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PRESS RELEASE

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Board of Directors approves third-quarter results to 30 September. Revenues up 6% and new orders up 17% in the first nine months. Order backlog at over EUR 40 billion.

Adjusted EBITA margin up 10% and net profit up 35% to EUR 396 million. ROS at 6.3%

- Revenues up 6% compared to the first nine months of 2007, to EUR 9,688 million, driven by Aeronautics, Space and Transport.
- Significant growth in orders (+17%) to EUR 11,579 million, chiefly thanks to Helicopters (+63%), Defence Systems (+66%) and Energy (+43%).
- The order backlog stood at EUR 40,856 million, equivalent to around three years of production (+13%).
- Adjusted EBITA rose by 10% to EUR 606 million, with a margin of 6.3% vs. 6.1% in the first nine months of 2007.
- Net profit was at EUR 396 million (+35%), including EUR 54 million capital gain from the sale of 2.9% of STM. Excluding this transaction, net profit was approximately EUR 342 million, up 16% vs. the same period of 2007.
- Net debt rose to EUR 2,706 million from EUR 1,158 million at 31 December 2007, as a result of normal seasonal fluctuations in the Group's company receipts.
- Investment in Research and Development totalled EUR 1,192 million, equivalent to 12% of revenues (including the portion financed by clients).

Key 9M08 figures

(EUR million)

	9M 2008	9M 2007	Chg.	Chg. %	FY 2007
Revenues	9,688	9,117	571	*6%*	13,429
Adj. EBITA (*)	606	552 (**)	54	*10%*	1,045
Adj. EBITA (*) margin	*6.3%*	*6.1%*	*0.2 p.p.*		*7.8%*
EBIT	561	507 (**)	54	*11%*	1,084
EBIT margin	*5.8%*	*5.6%*	*0.2 p.p.*		*8.1%*
Net profit	396	294	102	*35%*	521
FOCF	-1542	-1432	-110	*-8%*	375
New orders	11,579	9,861	1,718	*17%*	17,916
ROI	*14.8%*	*14.8%*	*0 p.p.*		*18.9%*
VAE	11	-13	24	*n.s.*	227
Research and Development (***)	1,192	1233	-41	*-3%*	1,836
Order backlog	40,856	36,247	4,609	*13%*	39,304
Net debt	2,706	2,485	221		1,158
Adj. EPS (****)	0.73	0.63	0.10	*16%*	1.10
Headcount	62,308	59,882	2,426	*4%*	60,748

(*) Operating result before:
• any impairment in goodwill;
• amortisations of intangibles acquired under business combination;
• 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.
(**) Items changed due to the retrospective change in the treatment of defined-benefit plans.
(***) The item includes R&D costs funded by Customers.
(****) Excluding extraordinary operations and minority interests.

CONSOLIDATED PROFIT AND LOSS ACCOUNT						
€mil.	**9M 2008**	**9M 2007**	***Chg. %***	**Q3 2008**	**Q3 2007**	***Chg. %***
Revenues	**9,688**	**9,117**	*6%*	**3,261**	**3,047**	*7%*
Costs for purchases and personnel	(8,733)	(8284) (**)		(2,928)	(2752) (**)	
Depreciation and amortisation	(319)	(310)		(114)	(107)	
Other net operating revenues (costs)	(30)	29		(13)	13	
Adj EBITA (*)	**606**	**552**	*10%*	**206**	**201**	*2%*
Adj EBITA (*) margin	*6.3%*	*6.1%*		*6.3%*	*6.6%*	
Non-recurring revenues (costs)	-	-		-	-	
Restructuring costs	(28)	(27)		(14)	(15)	
PPA amortisation	(17)	(18)		(6)	(6)	
EBIT	**561**	**507**	*11%*	**186**	**180**	*3%*
EBIT margin	*5.8%*	*5.6%*		*5.7%*	*5.9%*	
Net finance income (costs)	(25)	(58) (**)		(34)	(1) (**)	
Income taxes	(140)	(155)		(52)	(62)	
Net profit before discontinued operations	**396**	**294**	*35%*	**100**	**117**	*-15%*
Profit of discontinued operations	-	-		-	-	
Net profit	**396**	**294**	*35%*	**100**	**117**	*-15%*
Group	*365*	*269*		*88*	*110*	
Minorities	*31*	*25*		*12*	*7*	
EPS (EUR)						
Basic	*0.861*	*0.634*		*0.208*	*0.260*	
Diluted	*0.859*	*0.633*		*0.207*	*0.260*	
EPS of continuing operations (EUR)						
Basic	*0.861*	*0.634*		*0.208*	*0.260*	
Diluted	*0.859*	*0.633*		*0.207*	*0.260*	

(*) Operating result before:
•any impairment in goodwill;
•amortisations of intangibles acquired under business combination;
•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.

(**) Items changed due to the retrospective change in the treatment of defined-benefit plans.

KEY FIGURES FOR THE FIRST NINE MONTHS OF 2008

Revenues at 30 September 2008 were EUR 9,688 million increasing EUR 571 million (+6%) compared to the same period last year. The Aerospace and Defence sector accounted for 79% and Energy and Transport 21%. The figure was boosted in particular by Aeronautics, thanks to the increase in production of the ATR, B787 and A380 aircraft, Space and Transport.

