stations, etc.).

On 29 April 2009, Finmeccanica, **Elettronica** (a subsidiary of Finmeccanica active in electronic warfare systems) and **Havelsan** (a Turkish company involved in C4ISR systems and simulation products) signed a Memorandum of Understanding to jointly pursue industrial, technological and commercial opportunities in command and control systems, naval systems, air defence, electronic warfare and homeland security in the Turkish, Italian and third-country markets.

On 20 May 2009, DRS Signal Solutions, a subsidiary of **DRS Technologies Inc.**, signed the final agreements to acquire **Soneticom Inc**, a US company active in the military telecommunications sector. The company is being sold for \$USmil. 10, plus an earn out that will be based on the results achieved during the first three years following the closing. The purchase was completed on 10 September 2009, following receipt of the approval of the Committee for Foreign Investments in United States (CFIUS), which is a normal condition to the sale (even indirect) of a US company operating in a sector deemed crucial to homeland security to a foreign company.

On 2 July 2009, Finmeccanica transferred its 49% stake in **Orizzonte - Sistemi Navali**, an Italian joint venture with Fincantieri operating in the naval systems sector, to its subsidiary Selex Sistemi Integrati. New shareholders agreements governing the relationship between the two partners in Orizzonte - Sistemi Navali also took effect along with the transfer.

In the *Aeronautics* division, on 7 April 2009, based on preliminary agreements signed in 2007, Alenia Aeronautica acquired a 25% stake plus one share of **Joint Stock Company Sukhoi Civil Aircraft** (SCAC), a company that designs, develops and produces the Sukhoi Superjet 100, the programme for a new-generation regional jet with 75-100 seats in which Alenia Aeronautica acts as Program Strategic Partner. In 2007 Alenia Aeronautica and Sukhoi Holding formed the SuperJet International joint venture (51% Alenia Aeronautica, 49% Sukhoi Holding), based in Venice, which is responsible for marketing, sales and delivery for the European, North and South

American, African, Japanese and Oceania markets, as well as worldwide after-sales support.

On 17 June 2009, Alenia Aeronautica and **MAS Aerospace Engineering** (MAE), a subsidiary of Malaysia Airlines, signed an agreement calling for the creation of a joint venture to provide maintenance, repair and overhaul services for ATR commercial aircraft and turboprop aircraft in general. MAE will hold the majority interest in the joint venture, which will be based in Malaysia. The joint venture could start operations as early as 2010, in a market that will include other Southeast Asian countries in addition to Malaysia, as well as India, with plans to expand into other areas in the near future.

On 29 July 2009 Finmeccanica, along with Manutenzioni Aeronautiche Srl and Alitalia - Compagnia Aerea Italiana SpA, presented an irrevocable offer to Alitalia Servizi SpA (in receivership) for the purchase of **Atitech**, a company that provides maintenance services for civil and military aircraft. The offer, which is subject to certain conditions including that Atitech and the unions must reach an agreement on the company's rationalisation and development plan, provides that Finmeccanica will purchase 10% of the share capital, with the remaining portion to be purchased by Manutenzioni Aeronautiche Srl (15%) and Alitalia - Compagnia Aerea Italiana SpA (75%). On 13 October 2009, the relevant governmental bodies, the unions, Manutenzioni Aeronautiche Srl, Alitalia - Compagnia Aerea Italiana SpA and Finmeccanica signed an agreement outlining the general principals of the deal and the commitments of the parties involved in the transaction. The purchase is expected to be completed by the end of the year.

In the **Transportation** division, the merger of Ansaldo Trasporti - Sistemi Ferroviari SpA (ATSF) and Ansaldo Segnalamento Ferroviario SpA (ASF) with Ansaldo STS (ASTS) became effective starting 1 January 2009. The merger of the Dutch subsidiary Ansaldo Signal NV (in liquidation) with ASTS was completed as part of the process to rationalise and simplify the Ansaldo STS group. As a result, some of the foreign operating companies, such as Ansaldo STS France and the US company Union Switch

& Signal (renamed Ansaldo STS USA starting from 1 January 2009), passed under the direct control of ASTS.

On 6 July 2009, AnsaldoBreda and Chinese company **Chongqing Chuanyi Automation Corporation** signed a Memorandum of Understanding with the customer Chongqing Rail Transit General Co. for programmes to develop the fleet of vehicles for the Chongqing metro system (China).

On 28 July 2009, **Finmeccanica**, the Libyan Investment Authority (“LIA”) - the Libyan sovereign wealth fund - and Libya Africa Investment Portfolio (“LAP”) - an Investment Fund owned by LIA - have signed a Memorandum of Understanding (MoU) for the development of a strategic cooperation in Libya and other countries in the Middle East and Africa regions. Under this MoU investment opportunities will be pursued in the aerospace, electronics, transportation and energy sectors for civil applications.

The MoU envisages the creation within a year of a Joint Venture Company, 50% held by each of Finmeccanica and LAP. The Joint Venture Company will be the main vehicle of the joint business initiatives and will be able to invest in the specific commercial and industrial initiatives by setting up dedicated companies in the relevant countries. Finmeccanica can involve the Joint Venture Company as preferred business partner in initiatives in which Finmeccanica will take a direct leading role.

Financial transactions

The Group engaged in a considerable amount of activity in the financial market in the first nine months of 2009, with a variety of new transactions undertaken to extend the average life of its debt, as well as to further strengthen its capital structure. Descriptions of specific transactions follow.

As more fully explained in the report on operations to the 2008 financial statements, in January an early redemption was made on the major portion of the bonds of DRS Technologies (DRS), which initially possessed the following characteristics:

- Senior Subordinated Notes with a nominal value of US\$mil. 550, maturity 2013;
- Senior Notes with a nominal value of US\$mil. 350, maturity 2016;
- Senior Subordinated Notes with a nominal value of US\$mil. 250, maturity 2018.

All three bond issues contained change of control clauses that gave the bondholders a put option in the event of a change of control of the issuer. The acquisition of DRS by Finmeccanica triggered the change of control clause, resulting in the early redemption of most of the outstanding bonds, as stated above. The remaining amounts at 30 September 2009 are as follows:

- Senior Subordinated Notes: maturity 2013, US\$mil. 550 reduced to roughly US\$mil. 13;
- Senior Notes: maturity 2016, US\$mil. 350 reduced to roughly US\$mil. 12;
- Senior Subordinated Notes: maturity 2018, US\$mil. 250 reduced to roughly US\$mil. 5.

DRS paid the amounts owed using an intercompany loan granted by Finmeccanica.

In January, Finmeccanica made its final use of roughly €mil. 149 under the Senior Term Loan Facility totalling €bil. 3.2, entered into in June 2008 to finance the purchase of DRS (this transaction is described in greater detail in the 2008 report on operations). As a result, the loan at 30 September 2009 is entirely used and has been partially repaid out of the proceeds from the capital increase of November 2008 (another transaction described in the 2008 financial statements) for €bil. 1.2, and the proceeds of the pound sterling and U.S. dollar-denominated issues in April and July, described below. At 30 September 2009, the loan remained outstanding for a total of approximately €mil. 992 (nominal value).

In February 2009, the subsidiary Finmeccanica Finance, after completing the €mil. 750 bond issue undertaken in December 2008 as part of the Euro Medium Term Note (EMTN) programme, re-opened the fixed-rate bond issue, issuing additional bonds totalling €mil. 250 and bringing the total value of the transaction to €bil. 1.

The latest tranche of the bonds with maturity in December 2013 (5-year), with a yield to maturity of 7.121%, has a re-offer price of 103.930% (and an annual coupon of 8.125%). The bonds were placed with institutional investors on the international Eurobond market and the issue falls within the ordinary financing activities of the Group. Banca IMI, BNP Paribas, Merrill Lynch International, UBS Investment Bank and UniCredit Group served as joint bookrunners, while Banca Finnat Euramerica Abaxbank acted as co-manager.

The bond issue, listed on the Luxembourg exchange, is secured by Finmeccanica.

In April, Finmeccanica Finance, again as part of EMTN programme, issued a fixed-rate bond with maturity at 16 December 2019 (10-year) for a nominal amount of GBPmil. 400. The bonds, with a coupon of 8.00% paid every 6 months, were placed with a gross re-offer price of 99.022%. The bonds were successfully placed with institutional investors Barclays Capital, Deutsche Bank and Royal Bank of Scotland.

The bond issue, listed on the Luxembourg exchange, is secured by Finmeccanica.

In early July, the subsidiary Meccanica Holdings USA issued a bond secured, as usual, by Finmeccanica on the U.S. institutional investor market, in accordance with Rule 144A, Regulation S of the U.S. Securities Act. The bonds, totalling \$mil. 800, are divided into two tranches of US\$mil. 500 (with a 10-year maturity and a coupon of 6.25%) and US\$mil. 300 (with a 30-year maturity and a coupon of 7.375%).

The gross re-offer price is 99.224% for the 10-year bond and 98.728% for the 30-year bond. The coupon is paid every 6 months. The bonds are listed on the Luxembourg exchange.

The bonds were placed by Bank of America Merrill Lynch, Citi, JP Morgan and Morgan Stanley, and by Barclays Capital, Royal Bank of Scotland and Société Générale.

The Group placed two new issues on the capital markets following the close of the period.

The first issue, through Finmeccanica Finance, was completed on 21 October 2009 on the European market. It is secured by Finmeccanica. The issue, targeted at institutional

investors, had a nominal amount of €mil. 600, with maturity at 21 January 2022 (12+ years) and a coupon of 5.25% payable annually. The re-offer price of the bonds is 99.191%. The bonds, issued under the EMTN programme, are listed on the Luxembourg exchange.

The issue was placed by a pool of banks including Banca IMI, BNP Paribas, Deutsche Bank, Société Générale CIB and the Unicredit Group as Joint-Bookrunners, and BBVA, CALYON, Commerzbank, MPS Capital Services and Natixis as Co-Managers.

The proceeds of the issue were used to fully repay tranche B of the bridge loan used to purchase DRS, and to partially repay tranche C of the same loan, which stands at €mil. 639 (nominal value) at the date of preparation of this report. This is the threshold below which a series of clauses in the loan agreement, including the obligation of early redemption in the event that new debt is taken on and the cancellation of the original financial covenants, are no longer in effect.

The second issue was carried out on 27 October on the U.S. institutional investors market by Meccanica Holdings USA in accordance with Rule 144A, Regulation S of the U.S. Securities Act. The US\$mil. 500 bond has a maturity of 30 years (2040) and a coupon of 6.25%. The gross re-offer price is 99.836% and the coupon is paid every 6 months. The bonds are listed on the Luxembourg exchange and secured by Finmeccanica.

The bonds were placed by Bank of America Merrill Lynch, Citi, JP Morgan, Morgan Stanley, Goldman Sachs and by UBS Investment Bank, Nomura and Santander.

With this transaction Finmeccanica completed its debt structure optimisation plan, aimed at strengthening its capital structure and guaranteeing adequate financial flexibility through the availability of long-term financial resources. In less than a year after the completion of the DRS acquisition, which required the use of short-term funding, Finmeccanica has extended the average life of its debt to over 10 years.

The success of the issue and the excellent reception of the 30-year issue, the longest maturity on the market, available only to private issuers, confirm the appreciation that

institutional investors have for Finmeccanica's industrial and financial strategy. The United States continues to be a primary market for the Group.

Below is a list of bonds outstanding at 30 September 2009, which shows, respectively, the euro-denominated bonds issues by Finmeccanica and by the subsidiary Finmeccanica Finance, the pound sterling-denominated bond issue by Finmeccanica Finance, the remaining amounts of the dollar-denominated bond issues by DRS, as well as the new 10-year and 30-year bonds issued by Meccanica Holdings USA for the U.S. market:

Issuer		Year of issue	Maturity	Nominal Amount (€mil)	Annual coupon	Type of offer	IAS recog. amts €mil. (7)
Finmeccanica Finance SA	(1)	2003	2010	501	0.375%	European institutional	484
Finmeccanica Finance SA	(2)	2003	2018	500	5.75%	European institutional	519
Finmeccanica SpA	(3)	2005	2025	500	4.875%	European institutional	510
Finmeccanica Finance SA	(4)	2008	2013	1,000	8.125%	European institutional	1,070

Issuer		Year of issue	Maturity	Nominal Amount (GBPmil)	Annual coupon	Type of offer	IAS recog. amts €mil. (9)
Finmeccanica Finance SA	(5)	2009	2019	400	8.000%	European institutional	449

Issuer		Year of issue	Maturity	Nominal Amount (US\$mil)	Annual coupon	Type of offer	IAS recog. amts €mil. (9)
DRS	(6)	2003	2013	13	6.875%	American institutional	9
DRS	(6)	2006	2016	12	6.625%	American institutional	8
DRS	(6)	2006	2018	5	7.625%	American institutional	3
Meccanica Holdings USA Inc	(7)	2009	2019	500	6.25%	American institutional Rule 114A/Reg. S	341
Meccanica Holdings USA Inc	(8)	2009	2039	300	7.375%	American institutional Rule 144A/Reg. S	203

- (1) Exchangeable bonds with a maximum number of 20,000,000 shares in STMicroelectronics N.V. (STM) at a conversion price of €25.07 per share. Starting from the third anniversary of the issue, Finmeccanica Finance can ask for the loan to be converted if the average price recorded during the 30 working days prior to the date of notice to bondholders exceeds 125% of the conversion price. At the maturity date Finmeccanica Finance can repay in cash or, upon 15-working days prior notice, through a combination of STM shares valued at the average prices recorded in the prior 5 working days. Transaction authorised pursuant to Article 129 of Legislative Decree 385/93. Bonds are listed on the Luxembourg Stock Exchange.
- (2) Bonds issued as part of the EMTN programmes for a maximum of €bil. 2.5 (now increased to €bil. 3.8). The entire issue was converted from a fixed-rate issue to a floating-rate one for the first two years of the loan. The transaction was authorised pursuant to Article 129 of Legislative Decree 385/93. Bonds listed on the Luxembourg Stock Exchange.
Rate derivative transactions were made on these bonds and led to benefits throughout 2005 from low floating rates with an effective cost of some 3.25%. During 2006, the effective cost of the loan returned to a fixed rate equal to an average value of some 5.8%
- (3) Bonds issued as part of the EMTN programmes for a maximum of €bil. 2.5 (now increased to €bil. 3.8). The transaction was authorised pursuant to Article 129 of Legislative Decree 385/93. Bonds listed on the Luxembourg Stock Exchange. Some rate transactions were made to optimise the total cost of the debt.
- (4) Bonds issued as part of the EMTN programmes for a maximum of €bil. 2.5 (now increased to €bil. 3.8). The transaction was authorised pursuant to Article 129 of Legislative Decree 385/93. Bonds listed on the Luxembourg Stock Exchange. The proceeds of the issue amounting to €mil. 750 were translated into US dollars at a floating rate and were used to refinance the DRS bonds redeemed early in January 2009. The exchange rate risk arising from the transaction was fully hedged.
- (5) Bonds issued as part of the EMTN programmes for a maximum of €bil. 2.5 (now increased to €bil. 3.8). The transaction was authorised pursuant to Article 129 of Legislative Decree 385/93. Bonds listed on the Luxembourg Stock Exchange. The proceeds of the issue were completely translated into euros and were used to partially repay the Senior Loan Facility subscribed in order to purchase DRS. Some rate transactions were made to optimise the total cost of the debt. The exchange rate risk arising from the transaction was fully hedged. Finmeccanica does not rule out the possibility of re-converting the bond into pound sterling to partially hedge strategic investments in Great Britain.
- (6) DRS requested and received permission to delist all the bond issues on regulated US markets in December 2008. Therefore, the outstanding DRS bonds are no longer covered by the US Securities Act of 1933 and are no longer registered with the Securities and Exchange Commission (SEC).
- (7) Bonds issued under Rule 144A, Regulation S of the U.S. Securities Act.
- (8) Bonds issued under Rule 144A, Regulation S of the U.S. Securities Act.

