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PRESS RELEASE
Board of directors approves third-quarter results. EBIT grew 16% in the first nine months, from EUR 406 million to EUR 472 million
Net profit rose from EUR 180 million to EUR 612 million, including the capital gain from the Ansaldo STS flotation
Value of production up 18% from EUR 7,554 million to EUR 8,907 million

- Finmeccanica again posted solid results. Value of production for the first nine months of 2006 rose 18% (organic growth: +9%), while EBIT was up 16% (organic growth: +12%).
- Helicopters (+15%), energy (+22%), aeronautics (+8.5%) all performed well .
- Net profit rose to EUR 612 million, from EUR 180 million in 9M05. Stripping out the capital gain on the Ansaldo STS flotation, net profit was EUR 207 million, an increase of EUR 27 million (+15%) on the previous year.
- Net debt at the end of 3Q was EUR 2,184 million. The figure reflects the seasonal nature of the business, whereby receipts are concentrated in the second half of the year, as well as the amount spent on the Datamat takeover, ordinary dividends and the extraordinary dividend paid following the Ansaldo STS flotation.
- The order backlog was worth EUR 34,084 million, equivalent to three years' production.
- Finmeccanica continued to increase R&D investment, which totalled EUR 1,199 million in the first nine months of the year, up 9% compared to the same period in 2005 (EUR 1,103 million).
- The group recorded positive 3Q results, with volume of production (+14%) and operating profit (+7%) both up.

Key 9M06 figures

(EUR million)

	9M06	9M05	Chg	% chg
Value of production	8,907	7,554	1,353	18%
EBIT	472	406	66	16%
EBIT margin	5.3%	5.4%		
Net profit	612	180	432	
New orders	10,231	10,606	-375	-4%
Order backlog	34,084	32,114 *	1,970	
Net debt	2,184	1,100**	-61	
ROI	13.1%	12.7%		
EVA	-15	-7		
Research and development	1,199	1,103	96	9%
Headcount	57,705	56,603 *	1,102	

* Result at 31/12/2005

** Debt result at 31/12/2005 was Eur 1,100 million

Pier Francesco Guarguaglini, Chairman and CEO, commented: "The performance in the first nine months of 2006 confirms that Finmeccanica's strategy is sound and that our business is successful, in terms of both sales and financial results. The improvement can be seen both in absolute and organic growth. These results, together with the balance sheet flexibility achieved, and even increased following the Ansaldo STS transaction, will fuel our growth plans, based on products of technological excellence, which will help the company penetrate different markets, also by further strengthening the group's systems competencies".

Finmeccanica is Italy's leading high-tech company, operating in the design and manufacture of civil and military aircraft, aerostructures, helicopters, satellites, space infrastructure, missiles and defence electronics. It plays a leading role in the European aerospace and defence industry, and participates in some of the biggest international programmes in the sector through well-established alliances with European and American partners. Finmeccanica also boasts significant manufacturing assets and skills in the transport and energy sectors. The group is listed on the Milan stock exchange, and operates in Italy and abroad through subsidiaries and joint ventures. It employs over 57,000 staff in total. As part of its drive to maintain and build on its technological expertise, Finmeccanica spends the equivalent of 15% of its revenues on research and development.

CONSOLIDATED PROFIT AND LOSS ACCOUNT					
EUR million	9M06	9M05	3Q06	3Q05	1H06
Revenues	8,524	7,298	2,818	2,572	5,706
Value of production	8,907	7,554	2,942	2,591	5,965
Purchasing and staff costs	(8,218)	(6,902)	(2,708)	(2,320)	(5,508)
Depreciation and amortisation	(279)	(246)	(97)	(90)	(182)
Write-downs	(9)	(11)	(3)	(1)	(5)
Restructuring costs	(15)	(17)	-	(7)	(15)
Other net operating revenues (costs)	86	28	33	(17)	50
EBIT	472	406	167	156	305
<i>EBIT margin</i>	5.3%	5.4%	5.7%	6.0%	5.1%
Net financial income (expenses)	315	(89)	(61)	(25)	375
Income taxes	(174)	(137)	(69)	(55)	(105)
Net profit before discontinued operations	613	180	37	76	575
Profit of discontinued operations	(1)	-	-	-	-
Net profit	612	180	37	76	575
<i>minority interests</i>	18	8	7	3	11
Attributable net profit	594	172	30	73	564

BREAKDOWN OF KEY FIGURES

Value of production at 30 September 2006 was EUR 8,907 million, up from EUR 7,554 million in 9M05, an increase of EUR 1,353 million (+18%). About 8.7% was due to organic growth, while the remainder was due to the changed basis of consolidation. The result came primarily from organic growth in: helicopters (+15%), with the start of work on the contract for the VH71 presidential helicopter; energy (+22%), following recent orders relating to plant and the continuing increase in service activities; and transport (+12%), as a result of greater activity in signalling.

