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FINMECCANICA

PRESS RELEASE

Rome, 8 November 2012

Finmeccanica: Board of Directors approves the Interim Financial Report at 30 September 2012 and the results of operations of the third quarter 2012 (*)

Finmeccanica's Board of Directors held on 8 November 2012, chaired by Giuseppe Orsi, unanimously approved the Interim financial report at 30 September 2012 and the results of operations of the third quarter 2012.

Key performance indicators (**)

- **New orders:** €10.7 billion for the nine months ended 30 September 2012 (+4% on a like-for-like basis); €2.9 billion in the third quarter of 2012 (-3%).
- **Order backlog:** €44.7 billion at 30 September 2012. The order backlog ensures around two and a half years of production for the group.
- **Revenues:** €12.2 billion for the nine months ended 30 September 2012 (+1% on a like-for-like basis); €4.1 billion in the third quarter of 2012 (+8%).
- **Adjusted EBITA:** €741 million for the nine months ended 30 September 2012 (+36% on a like-for-like basis excluding the effect of "non-recurring" accruals); €280 million in the third quarter of 2012, up €154 million on the €126 million in the corresponding period of the previous year (excluding the effect of the "non-recurring" accruals);
- **Net Profit:** €146 million for the nine months ended 30 September 2012 (+90% excluding the effect of "non-recurring" accruals and net of the gain on the sale of a 45% investment in Ansaldo Energia and related tax impacts); €75 million in the third quarter of 2012, up €50 million on the €25 million in the corresponding period of the previous year (excluding the effect of the "non-recurring" accruals and non-recurring expenses, net of related tax impacts);
- **Free Operating Cash Flow:** negative €1.4 billion for the nine months ended 30 September 2012 (-€1.6 billion in the corresponding period of the previous year); negative €183 million in the third quarter of 2012 (-€383 million in the corresponding period of the previous year). Hence in both periods there has been a lower cash absorption compared to the previous year.
- **Net financial debt/(cash):** €4.8 billion at 30 September 2012;
The net financial debt reflects the typically negative impact of the FOCF in the period, as there are significantly more payments of trade payables than collections of trade receivables in the nine months ended 30 September 2012.
- **Workforce:** 68,321 employees at 30 September 2012 compared to 70,474 employees at 31 December 2011
- **Research and development expenses:** €1.4 billion for the nine months ended 30 September 2012 (+6%), or 11% of revenues.

(*) Figures are unaudited

(**) Changes expressed on a like-for-like basis as it relates to the consolidation perimeter, that is taking into account the deconsolidation of Ansaldo Energia by 45% (transferred in June 2011), and excluding the effects of the "non-recurring" accruals related to the B787 programme in the Aeronautics business segment, accounted for in the third quarter of 2011.

The outlook for 2012

In view of the group's results of operations for the first nine months of 2012 and its reaching the milestones set out in its plans to improve competiveness and efficiency, we confirm the forecasts for the full year 2012 prepared at the time the 2011 Annual Report was prepared.

- **Revenue**: €16.9/€17.3 billion
- **Adjusted EBITA** approximately €1.1 billion
- **Free Operating Cash Flow**: positive

Giuseppe Orsi, Chairman and CEO of Finmeccanica, stated:

'The results for the first nine months of the 2012, particularly those for the third quarter, confirm the encouraging improvement of the main indicators, and the recovery of profitability which was already emerging in the previous quarters. Notwithstanding the national and international context characterized by a growing uncertainty, these results are an important indication that the restructuring and efficiency plan is progressing as planned. Finmeccanica is confident that it can meet the objectives set forth in March for the current year, while acknowledging that 2012 still represents a delicate transition with respect to the path undertaken for the longer term challenging re-launch.'

Summary

The economic and financial results of the Finmeccanica group for the nine months ended 30 September 2012 were better than those for the corresponding period of the previous year and in line with the 2012 budget for the first nine months.

Initiatives undertaken by Finmeccanica group during 2011 enabled the group to improve its efficiency and streamline its corporate structure by drawing up and rolling out in-depth plans to improve competitiveness and efficiency and to reorganise each company in the group. In the nine months period ended 30 September 2012 the roll-out of those plans is in line with our timetable and also our financial statements are consistent with quantitative targets in terms of overall benefits.

The impact of the above were especially strong in the Aerospace and Defence business segments, while the *vehicles* of the Transportation business segment is encountering difficulties in pursuing the objectives of the reorganisation plan, mainly due to production issues that may also have consequences on the delivery plans of certain programmes.