- (9) The difference between the face value of bonds and book value is due to interest rates being classified as to increase debt and to discounts being recognised to decrease debt. Furthermore, as regards the issue of exchangeable bonds in (1) above, IAS 39 provides for the separation of the financial debt component and the call option sold. The debt component is measured by applying the market interest rate at the issue date in place of the nominal interest rate, while the option component, excluded from the financial position, is subject to periodic measurement at fair value. At 30 September 2009, this valuation method led to posting a debt €nil. 17 less than the face value of the bond. This differential will gradually come down as the maturity date draws near.

All the bond issues of Finmeccanica Finance, DRS and Meccanica Holdings, are irrevocably and unconditionally secured by Finmeccanica, and are given a medium-term financial credit rating by the three international rating agencies: Moody's Investors Service, Standard and Poor's and Fitch. More specifically, at the reporting date these credit ratings were: A3 (Moody's), BBB+ (Fitch, which upgraded the credit rating from BBB on 22 July) and BBB (Standard and Poor's).

All the bonds above are governed by rules with standard legal clauses for this type of corporate transaction. In the case of the issues, these clauses do not require any undertaking with regard to compliance with specific financial parameters (financial covenants) but they do require negative pledge and cross-default clauses.

Based on negative pledge clauses, Group issuers, Finmeccanica SpA and their material subsidiaries (companies whose issuer or guarantor owns more than 50% of share capital or represent at least 10% of total revenues) are expressly prohibited from pledging collateral security to secure financial transactions to the partial benefit of one or more creditors, without prejudice to the generalities of the foregoing. Exceptions to this prohibition are securitisation and, starting from July 2006, the establishment of assets for the use indicated in Article 2447-bis *et seq.* of the Italian Civil Code.

The cross-default clauses give the bondholders the right to request early redemption of the same (i.e. default) in the event that, for any loan or, more generally, any financial obligation of the Group, there should be a failure to make payment beyond preset limits or other default events.

Furthermore, on 13 May 2009, the EMTN programme was extended for a further 12 months. The amount was increased up to €bil. 3.8.

On July 24, Finmeccanica signed a €nil 500 loan agreement with the European Investment Bank (EIB). The loan is intended for Alenia Aeronautica (100%-owned by Finmeccanica) to be used for the production and development of technologically innovative aeronautical components. Specifically, the loan will be used to expand production facilities in Campania (Pomigliano d'Arco) and Puglia (Foggia and Grottaglie) and to finance research and development activities. Repayment of the 12-year loan will begin in the third year. The loan will be disbursed by 31 January 2011, upon demand by Finmeccanica. The interest rate may be either variable or fixed, at the prior discretion of Finmeccanica.

Other transactions

On 16 July 2009 the eighteen-month period expired for the share buy back programme for a maximum of 34 million ordinary shares authorised by the Shareholders' Meeting resolution of 16 January 2008 and announced on 28 February 2008.

During 2009, Finmeccanica purchased 1,348,000 shares (equal to about 0.2332% of the share capital) in several instalments on the financial market at an average unit price of €0.86, excluding commissions, for a total amount of roughly €nil. 13. These shares are intended to be used to service the stock incentive plans.

The daily volume of shares purchased did not exceed 20% of the average daily volume of Finmeccanica shares traded on the market.

Between the start and the close of the programme, Finmeccanica purchased a total of 2,573,000 ordinary shares (equal to 0.4450% of the share capital) for a total amount of around €nil. 35.

Following these purchases in 2009, and taking into account the shares already being used to service the incentive plans, at 30 September 2009 Finmeccanica holds 1,795,209 treasury shares, equal to about 0.3105% of the share capital.

Outlook

Performance in the first nine months of 2009 improved with respect to that in the same period of the previous year, in line with the forecasts made at that time.

At the end of last year, the industrial system was plunged into a recessionary phase which, after a time lag, began to affect highly capital-intensive sectors starting in 2009. With regard to Finmeccanica's activities it should be noted that:

- in the aeronautics and helicopters sectors there has been a slowdown in demand for passenger transport and an even sharper drop in cargo transport due to lower industrial production;
- in the energy sector there has been a decline in total electricity consumption coupled with a lower growth in demand for new capacity and, as a result, fewer orders for new components;
- in the defence and security sector, where there has been a gradual stabilisation in expenditure, only a reduction in growth rates in investments has occurred;
- in infrastructures important investment programmes have been confirmed although the Italian market lags behind expectations.

Finmeccanica took steps to protect its order backlog and to adopt aggressive commercial policies that would not compromise its capital structure stability, financial flexibility and projected profitability levels. Therefore, its efficiency and cost containment policies are crucial to the Group's management profile.

At present, therefore, there would appear to be no circumstances that would alter the forecasts made during the preparation of the 2008 annual report. As a result, fully considering the contribution of DRS, Group revenues for 2009 are expected to be in the range of €bil. 17.1 to €bil. 17.7, with a ratio of adjusted EBITA to revenues of around 9.1%.

We expect FOCF to generate cash surpluses in line with those achieved in 2008, given the significant investments in the development of products necessary to sustain growth

that, as in the previous year, will focus especially on the Aeronautics, Helicopters and Defence Electronics and Security divisions.

The stabilisation of the demand for investments in the Western countries and the growing competition, boosted by the relatively decreasing national budgets, require strong commercial diversification towards those markets with better prospects of growth and development of the demand in the short and long run.

At the same time, the close control over the investment processes and cost performance will allow the Group to reach the financial and earnings goals set despite more competitive market conditions in many of the business sectors of the Group.

Analysis of the financial statements at 30 September 2009

Income Statement

<i>(€ million)</i>	<i>Section</i>	<i>For the nine months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
		<i>2009</i>	<i>of which with related parties</i>	<i>2008</i>	<i>of which with related parties</i>
Revenue		12,640	974	9,688	935
Purchases and personnel costs	9	(11,325)	(95)	(8,754)	(65)
Amortisation, depreciation and impairment	10	(473)		(343)	
Other operating income (expenses)	11	(28)	-	(30)	-
		814		561	
Finance income (costs)	12	(244)	(1)	(39)	(19)
Share of profit (loss) of equity accounted investments		14		14	
<i>Profit before taxes and the effect of discontinued operations</i>		584		536	
Income taxes	13	(220)		(140)	
Profit (Loss) from discontinued operations					
<i>Net profit</i>		364		396	
<i>. equity holders of the Group</i>		328		365	
<i>. minority interests</i>		36		31	
Earnings per Share	29				
<i>Basic</i>		0.568		0.818	
<i>Diluted</i>		0.567		0.817	
Earnings per share net of discontinued operations	29				
<i>Basic</i>		0.568		0.818	
<i>Diluted</i>		0.567		0.817	

<i>(€ million)</i>	<i>Section</i>	<i>For the three months ended 30 September</i>		<i>For the three months ended 30 September</i>	
		<i>2009</i>	<i>of which with related parties</i>	<i>2008</i>	<i>of which with related parties</i>
Revenue		4,154	333	3,261	305
Purchases and personnel costs	9	(3,736)	(28)	(2,941)	(35)
Amortisation, depreciation and impairment	10	(155)		(123)	
Other operating income (expenses)	11	(5)	1	(11)	
		258		186	
Finance income (costs)	12	(77)		(38)	(7)
Share of profit (loss) of equity accounted investments		2		4	
<i>Profit before taxes and the effect of discontinued operations</i>		183		152	
Income taxes	13	(59)		(52)	
Profit (Loss) from discontinued operations					
<i>Net profit</i>		124		100	
. <i>equity holders of the Group</i>		111		88	
. <i>minority interests</i>		13		12	
Earnings per Share	29				
<i>Basic</i>		0.193		0.198	
<i>Diluted</i>		0.192		0.197	
Earnings per share net of discontinued operations	29				
<i>Basic</i>		0.193		0.198	
<i>Diluted</i>		0.192		0.197	

Balance Sheet

(€ million)	<i>Section</i>	30 Sept. 2009	<i>of which with related parties</i>	31 Dec. 2009	<i>of which with related parties</i>
<i>Non-current assets</i>					
Intangible assets	14	8,419		8,237	
Property, plant and equipment	15	3,129		3,099	
Financial assets at fair value	17	218		154	
Deferred taxes		662		648	
Other assets	18	1,057	12	975	13
		13,485		13,113	
<i>Current assets</i>					
Inventories		4,889		4,365	
Trade receivables, including net work in progress	19	8,800	465	8,329	518
Financial receivables		683	57	679	26
Derivatives	20	315		243	
Other assets	21	1,065	59	896	14
Cash and cash equivalents		511		2,297	
		16,263		16,809	
Non-current assets held for sale		-		-	
Total assets		29,748		29,922	
<i>Shareholders' equity</i>					
Share capital	22	2,504		2,519	
Other reserves		3,597		3,455	
<i>Capital and reserves attributable to equity holders of the Company</i>		6,101		5,974	
<i>Minority interests in equity</i>		184		156	
Total shareholders' equity		6,285		6,130	
<i>Non-current liabilities</i>					
Borrowings	25	3,791		4,095	
Employee liabilities	23	1,053		1,027	
Provisions for risks and charges	24	389		344	
Deferred taxes		518		553	
Other liabilities	27	674		731	
		6,425		6,750	
<i>Current liabilities</i>					
Trade payables, including advances from customers, net	26	11,919	75	12,134	84
Borrowings	25	2,644	672	2,265	652
Income tax payables		232		201	
Provisions for risks and charges	24	571		632	
Derivatives	20	87		236	
Other liabilities	27	1,585	11	1,574	34
		17,038		17,042	
<i>Liabilities directly correlated with assets held for sale</i>		-		-	
Total liabilities		23,463		23,792	
Total liabilities and shareholders' equity		29,748		29,922	

Cash Flow Statement

(€ million)

	Section	<i>For the nine months ended 30 September</i>			
		<u>2009</u>	<i>of which with related parties</i>	<u>2008</u>	<i>of which with related parties</i>
<i>Cash flow from operating activities:</i>					
Gross cash flow from operating activities	28	1,445		980	
Changes in working capital	28	(1,483)	46	(1,227)	(84)
Changes in other operating assets and liabilities and provisions for risks and charges		(178)	(59)	(315)	4
Finance costs paid		(171)	(87)	(55)	(18)
Income taxes paid		(299)		(119)	
Net cash used in operating activities		(686)		(736)	
<i>Cash flow from investing activities:</i>					
Acquisitions of subsidiaries, net of cash acquired	16	(23)		(82)	
Sale of STM shares		-		260	
Purchase of property, plant and equipment and intangible assets		(658)		(844)	
Proceeds from sale of property, plant and equipment and intangible assets		43		22	
Purchase of equity investments		(145)		(9)	
Other investing activities		(9)	(1)	146	(10)
Net cash used in investing activities		(792)		(507)	
<i>Cash flow from financing activities:</i>					
Share capital increase		-		2	
Dividends paid to Company's shareholders		(237)		(174)	
Dividends paid to minority interests		(17)		(13)	
Repayment of DRS's convertible bonds		(868)		-	
Issue of bonds		1,262		-	
Net change in other borrowings		(435)	(59)	240	(81)
Net cash used in financing activities		(295)		55	
Net increase (decrease) in cash and cash equivalents		(1,773)		(1,188)	
Exchange differences		(13)		(7)	
Cash and cash equivalents at 1 January		2,297		1,607	
Cash and cash equivalents at 30 September		511		412	

Statement of changes in shareholders' equity

	Share capital	Retained earnings and consolidation reserve	Reserve for assets available for sale	Cash-flow hedge reserve	Reserve for stock-option and stock-grant plans	Reserve for actuarial profits (losses) posted to shareholders' equity	Translation reserve	Total other Group reserves	Minority interests
<i>1 January 2008</i>	1,864	3,224	121	71	32	167	(150)	5,329	103
Dividends paid		(174)						(174)	(13)
Capital increases	1	1						2	8
Repurchase of treasury shares, less shares sold	(22)							(22)	
Total income and costs		365	(150)	119		(66)	(154)	114	34
Stock options/grant plans:									
- services rendered					15			15	1
Other changes		1	10				(7)	4	(4)
<i>30 September 2008</i>	1,843	3,417	(19)	190	47	101	(311)	5,268	129
<i>1 January 2009</i>	2,519	4,183	-	23	19	41	(811)	5,974	156
Dividends paid		(237)						(237)	(17)
Capital increases									9
Repurchase of treasury shares, less shares sold	(13)							(13)	
Total income and costs		328	64	78		(73)	(40)	357	37
Stock options/grant plans:									
- services rendered					20			20	1
Other changes	(2)	(3)					5	-	(2)
<i>30 September 2009</i>	2,504	4,271	64	101	39	(32)	(846)	6,101	184

Statement of Recognised Income and Expenses

€million	<i>For the nine months ended 30 September</i>	
	<i>2009</i>	<i>2008</i>
Profit (loss) for the period	<u>364</u>	<u>396</u>
Reserves of income (expense) recognised in equity		
- Financial assets available for sale:	64	(150)
. <i>sale of shares</i>		(57)
. <i>fair value adjustment</i>	64	(93)
- Actuarial gains (losses) on defined-benefit plans:	(104)	(89)
. <i>plan measurement</i>	(114)	(89)
. <i>exchange gains/losses</i>	10	-
- Changes in cash-flow hedges:	105	108
. <i>fair value adjustment</i>	120	127
. <i>transferred to the income statement</i>	(14)	(19)
. <i>exchange gains/losses</i>	(1)	-
- Translation differences	(37)	(153)
Tax on expense (income) recognised in equity	1	36
. <i>fair value adjustment/measurement</i>	11	36
. <i>transferred to the income statement</i>	(7)	
. <i>exchange gains/losses</i>	(3)	-
Income (expense) recognised in equity	<u>29</u>	<u>(248)</u>
Total income and expense for the period	<u><u>393</u></u>	<u><u>148</u></u>
Attributable to:		
- equity holders of the Company	357	114
- minority interests	36	34

1. GENERAL INFORMATION

Finmeccanica is a company limited by shares based in Rome (Italy), at Piazza Monte Grappa 4, and is listed on the Milan stock market (S&P/MIB).

The Finmeccanica Group is a major Italian high technology organisation. Finmeccanica SpA, the holding company responsible for guiding and controlling industrial and strategic operations, coordinates its subsidiaries (the Finmeccanica Group or, simply, the Group), which are especially concentrated in the fields of helicopters, defence electronics and security, aeronautics, space, defence systems, energy and transportation.

2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS

The interim financial report of the Finmeccanica Group at 30 September 2009 was prepared in accordance with Article 154-ter, paragraph 5 of Legislative Decree 58/98 (Consolidated Law on Financial Intermediation), as subsequently changed and amended. This interim financial report was prepared in accordance with IAS 34 “Interim financial reporting”, issued by the International Accounting Standard Board (IASB).

In accordance with IAS 34, these notes are presented in a condensed form and do not include all the information required to be disclosed in the annual financial statements, because they relate only to those items whose amount, breakdown or changes are key to the understanding of the financial condition of the Group. Therefore, this interim financial report must be read in conjunction with the 2008 consolidated financial statements.

Likewise, the balance sheet and the income statement are presented in a condensed form as compared with the annual financial statements. The reconciliation between the quarterly and the year-end balance sheet and income statement is provided in the relevant notes for the items contained in the condensed financial statements.

The accounting principles and basis of accounting that have been used in the preparation of this interim financial report are the same that were used in the preparation of the consolidated financial statements at 31 December 2008 and the interim financial

report at 30 September 2008, except for the application of the revised version of IAS 1 “Presentation of financial statements” and IAS 23 “Borrowing costs” and of IFRS 8 “Operating segments” as indicated below (Section 4).

All figures are shown in millions of euros unless otherwise indicated.

This interim financial report is unaudited.