EBIT came in at EUR 472 million versus EUR 406 million in 9M05, an increase of EUR 66 million (+16%). Organic growth accounted for 12% with the remainder due to the changed basis of consolidation. Good organic growth in EBIT from helicopters, aeronautics, energy and transport all contributed to the improvement. The **EBIT margin** came in at 5.3%, broadly in line with the figure for the same period in 2005.

Net profit rose to EUR 612 million, from EUR 180 million in 9M05. Stripping out the capital gain on the sale of 60% of Ansaldo STS (around EUR 405 million), net profit was EUR 207 million - an increase of EUR 27 million (+15%) on the same period last year.

CONSOLIDATED BALANCE SHEET

	EUR million	30/09/2006	31/12/2005	30/09/2005	30/06/2006
Non-current assets		8,296	7,671	7,624	8,082
Non-current liabilities		(2,103)	(2,018)	(2,030)	(2,100)
		6,193	5,653	5,594	5,982
Inventory		6,127	5,511	5,281	5,910
Contract work in progress		2,893	2,538	2,909	2,756
Trade receivables		3,911	3,600	3,623	3,711
Trade payables		(3,202)	(3,431)	(2,930)	(3,226)
Advances from clients		(4,662)	(4,389)	(3,957)	(4,581)
Short-term provisions for risks and liabilities		(476)	(523)	(588)	(496)
Other current net assets (liabilities)		(3,697)	(3,289)	(3,059)	(3,825)
Net working capital		894	17	1,279	249
Net invested capital		7,087	5,670	6,873	6,231
Group shareholders' equity		4,874	4,444	4,195	4,748
Minority interests		75	154	443	67
Shareholders' equity		4,949	4,598	4,638	4,815
Net debt		2,184	1,100	2,245	1,462
Net liabilities (assets) held for sale		(46)	(28)	(10)	(46)

FINANCIAL SITUATION					
	EUR million	30/09/2006	30/06/2006	31/12/2005	30/09/2005
Short-term debt		536	145	190	504
Medium- to long-term bank debt		1,880	1,851	1,879	1,954
Cash on hand or equivalent		(422)	(680)	(1,061)	(438)
BANK AND BOND DEBT		1,994	1,316	1,008	2,020
Government bonds		(20)	(20)	(20)	(20)
Loans to group companies		(35)	(21)	(17)	(38)
Other financial receivables		(303)	(393)	(443)	(337)
FINANCIAL RECEIVABLES AND BONDS		(358)	(434)	(480)	(395)
Loans from group companies		334	394	379	304
Other short-term debt		109	80	97	221
Other medium- to long-term bank debt		105	106	96	95
OTHER FINANCIAL PAYABLES		548	580	572	620
NET DEBT		2,184	1,462	1,100	2,245
Net debt attributable to discontinued operations		9	10	5	-

CASH FLOW		
EUR million	9M06	9M05
Cash and cash equivalents at 1 January	1,061	2,055
Gross cash flow from operating activities	811	710
Changes in working capital	(1,221)	(887)
Changes in other operating assets and liabilities	(330)	(328)
Cash flow generated (used) by operating activities	(740)	(505)
Investment in tangible and intangible assets after disposals	(370)	(210)
Other financial investments	(39)	65
Free operating cash flow	(1,149)	(650)
Strategic investments	280	(637)
Changes in other financial assets	123	-
Cash flow generated (used) by investment activities	(6)	(782)
Dividends paid	(214)	(111)
Cash flow from financing activities	323	(227)
Cash flow generated (used) by financing activities	109	(338)
Translation difference	(2)	8
Cash and cash equivalents at 30 September	422	438