Adjusted EBITA rose 10% to EUR 606 million at 30 September 2008, from EUR 552 million at 30 September 2007. The figure was positively impacted by Defence Systems, owing to greater activity and profitability in underwater systems and improved profitability of numerous missile systems programmes, as well as by the Helicopters, Aeronautics and Energy sectors.

The **Adjusted EBITA margin (ROS)** was 6.3%, up 0.2 percentage points compared with 30 September 2007 (6.1%).

BALANCE SHEET		
€mil.	**30.09.2008**	**31.12.2007**
Non-current assets	9,907	9,845
Non-current liabilities	(2,440)	(2,562)
	7,467	**7,283**
Inventories	4,092	3,383
Trade receivables	8,516	7,546
Trade payables	(10,897)	(10,481)
Provisions for short-term risks and charges	(484)	(545)
Other current net assets (liabilities)	(591)	(596)
Net working capital	**636**	**(693)**
Net invested capital	**8,103**	**6,590**
Capital and reserves attributable to equity holders of the Company	5,268	5,329
Minority interests	129	103
Shareholders' equity	**5,397**	**5,432**
Net debt (cash)	**2,706**	**1,158**

Net profit at 30 September 2008 was EUR 396 million, versus EUR 294 million in the same period of 2007 (+35%). This result was boosted by the EUR 54 million capital gain from the sale of 2.9% of STMicroelectronics (STM) to the French company FT1CI. Net of this transaction, net profit was approximately EUR 342 million, an increase of EUR 48 million versus the same period of 2007.

Group net debt was EUR 2,706 million at 30 September 2008, compared to EUR 1,158 million at 31 December 2007, EUR 1,928 million at 31 March 2008, EUR 2,607 million at 30 June 2008. The figure reflects the normal seasonal fluctuations in the Group's company receipts, and was also affected by the Group's substantial investments. It was further impacted by certain effects of some operations, including: the payment of approximately EUR 63 million with which Finmeccanica completed the acquisition of the entire share capital of the UK company Vega Group Plc; the payment of EUR 174 million in ordinary dividends made by the parent company to its shareholders for the year 2007; the receipt of EUR 260 million from the sale to its French partner of around 2.9% of STM, Finmeccanica's remaining stake, at a price of EUR 10 per share; the receipt of around EUR 151 million resulting from the renewal of part of the euro/dollar exchange rate hedging operations expiring 30 September 2008 and put in place as part of the acquisition of the US group DRS Technologies.

Free Operating Cash Flow (FOCF) at 30 September 2008 was a negative EUR 1,542 million, compared with EUR 1,432 million at 30 September 2007. The FOCF figure for the first nine months of 2008 must however be considered in light of the typical seasonal trend of the period, as trade payables tend to be considerably higher than receipts for much of the year, while the Group registers substantial receipts in the last quarter.

In the third quarter of 2008, **investment** (concentrated in Aeronautics (55%), Defence and Security Electronics (22%) and Helicopters (13%), with the remaining 10% divided equally among the other sectors) diminished by around EUR 65 million.

New orders at 30 September 2008 totalled EUR 11,579 million, compared to EUR 9,861 million in the same period of 2007 (+17%). Aerospace and Defence accounted for 76% of orders acquired during the third quarter of 2008, and Energy and Transport accounted for 24%. Within Aerospace and Defence, these related in particular to Helicopters (+63%), Defence Systems (+66%), Defence and Security Electronics (+15%) and Energy (+43%).

FINANCIAL POSITION		
€mil.	**30.09.2008**	**31.12.2007**
Short-term financial payables	1,101	484
Medium/long-term financial payable	1,559	1,556
Cash and cash equivalents	(412)	(1,607)
BANK DEBT AND BONDS	**2,248**	**433**
Securities	(22)	(13)
Financial receivables from Group companies	(36)	(33)
Other financial receivables	(511)	(573)
FINANCIAL RECEIVABLES AND SECURITIES	**(569)**	**(619)**
Financial payables to related parties	489	560
Other short-term financial payables	426	665
Other medium/long-term financial payables	112	119
OTHER FINANCIAL PAYABLES	**1,027**	**1,344**
NET FINANCIAL DEBT (CASH)	**2,706**	**1,158**

CASH FLOW		
€mil.	**9M 2008**	**9M 2007**
Cash and cash equivalents at 1 January	**1,607**	**2,003**
Gross cash flow from operating activities	980	943
Financial charges paid	(55)	(61)
Income taxes paid	(119)	(159)
Changes in other operating assets and liabilities	(315)	(244)
Funds From Operations (FFO)	**491**	**479**
Changes in working capital	(1,227)	(1,040)
Cash flow generated from (used in) operating activities	**(736)**	**(561)**
Investment in tangible and intangible assets after disposals	(806)	(871)
Free operating cash flow	**(1,542)**	**(1,432)**
Strategic operations	191	(420)
Change in other financing activities	108	6
Cash flow generated (used) by investment activities	**(507)**	**(1,285)**
Share capital increase	2	8
Cash flow from financing activities	240	407
Dividends paid	(187)	(151)
Cash flow generated (used) by financing activities	**55**	**264**
Exchange gains/losses	(7)	(17)
Cash and cash equivalents at 30 September	**412**	**404**

The **order backlog** at 30 September 2008 totalled EUR 40,856 million, from EUR 39,304 million at 31 December 2007. This is equivalent to around three years of production.