3. TREATMENT OF INCOME TAXES APPLIED IN THE PREPARATION OF INTERIM REPORTS AND SEASONALITY OF OPERATIONS

Treatment of income taxes

In the interim financial statements, income taxes are estimated by applying the expected effective annual tax rate to the interim pre-tax result.

Cash flows relating to operations

The businesses in which the Group is primarily active are characterised by a high concentration of cash flows from customers in the closing months of the year. This pattern affects both the interim cash flow statements and the volatility of the debt situation of the Group over each interim period, which shows a marked improvement in the final months of the calendar year.

4. EFFECT OF CHANGES IN ACCOUNTING POLICIES ADOPTED

The changes made to IAS 1 and the introduction of IFRS 8 have only had an impact on how information is disclosed. Specifically, the revised version of IAS 1 requires that the statement of changes in shareholders’ equity only shows changes resulting from transactions with shareholders. The Group decided to present information of transactions with non-shareholders in two separate statements, called the “Income Statement” and the “Statement of Recognised Income and Expense”.

In addition to indicating how information on operating segments is to be presented, IFRS 8 requires that the operating segments used be consistent with those adopted by management in making operating decisions.

The changes made to IAS 23, in particular, eliminate the option of recognising borrowing costs stemming from the acquisition, construction or production of certain assets that require a significant period of time before being ready to use or sell (qualifying assets) in the income statement. The Group has elected to apply the new policies prospectively, starting from 1 January 2009, without recognising any significant effects during the nine months ended 30 September 2009.

Other changes in the accounting policies and interpretations, applicable starting from 1 January 2009, have not had any impact on this interim financial report.

5. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

We report no significant non-recurring transactions during the third quarter of 2009.

With regard to the nine months ended 30 September 2009, the following should be noted:

- in June 2009, the Group received the remaining €mil. 64 relating to the receivable (originally set at €mil. 371) arising from the settlement of the dispute with ENEA. On 12 December 2008, a settlement agreement - accompanied by the payment of an initial instalment of €mil. 307 - was signed by Finmeccanica SpA and Ente per le Nuove tecnologie e l'Ambiente (**ENEA**) in relation to the settlement of the dispute initiated in 1995 between the parties concerning the costs borne by Finmeccanica as a result of the settlement under Law 321/1988 of the contract for the construction of the nuclear power plant named PEC, signed in previous years between ENEA and Finmeccanica;
- further to the information provided in the 2008 financial statements concerning financing under **Law 808/1985**, it should be reported that amounts due as of 31 December 2008 were repaid in January 2009, in line with the allocation made in the Group's financial statements. These payments are in addition to the instalment repaid in May 2008 (relating to amounts due for 2007, including finance costs).

In addition, the European Commission, through the decision issued in March 2008 concerning the individual aid granted by Italy for research and development projects, retained the right to submit to Italy additional requests for information on two helicopter projects before a final decision on the matter is taken. During the meeting of 28 October 2009 the European Commission recognised that the aid for research and development granted pursuant to Law 808/85 for these two projects relates to national security projects; accordingly, such aid is not subject to the EC regulations concerning government grants, as provided for by art. 296 of the EU Treaty.

With regard to nine months ended 30 September 2008, it should be noted that:

- on 26 February 2008, Finmeccanica, Cassa Depositi e Prestiti and FT1CI (a company owned by Areva), as shareholders of STMicroelectronics Holding NV (STH), the Dutch company which owns 27.54% of the share capital of **STM**, signed an agreement amending the existing shareholders' agreement concerning the joint Italian-French governance of STH. Under the agreement, the Italian and French parties agreed to rebalance their respective stakes in STM, indirectly held through STH. Specifically, Finmeccanica, as shareholder of STH, agreed to sell to FT1CI the equivalent of 26,034,141 shares of STM at the price of €10 per share, plus an earn-out equal to 40% of any positive price differential of STM stock between the base price of €10 and the average market price calculated over a three-month period starting nine months from the date of signing of the agreement, up to €4 per share, with these effects:

	<i>€ millions</i>
Sale proceeds	260
Capital gain realised	56
Tax effect	(2)

The interest indirectly held in STM after the partial sale is equal to 3.7% of the share capital;

- concerning financing under **Law 808/1985**, on 11 March 2008, the European Commission issued a decision on the individual aids granted by Italy for R&D projects in the aeronautics sector under Law 808/95, Article 3 a. Pending the decision, the Group had recognised (in the 2007 financial statements) impairment of assets for €mil. 125 and finance costs of €mil. 105.

The decision declared that these aids are compatible with the common market, under Article 87 of the Treaty, provided that the Italian authorities obtain the repayment, plus relevant finance costs, within two months of notification of the Community decision.

6. SCOPE OF CONSOLIDATION

List of companies consolidated on a line-by-line basis

Name	Registered office	% Group ownership		% Group shareholding
		Direct	Indirect	
3083683 NOVA SCOTIA LIMITED	Halifax, Nova Scotia (Canada)		100	100
ABS TECHNOLOGY SPA	Halifax, New Scotland (Canada)		60	60
AEROMECCANICA SA	Florence	99.967		100
AGUSTA AEROSPACE CORP. USA	Luxembourg		100	100
AGUSTA AEROSPACE SERVICES A.A.S SA	Grace Hollogne (Belgium)		100	100
AGUSTA HOLDING BV	Amsterdam (the Netherlands)		100	100
AGUSTA SPA	Cascina Costa (Varese)		100	100
AGUSTA US INC	Wilmington, Delaware (USA)		100	100
AGUSTAWESTLAND AUSTRALIA PTY LTD	Melbourne (Australia)		100	100
AGUSTAWESTLAND DO BRASIL LTDA	Sao Paulo (Brazil)		100	100
AGUSTAWESTLAND HOLDINGS LTD	Yeovil, Somerset (U.K.)		100	100
AGUSTAWESTLAND INC	Nex Castle, Wilmington, Delaware (USA)		100	100
AGUSTAWESTLAND INTERNATIONAL LTD	Yeovil, Somerset (U.K.)		100	100
AGUSTAWESTLAND MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)		100	100
AGUSTAWESTLAND NORTH AMERICA INC	Wilmington, Delaware (USA)		100	100
AGUSTAWESTLAND NV	Amsterdam (the Netherlands)	100		100
AGUSTAWESTLAND PORTUGAL SA	Lisbon (Portugal)		100	100
AGUSTAWESTLAND PROPERTIES LTD	Yeovil, Somerset (U.K.)		100	100
AGUSTAWESTLAND BELL LLC	Wilmington, Delaware (USA)		51	51
ALENIA AERMACCHI SPA	Venegono Superiore (Va)		99.998	99.998
ALENIA AERONAUTICA SPA	Pomigliano D'Arco (Naples)	100		100
ALENIA AERONAVALI SPA	Tessera (Venice)		100	100
ALENIA COMPOSITE SPA	Grottaglie (Taranto)		100	100
ALENIA IMPROVEMENT SPA	Pomigliano D'Arco (Naples)		98	98
ALENIA NORTH AMERICA INC	Nex Castle, Wilmington, Delaware (USA)		88.409	88.409
ALENIA SIA SPA	Turin		100	100
AMTEC SPA	Piancastagnaio (Siena)		100	100
ANSALDO ENERGIA SPA	Genoa	100		100
ANSALDO ESG AG ex ENERGY SERVICE GROUP AG	Wurenlingen (Switzerland)		100	100
ANSALDO FUEL CELLS SPA	Genoa	94.37		94.37
ANSALDO NUCLEARE SPA	Genoa		100	100
ANSALDO SIGNAL NV (IN LIQ.)	Amsterdam (the Netherlands)		100	40.0655
ANSALDO STS AUSTRALIA PTY LTD	Birsbane (Australia)		100	40.0655
ANSALDO STS BEIJING LTD	Beijing (China)		80	32.0524
ANSALDO STS CANADA INC.	Burlington, Ontario (Canada)		100	40.0655
ANSALDO STS DEUTSCHLAND GMBH	Berlin (Germany)		100	40.0655
ANSALDO STS ESPANA SAU	Madrid (Spain)		100	40.0655
ANSALDO STS FINLAND OY	Helsinki (Finland)		100	40.0655
ANSALDO STS FRANCE SA	Les Ulis (France)		100	40.0655
ANSALDO STS HONG KONG LTD	Kowloon Bay (China)		100	40.0655
ANSALDO STS IRELAND LTD	CO KERRY (Ireland)		100	40.0655
ANSALDO STS MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)		100	40.0655
ANSALDO STS SWEDEN AB	Solna (Sweden)		100	40.0655
ANSALDO STS TRASP. SYST. INDIA PRIV. LTD ex UNION SWIT. & SIGN. PRIV. LTD	Bangalore (India)		100	40.0655
ANSALDO STS UK LTD	Barbican (U.K.)		100	40.0655
ANSALDO STS SPA	Genoa	40.0655		40.0655
ANSALDO STS USA INC	Wilmington, Delaware (USA)		100	40.0655
ANSALDO STS USA INTERNATIONAL CO	Wilmington, Delaware (USA)		100	40.0655
ANSALDO STS USA INTERNATIONAL PROJECT CO	Wilmington, Delaware (USA)		100	40.0655
ANSALDO THOMASSEN BV ex THOMASSEN TURBINE SYSTEMS BV	Rheden (the Netherlands)		100	100
ANSALDO THOMASSEN GULF LLC ex THOMASSEN SERVICE GULF LLC	Abu Dhabi, United Arab Emirates		48.667	100
ANSALDOBREDA ESPANA SLU	Madrid (Spain)		100	100
ANSALDOBREDA SPA	Naples	100		100
ANSALDOBREDA INC	Pittsburg, California (USA)		100	100
ASIA POWER PROJECTS PRIVATE LTD	Bangalore (India)		100	100
AUTOMATISMES CONTROLES ET ETUDES ELECTRONIQUES ACELEC SA	Les Ulis (France)	99.999		40.0651
BREDAMENARINIBUS SPA	Bologna	100		100
DAVIES INDUSTRIAL COMMUNICATIONS LTD	Chelmsford, Essex (U.K.)		100	100
DRS C3 & AVIATION COMPANY	Wilmington, Delaware (USA)		100	100
DRS C3 SYSTEMS INC	Plantation, Florida (USA)		100	100
DRS CODEM SYSTEMS INC	Wilmington, Delaware (USA)		100	100
DRS DATA & IMAGING SYSTEMS INC	Wilmington, Delaware (USA)		100	100
DRS ENVIRONMENTAL SYSTEMS INC	Wilmington, Delaware (USA)		100	100
DRS HOMELAND SECURITY SOLUTIONS INC	Wilmington, Delaware (USA)		100	100
DRS INTELLIGENCE & AVIONIC SOLUTIONS INC	Cleveland, Ohio (USA)		100	100
DRS INTERNATIONAL INC	Wilmington, Delaware (USA)		100	100
DRS MOBILE ENVIRONMENTAL SYSTEMS CO	Cleveland, Ohio (USA)		100	100

List of companies consolidated on a line-by-line basis (cont'd)

Company name	Registered office	% Group ownership		% Group shareholding
		Direct	Indirect	
DRS POWER & CONTROL TECHNOLOGIES INC	Wilmington, Delaware (USA)		100	100
DRS POWER TECHNOLOGY INC	Wilmington, Delaware (USA)		100	100
DRS RSTA INC. ex DRS SENSORS & TARGETING SYSTEMS INC	Wilmington, Delaware (USA)		100	100
DRS SENSORS & TARGETING SYSTEMS INC	Wilmington, Delaware (USA)		100	100
DRS SIGNAL SOLUTIONS INC	Wilmington, Delaware (USA)		100	100
DRS SONAR SYSTEMS LLC	Wilmington, Delaware (USA)		51	51
DRS SONETICOM INC	Tallahassee, Florida (USA)		100	100
DRS SURVEILLANCE SUPPORT SYSTEMS INC	Wilmington, Delaware (USA)		100	100
DRS SUSTAINMENT SYSTEMS INC	Wilmington, Delaware (USA)		100	100
DRS SYSTEMS MANAGEMENT LLC	Wilmington, Delaware (USA)		100	100
DRS SYSTEMS INC	Wilmington, Delaware (USA)		100	100
DRS TACTICAL SYSTEMS GLOBAL SERVICES INC	Plantation, Florida (USA)		100	100
DRS TACTICAL SYSTEMS INC	Plantation, Florida (USA)		100	100
DRS TECHNICAL SERVICES GMBH & CO KG	Baden, Wurttemberg (Germany)		100	100
DRS TECHNICAL SERVICES INC	Baltimore, Maryland (USA)		100	100
DRS TECHNOLOGIES CANADA INC	Wilmington, Delaware (USA)		100	100
DRS TECHNOLOGIES CANADA LTD	Kanata, Ontario (Canada)		100	100
DRS TECHNOLOGIES UK LIMITED	Farnham, Surrey (UK)		100	100
DRS TECHNOLOGIES VERWALTUNGS GMBH	Baden, Wurttemberg (Germany)		100	100
DRS TECHNOLOGIES INC	Wilmington, Delaware (USA)		100	100
DRS TEST & ENERGY MANAGEMENT LLC	Wilmington, Delaware (USA)		100	100
DRS UNMANNED TECHNOLOGIES INC	Wilmington, Delaware (USA)		100	100
ED CONTACT SRL	Rome		100	100
ELECTRON ITALIA SRL	Rome		80	80
ELSACOM NV	Amsterdam (the Netherlands)	100		100
ELSACOM SPA	Rome		100	100
ELSAG DATAMAT SPA	Genoa	100		100
ELSAG NORTH AMERICA LLC ex REMINGTON ELSAG LAW ENFORCEMENT SYST.	Madison, North Carolina (USA)		100	100
ENGINEERED COIL COMPANY	Clayton, Missouri (USA)		100	100
ENGINEERED ELECTRIC COMPANY	Clayton, Missouri (USA)		100	100
ENGINEERED SUPPORT SYSTEMS INC	Clayton, Missouri (USA)		100	100
E-SECURITY SRL	Montesilvano (Pescara)		79.688	79.688
ESSI RESOURCES LLC	Louisville, Kentucky (USA)		100	100
FATA ENGINEERING SPA	Pianezza (Turin)		100	100
FATA HUNTER INC	Riverside, California (USA)		100	100
FATA LOGISTIC SYSTEMS SPA	Pianezza (Turin)		100	100
FATA SPA	Pianezza (Turin)	100		100
FINMECCANICA FINANCE SA	Luxembourg (Luxembourg)	73.6395	26.3575	99.997
FINMECCANICA GROUP REAL ESTATE SPA	Rome	100		100
FINMECCANICA GROUP SERVICES SPA	Rome	100		100
GALILEO AVIONICA SPA	Campi Bisenzio (Florence)		100	100
GLOBAL MILITARY AIRCRAFT SYSTEMS LLC	Wilmington, Delaware (USA)		51	45.0886
ITALDATA INGEGNERIA DELL'IDEA SPA	Rome		51	51
LARIMART SPA	Rome		60	60
LAUREL TECHNOLOGIES PARTNERSHIP	Wilmington, Delaware (USA)		80	80
MECCANICA HOLDINGS USA INC	Wilmington, Delaware (USA)	100		100
MECFINT (JERSEY) SA	Luxembourg (Luxembourg)		99.999	99.996
MSSC COMPANY	Philadelphia, Pennsylvania (USA)		51	51
NET SERVICE SRL	Bologna		70	70
NIGHT VISION SYSTEMS LLC	Wilmington, Delaware (USA)		100	100
ORANGEES SRL	Rome		70	70
OTE MOBILE TECHNOLOGIES LIMITED	Chelmsford, Essex (U.K.)		100	100
OTO MELARA IBERICA SA	Loriguilla, Valencia (Spain)		100	100
OTO MELARA NORTH AMERICA INC	Dover, Delaware (USA)		100	100
OTO MELARA SPA	La Spezia	100		100
PCA ELECTRONIC TEST LTD	Grantham, Lincolnshire (UK)		100	100
PIVOTAL POWER INC	Halifax, New Scotland (Canada)		100	100
QUADRICS LTD (IN LIQ.)	Bristol (U.K.)		100	100
SEICOS SPA	Rome	100		100
SELENIA MARINE CO LTD (IN LIQ.)	Chelmsford, Essex (U.K.)		100	100
SELENIA MOBILE SPA	Chieti Scalo (Chieti)		100	100
SELEX COMMUNICATIONS DO BRASIL LTDA	Rio de Janeiro (Brazil)		100	100
SELEX COMMUNICATIONS GMBH	Backnang (Germany)		100	100
SELEX COMMUNICATIONS HOLDINGS LTD	Chelmsford (U.K.)		100	100
SELEX COMMUNICATIONS INC	San Francisco, California (USA)		100	100
SELEX COMMUNICATIONS INTERNATIONAL LTD	Chelmsford, Essex (U.K.)		100	100