Net debt stood at EUR 2,184 million, up from EUR 1,100 million at 31 December 2005. The figure follows the typical cash flows trend, whereby payments are concentrated in the first nine months of the year, and receipts in the last quarter. Net debt for the period was broadly in line with the figure at 30 September 2005 (EUR 2,245 million). This level remains below the maximum acceptable limit indicated by the ratings agencies and below the targets set by the group as part of its conservative financial policy. The debt figure reflects: the free operating cash flow (FOCF) trend, which saw a cash burn of around EUR 1,149 million due to greater investment in the main development programmes and lower receipts, particularly from the public sector; the amount spent on the acquisition of a further 33% in Datamat (EUR 89 million), as part of the takeover of the company launched in 2005; the payout relating to ordinary dividends (EUR 131 million) and the extraordinary dividend paid following the Ansaldo STS flotation (EUR 80 million); the balancing payment of EUR 47 million made to French company Alcatel Participations SA as part of the Space Alliance formed in 2005; the EUR 20 million spent by Ansaldo Energia on shareholdings; a net outlay of EUR 23 million for the acquisition of LFK GmbH; the receipt of EUR 458 million relating to the placement of 60% of Ansaldo STS and the subsequent exercise of the greenshoe option.

Orders acquired in the period totalled EUR 10,231 million, down 4% on the EUR 10,606 million recorded in the same period of 2005. Some 53% of these orders relate to the defence market. The main orders concerned were: in helicopters, the first tranche of the 70 Future Lynx for the UK armed forces and the first tranche of the IMOS and MSCP contracts; in defence electronics, the command, control and communication systems for FREMM frigates and the second tranche of avionics systems for the Eurofighter; in aeronautics, the order for 54 aircraft received by the GIE-ATR consortium; in energy, the order for the Rizziconi combined cycle plant and strong growth in services orders. The fall compared to last year was due to the fact that in the first nine months of 2005 the group received a EUR 1,200 million order for the DASS System (Defensive Aids Sub System) for all Eurofighters in the second tranche, and, in the civil segment, the first order from Boeing for the B787 (EUR 850 million), while for 2006 the B787 orders are expected at the end of the year.

The **order backlog** was worth EUR 34,084 million versus EUR 32,114 million at 31 December 2005—an increase of EUR 1,970 million (+6%). This is equivalent to around three years of production.

Investment in **research and development** totalled EUR 1,199 million, versus EUR 1,103 million in the same period of 2005, an increase of EUR 96 million (+9%). Total investment accounted for around 13% of value of production. The main programmes related to: development of the Eurofighter programme, fine-tuning of the prototypes of the UAV Falco system, command and control systems, radar systems and the completion of the TETRA network (defence electronics); development of the civil B787 and A380, and the C27J, Eurofighter and M346 military programmes (aeronautics); development of the Meteor missile and the Black Shark torpedo (defence systems); continuing work on technological autonomy in the field of steam and gas turbines (energy).

Headcount was 57,705, a rise of 1,102 (+1.9%) compared to the figure at 31 December 2005 (56,603). The increase is due to the consolidation of LFK GmbH within defence systems, the acquisition of Datamat, finalised in January 2006, the change in the basis of consolidation in energy following the purchases of Thomassen Turbine System and Energy Service Group, as well as to staff hiring.

KEY FIGURES FOR THE THIRD QUARTER OF 2006

In the third quarter of the year, Finmeccanica's value of production rose 14% to EUR 2,942 million, from EUR 2,591 million in 3Q05, while EBIT advanced by 7% from EUR 156 million to EUR 167 million.

Thanks to this positive performance, the group was able to achieve a strong EBIT margin for 3Q06 of 5.7%, which while lower than the margin of 5.9% achieved in 3Q05, was an improvement on the result for 1H06 (5.1%).

The results were particularly strong in energy (EBIT up from EUR 7 million to EUR 20 million) and aeronautics (EBIT up from EUR 51 million to 54 million).

Financial expenses rose by EUR 36 million in 3Q06, owing to the operational requirements (EUR 11 million) of group companies, which were also affected by the gradual rise in interest rates, as well as to exchange rate differences and other net financial expenses (EUR 25 million). Taxes for the period totalled EUR 69 million, an increase of EUR 14 million compared to 3Q05, partly due to the changed basis of consolidation.

NINE-MONTH HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE 30 SEPTEMBER 2006

In January 2006, Finmeccanica completed the public purchase offer for the remaining shares in Datamat. This followed the initial acquisition of a 52.7% stake in 2005, and increased Finmeccanica's stake in Datamat to around 89%. On 1 March 2006 Finmeccanica's board of directors voted to delist Datamat by buying up the rest of the shares once the necessary threshold had been reached (over 90%) in accordance with the law. On 12 June 2006 the group acquired a further 0.959% in Datamat, thereby gaining the 90% of the share capital necessary to launch a bid for the remaining shares. At the same time Finmeccanica began the process of integrating Eltag and Datamat.