Research and Development costs *(which also include the portion of R&D costs financed by clients*) totalled EUR 1,192 million at 30 September 2008, compared to EUR 1,233 million at 30 September 2007. The figure was equivalent to around 12% of consolidated revenues at 30 September 2008, and was largely concentrated in Aerospace and Defence (95%), with the remaining 5% in Energy and Transport.

NINE-MONTH HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE 30 SEPTEMBER 2008

On **17 March 2008** as part of its more general drive to increase Finmeccanica's activities in the civil market, AnsaldoBreda signed an agreement with Bombardier Transportation for the joint development, production and sale of a new high-speed train.

On **12 May 2008** the Finmeccanica Board of Directors voted to acquire a stake in the share capital of Eurotech, an Italian company listed on the Milan stock exchange operating in the research, development, production and sale of high-performance miniaturised computers, through the purchase of a shareholding of around 11.1% of the share capital – equivalent to 3,936,461 shares – from some of the founding shareholders, at a price of EUR 4.60 per share.

On **12 May 2008** Finmeccanica signed an agreement with DRS Technologies Inc. (DRS), a US company listed on the New York stock exchange and a leading supplier of integrated defence electronics products and services, to acquire 100% of the company in cash for USD 81 per share. The acquisition, completed on 22 October 2008, was implemented through a "reverse triangular merger" by which DRS was merged into a US special purpose vehicle company created by Finmeccanica. This transaction will enable Finmeccanica to strengthen its leading international role in the supply of integrated systems for defence and security, making it a key player on the US market. It will also give DRS new and important growth opportunities in the US and abroad.

On **16 May 2008** AgustaWestland and Russian group Oboronprom Corporation announced, based on a Letter of Intent signed in 2007 and aimed at increasing co-operation between the two companies, the launch of a long-term and wide-ranging partnership in the civil helicopter market.

On **20 October 2008** Finmeccanica and Mubadala Development Company (Mubadala), an investment and business development company based in Abu Dhabi, announced the signing of an industrial partnership agreement in the high-tech sector. Finmeccanica and Mubadala will work together to produce aeronautics components in composite materials for the civil sector at the new plant in Abu Dhabi.

FINANCIAL OPERATIONS

<u>Financing of the acquisition of DRS</u>

The acquisition was financed via a loan (Senior Term Loan Facilities) obtained by Finmeccanica for a total of EUR 3,200,000, arranged with four banks acting as bookrunners: Goldman Sachs International, Intesa SanPaolo SpA, Mediobanca-Banca di Credito Finanziario SpA and UniCredit Group through Bayerische Hypo-Und VereinsBank AG.

The syndication process was successfully completed on 14 July 2008. The extensive participation of Italian and foreign banks led to a total offer of around EUR 7,000 million, well above the cost of the operation, meaning that the banks share will be reduced by over 50%.

As of 30 September, the loan was completely unused. The first allocation occurred at the same time as the closing of the acquisition of DRS on 22 October 2008 and totalled some EUR 3 billion, which, in its equivalent in USD, enabled the company to pay fully the agreed price, along with some of the transaction costs and an initial partial refinancing of DRS's debt.

As part of the DRS acquisition, Finmeccanica elected to hedge the exchange rate risk resulting from the acquisition cost's denomination in US dollars; as of 30 September 2008, operations worth a total of USD 3.5 billion at an average exchange rate of 1.54, equivalent to around EUR 2.3 billion had been put in place.

The company intends to repay the above-mentioned loan (Senior Term Loan Facilities) using funds obtained through a capital increase, the sale of non-strategic assets and any listing of Group companies as well as from the proceeds of new medium- to long-term bond issues. To this end, information on the recent capital increase is given below.

Capital increase

The capital increase concerned 152,921,430 ordinary shares with full dividend rights and a nominal value of EUR 4.40 with the same characteristics as those outstanding, and was offered by way of rights to Finmeccanica shareholders at a ratio of 9 ordinary shares for every 25 shares held. The issue price of the new shares was EUR 8.00 per ordinary share, including a share premium of EUR 3.60.

The offer period ran from 20 October 2008 to 7 November 2008, during which time 417,369,675 option rights were exercised, equivalent to 150,253,083 shares (98.26% of the shares offered), with total proceeds of EUR 1,202,024,664. The Italian Ministry of Finance and Economy subscribed to 31,249,998 of the company's new ordinary shares, for a total of around EUR 250 million, by exercising some of their option rights. Thus at the conclusion of the transaction, the Ministry of Finance and Economy will own around 30.2% of Finmeccanica's share capital.