List of companies consolidated on a line-by-line basis (cont'd)

<i>Company name</i>	<i>Registered office</i>	<i>% Group ownership</i>		<i>% Group shareholding</i>
		<i>Direct</i>	<i>Indirect</i>	
SELEX COMMUNICATIONS LTD	Chelmsford, Essex (U.K.)		100	100
SELEX COMMUNICATIONS ROMANIA SRL	Bucarest (Romania)		99.976	99.976
SELEX COMMUNICATIONS SPA	Genoa	100		100
SELEX COMMUNICATIONS SECURE SYSTEMS LTD	Chelmsford, Essex (U.K.)		100	100
SELEX KOMUNIKASYON AS	Golbasi (Turkey)		99.999	99.999
SELEX SENSORS AND AIRBORNE SYSTEMS SPA (IN LIQ.)	Campi Bisenzio (Florence)	100		100
SELEX SENSORS AND AIRBORNE SYSTEMS LTD	Essex (U.K.)		100	100
SELEX SENSORS AND AIRBORNE SYSTEMS (US) INC	Wilmington, Delaware (USA)		100	100
SELEX SERVICE MANAGEMENT SPA	Rome	100		100
SELEX SISTEMI INTEGRATI GMBH	Neuss (Germany)		100	100
SELEX SISTEMI INTEGRATI INC	Delaware (USA)		100	100
SELEX SYSTEMS INTEGRATION LTD ex SELEX SISTEMI INTEGRATI LTD	Portsmouth, Hampshire (U.K.)		100	100
SELEX SISTEMI INTEGRATI SPA	Rome	100		100
S.C. ELETTRA COMMUNICATIONS SA	Ploiesti (Romania)		50.5	50.4997
SIRIO PANEL SPA	Montevarchi (Arezzo)		93	93
SISTEMI E TELEMATICA SPA	Genoa		92.793	92.793
SO.GE.PA. SOC. GEN. DI PARTECIPAZIONI SPA	Genoa	100		100
SPACE SOFTWARE ITALIA SPA	Taranto		100	100
T - S HOLDING CORPORATION	Dallas, Texas (USA)		100	100
TECH-SYM CORPORATION	Reno, Nevada (USA)		100	100
UNION SWITCH & SIGNAL INC ex TRANSCONTROL CORPORATION	Wilmington, Delaware (USA)		100	40.0655
UNIVERSAL POWER SYSTEMS INC	Wilmington, Delaware (USA)		100	100
VEDECON GMBH ex ANITE TRAVEL SYSTEMS GMBH	Cologne (Germany)		100	100
VEGA CONSULTING & TECHNOLOGY SL	Madrid (Spain)		100	100
VEGA CONSULTING SERVICES LTD ex VEGA GROUP PLC	Hertfordshire (UK)		100	100
VEGA DEUTSCHLAND GMBH & CO KG ex ANITE DEUTSCHLAND GMBH & CO KG	Cologne (Germany)		100	100
VEGA DEUTSCHLAND HOLDING GMBH ex ANITE DEUTSCHLAND MANAG. GMBH	Cologne (Germany)		100	100
VEGA DEUTSCHLAND MANAGEMENT GMBH ex ANITE DEUTSCHL. HOLD. GMBH	Cologne (Germany)		100	100
VEGA TECHNOLOGIES SAS	Ramonville Saint Agne (Fance)		100	100
WESTLAND HELICOPTERS INC	Wilmington, Delaware (USA)		100	100
WESTLAND HELICOPTERS LTD	Yeovil, Somerset(U.K.)		100	100
WESTLAND INDUSTRIES LTD	Yeovil, Somerset (U.K.)		100	100
WESTLAND SUPPORT SERVICES LTD	Yeovil, Somerset (U.K.)		100	100
WESTLAND TRANSMISSIONS LTD	Yeovil, Somerset (U.K.)		100	100
WHITEHEAD ALENIA SIST. SUBACQUEI SPA	Livorno	100		100
WING NED BV	Rotterdam (the Netherlands)		100	100
WORLD'S WING SA	Geneva (Switzerland)		94.94	94.94

List of companies consolidated using the proportionate method

Company name	Registered office	% Group ownership		% Group shareholding
		Direct	Indirect	
THALES ALENIA SPACE SAS	Cannes La Bocca (France)	33		33
THALES ALENIA SPACE FRANCE SAS	Paris (France)		100	33
THALES ALENIA SPACE ITALIA SPA	Rome		100	33
THALES ALENIA SPACE ESPANA SA	Madrid (Spain)		100	33
THALES ALENIA SPACE ETCA SA	Charleroi (Belgium)		100	33
THALES ALENIA SPACE ANTWERP SA	Hoboken (Belgio)		100	33
THALES ALENIA SPACE NORTH AMERICA INC	Wilmington (USA)		100	33
FORMALEC SA	Paris (France)		100	33
MARILEC SA	Paris (France)		100	33
VANELEC SAS	Paris (France)		100	33
TELESPAZIO HOLDING SRL	Rome	67		67
TELESPAZIO FRANCE SAS	Toulouse (France)		100	67
TELESPAZIO DEUTSCHLAND GMBH	Gilching, Munich (Germany)		100	67
TELESPAZIO SPA	Rome		100	67
E - GEOS SPA	Matera		80	53.6
EURIMAGE SPA	Rome		51	27.336
TELESPAZIO BRASIL SA	Rio de Janeiro (Brazil)		98.534	66.0178
TELESPAZIO NORTH AMERICA INC	Doover, Delaware (USA)		100	67
TELESPAZIO HUNGARY SAT. TELEC. LTD	Budapest (Hungary)		100	67
RARTEL SA	Bucarest (Romania)		61.061	40.9109
TELESPAZIO ARGENTINA SA	Buenos Aires (Argentina)		100	66.9509
FILEAS SA	Paris (France)		85	56.95
AURENSIS SL	Barcelona (Spain)		100	67
ISAF - INIZIATIVE PER I SISTEMI AVANZATI E FORNITURE SRL	Rome		100	67
GAF AG	Munich (Germany)		100	53.6
EUROMAP SATELLITENDATEN-VERTRIEB MBH	Neustrelitz (Germany)		100	67
AMSH BV	Amsterdam (the Netherlands)	50		50
MBDA SAS	Paris (France)		50	25
MBDA TREASURE COMPANY LTD	Jersey (U.K.)		100	25
MBDA FRANCE SAS	Paris (France)		100	25
MBDA INCORPORATED	Wilmington, Delaware (USA)		100	25
MBDA ITALIA SPA	Rome		100	25
MBDA UK LTD	Stevenage (U.K.)		100	25
MBDA UAE LTD ex MARCONI UAE LTD	London (U.K.)		100	25
MATRA ELECTRONIQUE SA	Paris (France)		100	25
MBDA SERVICES SA	Paris (France)		99.68	24.92
LFK-LENKFLUGKORPERSYSTEME GMBH	Unterschleißheim(Germany)		100	25
BAYERN-CHEMIE GMBH	Germany		100	25
TAURUS SYSTEMS GMBH	Germany		67	16.75
TDW GMBH	Germany		100	25
AVIATION TRAINING INTERNATIONAL LIMITED	Dorset (U.K.)		50	50
CONSORZIO ATR GIE e SPE	Toulouse (France)		50	50
SUPERJET INTERNATIONAL SPA	Tessera (Venice)		51	51
GLOBAL AERONAUTICA LLC	Wilmington, Delaware (USA)		50	44.2045
ROTORSIM SRL	Sesto Calende (Varese)		50	50
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Ampang (Malaysia)		40	16.0262

List of companies consolidated using the equity method

Company name	Registered office	% Group ownership		% Group shareholding
		Direct	Indirect	
A4ESSOR SAS ex 179CENTELEC SAS	Neully Sur Seine (France)		21	21
ABRUZZO ENGINEERING SCPA	L'Aquila		30	30
ABU DHABI SYSTEMS INTEGRATION LLC	Abu Dhabi (United arab Emirates)	43.043		43.043
ADVANCED AIR TRAFFIC SYSTEMS SDN BHD	Darul Ehsan (Malaysia)		30	30
ADVANCED LOGISTICS TECHNOLOGY ENGINEERING CENTER SPA	Turin		51	16.83
ADVANCED MALE AIRCRAFT LLC	Kolonaki, Athens (Greece)		49	49
ALENIA HELLAS SA	Halifax, New Scotland (Canada)		100	100
ALENIA NORTH AMERICA-CANADA CO	Naples		100	88.409
ALIFANA DUE SCRL	Naples	53.34		21.371
ALIFANA SCRL	Naples	65.85		26.38
ANSALDO ARGENTINA SA	Buenos Aires (Argentina)	99.9933		99.9933
ANSALDO ELECTRIC DRIVES SPA	Genoa		100	100
ANSALDO - E.M.I.T. SCRL	Genoa		50	50
ANSALDO ENERGY INC	Wilmington, Delaware(USA)		100	100
ANSERV SRL	Bucarest (Romania)		100	100
AUTOMATION INTEGRATED SOLUTIONS SPA	Pianezza (Turin)		40	40
BELL AGUSTA AEROSPACE COMPANY LLC	Wilmington, Delaware (USA)		40	40
BRITISH HELICOPTERS LTD	Yeovil, Somerset (U.K.)		100	100
CANOPY TECHNOLOGIES LLC	Wilmington, Delaware (USA)		50	50
CARDPRIZE TWO LIMITED	Basildon, Essex (U.K.)		100	100
COMLENIA SENDIRIAN BERHAD	Selangor Darul Ehsan (Malaysia)		30	30
CONSORZIO START SPA	Rome		40	40
CONTACT SRL	Naples		30	30
COREAT S.C. A R.L.	Rieti		30	30
DIGINT SRL	Milan		49	49
DOGMATIX LEASING LIMITED	Mauritius Islands		100	50
DRS CONSOLIDATED CONTROLS INC	Wilmington, Delaware (USA)		100	100
DRS DEFENSE SOLUTIONS LLC ex DRS INTEGRATED DEFENSE SOLUTIONS LLC	Wilmington, Delaware (USA)		100	100
ECOSEN CA	Caracas (Venezuela)		48	19.23
ELETRONICA SPA	Rome	31.333		31.333
ELSACOM HUNGARIA KFT	Budapest (Hungary)		100	100
ELSACOM SLOVAKIA SRO	Bratislava (Slovakia)		100	100
ELSACOM-UKRAINE JOINT STOCK COMPANY	Kiev (Ukrain)		49	49
EURISS NV	Leiden (the Netherlands)		25	8.25
EUROFIGHTER AIRCRAFT MANAGEMENT GMBH	Hallbergmoos (Germany)		21	21
EUROFIGHTER JAGDFLUGZEUG GMBH	Hallbergmoos (Germany)		21	21
EUROFIGHTER INTERNATIONAL LTD	London (U.K.)		21	21
EUROFIGHTER SIMULATION SYSTEMS GMBH	Unterhaching (Germany)		24	24
EUROMIDS SAS	Paris (France)		25	25
EURO PATROL AIRCRAFT GMBH (IN LIQ.)	Munich (Germany)		50	50
EUROPEA MICROFUSIONI AEROSPAZIALI SPA	Morra De Sanctis (Avellino)	49		49
EUROSATELLITE FRANCE SA	France		100	33
EUROSYSNAV SAS	Paris (France)	50		50
EUROTECH SPA	Amaro (Udine)	11.08		11.08
FATA DTS SPA (IN LIQ.)	Pianezza (Turin)		100	100
FATA HUNTER INDIA PVT LTD	New Dehli (India)		100	100
FEDER PETROLI GREEN ENERGY SRL	Rome		20	20
FINMECCANICA CONSULTING SRL	Rome	100		100
FINMECCANICA NORTH AMERICA INC	Dover, Delaware (USA)	100		100
FINMECCANICA UK LTD	London (U.K.)	100		100
GROUPEMENT IMMOBILIER AERONAUTIQUE G.I.A. SA	Blagnac (France)		20	20
GRUPO AURENSIS SA DE CV	Bosque de Duraznos (Mexico)		100	67
HR GEST SPA	Genoa		30	30
IAMCO SCRL	Mestre (Venice)		20	20
ICARUS SCPA	Turin		49	49
IMMOBILIARE CASCINA SRL	Gallarate (Varese)		100	100
IMMOBILIARE FONTEVERDE SRL	Rome		60	48
INDRA ESPACIO SA	France		49	16.17
INTERNATIONAL LAND SYSTEMS INC	Wilmington, Delaware (USA)		28.365	19.005
INTERNATIONAL METRO SERVICE SRL	Milan		49	19.63
I.M. INTERMETRO SPA	Rome		33.332	23.343
IVECO - OTO MELARA SCRL ex IVECO FIAT - OTO MELARA SCRL	Rome		50	50
JIANGXI CHANGE AGUSTA HELICOPTER CO LTD	Zone Jiangxi Province (China)		40	40
JOINT STOCK COMPANY SUKHOI CIVIL AIRCRAFT	Moscow (Russian Federation)		25.0001	23.735
LIBYAN ITALIAN ADVANCED TECHNOLOGY CO	Tripoli (Libya)	25	25	50

List of companies consolidated using the equity method (cont'd)