Also in January 2006, MBDA completed the acquisition of LFK GmbH, a key German producer of missile systems.

On 19 January 2006 AerMacchi (now Alenia AerMacchi) and Hellenic Aerospace Industry (HAI) signed a memorandum of understanding setting out the terms of a joint development programme for the M346 trainer aircraft.

On 19 January 2006 Galileo Industries (which includes Finmeccanica, EADS Astrium, Thales SA and Galileos Sistemas y Servicios) and the European Space Agency (ESA) signed a contract in Berlin worth around EUR 1 billion for the development and construction of the first four satellites of the Galileo European satellite navigation programme, as well as the related ground infrastructure. Italy has also been chosen as the location for one of the two Constellation and Mission Control Stations and the Performance Assessment Centre.

On 28 February 2006 AgustaWestland signed an agreement with UK company Sloane Helicopters Ltd to distribute helicopters for civil use destined for the UK and Irish markets.

24 March 2006 saw the completion of the sale of 52.17% of Ansaldo STS, comprised of a group of companies that includes Ansaldo Trasporti Sistemi Ferroviari and Ansaldo Signal. Following the exercise of a greenshoe option by the banks, the size of the stake sold rose to 60%. The new Ansaldo STS will benefit from the

complementary competencies of these two companies by combining the sales network and international dimension of Ansaldo Signal with Ansaldo Trasporti Sistemi Ferroviari's expertise in project and systems management.

On 27 April 2006 Alenia Aeronautica and L-3 Communications signed a memorandum of understanding with Boeing Integrated Defense Systems, under which the latter will join the Global Military Aircraft Systems (GMAS) joint venture. GMAS was set up to work on the C-27J aircraft as part of the Joint Cargo Aircraft (JCA) programme for the US air force and army.

On 20 June 2006 Finmeccanica and Sukhoi Aviation Holding signed a preliminary partnership agreement on the Russian Regional Jet (RRJ) programme for the design, development, production, marketing and technical support of a family of new generation regional jets. Under the terms of the negotiations currently underway, Alenia Aeronautica will acquire 25% plus one share in SCAC (a transaction subject to the approval of the Russian government) and will contribute a 25% share to the development of the RRJ programme.

On 22 June 2006 the UK Ministry of Defence signed an agreement worth GBP 1 billion (EUR 1.4 billion) with AgustaWestland for the supply of 70 Future Lynx helicopters to the British armed forces. The first contract, for the development phase, is worth GBP 380 million (EUR 550 million).

In July 2006, Ansaldo Energia acquired full control of Swiss company Energy Service Group (ESG), which provides on-site plant maintenance and repair services. Then, in September 2006, it signed an agreement with US company Calpine European Finance to buy 100% of shares in Thomassen Turbine Systems, a Dutch company specialising in the gas and turbines service sector. These two transactions will strengthen Ansaldo Energia's competitiveness, both in achieving technological autonomy in gas turbines and in its service activities for power generation plants. The company may also expand its service operations from Siemens to GE technology, in place in most of the turbines installed worldwide.

On 6 August 2006 Finmeccanica signed agreements to reduce its stake in the Avio group, which brought in a considerable amount of cash and a capital gain to be recorded in the second-half accounts. On 25 September 2006 Finmeccanica confirmed that it is to sell 15% of Avio to investment fund Cinven. The transaction is expected to be completed in the next few weeks.

In September 2006, Telespazio, Telecom Italia, Hughes and Intelsat announced the creation of a new satellite platform called Marco Polo, which will provide value-added broadband services to businesses and institutions in eastern Europe and North Africa. Telespazio will operate the platform from the Fucino Space Centre.

In October 2006, Finmeccanica signed a memorandum of understanding with Russian railways to co-operate in the production, sale and technical assistance of rolling stock and rail infrastructure. This agreement represents the group's widest ever co-operation with Russian companies, and lays the foundations for a series of industrial partnerships.

FINANCIAL OPERATIONS

In the first nine months of 2006 Finmeccanica carried out no transactions on the capital markets. As a result, there was no substantial change in bond debt, which stood at around EUR 1,755 million (under IAS/IFRS). The average term of the debt is 9.2 years.