On 11 November 2008 Finmeccanica announced the results of the capital increase. It should be remembered that any shares ultimately unsubscribed will be underwritten by a syndicate of banks pursuant to an underwriting agreement dated October 15, 2008.
On completion of the transaction, the total issue price, including the share premium, will be EUR 1,223,371,440. The rights and shares pertaining to the offer have not been, and will not be recorded pursuant to the US Securities Act and may not be offered or sold in the US without registration or an exemption from registration.

Extended Guarantee in favour of DRS Technologies bondholders

In today's meeting the Board of Directors of Finmeccanica approved to extend an inconditional and irrevocable guarantee in favour of DRS Technologies bondholders, with specific reference to the following outstanding bonds:
- 6.875% Senior Subordinated Notes, due 2013, for USD 550 million
- 6.625% Senior Notes, due 2016, for USD 350 million
- 7.625% Senior Subordinated Notes, due 2018 for USD 250 million.

Other financial operations

Finmeccanica carried out no new bond issues during the period. As a result, there was no significant change in the structure of its medium/long-term debt, especially the bond component, which therefore stood at a total of around EUR 1,792 million at the end of the period. The average term of debt was around 8 years.

Below are the bonds issued by the Group that will expire in the 18 months following the end of the third quarter.

Issuer	Year of issue	Maturity	Amount (EUR m)	Annual coupon	Type of issue	IAS values recorded (EUR m)
Finmeccanica Finance SA	2002	30 Dec 08	297	Variable	Italian, retail	300

Other operations

The Shareholders' meeting of **Finmeccanica** on 16 January 2008 approved the share buyback programme proposed by the Board of Directors' meeting on 21 November 2007 for up to approximately 8% of the company's share capital (maximum: 34 million ordinary shares).

From the launch of the programme to 30 September 2008, Finmeccanica has acquired a total of 1,225,000 ordinary shares (approx. 0.288% of the share capital) for a total cost of EUR 21,446,357.50 and held a total of 1,568,777 own its shares (approx. 0.369% of its share capital). On 1 October 2008, the last tranche of the 2005-2007 stock grant plan was allocated to employees and consultants of Group companies, bringing the number of own shares to 447,209.

Concurrent with the agreement to acquire DRS Technologies, the Board of Directors of Finmeccanica suspended the execution of the buyback resolution, with the exception of acquisitions to support the Group's share incentive schemes for staff.

In addition, on 26 February 2008, Finmeccanica, Cassa Depositi e Prestiti and FT1CI (owned by Areva) signed an agreement modifying the shareholders' agreement that regulates the joint Italian-French corporate governance of STH.
Under this agreement, Finmeccanica, as a shareholder of STH, agreed to sell to FT1CI the equivalent of 26,034,141 STM shares at a price of EUR 10 per share. On completion of the transaction, Finmeccanica netted proceeds of around EUR 260 million.

OUTLOOK

Results for the first nine months of 2008 were better than those for the same period of 2007, and in line with forecasts. Given this performance, no factors have emerged that would change the full-year forecasts provided at the time the Full Year results were released.

The size of the order backlog as of 30 September 2008 is sufficient to cover around 92% of the production foreseen for this year, and should therefore ensure that the Group's financial targets are achieved.

As a result, Finmeccanica maintains its previously disclosed growth forecasts for the whole of 2008, which, in particular, foresee overall organic growth of Group's revenues of 6% to 11% and an improvement in adjusted EBITA of 12% to 19% versus last year.

In addition, Group Free Operating Cash Flow (FOCF) is expected to be similar to 2007 levels, after significant investment in the development of products that will be important growth drivers. As with last year, investments will focus on the Aeronautics, Helicopters and Defence and Security Electronics sectors.

The balance sheet of DRS will be fully consolidated in the Group's accounts at the end of 2008; its income and cash flow statements will only be consolidated from 22 October 2008.

SHARE DATA			
	9M 2008	**9M 2007**	***Change %***
Average number of shares in period (thousands)	424,598	424,373	*0.1%*
Net result (not including minority interests) (€mil.)	365	269	
Result of continuing operations (not including minority interests) (€mil.)	365	269	
BASIC EPS (EUR)	**0.861**	**0.634**	***36%***
Basic EPS from continuing operations	**0.861**	**0.634**	***36%***
Average number of shares for the period (in thousands)	425,279	425,254	*0.0%*
Result adjusted (not including minority interests) (€mil.)	365	269	
Adjusted result of continuing operations (not including minority interests) (€mil.)	365	269	
DILUTED EPS (EUR)	**0.859**	**0.633**	***36%***
Diluted EPS from continuing operations	**0.859**	**0.633**	***36%***

Results by sector of activity
(9M08 – Figures in EUR million)

Helicopters

Companies: **AgustaWestland**
Revenues: EUR 2,188 million (+5%); adjusted EBITA: EUR 233 million (+5%)

Revenues: stripping out the effect of a negative variation related to changes in exchange rates for the conversion of results in foreign currencies (EUR 141 million), revenues increased by EUR 245 million, chiefly due to a step-up in production rates in the civil/Government sector**.** The result was due partly to the excellent performances of the AW139 and the entire AW109 line; steady growth was also posted by the NH90 line, and the AW119 also recorded an improvement in production volumes compared with the same period in 2007. Production of the EH101 is in line with its performance in the previous period with regard to the launch of four new programmes (3rd batch for the Italian Navy, Algeria, Japan and the MK3A for the UK Government). An increase in turnkey support activities was also recorded.