Company name	Registered office	% Group ownership		% Group shareholding
		Direct	Indirect	
LMATTS LLC	Georgia (USA)		100	88.409
MACCHI HUREL DUBOIS SAS	Plaisir (France)		50	49.99
MEDESSAT SAS	Toulouse (France)		28.801	19.296
METRO 5 SPA	Milan		31.9	17.156
MUSI NET ENGINEERING SPA	Turin		49	49
N2 IMAGING SYSTEMS LLC	Wilmington, Delaware (USA)		30	30
NAHUELSAT SA (IN LIQ.)	Buenos Aires (Argentina)	33.332		33.33
NGL PRIME SPA	Turin	30		30
N.H. INDUSTRIES SARL	Aix en Provence (France)		32	32
NICCO COMMUNICATIONS SAS	Colombes (France)		50	50
NNS – SOC. DE SERV. POUR REACTEUR RAPIDE SNC	Lyon (France)		40	40
NOVACOM SERVICES SA	Toulouse (France)		39.73	26.62
ORIZZONTE – SISTEMI NAVALI SPA	Genoa	49		49
PEGASO SCRL	Rome		46.87	18.778
POLARIS SRL	Genoa		49	49
ROXEL SAS	Le Plessis Robinson (France)		50	12.5
SAN GIORGIO SA (IN LIQ.)	Paris (France)		99.969	99.969
SAPHIRE INTERNAT. ATC ENGINEERING CO LTD	Beijing (China)		65	65
SATELLITE TERMINAL ACCESS SA (IN LIQ.)	France		21.19	6.993
SCUOLA ICT SRL	L'Aquila		20	20
SELEX PENSION SCHEME (TRUSTEE) LTD	Basildon, Essex (U.K.)		100	100
SELEX SENSORS AND AIRBORNE SYSTEMS ELECTRO OPTICS (OVERSEAS) LTD	Basildon, Essex (U.K.)		100	100
SELEX SENSORS AND AIRBORNE SYSTEMS (PROJECTS) LTD	Basildon, Essex (U.K.)		100	100
SELEX SENSORS AND AIRBORNE SYSTEMS INFRARED LTD	Basildon, Essex (U.K.)		100	100
SELEX SISTEMI INTEGRATI DE VENEZUELA SA	Caracas (Venezuela)		100	100
SERVICIOS TECNICOS Y ESPECIALIZADOS DE INFORM. SA DE CV	Bosque de Duraznos (Mexico)		100	67
SEVERNYJ AVTOBUZ Z.A.O.	St. Petersburg (Russia)		35	35
SISTEMI DINAMICI SPA	S. Piero a Grado (Pisa)		40	40
SOGELI – SOCIETA' DI GESTIONE DI LIQ. SPA	Rome		100	100
SOSTAR GMBH (IN LIQ.)	Immerstad (Germany)		28.2	28.2
TELBIO SPA	Milan		34.47	23.0949
TELESPAZIO NETHERLAND BV	Enschede (the Netherlands)		100	67
THOMASSEN SERVICE AUSTRALIA PTY LTD	Canning Vale (Australia)		100	100
TRADE FATA BV	Rotterdam (the Netherlands)		100	100
TRIMPROBE SPA (IN LIQ.)	Rome		100	100
TURBOENERGY SRL	Cento (Ferrara)		25	25
WESTLAND INDUSTRIAL PRODUCTS LTD	Yeovil, Somerset (U.K.)		100	100
WITG L.P. INC	Kent, Dover, Delaware (USA)		24	21.2184
WITG L.P. LTD	Kent, Dover, Delaware (USA)		20	17.682
XAIT SRL	Ariccia (Rome)		100	100
ZAO ARTETRA	Moscow (Russian Federation)		51	51

List of companies valued at fair value

Company name	Registered office	% Group ownership		% Group shareholding
		Direct	Indirect	
BCV INVESTMENTS SCA	Luxembourg		14.32	14.32
BCV MANAGEMENT SA	Luxembourg		15	15
STMICROELECTRONICS HOLDING NV (*)	Rotterdam (the Netherlands)	20		20

(*) Recognised as "assets available for sale"

List of subsidiaries and associates valued at cost

Company name	Registered office	% Group ownership		% Group shareholding
		Direct	Indirect	
ALENIA NORTH AMERICA DEFENSE LLC	Wilmington, Delaware (USA)		100	88.409
ANSALDO RAILWAY SYSTEM TECHNICAL SERVICE (BEIJING) LTD	Beijing (China)		100	40.0655
ANSALDO STS INFRADEV SOUTH AFRICA (PTY) LTD	Johannesburg (ZA - South Africa)		50.7	20.31
ANSALDO STS SOUTHERN AFRICA (PTY) LTD	Gaborone (Botswana - Africa)		100	40.0655
CCRT SISTEMI SPA (IN FALL.)	Milan	30.34		30.34
DATAMAT SUISSE SA (IN LIQ.)	Lugano (Switzerland)		100	100
DISTRETTO TECNOLOGICO AEROSPAZIALE S.C.A R.L.	Brindisi		24	24
EUROPEAN SATELLITE NAVIGATION INDUSTRIES GMBH	Ottobrunn (Germany)	18.939	18.94	25.1892
FOSCAN SRL (IN FALL.)	Anagni (Frosinone)		20	20
GALILEO INDUSTRIES SA	Bruxelles (Belgium)	18.939	18.939	25.189
IND. AER. E MECC. R. PIAGGIO SPA (AMM.STR.)	Genoa	30.982		30.982
SAITECH SPA (IN FALL.)	Passignano sul Trasimeno (Perugia)		40	40
SELEX SISTEMI INTEGRATI DO BRASIL LTDA	Rio De Janeiro (Brazil)		99.9998	99.9998
SEL PROC SCRL	Rome		100	100
SESM - SOLUZIONI EVOLUTE PER LA SISTEMISTICA E I MODELLI - SCRL	Naples		100	100
TECHSANA SRL	Cosenza		100	70
U.V.T. SPA (IN FALL.)	San Giorgio Jonico (Taranto)		50.614	50.614
U.V.T. ARGENTINA SA	Buenos Aires (Argentina)		60	30.368

For ease of understanding and comparability, below are the main changes in the scope of consolidation occurred from September 2008:

- DRS Technologies group, acquired on 22 October 2008, has been consolidated on a line-by-line basis starting from that date;
- Ansaldo Segnalamento Ferroviario SpA and Ansaldo Trasporti Sistemi Ferroviari SpA were merged with Ansaldo STS SpA on 1 January 2009;
- Ote Mosca, valued through the 2008 financial statements using the equity method, from 1 January 2009, was deconsolidated upon sale to third parties;
- Energeko Gas Italia Srl, valued through the 2008 financial statements using the equity method, from 1 January 2009, was deconsolidated upon sale to third parties;
- World's Wing SA, valued using the equity method through the 2008 financial statements, has been consolidated on a line-by-line basis starting from 1 January 2009;
- Elsacom Bulgaria AD (in liquidation), valued using the equity method through the 2008 financial statements, was deconsolidated starting from 1 January 2009 following its removal from the Register of Enterprises;
- Polaris Srl has been consolidated using the equity method starting from 1 January 2009;
- LMATTS LLC, valued on a proportionate basis through the 2008 financial statements, has been consolidated using the equity method starting from 1 January 2009;
- Alenia North America-Canada Co, valued on a line-by-line basis through the 2008 financial statements, has been consolidated using the equity method starting from 1 January 2009;
- Balfour Beatty Ansaldo Systems JV SDN BHD, incorporated on 22 January 2009, has been consolidated using the proportionate method as from that date;

- Coreat Srl, formed on 29 January 2009, has been valued using the equity method starting from that date;
- Joint Stock Company Sukhoi Civil Aircraft, acquired by World's Wing SA on 29 April 2009, has been valued using the equity method;
- MARS Srl was merged with Telespazio SpA on 5 May 2009;
- Elsag Eastern Europe Srl (in liquidation), valued through March 2009 using the equity method, has been deconsolidated following its removal from the Register of Enterprises;
- Orangee Srl, incorporated on 17 June 2009, has been consolidated on a line-by-line basis as from that date;
- Ansaldo Ricerche SpA was merged with Ansaldo Energia SpA on 22 June 2009;
- Fata Group Spa (in liquidation) was merged with SO.GE.PA. Spa on 9 July 2009 with accounting effect beginning 1 January 2009;
- Rotorsim Srl, incorporated on 5 August 2009, has been consolidated on a proportionate basis as from that date.

7. SIGNIFICANT CHANGES IN THE EXCHANGE RATES APPLIED

Again with reference to data comparability, the first nine months of 2009 was again marked by changes in the euro against the main currencies of interest for the Group. Specifically, the currency exchange rates at 30 September 2009 and the average exchange rates for the period showed, for the main currencies, these changes from 2008: final exchange rates for the period (euro/US dollar +5.22% and euro/sterling pound -4.54%); average exchange rates for the period (euro/US dollar -10.31% and euro/sterling pound +13.38%).

Below are the exchange rates adopted for the currencies that are most significant for the Group:

	At 30 September 2009		At 31 December 2008	At 30 September 2008	
	average exchange rate for the period	final exchange rate for the period	final exchange rate for the year	average exchange rate for the period	final exchange rate for the period
US dollar	1.36498	1.46430	1.39170	1.52186	1.43030
Pound sterling	0.88649	0.90930	0.95250	0.78186	0.79030

8. SEGMENT INFORMATION

In accordance with the compliance model followed, Management has adopted operating segments that correspond to the business sectors in which the Group operates: Helicopters, Defence Electronics and Security, Aeronautics, Space, Defence Systems, Energy, Transportation and Other Activities.

For a more detailed analysis of the main programmes, outlooks and operating indicators for each segment, see the report on operations.

The Group assesses the performance of its operating segments and the allocation of the financial resources based on revenues and adjusted EBITA (refer also to the “*Non-GAAP performance indicators*” section in the report on operations).

The results for each segment at 30 September 2009, as compared with those of the same period of the previous year, are as follows:

	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transportation	Other activities	Eliminations	Total
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30 September 2009

Revenues	2,499	4,526	1,768	639	767	1,216	1,328	301	(404)	12,640
<i>of which from other segments</i>	34	461	563	18	110	1	99	92	(404)	974
Adjusted EBITA	237	394	120	19	58	114	60	(117)	-	885
Investments	103	168	305	24	32	43	20	7	-	702

Assets	5,833	10,705	5,518	1,289	2,428	1,569	2,441	5,424	(5,459)	29,748
Liabilities	3,712	6,442	5,006	762	1,748	1,468	2,256	7,667	(5,598)	23,463

	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transportation	Other activities	Eliminations	Total
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30 September 2008

Revenues	2,188	2,373	1,701	671	758	801	1,259	248	(311)	9,688
<i>of which from other segments</i>	63	439	492	14	107	-	89	42	(311)	935
Adjusted EBITA	233	145	117	27	56	62	74	(108)	-	606
Investments	91	130	366	22	39	39	28	5	-	720

31 Dec. 2008

Assets	5,428	10,923	5,372	1,268	2,503	1,595	2,134	5,530	(4,831)	29,922
Liabilities	3,315	6,554	5,007	756	1,780	1,485	1,881	7,986	(4,972)	23,792

The reconciliation between adjusted EBITA and the result before taxes, finance income and costs and the effects of equity investments measured using the equity method (“EBIT”) for the periods shown is as follows:

	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transportation	Other activities	Total
<u>30 September 2009</u>									
Adjusted EBITA	237	394	120	19	58	114	60	(117)	885
Impairment									
Amortisation of intangible assets acquired through a business combination	6	53	-	1	1	-	-	-	61
Restructuring costs	-	2	1	3	2	-	2	-	10
EBIT	231	339	119	15	55	114	58	(117)	814

	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transportation	Other activities	Total
<u>30 September 2008</u>									
Adjusted EBITA	233	145	117	27	56	62	74	(108)	606
Impairment									
Amortisation of intangible assets acquired through a business combination	7	9	-	-	1	-	-	-	17
Restructuring costs	-	17	2	1	7	-	1	-	28
EBIT	226	119	115	26	48	62	73	(108)	561

9. PURCHASES AND PERSONNEL COSTS

The breakdown of this item is as follows:

	<u>30 September 2009</u>	<u>30 September 2008</u>
Cost of purchases	4,682	3,430
Cost of services	3,886	3,220
Costs attributable to related parties (Section 30)	95	65
Personnel costs	3,450	2,803
<i>Wages, salaries and contributions</i>	3,196	2,590
<i>Costs related to stock grant plans</i>	25	19
<i>Costs related to defined-benefit plans</i>	36	46
<i>Costs related to defined-contribution plans</i>	87	83
<i>Restructuring costs</i>	7	21
<i>Other personnel costs</i>	99	44
Changes in inventories of work in progress, semi-finished and finished goods	(308)	(270)
Capitalised costs for internal production	(480)	(494)
Total purchases and personnel costs	<u>11,325</u>	<u>8,754</u>

As to personnel, the average workforce number rose from 60,807 for the first nine months of 2008 to 72,732 for the same period of 2009. The net increase is especially significant in the case of personnel abroad, mainly as a result of the acquisition of DRS at the end of 2008. The change in personnel costs amounting to €nil. 3,450 in the first nine months of 2009, compared with €nil. 2,803 for the same period of 2008, mainly reflects the increase in the average workforce.

The total workforce at 30 September 2009 came to 73,983, compared with 73,398 at 31 December 2008, for a net increase attributable to the growth in personnel in the Defence Electronics and Security, Energy, Space, Transportation and Helicopters divisions, while there was a slight decline in the workforce in the Aeronautics division.

Moreover, the decrease in costs related to defined-benefit plans is largely attributable to the foreign companies due to increases in the reference interest rates.

Restructuring costs include the costs of reorganising companies for the most part in the Space, Defence Electronics and Security, and Transportation divisions.

Personnel costs for the third quarter of 2009 amounted to €mil. 1,100, compared with €mil. 893 for the same period of 2008.

Costs for services includes, among other things, the costs for the acquisition of satellite capacity for the Telespazio joint venture, which were more than offset by revenues from sales (€mil. 46 compared with €mil. 57 at 30 September 2008), the costs of leasing airplanes for GIE ATR (€mil. 7 compared with €mil. 7 at 30 September 2008) and the costs of rents, operating leases and rental fees (€mil. 155 compared with €mil. 118 at 30 September 2008).

The costs of purchases and services came to €mil. 2,636, compared with 2,048 in the third quarter of 2008.

10. AMORTISATION, DEPRECIATION AND IMPAIRMENT

	<u>30 Sept. 2009</u>	<u>30 Sept. 2008</u>
Amortisation and depreciation:		
• Amortisation (Section 14)	192	119
<i>Development costs</i>	-	30
<i>Non-recurring costs</i>	20	26
<i>Acquired as part of business combination</i>	61	17
<i>Other</i>	111	46
• Depreciation	264	217
Impairment:		
• Property, plant and equipment	5	-
• Intangible assets	-	-
• Operating receivables	12	7
Total amortisation, depreciation and impairment	<u><u>473</u></u>	<u><u>343</u></u>

The increase in the amortisation of “Intangible assets acquired as part of business combination” compared with the same period of 2008 is essentially due to the portion of amortisation related to the intangible assets valued upon the acquisition of DRS (€mil. 46) acquired in the fourth quarter of 2008.

Amortisation and depreciation for the quarter amounted to €mil. 153 (amortisation of €mil. 62 and depreciation of €mil. 91) compared with €mil. 120 (amortisation of €mil. 45 and depreciation of €mil. 75) for the same period of 2008. Impairment totalled €mil. 2 (€mil. 3 for the third quarter of 2008).

11. OTHER OPERATING INCOME (EXPENSES)

These regard:

	<i>30 Sept. 2009</i>			<i>30 Sept. 2008</i>		
	Income	Expense	Net	Income	Expense	Net
Grants for research and development	33	-	33	31	-	31
Exchange rate difference on operating items	146	(142)	4	176	(185)	(9)
Indirect taxes	-	(32)	(32)	-	(30)	(30)
Gains/losses on sales of assets	3	(1)	2	3	-	3
Insurance reimbursements	27	-	27	15	-	15
Reversal of impairment of receivables	4	-	4	2	-	2
Gains/losses on operating receivables	-	-	-	-	(5)	(5)
Restructuring costs	-	(3)	(3)	-	(7)	(7)
Reversals of/Accruals to provisions	37	(98)	(61)	65	(77)	(12)
Other operating income (expenses)	96	(98)	(2)	59	(77)	(18)
Other operating income (expenses) attributable to related parties	1	(1)	-	1	(1)	-
Total	347	(375)	(28)	352	(382)	(30)

The most significant changes in “Reversals of/Accruals to provisions” compared with the same period of 2008 relate to the provision for product guarantees, the provision for risks and contractual charges and other provisions.

Other operating income and expenses for the third quarter of 2009 amounted to a net expense of €mil. 5 (€mil. 109 in income and €mil. 114 in expense) compared with a net expense of €mil. 11 (€mil. 135 in income and €mil. 146 in expense) for the same period of 2008.