OUTLOOK

Results for the first nine months of 2006 improved on the same period of 2005, and were in line with forecasts. There is therefore no reason to change the forecasts given at the time of the 2005 annual results.

In 2006 the group expects to generate revenues of between EUR 12.7 billion and EUR 13 billion, and EBIT of EUR 840-860 million. This year will see the first full-year consolidation of acquisitions made in 2005, notably the defence electronics operations acquired from BAE Systems and consolidated from 01/05/2005, and Datamat, which was consolidated fully from 05/10/2005, when Finmeccanica acquired 52.7% of the company.

In 2007, the group expects to generate revenues of between EUR 13.6 billion and EUR 14 billion, and an EBIT of between EUR 960 million and EUR 1 billion.

Finmeccanica also expects to generate average free operating cash flow of around EUR 300 million per year in 2006, 2007 and 2008.

These forecasts are based on the size of the order backlog, which covers 85% of production in 2006, and on the higher contribution (in terms of value of production and profitability) expected from the defence electronics and aeronautics businesses. An improved performance is also expected from the energy business, while the vehicles business is expected to show a significant recovery. Integrating the new acquisitions—particularly those in the avionics and space sectors—will entail costs essential to the release of the expected synergies.

RESULTS BY SECTOR OF ACTIVITY
(9M06 – figures in EUR million)

Helicopters

Companies: AgustaWestland

Value of production: EUR 1,974 million (+15%); EBIT: EUR 183 million (+5%)

Value of production was EUR 1,974 million (+15%) in the first nine months of 2006, compared to EUR 1,721 million for 9M05. The improvement was due mainly to the launch of manufacturing activities on the VH 71 for the US President, a step-up in production activity on the AW139 and an increase in support activities. The main events in the first nine months of 2006 were: continuing activity on the second tranche of the EH101 for the Italian navy, the delivery of seven EH101 helicopters to the Danish government and one to the Japanese navy, the last of the deliveries of the Super Lynx 300 to Oman, the A109 (of which 20 Power models and 13 Grand models were delivered during the period) and the upgrade of the A129 Mangusta for the Italian army.

EBIT came in at EUR 183 million, a rise of 5% on the EUR 174 million recorded in 9M05. The increase was due partly to higher volumes and partly to the impact of the further integration of the Italian and UK operations. **ROI** stood at 13.3%, up from 11.1% in 9M05, and in line with the figure at 31 December 2005 (+13.4%). The **EBIT margin** narrowed slightly, from 10.1% to 9.3%.

New orders were EUR 3,328 million, up sharply (+15%) versus the EUR 2,892 million registered in the same period of last year.

The **order backlog** was EUR 8,638 million, up 17% from EUR 7,397 million at 31 December 2005. At 30 September 2006, helicopters represented 68% of the order backlog, support activities 28% and engineering 4%.

The **headcount** stood at 8,806, up 3% versus the figure of 8,531 employees at 31 December 2005.

Defence electronics

Companies: **SELEX Sensors and Airborne Systems, SELEX Communications, SELEX Sistemi Integrati, SELEX Service Management, Elsag, Datamat.**

The basis of consolidation in the defence electronics business has changed significantly following the agreement signed with BAE Systems (BAE) and the acquisition of Datamat SpA in 2005.

Value of production: EUR 2,565 million (+33%); EBIT: EUR 125 million (+10%)

Value of production for the first nine months of 2006 was EUR 2,565 million, a rise of +33% on the EUR 1,922 million recorded in 9M05. The increase was chiefly due to the acquisition of avionics activities in the UK and the Datamat acquisition.

EBIT rose to EUR 125 million, up 10% from the EUR 114 million recorded in 9M05. This increase was due to the contribution of the UK avionics operations and Datamat, and to an upturn in command and control systems activity. It also takes into account the initial benefits from the strategic repositioning of Elsag. The result also reflects the ongoing delays in acquiring communications orders from Italy's police forces. The **EBIT margin** narrowed from 5.9% in 9M05 to 4.9%, due essentially to the consolidation of the UK avionics operations, whose margins are lower than the sector average, and to difficulties relating to the order for the police forces mentioned above. This area will see an improvement over the next few years, through significant synergies resulting from the integration and rationalisation of the avionics business. **ROI** remained unchanged on 9M05 at 5.6%.