Adjusted EBITA rose 5%. The result was however hit by an exchange rate effect of EUR 8 million due to the conversion of results in foreign currencies. Stripping out this effect, adjusted EBITA improved by EUR 20 million and is related with the increase in production volumes for the commercial production lines, especially the AW139 and the AW109. **ROS** was 10.6%, in line with that recorded at 30 September 2007.

Orders: worth EUR 3,398 million, up 63% on the EUR 2,084 million in the same period last year. The significant increase is due mainly to the contract signed with Turkey worth EUR 1,070 million for the supply of 50 (plus an option on a further 41) T-129 tactical attack and recognition (ATAK) helicopters. In the military segment, large contracts were received in the first nine months of 2008 for, *inter alia*, the NH90, the EH101 and the AW109. In the civil/Government segment too, AgustaWestland also continues to put in excellent business performances, recording orders for 263 units (80 more units than in the first nine months of 2007) worth about EUR 1,500 million (an increase of 30% compared with 30 September 2007).

Order backlog: worth EUR 10,126 million, an increase of over 12% on the EUR 9,004 million of the same period in 2007, despite being hit by the significant negative variation (EUR 240 million) due to the conversion of the results in foreign currencies (Sterling and the US dollar) of consolidated companies. The order backlog is made up of helicopters (74%), support work (24%) and engineering (2%).

Headcount: 10,176, up by 620 on the figure of 9,556 at 31 December 2007. The increase was necessary to meet technical and production demands related to increased volumes of work.

Defence Electronics and Security

Companies: **SELEX Sensors and Airborne Systems, Galileo Avionica, SELEX Communications, SELEX Sistemi Integrati, SELEX Service Management, Elsag Datamat, Seicos, Vega**
Revenues: EUR 2,373 million (-4%); adjusted EBITA: EUR 145 million (-6%)

Revenues: broadly in line with the same period of 2007 if the effects of changes in the Euro/Sterling exchange rate, which reduced revenues by around EUR 135 million, are stripped out. The result was due to growth in information technology and security activities, and to the consolidation of Vega. Contributions to revenues came especially from the following: in avionics – continued production work on the DASS system and the avionics equipment and radar for the Eurofighter; in radar and command and control systems – further work on air traffic control programmes in Italy and abroad, the Orizzonte and FREMM naval contracts and on the MEADS international co-operation programme; in integrated communication systems and networks – continued work on the national TETRA network, development and production of equipment for the Eurofighter and the NH90, and the supply of military communication systems in Italy and the UK; in information technology – postal automation systems, notably for the Italian and Russian post offices, and ICT and naval systems for the defence administration; in security applications – activities for the inter-police force contract and work on broadband infrastructure and applications for territorial monitoring in the Abruzzo region.

Adjusted EBITA showed a decline of EUR 9 million versus the EUR 154 million posted in the same period last year, primarily due to the negative effect of the Euro/Sterling exchange rate (about EUR 14 million). Improved profitability in the UK part of the avionics and electro-optical systems business, plus growth in IT and security activities, were able to offset much of the impact of falling revenues in other areas of activity. **ROS** was 6.1%.

Orders: totalled EUR 2,684 million, an increase of 14.9% on the EUR 2,336 million generated in the same period of 2007, thanks to a further order for the FREMM programme and contracts for work on command and control and IT systems. New orders included: in avionics and electro-optics – further orders for the Eurofighter and related logistics activities, orders for work on countermeasures and space programmes, and the order for Seaspray 7500E radar as part of the upgrade of HC-130H aircraft in the US; in radar and command and control systems – the order for an air traffic control and management system for Doha airport in Qatar, a further tranche of the programme to upgrade Italian radar sites, and a software upgrade for major airports and air traffic control towers in Romania; in integrated communication systems and networks – orders relating to the Eurofighter, work on the A350 XWB, avionics testing and maintenance systems for the NH90, and communication systems for the next tranche of FREMM frigates; in IT and security equipment – various contracts with the Poste Italiane, Monte dei Paschi di Siena and Telecom Italia, and contracts with the carabinieri (military police) for the upgrade of car number plate readers and the supply of biometric equipment.

Order backlog: worth EUR 8,795 million, compared with EUR 8,725 million at 31 December 2007, due to the decline of Sterling against Euro. Half of the order book relates to avionics and electro-optics activities.

Headcount: at 30 September 2008 was 19,490, a decrease of 99 versus the 19,589 figure posted at 31 December 2007. This fall was due essentially to the restructuring of the communications business.