12. FINANCE INCOME (COSTS)

The components of finance income and costs are as follows:

	<i>30 Sept. 2009</i>			<i>30 Sept. 2008</i>		
	Income	Costs	Net	Income	Costs	Net
Gain from sale of STM	-	-	-	56	-	56
Dividends	5	-	5	5	-	5
Income from equity investments and securities	4	-	4	3	-	3
Discounting of receivables, liabilities and provisions	6	(13)	(7)	4	(5)	(1)
Interest income/costs	34	(305)	(271)	74	(163)	(89)
Commission income/costs (including commissions on non-recourse items)	1	(40)	(39)	-	(10)	(10)
Fair value adjustments through profit or loss	133	(37)	96	63	(37)	26
Premiums paid/received on forwards	11	(6)	5	13	(10)	3
Exchange rate differences	569	(576)	(7)	292	(282)	10
Value adjustments to equity investments	-	(1)	(1)	2	(9)	(7)
Interest cost on defined benefit plans (less expected returns on plan assets)	-	(29)	(29)	-	(16)	(16)
Income (costs) attributable to related parties (Section 30)	6	(7)	(1)	1	(20)	(19)
Other finance income and costs	2	(1)	1	15	(15)	-
	771	(1,015)	(244)	528	(567)	(39)

During the period, the Group reported a significant increase in finance costs compared with the first nine months of 2008, mainly due to the costs relating to bonds and the Senior Term Loan Facility. The figure for the first nine months of 2008 was affected by the gain on the sale of roughly 26 million share of STM (€nil. 56), recognised during the period.

A breakdown of the item reveals:

- net interest costs of €nil. 271, including €nil. 148 of interest on bonds (€nil. 66 at 30 September 2008), mainly relating to recent issues placed on the market

starting in November 2008. The figure also includes premiums collected/paid on the hedging of interest rate risk (interest rate swaps) for a net charge of €nil. 57 (€nil. 27 at 30 September 2008), that will be recovered by the end of 2009 as recognition of the accrued component included in the fair value;

- net income of €nil. 96 (€nil. 26 at 30 September 2008) arising from the application of the fair value method, as detailed below:

	<i>30 Sept. 2009</i>			<i>30 Sept. 2008</i>		
	Income	Costs	Net	Income	Costs	Net
Foreign-currency swaps	5	(10)	(5)	3	(8)	(5)
Foreign-currency options	34	-	34	3	(19)	(16)
Interest rate swaps	76	-	76	10	-	10
Options on STM	-	(9)	(9)	10	-	10
Ineffective component of hedging swap	18	(7)	11	36	(9)	27
Embedded derivatives	-	(11)	(11)	-	-	-
Option embedded in the exchangeable bond	-	-	-	1	(1)	-
	133	(37)	96	63	(37)	26

Specifically:

- net costs on foreign-currency swaps relates to the hedging of intercompany or third-party payables and receivables expressed in currencies other than the euro;
- income from foreign-currency options relates to options traded to hedge underlying positions in currencies other than the euro which, although they meet the objective of limiting the fluctuations of the underlying position within a specific range, do not meet the conditions of IAS 39, either because of the nature of the instruments themselves or the inability to mathematically demonstrate their effectiveness;
- net income from interest rate swaps results mainly from the conversion of a portion of the bond issues at a floating rate in order to take advantage of the

- current favourable spread between long-term fixed rates and short-term floating rates;
- costs on the options on STM are correlated to the appreciation in the hedged instruments;
 - costs on embedded derivatives are related to commercial contracts denominated in currencies other than the currencies of the contractually involved parties and those generally used in the markets of reference. This component is separated from the commercial contract and valued at fair value through the income statement;
 - Net exchange losses amounting to €nil. 7 (net exchange gains of €nil. 10 at 30 September 2008) relate to the effects recognised and the realignment of payables and receivables expressed in currencies other than the euro;

In the third quarter of 2009, the Group's net finance costs rose by €nil. 39 compared with the same period of 2008 (€nil. 77 compared with €nil. 38 in net costs in the third quarter of 2008). This is mainly due to higher interest on the bonds issued in the final months of 2008 (€nil. 60 in interest in the third quarter of 2009 compared with €nil. 23 in the third quarter of 2008) and on the Senior Term Loan Facility, partially offset by the effects of applying the fair value method.

13. INCOME TAXES

The item breaks down as follows:

	<u>30 Sept. 2009</u>	<u>30 Sept. 2008</u>
Corporate income tax (IRES)	190	128
Regional tax on productive activities (IRAP)	78	73
Benefit under consolidated tax mechanism	(83)	(105)
Other income taxes	63	92
Tax related to previous periods	(3)	(13)
Provisions for tax disputes	5	4
Deferred tax liabilities (assets) - net	(30)	(39)
	<u>220</u>	<u>140</u>

The increase in the item was mainly due to the rise in IRES in absolute terms resulting from the growth in the tax base and the decrease in the consolidated tax mechanism caused by fewer losses generated during the period and by the exhaustion of available tax losses carried forward.

The changes in the other taxes tended to offset one another, thereby having a neutral impact on the total amount.

The theoretical tax rate rose from 34.03% to 37.64%.

Income taxes for the third quarter of 2009 amounted to €nil. 59, compared with €nil. 52 for the same period of 2008.

14. INTANGIBLE ASSETS

Intangible assets break down as follows:

	<i>30 September 2009</i>	<i>31 December 2008</i>
Goodwill	5,755	5,790
Development costs	609	474
Non-recurring costs	734	633
Concessions, licenses and trademarks	122	121
Acquired as part of business combination	980	1,024
Other	219	195
Total intangible assets	8,419	8,237

In particular, the most significant changes regarded:

- a net decrease in goodwill (€mil. 35), mainly due to translation differences on the goodwill of assets denominated in British pound sterling;
- amortisation of €mil. 192 (€mil. 119 at 30 September 2008) (Section 10);
- total investments of €mil. 345 (€mil. 351 at 30 September 2008), broken down as follows:

	<i>30 September 2009</i>	<i>30 September 2008</i>
Development costs	156	126
Non-recurring costs	122	172
Concessions, licenses and trademarks	7	8
Other	60	45
Total intangible assets	345	351

Purchase commitments for intangible assets are recorded in the amount of €mil. 19 (€mil. 12 at 31 December 2008).

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

	<i>30 September 2009</i>	<i>31 December 2008</i>
Land and buildings	1,160	1,133
Plant and machinery	657	631
Equipment	619	623
Other	693	712
Total property, plant and equipment	3,129	3,099

In particular, the most significant changes regarded:

- Depreciation for €nil. 264 (€nil. 217 at 30 September 2008);
- Total investments for €nil. 357 (€nil. 369 at 30 September 2008, broken down as follows:

	<i>30 September 2009</i>	<i>30 September 2008</i>
Land and buildings	19	9
Plant and machinery	32	42
Equipment	53	94
Other	253	224
Total property, plant and equipment	357	369

Property, plant and equipment includes €nil. 37 (€nil 40 at 31 December 2008) of assets held under contracts that can be qualified as finance leases. “Other assets” includes €nil. 137 (€nil. 148 at 31 December 2008) for aircraft owned by the GIE ATR group, as well as for aircraft that did not meet the requirements, in terms of the substantial transfer of the risks of ownership, for recognition of the sale, despite the fact that sales contracts have been concluded with external customers and €nil. 7 (€nil 8 at 31 December 2008) for helicopters owned by the AgustaWestland group.

Purchase commitments for property, plant and equipment are recorded in the amount of €mil. 101 (€mil. 143 at 31 December 2008).

16. BUSINESS COMBINATIONS

During the period, DRS Signal Solutions acquired Soneticom Inc., an American company doing business in the military telecommunications sector, in addition to minor transactions, which had the following overall effect on the balance sheet:

	<i>€million</i>
Cash and cash equivalents	2
Financial receivables	2
Trade receivables and other assets	5
Inventory	1
Borrowings	(5)
Payables to suppliers and other liabilities	(2)
Net assets acquired	<u>3</u>
Price paid	12
Transaction costs	-
Total costs of the transactions	<u>12</u>
Goodwill resulting from acquisitions	9
Cash acquired	2

On 22 October 2008, the acquisition of DRS Technologies Inc. was also completed (therefore it was not consolidated during the corresponding period of last year). Its contribution to the Group during the nine months ended 30 September 2009 was as follows:

	<i>€million</i>
Revenues	<u>2,119</u>
Adjusted EBITA	248
Net profit	86
Cash-flow generated by operating activities, net of investments in non-current assets	58

The overall effects of the transactions completed in the first nine months of 2009 and during the corresponding period of 2008 are as follows:

<i>€ million</i>	<i>30 Sept. 2009</i>		<i>30 Sept. 2008</i>	
	Goodwill	Effect of cash	Goodwill	Effect of cash
Acquisition of DRS	-	13	-	-
Other acquisitions	9	10	5	7
Transactions with minority shareholders	-	-	74	75
Total	9	23	79	82

The following transactions were carried out in the nine months ended 30 September 2008:

- acquisition of the Spanish company Aurensis SL, which specialises in technologies for territorial applications and satellite, aerial and Earth observation services and of the Italian company ISAF Srl, which specialises in the geographical information systems sector. These acquisitions generated goodwill totalling €mil. 5, in exchange for a cash outlay of €mil. 7;
- acquisitions of shares of minority shareholders, relating to the purchase of the remaining 71.8% of the Vega Group following the completion of the squeeze-out process, for a total outlay, including transaction costs, of €mil. 63 in 2008, and 18% of Sirio Panel SpA, of which the Group already controlled 75%, for a cash outlay of €mil. 12. These transactions produced goodwill of €mil. 65 and €mil. 8, respectively.

17. FINANCIAL ASSETS AT FAIR VALUE

The item, classified entirely as “assets available for sale”, relates to the indirectly-owned interest in STMicroelectronics (STM), amounting to 3.7% of the share capital.

Below are the changes for the periods being compared:

	<i>2009</i>	<i>2008</i>
<i>1 January</i>	154	589
Purchases for the period	-	-
Sales for the period	-	(260)
Fair value adjustment	64	(175)
<i>Period end</i>	218	154

The increase in the fair value adjustment was offset by a specific equity reserve named “reserve for assets available for sale”. At 30 September 2009 this reserve amounted to €mil. 64 (€mil. 0 at 31 December 2008). The strategy for hedging the STM instrument is designed to limit the negative effects of a partial depreciation of the security. The Group, on the contrary, is exposed in the event the coverage limits are exceeded.

18. OTHER NON-CURRENT ASSETS

	<i>30 Sept. 2009</i>	<i>31 Dec. 2008</i>
Third-party financing	73	60
Security deposits	25	21
Receivables for finance leases	6	6
Deferred receivables Law 808/85	139	135
Net asset defined-benefit retirement plans (Section 23)	-	39
Financial receivables from related parties (Section 30)	12	13
Other	35	28
Non-current receivables	290	302
Investment properties	1	1
Equity investments	336	192
Non-recurring costs awaiting interventions under Law 808/85	426	467
Other non-current assets	4	13
Non-current assets	767	673
Total other non-current assets	1,057	975

Receivables for finance leases relate to transactions qualifying as finance leases made by GIE ATR where the Group is the lessor: in this case, the aircraft being the subject-matter of the lease contract is removed from assets and replaced by a receivable, and the relevant finance income is recognised progressively over the term of the contract at the effective interest rate applicable to the lease contract.

Deferred receivables Law 808/85 includes the receivables from the Ministry of Economic Development relating to the current value of the interventions pursuant to Law 808/85 in national security and similar projects for which collections were deferred. The portion for which collection is expected within 12 months (€nil. 28, compared with €nil. 35 at 31 December 2008) is classified among other current assets (Section 21). Non-recurring costs awaiting interventions under Law 808/85 include the portion of non-recurring costs paid on programmes that benefit from the provisions of

Law 808/85, are classified as being functional to national security, and whose expenses have not been assessed yet by the Issuer. After the legal requirements for the recognition of the receivable from the Ministry are fulfilled, the recognised amount is reclassified as a receivable (current or non-current, based on the expected payment plan). The amount shown is calculated based on an estimate made by management that reflects the reasonable probability that funds are received and the effects of time value in the case of deferment over more than one year of the granting of funds.

Equity investments rose mainly as a result of the subscription of 25% plus one share of the Russian Joint Stock Company Sukhoi Civil Aircraft (€nil. 142).

19. TRADE RECEIVABLES, INCLUDING NET WORK IN PROGRESS

	<i>30 Sept.</i> <i>2009</i>	<i>31 Dec.</i> <i>2008</i>
Receivables	4,158	4,317
Impairment	(185)	(180)
Receivables from related parties (Section 30)	465	518
	<u>4,438</u>	<u>4,655</u>
Work in progress (gross)	9,094	7,825
Advances from customers	(4,732)	(4,151)
Work in progress (net)	<u>4,362</u>	<u>3,674</u>
Total trade receivables and net work in progress	<u>8,800</u>	<u>8,329</u>

Trade receivables from related parties refer specifically to the non-eliminated portion of receivables from joints ventures and the associated companies, lead companies or consortiums of major programmes in which the Group participates. The most important of these relate to the Eurofighter (EFA programme) totalling €nil. 101 (€nil. 92 at 31 December 2008) for contracts for the production of wings and posterior fuselages and for the assembly of aircraft for the Italian Air Force; receivables from the Saturno consortium amounting to €nil. 22 (€nil. 49 at 31 December 2008) for work on high-speed train lines; receivables from the Iveco - Oto Melara consortium amounting to €nil. 46 (€nil. 65 at 31 December 2008) for production and post-sales assistance on

defence and security ground vehicles (production is currently under way on Blindo Puma, Carro PZH2000 and self-propelled vehicles for the Italian Army); receivables from Orizzonte-Sistemi Navali SpA amounting to €nil. 29 (€nil. 36 at 31 December 2008) relating to the FREMM programme.

20. DERIVATIVES

The table below provides a breakdown of the equity items related to derivative instruments:

	<i>30 Sept. 2009</i>		<i>31 Dec. 2008</i>	
	Assets	Liabilities	Assets	Liabilities
Forward forex instruments	149	80	137	195
Foreign-currency options	1	2	-	36
Interest rate swaps	96	5	19	5
Options on STM	11	-	18	-
Embedded derivatives	58	-	69	-
	315	87	243	236

The change in the fair value of the forward forex instruments is mainly the result of the change in the euro/dollar exchange rate during the period compared with the closing exchange rate at 30 September.

The interest rate swaps with a total notional value of €nil. 1,840 were placed into effect to partially hedge bonds issued. The change in the fair value was mainly affected by the increase in notional values converted at a floating rate (from €nil. 1,400 at 31 December 2008 to €nil. 1,840 at 30 September 2009), owing to the current favourable spreads between long-term fixed rates and short-term floating rates, as well as the trend in long-term fixed rates compared with those in effect at the date the aforementioned transactions were carried out (Section 12).

The figure for embedded derivatives relates to commercial contracts denominated in currencies other than the currencies of the contractually involved parties and that

generally used in the markets of reference. This component is separated from the commercial contract and valued at fair value through the income statement.

At 30 September 2009, the Group has 33.7 million STMicroelectronics NV ("STM") securities classified as "assets available for sale", with a fair value of €mil. 218 (Section 17). In order to hedge the exposure to the risk of fluctuation of the market price of the securities, derivatives were put in place to protect the 20 million shares of STM. The hedging transactions are classified as trading activity, with the consequent economic impact resulting from the change in fair value (Section 12).

21. OTHER CURRENT ASSETS

	<u>30 Sept. 2009</u>	<u>31 Dec. 2008</u>
Tax receivables	327	236
Assets available for sale	21	1
Other current assets:	717	659
<i>Accrued income - current portion</i>	99	114
<i>Receivables for contributions</i>	56	71
<i>Receivables from employees and social security</i>	40	37
<i>Indirect tax receivables</i>	254	204
<i>Deferred receivables Law 808/85</i>	28	35
<i>Equity investments</i>	1	1
<i>Other receivables from related parties (Section 30)</i>	59	14
<i>Other assets</i>	180	183
Total other current assets	<u>1,065</u>	<u>896</u>

Tax receivables include, among other things, IRPEG receivables (corporate income tax) (€mil. 106) assigned to third parties, maintained as Group assets, even though they had been sold in previous years, because they do not meet the requirements of IAS 39 on derecognition. Specifically, in April 2009, Finmeccanica signed an agreement with the transferee containing a repurchase obligation in the event the tax receivables are not collected by 31 March 2013. Therefore, a financial payable of the same amount is recognised against these tax receivables (Section 25).