New orders totalled EUR 2,195 million as a result of further orders finalised in the third quarter on the Eurofighter programme, combined with those recorded in the first half of the year involving the InfraRed Search and Track (IRST) avionics system for the second tranche of the Eurofighter, command and control and communication systems for the FREMM frigates, and work on communication systems and networks in the UK, notably for the Falcon programme for the UK Ministry of Defence. The decline in new orders, compared with the first half of 2005 (EUR 3,367 million) was due to the acquisition in September 2005 by

SELEX Sensors & Airborne Systems Ltd of an order to manufacture the DASS system for the entire second tranche of the Eurofighter Typhoon.

The **order backlog** totalled EUR 6,745 million, broadly in line with the figure (EUR 6,946 million) posted at 31 December 2005 (-3%).

The **headcount** stood at 19,489, which was 297 lower than the figure at 31 December 2005. This was due essentially to the disposal of some operations by Eltag and Datamat.

Aeronautics

Companies: **Alenia Aeronautica, Alenia Aeronavali, Alenia Aermacchi, GIE ATR, Alenia SIA.**

Value of production: EUR 1,535 million (+8%); EBIT: EUR 115 million (+16%)

Value of production was EUR 1,535 million, up from EUR 1,415 million in 9M05 (an increase of EUR 120 million, or +8%). The rise was partly attributable to activities in the civil sector, including an increase in sales and production of the ATR and A380. Production by Alenia Aermacchi and Alenia Aeronavali in the military sector fell slightly. The first was hit by the postponement of overseas orders, while the second suffered from reduced activity on the Italian air force's aircraft due to the revision of the B707 Tanker and inspections of the Bréguet Atlantic.

EBIT rose 16% to EUR 115 million compared to the EUR 99 million recorded in 1H05. The **EBIT margin** was 7.5%, compared with 7.0% in 9M05.

New orders totalled EUR 1,427 million, down from EUR 2,116 million in 9M05 (a decline of EUR 689 million or -33%), as a result of the lower contribution from the civil sector which benefited in the third quarter of last year from a large order for the B787 (EUR 850 million). In 2006, orders for the B787 are expected during the fourth quarter of the year. Other new orders included contracts signed for the ATR (54 aircraft), the C-27J (five plus an option for three for Bulgaria), the Eurofighter, the JSF and the Tornado.

The **order backlog** totalled EUR 6,965 million, versus EUR 6,865 million at end-2005, a rise of EUR 100 million (+11%).

The **headcount** was 11,826, an increase of 628 versus the figure at 31 December 2005 (11,198).

Space

Companies: **Alcatel Alenia Space, Telespazio (*)**

Value of production: EUR 518 million (-5%); EBIT: EUR 22 million (-8%)

The 9M05 figures include the first six months of activity of fully-consolidated companies Alenia Spazio and Telespazio, and the following three months of activity relating to the two new joint ventures, Alcatel Alenia Space and Telespazio Holding, consolidated using the proportional method at 33% and 67% respectively. The 9M06 figures refer to the two new joint ventures, consolidated using the proportional method. Figures for the period under review are therefore not comparable with those of the same period of last year.

Value of production was EUR 518 million, a slight dip on the EUR 547 million recorded in 9M05 (-5%), owing to a reduction in manufacturing activities.

EBIT totalled EUR 22 million, down slightly from the EUR 24 million registered in 9M05, owing essentially to an increased proportion of labour costs, excluding the production synergies created by the new joint ventures. As a result of the above, the **EBIT margin** narrowed from 4.4% to 4.2% in 9M06. **ROI** fell from 9.0% to 7.5%.

New orders were EUR 515 million versus EUR 330 million in 9M05, a rise of EUR 185 million, thanks to an increase in orders in the commercial satellites segment.

The **order backlog** was EUR 1,191 million, up from EUR 1,154 million in 9M05, an increase of EUR 37 million (+3%). Manufacturing accounted for 63% and satellite services for 37% of the order backlog.

The **headcount** was 3,199, compared to 3,194 at 30 September 2005.

Defence systems

Companies: **OTO Melara, WASS, MBDA**

9M06 results include the contribution of LFK GmbH, acquired by MBDA in February 2006 and consolidated from 1 March 2006.

Value of production: EUR 751 million (+6%); EBIT: EUR 38 million (-10%)

Value of production was EUR 751 million versus EUR 706 million in 9M05, an increase of EUR 45 million (+6%) due to the inclusion of German company LFK in the basis of consolidation, and to a lesser extent, to the expansion of the PZH 2000 programme (land weapons systems).