Aeronautics

Companies: **Alenia Aeronautica, Alenia Aermacchi, Alenia Aeronavali, GIE ATR**(*)
Revenues: EUR 1,701 million (+14%); adjusted EBITA: EUR 117 million (+4%)

(*) Figures for the GIE-ATR consortium are consolidated proportionally, at 50%

Revenues: were up 14% compared with the EUR 1,496 million recorded in the same period of last year, due to an increase in civil work for the production of the ATR and the B787 and A380 aerostructures. Manufacturing work also continued under the partnership with Dassault. In the military sector, there was an increase in development and production work on the second tranche of the Eurofighter programme and the related logistics activities; production was also stepped up on the C-27J for the Italian Air Force and the export market, and on trainer aircraft (the upgrade of 14 MB339s in Italy and the supply of eight MB339s to Malaysia, plus continued development and initial production of the M-346). Work continued on the upgrading of the Tornado and of the avionics of the AMX (ACOL project).

Adjusted EBITA rose by 4% versus the first nine months of last year. **ROS** was 6.9%, compared with 7.5% at 30 September 2007, owing to a different mix of activities and the depreciation of the Dollar.

Orders: totalled EUR 1,448 million, a slight fall of EUR 84 million versus the EUR 1,532 million registered in the first nine months of 2007. Orders secured in the third quarter of 2008 amounted to EUR 604 million, an increase of EUR 220 million on the EUR 384 million posted in the same period of 2007. The total included the following: in the military sector – orders for seven C-27Js for Romania and four C-27Js for the US; orders for logistical work on the Eurofighter for Saudi Arabia and further development work on the programme; the contract with the US for 18 reconditioned G.222s; logistical support for the C-130J and the Tornado for the Italian Air Force; an order from the Italian Coast Guard for a third ATR 42MP "green" aircraft; the start-up of production on the wings of the F-35; development of the Neuron programme, under the partnership with Dassault; in the civil sector – orders for seven ATRs, for B767 and B777 aerostructures, and further tranches on the A380, A321, Falcon and nacelles programmes.

Order backlog: came in at EUR 7,920 million, up from EUR 7,572 million at 31 December 2007. 48% of the total related to the Eurofighter programme, 17% to the B787, and 5% to the C-27J.

Headcount: at 30 September 2008 was 13,910, up 609 on the 13,301 employees registered at 31 December 2007. The increase was due mainly to a higher workload at Alenia Aeronautica.

Space

Companies: **Thales Alenia Space, Telespazio (*)**
Revenues: EUR 671 million (+13%); adjusted EBITA: EUR 27 million (+4%)

**All figures relate to the two joint ventures – Thales Alenia Space and Telespazio – which are consolidated proportionally at 33% and 67% respectively.*

Revenues: went up by 13% compared with the EUR 593 million registered in the same period of 2007, owing to increased production in both segments, especially manufacturing. Production related principally to the following: continued design work for commercial telecommunications satellites, payloads for several satellites, the provision of satellite services for telecommunications and the resale of satellite capacity; in civil telecommunications – the Meteosat programmes; in military telecommunications – the Sicral 1B, Satcom BW and Syracuse III programmes; in earth observation – Cosmo-SkyMed, satellites for the Sentinel 1 and 3 missions, the GOCE satellite, the supply of products and services for environmental monitoring; in scientific programmes – the Herschel-Plank and Alma programmes; in satellite navigation – the In-Orbit Validation (IOV) phase of the Galileo programme and the Egnos programme; in orbital infrastructure – programmes connected with the International Space Station; on-board equipment.

Adjusted EBITA was up by EUR 1 million on the EUR 26 million posted in the same period of last year, due mainly to higher production volumes despite a reduction in the profitability of some programmes. **ROS** at 4.0%, down from 4.4% in September 2007.

Orders: totalled EUR 579 million, a rise of EUR 34 million from the EUR 545 million recorded in the first nine months of 2007, due to increased orders relating to the In-Orbit Validation (IOV) phase of the Galileo programme, and a good performance from the commercial telecommunications satellites business. The most important orders related to: in commercial telecommunications – supply contracts for the W3B and Nilesat 201 satellites, orders relating to the satellites in low earth orbit and the Rascon programme, further tranches of the Yahsat programme, the supply of satellites in orbit for the Globalstar constellation, payload supply contracts for several satellites, and orders for telecommunications satellite and value-added services; in military telecommunications – the order for the Sicral satellite and further tranches of the Syracuse programme; in the earth observation segment – the order for the satellite for the Sentinel 3 mission, and new homeland monitoring and management services; in navigation and infomobility – new orders relating to the Galileo programme; in satellite operations – orders for the in-orbit control of several satellites; in scientific programmes – the contract for the Exomars programme and the next tranche of the Herschel-Planck programme; new supply orders for on-board equipment.

Order backlog: stood at EUR 1,381 million at 30 September 2008, down EUR 42 million compared with 31 December 2007 (EUR 1,423 million). Manufacturing accounted for about 70% of the order backlog at that date (56% satellites and payloads, 14% infrastructure and equipment), with satellite services making up the remaining 30%.

Headcount: at 30 September 2008 was 3,574, a rise of 188 versus the 3,386 employees recorded at 31 December 2007. The increase was due to the consolidation of the Spanish company Aurensis, which Telespazio acquired on 1 April 2008, and to increased production.