The item deferred receivables Law 808/85 includes the receivables from the Ministry of Economic Development relating to the interventions pursuant to Law 808/85 in national security and similar projects for which collections are expected within 12 months. Portions for which collections are expected beyond 12 months are recognised as accounts receivable and other non-current assets (Section 18).

Other assets include, among other things, receivables from the Ministry of Defence for the settlement of disputes for €mil. 5 (€mil. 34 at 31 December 2008), sundry advances in the amount of €mil. 22 (€mil. 23 at 31 December 2008), receivables for disputes in the amount of €mil. 6 (€mil. 6 at 31 December 2008), and receivables from the Camozzi group in the amount of €mil. 2 (€mil. 3 at 31 December 2008).

22. SHARE CAPITAL

	Number of ordinary shares	Par value €mil.	Treasury shares €mil.	Costs incurred net of tax effect €mil.	Total €mil.
Outstanding shares	578,150,395	2,544	-	(17)	2,527
Treasury shares	(447,209)	-	(8)	-	(8)
<i>31 December 2008</i>	<u>577,703,186</u>	<u>2,544</u>	<u>(8)</u>	<u>(17)</u>	<u>2,519</u>
Repurchase of treasury shares, less shares sold	(1,348,000)	-	(13)	-	(13)
Share capital increase in November 2008	-	-	-	(2)	(2)
<i>30 September 2009</i>	<u>576,355,186</u>	<u>2,544</u>	<u>(21)</u>	<u>(19)</u>	<u>2,504</u>
<i>broken down as follows:</i>					
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(1,795,209)	-	(21)	-	(21)
	<u>576,355,186</u>	<u>2,544</u>	<u>(21)</u>	<u>(19)</u>	<u>2,504</u>

The Group Parent's share capital fully subscribed and paid-up is divided into ordinary shares with a par value of €4.40 each.

At 30 September 2009, the Ministry for the Economy and Finance held about 30.2043% of the shares. Capital Research and Management Co. held more than 2.8042% of the shares and The Income Fund of America Inc. held about 2.0633% of the shares.

The statement of changes of other reserves and minority interests is provided in the accounting statements section.

The following is a breakdown of the tax effects on the gain and loss items recognised in shareholders' equity:

	<i>Group</i>			<i>Minority interests</i>		
	Amount before taxes	Tax effect	Amount net of tax effect	Amount before taxes	Tax effect	Amount net of tax effect
Available-for-sale financial assets	64	-	64	-	-	-
Actuarial gains (losses) on defined-benefit plans	(105)	32	(73)	1	-	1
Changes in cash flow hedges	110	(32)	78	(5)	1	(4)
Exchange gains/losses	(40)	-	(40)	3	-	3
Total	29	-	29	(1)	1	-

23. EMPLOYEE LIABILITIES

	<i>30 September 2009</i>	<i>31 December 2008</i>
Severance obligations	640	701
Defined-benefit retirement plans	307	248
Share of MBDA joint-venture pension obligation	81	50
Other employee funds	25	28
	1,053	1,027

Below is a breakdown of defined-benefit plans and statistical information regarding the excess (deficit) of the plans:

	<i>30</i> <i>September</i> <i>2009</i>	<i>31</i> <i>December</i> <i>2008</i>	<i>31</i> <i>December</i> <i>2007</i>	<i>31</i> <i>December</i> <i>2006</i>	<i>31</i> <i>December</i> <i>2005</i>
Present value of obligations	1,276	1,055	1,038	1,126	1,025
Fair value of plan assets	(969)	(846)	(886)	(796)	(641)
Plan excess (deficit)	<u>(307)</u>	<u>(209)</u>	<u>(152)</u>	<u>(330)</u>	<u>(384)</u>
<i>of which related to:</i>					
- net liabilities	(307)	(248)	(152)	(330)	(384)
- net assets	-	39	-	-	-

The total net deficit mainly relates to plans for which the Group is a sponsor in the United Kingdom (€mil. 161) and, following the acquisition of DRS, in the USA (€mil.61).

The amount recognised in the income statement for defined-benefit plans was calculated as follows:

	<i>30</i> <i>September</i> <i>2009</i>	<i>30</i> <i>September</i> <i>2008</i>
Costs of current services	36	46
Total "personnel costs"	<u>36</u>	<u>46</u>
Interest expense	81	60
Expected return on plan assets	(52)	(44)
Costs recognised as "finance costs"	<u>29</u>	<u>16</u>
	<u>65</u>	<u>62</u>

24. PROVISIONS FOR RISKS AND CHARGES

	<i>30 September 2009</i>		<i>31 December 2008</i>	
	Non-current	Current	Non-current	Current
Guarantees given	31	34	32	23
Restructuring	15	15	14	18
Penalties	69	26	53	26
Product guarantees	106	111	102	117
Other	168	385	143	448
	389	571	344	632

Other provisions for risks and charges came to a total of €mil. 553 (€mil. 591 at 31 December 2008) and specifically include:

- the provision for risks on the business of GIE ATR in the amount of €mil. 68 (unchanged from 31 December 2008);
- the provision for risks and contractual charges in the amount of €mil. 55 (€mil.69 at 31 December 2008) related, in particular, to business in the Defence Electronics and Security, Space, Defence Systems and Other Activities segments;
- the provision for risks on equity investments of €mil. 15 (€mil. 17 at 31 December 2008) includes accruals to cover losses exceeding the carrying amounts of unconsolidated equity investments; the provision fell mostly due to the elimination of Elsag Eastern Europe Srl (in liq.) from the Register of Enterprises (€mil.1);
- the provision for taxes in the amount of €mil. 56 (€mil. 64 at 31 December 2008);
- the provision for disputes with employees and former employees in the amount of €mil. 31 (€mil. 35 at 31 December 2008);

- the provision for pending litigation in the amount of €mil. 83 (€mil. 101 at 31 December 2008);
- the provisions for risk on contract-related costs in the amount of €mil. 68 (€mil.44 at 31 December 2008);
- other provisions in the amount of €mil. 177 (€mil. 193 at 31 December 2008).

With regard to the risk provisions, the Group's operations regard industries and markets where many disputes are settled only after a considerable period of time, especially in cases where the customer is a government entity.

In application of related accounting standards, provisions have been made for any obligations related to probable and quantifiable risks. Likewise, to the best of our knowledge, regarding other disputes against the Group, no specific allocation has been made since the Group reasonably believes that such disputes may be resolved satisfactorily and without any significant impact on the results.

The following is a description of the situations, mentioned here for the purposes of full disclosure, that have undergone change since the preparation of the 2008 consolidated financial statements (to which we suggest you refer for more information):

- with regard to the litigation commenced by Reid in 2001 against Finmeccanica and Alenia Spazio (now So.Ge.Pa. SpA) before the Court of Texas to object to alleged breaches by the former Finmeccanica-Space Division of agreements for the project for implementing the Gorizont satellite programme. The litigation had a favourable outcome, after more than five years, due to the lack of jurisdiction of the relevant Court. On 11 May 2007, Reid served Finmeccanica and Alcatel Alenia Space Italia (now Thales Alenia Space Italia) with a Complaint commencing a new lawsuit before the Court of Chancery of Delaware.

In the new lawsuit, Reid presented the same claims for compensation that were demanded in the prior Texas lawsuit, without specifying an amount for the damage incurred.

On 29 June 2007 Finmeccanica filed a Motion to Dismiss objecting to the time-barring of and the statute of limitations on the action and the lack of jurisdiction of the Court of Delaware. These objections were discussed in the hearing of 29 October 2007. On 27 March 2008 the Court denied the plaintiff's motion, finding the action to be time-barred. This decision was challenged by the opposing party before the Supreme Court of Delaware, which issued a decision on 9 April 2009, granting the motion and remanding the case to the Court of Chancery for a decision on the other objection raised by Finmeccanica concerning the lack of jurisdiction of the Court of Delaware, relating to which the discovery phase has begun and is expected to be completed by December 2009;

- in 1999 the Royal Thai Army sued Finmeccanica before the Court of Bangkok demanding compensation for damages amounting to US\$37,375,564 plus interest of US\$mil. 20, for operation defects in the "Spada Aspide" missile system, which was the subject-matter of a supply contract made in 1986 with the former Selenia Industrie Elettroniche Associate. The supply contract under dispute was transferred in 1998 to the former Alenia Marconi Systems SpA (now Selex Sistemi Integrati SpA), which undertook any risks connected with the dispute. Finmeccanica objected on the grounds of the lack of jurisdiction of the relevant court (due to the arbitration clause of the contract) and the time-barring of the action. On 10 March 2009, the Court granted the objection and found that it lacked jurisdiction. This ruling has not been appealed by the Royal Thai Army. The dispute may be therefore considered concluded;
- the dispute initiated by Telespazio SpA against the Agenzia delle Entrate, Rome District 4 challenging a tax assessment regarding direct income taxation (IIDD) for the year 2000, which contained a demand for a total of about €mil. 30 consisting of additional taxes, penalties and interest. The notice of assessment, served on 27 November 2006, relates to a tax audit completed in 2001 in which the Tax Authority challenged the deductibility of the loss regarding receivables from a foreign company taken by Telespazio SpA within the context of a non-recourse sale carried out following many fruitless attempts to recover these receivables. Specifically, the

Tax Authority, deeming the actions undertaken by the Company to forcibly collect the receivables and therefore the evidence of the foreign debtor's solvency or lack thereof to be insufficient, found that the requirements of certainty and precision under the law were not met to allow the loss to be fully deducted, regardless of the fact that the loss was conclusively realised by Telespazio SpA within the context of the non-recourse sale of the receivables arguing that sale *per se* guarantees certainty only of the legal loss of the receivable but not the financial loss. The court of first instance upheld the company's appeal with ruling filed on 25 September 2008. The ruling was appealed by the Tax Authority. The appellate court has yet to schedule a hearing date;

- in November 1997, in relation to a contract commissioned by Prepa, the Puerto Rican Electric Power Authority the company Abengoa awarded to Ansaldo Energia a sub-supplier contract for expansion work on the San Juan, Puerto Rican power plant. In connection with the contract between Abengoa and Prepa, American International Insurance Company of Puerto Rico ("AIIP"), a member of the AIG Group, issued a performance bond and a payment bond, each in the amount of USD mil. 125, in favour of Prepa which Ansaldo Energia, as a supplier, counter-guaranteed in relation to the sub-supply. In 2000, Abengoa unilaterally terminated its contract without informing Ansaldo Energia and filed suit against the customer in the Court of Puerto Rico seeking compensation for damages it allegedly suffered. Prepa in turn filed an appeal demanding that Abengoa be sentenced to pay the compensation for damages and filed suit against AIIP to obtain the payment of the bonds issued by it as a security of the proper performance of works. Ansaldo Energia is not a party to the suit. In 2001, Ansaldo Energia initiated arbitration proceedings in Paris seeking a finding that Abengoa breached the contract by terminating its agreement with Prepa without notifying Ansaldo Energia in advance. The arbitration award, issued in March 2003, came out in favour of Ansaldo Energia. In order to avoid any enforcement of the aforementioned counter-guarantee, on 13 May 2005, Ansaldo Energia brought an action against Abengoa, AIG and AIIP before the Court of Milan, requesting that the same be found void, or, in the alternative, that the amount of the guarantee be assessed until USD mil.

36 and that it be held harmless by Abengoa. In this suit AIIP asked that Ansaldo Energia be held jointly liable to hold harmless AIG in the event it loses the case. The Court has scheduled a further hearing for 22 December 2009 before issuing its decision. In the opinion of its legal team, even if the court does not accept the company's arguments and if the counter-guarantee is enforceable, the company could, in any case, initiate an action against Abengoa even based on the aforementioned arbitration award;

- in January 2009, Pont Ventoux Scrl initiated an arbitration with the joint venture formed by Ansaldo Energia, as representative (31%), Alstom Power Italia SpA (17%) and Voith Siemens Hydro Power Generation SpA (52%) concerning a contract worth €nil. 15 to supply two electric generators as part of the project to build a hydroelectric plant in Val di Susa (Italy). The plaintiff is seeking payment for alleged damages, both direct and consequential, and harm to its image, totalling about €nil. 90. It asserts that the serious fault renders the clause that limits the liability of the joint venture to the contract amount inapplicable. Ansaldo Energia maintains that it supplied the products required and that it carried out its responsibilities as representative with the greatest diligence. Therefore, it argues that it is not liable for the delays and breaches in performing the contract claimed by Pont Ventoux. On 22 December 2009 the first hearing will take place to discuss the dispute;

- in December 2007, EADS ATR initiated arbitration proceedings with the International Chamber of Commerce of Lausanne to challenge an alleged breach by Alenia Aeronautica in relation with an agreement signed in May 2001 for the transfer to GIE ATR (in which EADS ATR and Alenia own a 50% stake) of ATR 42 and ATR 72 aircraft components made by Alenia Aeronautica and EADS ATR. The plaintiff claims that Alenia Aeronautica had withdrawn itself from the contractual obligation of renegotiating the prices established in that contract, not valid since 2003. The plaintiff asks that the company be ordered to pay US\$ mil. 32, plus interest, as compensation for the damages resulting from that breach. EADS ATR also asks that the Arbitration Panel determine a new price for the sale of the

components made by the parties to GIE ATR based on actual industrial costs. In its appeal, Alenia Aeronautica challenged the plaintiff's claim and filed counterclaims. On 29 September 2008 EADS ATR served Alenia Aeronautica a brief in which it increased the amount of damages sought from US\$mil. 32 to US\$mil. 55. The evidence-gathering phase was completed at the hearing held on 12 May 2009 and the Arbitration Panel is expected to issue the partial arbitration award on the finding of liability.

25. BORROWINGS

	<u>30 Sept. 2009</u>	<u>31 Dec. 2008</u>
Bonds	3,596	3,081
Bank borrowings	1,638	2,058
Finance leases	13	16
Payables for factoring of receivables sold	109	109
Payables to related parties (Section 30)	672	652
Other borrowings	407	444
Total borrowings	6,435	6,360
of which:		
Current	2,644	2,265
Non-current	3,791	4,095

The increase in bonds is mainly due to the new issues in February, April and July of 2009 (EMTN €mil. 250, maturity 2013; EMTN GBPmil. 400, maturity 2019; US\$mil. 800, maturity 2019 and 2039 - see the section "Financial Transactions"), net of the reimbursement of almost all the remaining DRS bond issues (€mil. 850 at 31 December 2008) triggered by the change of control clause.

The decrease in other borrowings (€mil. 37) reflects, among the other things, the payment of €mil. 80 (total initial debt of €mil. 389) made in January by the relevant Group companies to the Ministry for Economic Development as a result of the decisions made concerning the methods for complying with the scheduled repayment plans and the corresponding finance costs related to programmes funded by Law 808/85. The first reimbursement payment of €mil. 297 was made in May 2008.

The decrease in bank borrowings relates to the partial reimbursement of the Senior Term Loan Facility, as described in the section “Financial Transactions”.

Payables to related parties (Section 30), amounting to €mil. 672 (€mil. 652 at 31 December 2008) include the amount of €mil. 573 (€mil. 570 at 31 December 2008) due by Group companies to the joint ventures MBDA and Thales Alenia Space, for the unconsolidated portion, and payables of €mil. 89 (€mil. 62 at 31 December 2008) to Eurofighter, held by Alenia Aeronautica (21%), which, due to the new cash pooling agreement made by the shareholders, distributed the cash surplus available from time to time.