EBIT was EUR 38 million, down EUR 4 million (-10%) from EUR 42 million in 9M05, partly offset by the consolidation of German company LFK. The EBIT margin narrowed as a result, from 5.9% to 5.1%. ROI fell from 23.1% to 20.8%.

New orders were EUR 496 million, up from EUR 403 million in 9M05, an increase of EUR 93 million (+23%). The increase in orders came from contracts signed in the third quarter for FREMM missile systems, Mistral anti-air defence missiles for the French government, Taurus long-range air-to-surface missiles and the contract won by MBDA's newly-acquired German arm for the TRIGAT anti-tank missile system for Germany's helicopter fleet.

The **order backlog** was EUR 4,070 million, up from EUR 3,869 million at 31 December 2005, an increase of EUR 201 million (+5%). Some 69% of the order backlog relates to missile systems.

The **headcount** was 4,289, up 185 on the figure at 31 December 2005 (4,104), primarily due to the acquisition of LFK GmbH.

Energy

Companies: **Ansaldo Energia**

Value of production: EUR 633 million (+22%); EBIT: EUR 38 million (+90%)

Value of production was EUR 633 million, an increase of EUR 114 million (+22%) on 9M05 (EUR 519 million). The increase was largely due to work carried out on orders related to plants and to the steady growth in services. The contribution of each area of the business to value of production was: plants 77%; services 17%; nuclear 6%.

EBIT came in at EUR 38 million, an increase of EUR 18 million on the EUR 20 million recorded in 9M05 (+90%), due to a rise in volumes and despite higher research and development costs recorded during the period. The **EBIT margin** expanded to 6.0%, from 3.9% in 9M05.

New orders were EUR 741 million compared to EUR 557 million in 9M05, an increase of EUR 184 million (+33%). Half of new orders were for plants and components, 45% for services (which continue to grow strongly) and 5% for nuclear processing. A key order (EUR 14 million) secured in the third quarter was for planning, supply, installation assistance and upgrading of a gas turbine and the related alternator for the Valuthur power plant in India for the Tamil Nadu Electricity Board.

The **order backlog** totalled EUR 2,455 million, an increase of EUR 126 million (+5%) on the EUR 2,329 million recorded at 31 December 2005. This is equivalent to around 2.5 years of production.

The **headcount** was 2,692, an increase of 163 on the figure at 31 December 2005 (2,529).

Transport

Companies: **Ansaldo STS * (Ansaldo Signal and ATSF), AnsaldoBreda**

Value of production: EUR 1,005 million (+12%); EBIT: 39 million (n.m.)

On 24 February 2006 Finmeccanica SpA sold its stakes in Ansaldo Trasporti - Sistemi Ferroviari SpA (systems) and Ansaldo Signal NV (signalling) to Ansaldo STS SpA. In April 2006 Finmeccanica completed a public share offer on 60% of Ansaldo STS. On 29 March 2006 the company's shares were listed on the STAR index of the Italian stock market.

Value of production was EUR 1,005 million, a rise of EUR 106 million (+12%) on the EUR 899 million recorded in 9M05, attributable to an increase in the signalling and vehicles segments.

EBIT was EUR 39 million versus EUR 5 million in 9M05, a rise of EUR 34 million, largely as a result of an improvement in the signalling business. The **EBIT margin** improved as a consequence to 3.9% from 0.6% in 9M05. **ROI rose strongly** from 1.3% to 12.1%.

New orders were EUR 1,738 million compared to EUR 1,394 million in 9M05, a rise of EUR 344 million (+25%), thanks to an increase in orders in the systems and vehicles segments.

The **order backlog** was EUR 4,673 million, up from EUR 3,956 million at 31 December 2005, an increase of EUR 717 million (+18%).

The **headcount** totalled 6,619, versus 6,321 at 31 December 2005. Most of the 298 additional employees joined the signalling business.