Defence systems

Companies: **OTO Melara, WASS, MBDA** (*)
Revenues: EUR 758 million (+5%); adjusted EBITA: EUR 56 million (+47%)

(*) Figures for the MBDA joint venture are consolidated proportionally at 25%

Revenues: went up by around 5% versus the first nine months of 2007, mainly because of increased activity in underwater, land, naval and aeronautics systems. Contributions to these results included: in missile systems – work on production of the MICA air-to-air missiles, SCALP air-to-surface systems, and Aster missiles for PAAMS surface-to-air systems, as well as the development of air defence systems for the MEADS programme and client support activities; in weapons systems – production work on the PZH 2000, the VBM armoured vehicle, activities relating to the Siccona programme for the Italian Army, other activities for various overseas clients, production of SampT launchers and logistics activities; in underwater systems – production work on the Black Shark heavy torpedo, the MU90 light torpedo and countermeasures for India.

Adjusted EBITA rose by 47% compared with the same period of last year, thanks to increased activity and improved profitability on underwater systems, and to an improvement in the profitability of some missile systems programmes. **ROS** stood at 7.4%, compared with 5.3% in the first nine months of 2007.

Orders: totalled EUR 740 million, a sharp increase on the EUR 446 million posted in the same period of 2007, thanks to a contribution from all areas of activity. The main orders related to: in missile systems – contracts with the UK Ministry of Defence, including one for support work for the Seawolf naval air defence system and a further tranche of missile systems for FREMM frigates; in underwater systems – orders relating to the next tranche of the FREMM programme, countermeasures, torpedo integration, launch systems for ships and light torpedoes.

Order backlog: was worth EUR 3,979 million, broadly in line with the figure of EUR 4,099 million registered at 31 December 2007. Of this, about 70% related to missile systems.

Headcount: at 30 September 2008 was 4,056, a decrease of 93 versus the 4,149 employees recorded in the same period of 2007, due mainly to the industrial reorganisation of the land, naval and aeronautics systems businesses.

Energy

Companies: **Ansaldo Energia**

Revenues: EUR 801 million (+7%); adjusted EBITA: EUR 62 million (+32%)

Revenues: increased of about 7% compared to the revenus registred in the same period of 2007. Growth in production volumes was mainly attributable to work on orders in the plants segment.

Adjusted EBITA was increased of 32% mainly thanks to the increase in production volumes and the greater industrial profitability of certain orders in the plants segment. **ROS** was 7.7% compared with 6.3% in the same period of 2007 (+1.4 percentage points).

Orders: totalled EUR 1,937 million, an increase of 43% on the EUR 1,351 million registered in the same period of 2007. Among the main new orders secured in the period were: in the new units segment, the supply of several turbine controllers for a number of customers, including Congo, Chile, Russia, Hungary, Israel, Greece, Belgium and Italy, and combined cycle plants for sites in Italy and France; in the services segment, a contract for replacement parts for a site in Hungary, a maintenance contract for the Brindisi site and several long-term service agreements (LTSA); in the nuclear segment, on the plants side a new order from China and new orders for engineering work at a plant in Slovakia, and on the services side, additional support contracts on the reactor at the Creyes Malville plant and work on a plant in Argentina.

Order backlog: at 30 September 2008 stood at EUR 4,327 million, up from EUR 3,177 million at 31 December 2007. Its composition at 30 September 2008 was broadly in line with that of 31 December 2007, with plant and manufacturing work accounting for 56%, services for 43% (mostly scheduled maintenance agreements) and nuclear activities for 1%.

Headcount: was 3,225 at 30 September 2008, up from 2,980 at 31 December 2007, an increase of 245 due to normal recruitment and the acquisition of Ansaldo Fuel Cells SpA, which resulted in the addition of 56 staff.

Transport

Companies: **Ansaldo STS (Ansaldo Signal and ATSF), AnsaldoBreda**
Revenues: EUR 1,227 million (+16%); adjusted EBITA: EUR 79 million (+229%)

Revenues: grew by 16% compared with the same period of 2007, owing to greater activity in both signalling and transport systems and vehicles, particularly relating to trains for regional services on Milan's Ferrovie Nord network, the Milan metro and the Circumvesuviana railway near Naples. Orders included: in signalling, the high-speed Milan-Bologna line and orders for train control systems for on-board to ground communication in Italy, and contracts signed in Australia, UK, China and India; in transport systems, the contracts relating to the Copenhagen, Genoa, Rome, Naples and Brescia metros, and those for the high-speed line in Italy; in vehicles, various orders for trains, metros and trams for numerous Italian and foreign clients, and service contracts.

Adjusted EBITA increased of EUR 55 million compared to the same period of the 2007, mainly thanks to an improvement in industrial profitability in the vehicles segment – and although operating profit was still moderately negative, a significant recovery was recorded versus the same period of last year. The signalling and transport systems segment also delivered a substantial improvement, chiefly owing to a significant increase in production volumes. **ROS** was 6.4% versus 2.3% in the same period of 2007.

Orders: totalled EUR 922 million, a decrease of EUR 407 million compared to the figure of EUR 1,329 million at 30 September 2007, chiefly owing to a fall in contracts in signalling and transport systems, attributable to the drop in the transport systems segment. New orders received during the period include: in signalling, the order for on-board equipment from French railways, contracts for signalling and command and control systems in Tunisia, China and Sweden; the order from Trenitalia for on-board equipment, the extension of the Shanghai metro, a contract for the San Paolo metro and various components orders; in transport systems, orders for the Rome metro and a railway line in Malaysia; in vehicles, Sirio trams for the city of Samsun in Turkey and service contracts.