Below is the financial information required under CONSOB communication no. DEM/6064293 of 28 July 2006:

<i>€ million</i>	<u><i>30 Sept. 2009</i></u>	<u><i>31 Dec. 2008</i></u>
Cash and cash equivalents	(511)	(2,297)
Securities held for trading	(21)	(1)
LIQUIDITY	<u>(532)</u>	<u>(2,298)</u>
CURRENT FINANCIAL RECEIVABLES	(683)	(679)
Current bank payables	857	178
Current portion of non-current borrowings	709	980
Other current borrowings	1,078	1,107
CURRENT NET DEBT	<u>2,644</u>	<u>2,265</u>
CURRENT NET FINANCIAL DEBT (CASH)	1,429	(712)
Non-current bank payables	781	1,880
Bonds issued	2,900	2,115
Other non-current payables	110	100
NON-CURRENT NET FINANCIAL DEBT	<u>3,791</u>	<u>4,095</u>
NET FINANCIAL DEBT	<u><u>5,220</u></u>	<u><u>3,383</u></u>

26. TRADE PAYABLES, INCLUDING ADVANCES FROM CUSTOMERS, NET

	<i>30 September 2009</i>	<i>31 December 2008</i>
Trade payables	4,299	4,651
Trade payables to related parties (Section 30)	75	84
	<u>4,374</u>	<u>4,735</u>
Advances from customers (gross)	16,779	16,245
Work in progress	(9,234)	(8,846)
Advances from customers (net)	<u>7,545</u>	<u>7,399</u>
Total trade payables	<u>11,919</u>	<u>12,134</u>

27. OTHER LIABILITIES

	Non-current		Current	
	<i>30 Sept. 2009</i>	<i>31 Dec. 2008</i>	<i>30 Sept. 2009</i>	<i>31 Dec. 2008</i>
Employee obligations	60	56	497	456
Deferred income	50	48	81	118
Social security payables	5	3	260	291
Payable to Min. of Econ. Dev. Law 808/85	254	276	49	23
Payable to Min. of Econ. Dev. for monopoly rights Law 808/85	73	72	36	28
Other liabilities Law 808/85	132	158	-	-
Indirect tax payables	-	-	144	174
Other payables to related parties (Section 30)	-	-	11	34
Other payables	100	118	507	450
	<u>674</u>	<u>731</u>	<u>1,585</u>	<u>1,574</u>

The payables to the Ministry of Economic Development (MED) relate to the payables for royalties accrued pursuant to Law 808/85 for "national security" and similar projects, in addition to payables for disbursement received from the Ministry of Economic Development supporting development of non-national security and similar programmes eligible for the incentives under Law 808/85. The payables are reimbursed on the basis of a scheduled repayment plan, without the payment of finance costs.

Other liabilities Law 808/85 includes the difference between the subsidies received or to be received pursuant to Law 808/85, relating to programmes qualifying as programmes "of European interest", with regard to the share of the subsidised costs classified among non-recurring costs, as well as the differential between the monopoly rights charged for the programmes of national security and the effective payable accrued based on the established reimbursement ratio.

Other payables include:

- the payable to Bell Helicopters of €nil. 75 included among non-current liabilities (€nil. 89 at 31 December 2008), of which €nil. 60 (€nil. 75 at 31 December 2008) is carried as a non-current liability, arising from the "BAAC reorganisation" which involved the acquisition of 100% of the construction and marketing rights for the helicopter AW139, previously owned by Bell Helicopter;
- the payable to EADS NV due from GIE ATR (50/50 consortium owned by Alenia Aeronautica SpA and EADS NV) in the amount of €nil. 55 (€nil. 6 at 31 December 2008);
- the payable for customer deposits in the amount of €nil. 29 (€nil. 33 at 31 December 2008);
- the payable for contractual penalties in the amount of €nil. 15 (€nil. 32 at 31 December 2008);
- the payable for the repurchase of a G222 aircraft in the amount of €nil. 8 (€nil. 9 at 31 December 2008);
- commissions due in the amount of €nil. 24 (€nil. 25 at 31 December 2008);
- royalties due in the amount of €nil. 30 (€nil. 19 at 31 December 2008);
- payables for insurance in the amount of €nil. 19 (€nil. 22 at 31 December 2008).

28. CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities	<i>For the nine months ended 30 September</i>	
	<i>2009</i>	<i>2008</i>
Net result	364	396
Depreciation, amortisation and impairment	473	343
Effect of valuation of equity investments using the equity method	(14)	(14)
Income taxes	220	140
Costs of pension and stock grant plans	61	66
Net finance costs (income)	244	39
Other non-monetary items	97	10
	1,445	980

Costs of pension and stock grant plans include the portion of costs relating to defined-benefit pension plans that is recognised as a personnel cost (the portion of costs relating to interest is carried among net finance costs). They also include the cash outlays relating to the stock grant plan classified among “cost of services”.

The changes in working capital, net of the effects of the acquisition and sale of consolidated companies and exchange gains/losses, are as follows:

	<i>For the nine months ended 30 September</i>	
	<i>2009</i>	<i>2008</i>
Inventories	(649)	(747)
Contract work in progress and advances received	(671)	(228)
Trade receivables and payables	163	(252)
Changes in working capital	(1,483)	(1,227)

29. EARNINGS PER SHARE

Earnings per share (EPS) are calculated as follows:

- for basic EPS, by dividing net profit attributable to holders of ordinary shares by the average number of ordinary shares for the period less treasury shares;
- for diluted EPS, by dividing net profit by the average number of ordinary shares and the average number of ordinary shares potentially deriving from the exercise of all the option rights for stock option plans less treasury shares.

<i>Basic EPS</i>	<u>30 September 2009</u>	<u>30 September 2008</u>
Average number of shares for the period (in thousands) (*)	577,031	446,279
Net result (not including minority interests) (€mil.)	328	365
Result of continuing operations (not including minority interests) (€mil.)	328	365
<i>Basic EPS</i>	<u>0.568</u>	<u>0.818</u>
<i>Basic EPS from continuing operations</i>	<u>0.568</u>	<u>0.818</u>
<i>Diluted EPS</i>	<u>30 September 2009</u>	<u>30 September 2008</u>
Average number of shares for the period (in thousands) (*)	577,690	446,995
Adjusted result (not including minority interests) (€mil.)	328	365
Adjusted result of continuing operations (not including minority interests) (€mil.)	328	365
<i>Diluted EPS</i>	<u>0.567</u>	<u>0.817</u>
<i>Diluted EPS from continuing operations</i>	<u>0.567</u>	<u>0.817</u>

(*) The values at 30 September 2008 have been adjusted due to the issue of new shares in consequence of Finmeccanica capital increase occurred in November 2008.

30. TRANSACTIONS WITH RELATED PARTIES

In general, commercial relations with related parties are carried out at arm's length, as is settlement of the interest-bearing receivables and payables when not governed by specific contractual conditions. The following table summarises the impact on the balance sheet and income statement. The impact of transactions with related parties on cash flows is reported directly in the statement of cash flows.

(millions of euros)

RECEIVABLES AT 30 September 2009

	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Other current receivables	Total
<u>Subsidiaries</u>						
Sel Proc Scrl				7		7
Other companies with unit amount lower than €mil. 5			14	7	1	22
<u>Associates</u>						
Eurofighter Jagdflugzeug GmbH				101		101
Iveco - Oto Melara Scrl				46		46
Orizzonte - Sistemi Navali SpA				29		29
NH Industries Sarl				28		28
Abruzzo Engineering Scpa				13		13
Metro 5 SpA				10		10
Macchi Hurel Dubois SAS				6		6
Other companies with unit amount lower than €mil. 5	1		1	26		28
<u>Joint ventures (*)</u>						
MBDA SAS				74		74
Thales Alenia Space SAS	5		5	28		38
Telespazio SpA			16	1		17
GIE ATR			15	6	55	76
Aviation Training International Ltd	6		1			7
Other companies with unit amount lower than €mil. 5				6	1	7
<u>Consortiums (**)</u>						
Saturno				22	1	23
Trevi - Treno Veloce Italiano				13		13
Ferroviano Vesuviano				12		12
C.I.S. DEG				8		8
Other consortiums with unit amount lower than €mil. 5			5	22	1	28
Total	12	-	57	465	59	593
% incidence on the total for the period	13.2	-	8.3	10.5	8.2	

(millions of euros)
PAYABLES AT 30 September 2009

	Non-current borrowings	Other non-current payables	Current borrowings	Trade payables	Other current payables	Total	Guarantees
<u>Subsidiaries</u>							
Other companies with unit amount lower than €nil. 5			1	14		15	
<u>Associates</u>							
Eurofighter Jagdflugzeug GmbH			89	3		92	
Consorzio Start SpA				16		16	
Eurosystnav SAS			7			7	
Iveco - Oto Melara Scarl					6	6	
Orizzonte-Sistemi Navali SpA							12
Other companies with unit amount lower than €nil. 5			2	12	2	16	
<u>Joint ventures (*)</u>							
MBDA SAS			524	9	1	534	116
Thales Alenia Space SAS			49	11		60	3
Telespazio SpA							162
Other companies with unit amount lower than €nil. 5				4	2	6	
<u>Consortiums (**)</u>							
Other consortiums with unit amount lower than €nil. 5				6		6	
Total	-	-	672	75	11	758	293
% incidence on the total for the period	-	-	25.4	1.7	0.7		

(*) Amounts refer to the portion not eliminated for proportionate consolidation

(**) Consortiums over which the Group exercises considerable influence or which are subject to joint control

(millions of euros)
RECEIVABLES AT 31 DECEMBER 2008

	Non-current financial receivables	Other non-current receivables	Current financial receivables	Trade receivables	Other current receivables	Total
<u>Subsidiaries</u>						
Other companies with unit amount lower than €mil. 5			13	8	1	22
<u>Associates</u>						
Eurofighter Jagdflugzeug GmbH				92		92
Iveco - Oto Melara Scarl				65		65
Orizzonte - Sistemi Navali SpA				36		36
NH Industries Sarl				23		23
Macchi Hurel Dubois SAS				12		12
Metro 5 SpA				19		19
Abruzzo Engineering Scpa				9		9
Other companies with unit amount lower than €mil. 5	2		1	28	1	32
<u>Joint ventures (*)</u>						
MBDA SAS				77		77
Thales Alenia Space SAS			6	29		35
GIE ATR				15	6	21
Aviation Training International Ltd	6					6
Other companies with unit amount lower than €mil. 5	5		1	5	5	16
<u>Consortiums (**)</u>						
Saturno				49		49
Trevi - Treno Veloce Italiano				15		15
C.I.S. DEG				9		9
Elmac				6		6
Other consortiums with unit amount lower than €mil. 5			5	21	1	27
Total	13	-	26	518	14	571
% incidence on the total for the year	16.5	-	3.8	11.1	2.1	

(millions of euros)
PAYABLES AT 31 DECEMBER 2008

	Non-current borrowings	Other non-current payables	Current borrowings	Trade payables	Other current payables	Total	Guarantees
<u>Subsidiaries</u>							
Other companies with unit amount lower than €mil. 5			1	16	1	18	
<u>Associates</u>							
Eurofighter Jagdflugzeug Gmbh			62	7		69	
Iveco - Oto Melara Scarl					25	25	
Eurosysnav SAS			9			9	
Consorzio Start SpA				19		19	
Orizzonte - Sistemi Navali SpA							12
Other companies with unit amount lower than €mil. 5			2	15	4	21	
<u>Joint ventures (*)</u>							
MBDA SAS			544	10		554	161
Thales Alenia Space SAS			19	8		27	3
Superject International SpA			8			8	
Telespazio SpA			7			7	364
Other companies with unit amount lower than €mil. 5				1	4	5	
<u>Consortiums (**)</u>							
C.I.S.DEG							1
Other consortiums with unit amount lower than €mil. 5				8		8	
Total	-	-	652	84	34	770	541
% incidence on the total for the year	-	-	28.8	1.8	2.2		

(*) Amounts refer to the portion not eliminated for proportionate consolidation

(**) Consortiums over which the Group exercises considerable influence or which are subject to joint control

(millions of euros) 30 September 2009

	Revenue	Other operating income	Costs	Other operating costs	Finance income	Finance costs
<u>Subsidiaries</u>						
Alifana Due Scrl	8		8			
Finmeccanica UK Ltd			6			
Sel Proc Scrl	6					
Other companies with unit amount lower than €mil. 5	1		8			
<u>Associates</u>						
Eurofighter Jagdflugzeug GmbH	468					
Iveco - Oto Melara Scrl	88		1			1
Orizzonte - Sistemi Navali SpA	39					
NH Industries Sarl	38					
International Metro Service Srl			27			
Metro 5 S.p.A.	21		1			
Macchi Hurel Dubois SAS	16					
Eurofighter Simulation System GmbH	14					
Eurosysnav SAS	11					
Consorzio Start SpA	1		16			
Euromids SAS	9					
Other companies with unit amount lower than €mil. 5	14		13	1	5	1
<u>J. V./(*)</u>						
GIE ATR	77		5			
MBDA SAS	61					5
Thales Alenia Space SAS	23		3			
Other companies with unit amount lower than €mil. 5	5	1	2		1	
<u>Consortiums (**)</u>						
Saturno	59		2			
Ferroviano Vesuviano	5					
Other consortiums with unit amount lower than €mil. 5	10		3			
Total	974	1	95	1	6	7
% incidence on the total for the period	7.7	0.3	1.2	0.3	0.8	0.7

(*) Amounts refer to the portion not eliminated for proportionate consolidation

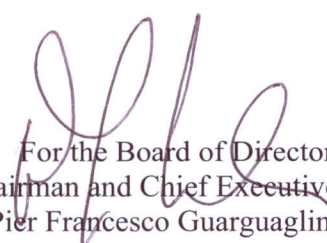
(**) Consortiums over which the Group exercises considerable influence or which are subject to joint control

(millions of euros) 30 September 2008

	Revenue	Other operating income	Costs	Other operating costs	Finance income	Finance costs
<u>Subsidiaries</u>						
Alifana Due Scrl	3		6			
Finmeccanica UK Ltd			6			
Other companies with unit amount lower than €mil. 5	1		4			
<u>Associates</u>						
Eurofighter Jagdflugzeug GmbH	389					
Iveco - Oto Melara Scrl	87		1			3
NH Industries Sarl	57					
Orizzonte - Sistemi Navali SpA	41		1			
Macchi Hurel Dubois SAS	27					
Euromids SAS	15					
Abruzzo Engineering Scpa	15					
Eurofighter Simulation Systems GmbH	16					
Eurosysnav SAS	12					
Consorzio Start SpA	1		10			
Pegaso Scrl			9			
Automation Integrated Solution SpA			7			
Metro 5 SpA	5		1			
Other companies with unit amount lower than €mil. 5	8	1	3	1		
<u>J. V./(*)</u>						
GIE ATR	86		8			
MBDA SAS	51					16
Thales Alenia Space SAS	26		3			1
Other companies with unit amount lower than €mil. 5	3				1	
<u>Consortiums (**)</u>						
Saturno	76		4			
C.I.S. DEG	5		2			
Other consortiums with unit amount lower than €mil. 5	11					
Total	935	1	65	1	1	20
% incidence on the total for the period	9.7	0.3	0.7	0.3	0.2	3.5

(*) Amounts refer to the portion not eliminated for proportionate consolidation

(**) Consortiums over which the Group exercises considerable influence or which are subject to joint control


 For the Board of Directors
 the Chairman and Chief Executive Officer
 (Pier Francesco Guarguaglini)

Declaration of the officer responsible for the interim financial report at 30 September 2009 pursuant to art. 154-bis, paragraph 2 of Legislative Decree 58/98, as amended

I, Alessandro Pansa, as joint General Manager for Finmeccanica S.p.A. and the officer in charge of preparing the company's accounting documents, hereby declare, in accordance with the provisions of Article 154-*bis*, paragraph 2, of Legislative Decree 58/98, that the interim financial report for the period ended 30 September 2009 corresponds to the related accounting records, books and supporting documentation.

Rome, 5 November 2009

Manager in charge of the preparation
of company accounting documents
Alessandro Pansa