SHARE DATA				
	9M06	9M05	3Q06	3Q05
Average number of shares in period	423,431,383	421,831,659	422,954,199	421,836,731
Net profit including discontinued operations (EUR)	593,614,000	180,586,000	30,004,000	75,147,000
Profit of continuing operations (EUR)	594,361,000	180,639,000	30,412,000	75,200,000
BASIC EPS (EUR)	1.40	0.43	0.07	0.18
BASIC EPS of continuing operations (EUR)	1.40	0.43	0.07	0.18
Average number of diluted shares in period	425,302,324	437,074,083	424,588,160	437,061,820
Adjusted profit (EUR)	593,614,000	214,758,000	30,004,000	75,147,000
Adjusted profit of continuing operations (EUR)	594,361,000	214,811,000	30,412,000	75,200,000
DILUTED EPS (EUR)	1.40	0.49	0.07	0.17
DILUTED EPS of continuing operations (EUR)	1.40	0.49	0.07	0.17

PRÉSS RELEASE

9M 2006 (EUR million)	Helicopters	Defence electronics*	Aeronautics	Space**	Defence systems	Energy	Transport	Other activities	Eliminations	TOTAL
Value of production	1,974	2,565	1,535	518	751	633	1,005	159	(233)	8,907
EBIT	183	125	115	22	38	38	39	(88)	0	472
EBIT margin (%)	9.3%	4.9%	7.5%	4.2%	5.1%	6.0%	3.9%	-55.3%	0.0%	5.3%
Depreciation and amortisation	51	68	89	20	19	9	15	8	0	279
Research and development	256	378	342	39	141	11	32	0	0	1,199
Investment in non-current assets	44	446	246	55	89	9	15	6	-	910
New orders	3,328	2,195	1,427	515	496	741	1,738	42	(251)	10,231
Order backlog	8,638	6,745	6,965	1,191	4,070	2,455	4,673	353	(1,006)	34,084
Headcount	8,806	19,489	11,826	3,199	4,289	2,692	6,619	785	0	57,705
9M 2005 (EUR million)	Helicopters	Defence electronics	Aeronautics	Space	Defence systems	Energy	Transport	Other activities	Eliminations	TOTAL
Value of production	1,721	1,922	1,415	547	706	519	899	108	(283)	7,554
EBIT	174	114	99	24	42	20	5	(72)	0	406
EBIT margin (%)	10.1%	5.9%	7.0%	4.4%	5.9%	3.9%	0.6%	-66.7%	0.0%	5.4%
Depreciation and amortisation	41	54	75	21	20	9	14	11	0	245
Research and development	267	350	280	60	109	8	29	0	0	1,103
Investment in non-current assets	125	983***	91	35	28	8	18	4	-	1,292
New orders	2,892	3,367	2,116	330	403	557	1,394	96	(549)	10,606
Order backlog	7,039	7,114	6,302	1,042	4,098	2,130	4,182	164	(932)	31,139
Headcount	8,545	18,593	10,974	3,125	4,130	2,527	6,260	1,041	0	55,195

PRESS RELEASE

3Q 2006 million)	(EUR	Helicopters	Defence electronics*	Aeronautics	Space**	Defence systems	Energy	Transport	Other activities	Eliminations	TOTAL
Value of production		626	825	569	170	239	206	316	55	(64)	2,942
EBIT		48	26	54	6	16	20	12	(15)	0	167
EBIT margin (%)		7.7%	3.2%	9.5%	3.5%	6.7%	9.7%	3.8%	-27.3%	0.0%	5.7%
Depreciation and amortisation		18	23	33	6	6	3	6	2	0	97
Research and development		76	97	117	9	15	4	9	0	0	327
Investment in non-current assets		12	19	85	45	13	4	5	2	0	185
New orders		507	541	256	184	158	65	595	3	(51)	2,258
3Q 2005 million)	(EUR	Helicopters	Defence electronics	Aeronautics	Space	Defence systems	Energy	Transport	Other activities	Eliminations	TOTAL
Value of production		551	712	469	176	236	181	313	40	(87)	2,591
EBIT		48	33	51	5	22	7	18	(28)	0	156
EBIT margin (%)		8.7%	4.6%	10.9%	2.8%	9.3%	3.9%	5.8%	-70.0%	0.0%	6.0%
Depreciation and amortisation		14	21	29	7	8	2	5	4	0	90
Research and development		81	165	89	6	36	3	12	0	0	392
Investment in non-current assets		103	44	28	26	12	4	5	(1)	0	221
New orders		472	518	1,049	63	71	121	558	12	(130)	2,734

* Consolidation of 100% of UK defence electronics assets and of Datamat

** Proportional consolidation of two joint ventures in space sector from 1 July 2005

*** Includes the goodwill arising from the acquisition of LFK and from assets acquired in the defence electronics sector