Order backlog: stood at EUR 4,754 million at 30 September 2008, down EUR 354 million compared with 31 December 2007 (EUR 5,108 million). Signalling and transport systems accounted for 62% of the backlog at 30 September 2008, while the remaining 38% related to vehicles.

Headcount: at 30 September 2008 was 6,815, an increase of 146 versus the figure of 6,669 at 31 December 2007. This was largely due to an increase in staff in the vehicles segment under the human resources optimisation and development plan.

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Alessandro Pansa, the director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the *Testo Unico della Finanza* law, that the information contained in this press release accurately represents the figures contained in the group's accounting records.

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PRESS RELEASE

9M 2008	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	2,188	2,373	1,701	671	758	801	1,227	280	(311)	**9,688**
Adj EBITA (*)	**233**	**145**	**117**	**27**	**56**	**62**	**79**	**(113)**		**606**
Adj EBITA (*) margin	*10.6%*	*6.1%*	*6.9%*	*4.0%*	*7.4%*	*7.7%*	*6.4%*	*n.s.*		*6.3%*
Depreciation and amortisation	73	91	94	18	22	13	15	10		**336**
Investment in non-current assets	91	130	366	22	39	39	25	8		**720**
Research and development costs	185	385	339	42	183	20	35	3		**1,192**
New orders	3,398	2,684	1,448	579	740	1,937	922	73	(202)	**11,579**
Order backlog	10,126	8,795	7,920	1,381	3,979	4,327	4,754	421	(847)	**40,856**
Headcount	10,176	19,490	13,910	3,574	4,056	3,225	6,815	1,062		**62,308**

9M 2007	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	2,084	2,462	1,496	593	719	751	1,054	214	(256)	**9,117**
Adj EBITA (*)	**221**	**154**	**112**	**26**	**38**	**47**	**24**	**(70)**		**552**
Adj EBITA (*) margin	*10.6%*	*6.3%*	*7.5%*	*4.4%*	*5.3%*	*6.3%*	*2.3%*	*n.s.*		*6.1%*
Depreciation and amortisation	79	86	91	17	21	11	13	10		**328**
Investment in non-current assets	115	159	573	18	34	13	17	15		**944**
Research and development costs	213	386	393	38	149	14	36	4		**1,233**
New orders	2,084	2,336	1,532	545	446	1,351	1,329	453	(215)	**9,861**
Order backlog (31/12/2007)	9,004	8,725	8,248	1,423	4,099	3,177	5,108	597	(1,077)	**39,304**
Headcount (31/12/2007)	9,556	19,589	13,301	3,386	4,149	2,980	6,669	1,118		**60,748**

(*) Operating result before:
- any goodwill impairment;
- amortisations of intangibles acquired under business combination;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary operations of the company's core businesses.

Q3 2008	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	722	750	638	220	245	289	414	107	(124)	**3,261**
Adj EBITA (*)	**75**	**47**	**47**	**12**	**14**	**25**	**29**	**(43)**		**206**
Adj EBITA (*) margin	*10.4%*	*6.3%*	*7.4%*	*5.5%*	*5.7%*	*8.7%*	*7.0%*	*n.s.*		*6.3%*
Depreciation and amortisation	25	33	35	6	7	4	6	4		**120**
Investment in non-current assets	34	42	98	6	14	18	10	3		**225**
Research and development costs	59	113	94	13	61	8	9	1		**358**
New orders	1,780	733	604	163	234	874	358	32	(8)	**4,770**
Order backlog	10,126	8,795	7,920	1,381	3,979	4,327	4,754	421	(847)	**40,856**
Headcount	10,176	19,490	13,910	3,574	4,056	3,225	6,815	1,062		**62,308**

Q3 2007	Helicopters	Defence Electronics	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
Revenues	610	857	545	216	222	274	329	79	(85)	**3,047**
Adj EBITA (*)	**67**	**54**	**44**	**11**	**9**	**16**	**7**	**(7)**		**201**
Adj EBITA (*) margin	*11.0%*	*6.3%*	*8.1%*	*5.1%*	*4.1%*	*5.8%*	*2.1%*	*n.s.*		*6.6%*
Depreciation and amortisation	28	29	31	6	7	4	5	3		**113**
Investment in non-current assets	40	57	185	5	10	4	7	5		**313**
Research and development costs	66	120	129	12	39	6	9	1		**382**
New orders	614	542	384	220	180	752	734	37	(80)	**3,383**
Order backlog (31/12/2007)	9,004	8,725	8,248	1,423	4,099	3,177	5,108	597	(1,077)	**39,304**
Headcount (31/12/2007)	9,556	19,589	13,301	3,386	4,149	2,980	6,669	1,118		**60,748**

(*) Operating result before:
- any goodwill impairment;
- amortisations of intangibles acquired under business combination;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary operations of the company's core businesses.