Even though the group's consolidated results for the first nine months of the year still do not give a comprehensive representation of the full year performance (as around a third of the group's operations take place in the fourth quarter), it should be noted that the benefits seen in the third quarter of 2012 exceed those of the first half of the year.

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With regards to the disposal plan, the Board of Directors has resolved to continue with the ongoing processes with the aim of achieving conclusive and binding contractual proposals fully agreed with counterparts, submitted by the end of the fiscal year, which satisfy the objectives of the Company.

KEY FINANCIAL DATA

Key figures for the third quarter of 2012 (*)

(*) For comparative purposes, it should be noted that the results for the third quarter of 2011 (particularly Adjusted EBITA) of the *Aeronautics* business segment included "non-recurring" expenses for risks related to the B787 programme, totalling approximately €753 million. In comparing the two quarters, this impact has been deducted in order to give a more accurate representation of the operating performance of the group and its business segments.

The Finmeccanica Group's performance in the third quarter of 2012 was better than that of the corresponding period of the previous year, with the sole exception of new orders, which decreased compared to the third quarter of 2011.

Adjusted EBITA: €280 million compared to a negative €627 million in the third quarter of 2011. Excluding the above-mentioned "non-recurring" expenses, Adjusted EBITA in the third quarter of 2011 would have been €126 million, and would therefore have been up €154 million in the third quarter of 2012. The increase in Adjusted EBITA mainly relates to the following business segments:

- **Helicopters:** due to the greater volumes and to the streamlining and cost-saving initiatives rolled out at the end of last year;
- **Defence Electronics and Security:** due to the plans underway to improve competitiveness, streamlining and restructuring (particularly at DRS), which offset both the drop in production volumes and the deterioration of profitability in *command and control systems*;
- **Aeronautics:** due to the reduction in operating expenses and to efficiency achieved through both the restructuring and reorganisation plan and the benefits arising from the supply chain streamlining and the renegotiation of the trading agreements of certain programmes;
- **Defence Systems:** due to the marked improvement in the profit margins, mainly in *missile systems;*
- **Energy:** due to the increase in production volumes and the improvement in operating profitability, which was positively impacted by the reduction in overheads;
- **Other activities**: substantially attributable to the Finmeccanica parent company for the positive results of the streamlining actions, which are progressing as expected.

In the **Transportation** business segment, *vehicles* performance in the third quarter is still negative and lower than expected; this trend is impacted by the as yet unresolved issues of the *service* area, as well as the difficulties encountered in pursuing the objectives of the reorganisation plan, due to production issues. The **Space** business segment was substantially stable.

This performance led to a ROS of 6.8% for the third quarter of 2012, compared to 3.3% for the corresponding period of the previous year (net of the "non-recurring" expenses).

EBIT: €247 million compared to a negative €923 million in the corresponding period of the previous year. Excluding "non-recurring" expenses, EBIT for the third quarter of 2011 would have been a negative €170 million, with a €417 million increase in 2012. This improvement is due to the increase in Adjusted EBITA (€154 million) and the lower restructuring/non-recurring expenses (down €263 million) compared to the corresponding period of the previous year.

Net profit: €75 million compared to a loss of €780 million in the corresponding period of the previous year. Excluding the net effects arising from the "non-recurring" expenses, adjusted for the related tax effects, the group would have recognised a profit of €25 million in the third quarter of the previous year, giving a net increase of €50 million in the third quarter of 2012.

Free operating cash flows (FOCF): negative by €183 million in the third quarter of 2012, an improvement of around €200 million over the corresponding period of the previous year (negative by €383 million).

Net financial debt: €4.853 million, increased €197 million over that at 30 June 2012, mainly due to changes in FOCF and the impact of the appreciation of the pound sterling against the euro.

Business sector performance in the third quarter of 2012

THIRD QUARTER 2012	HELICOPTERS	DEFENCE ELECTRONICS AND SECURITY	AERONAUTICS	SPACE	DEFENCE SYSTEMS	ENERGY	TRANSPORTATION	OTHER ACTIVITIES	ELIMINATIONS	TOTAL
New Orders	495	1,052	668	398	121	67	306	12	(145)	2,974
Revenues	1,053	1,337	681	235	265	187	444	99	(177)	4,124
Adjusted EBITDA	119	94	25	17	35	16	(3)	(23)		280
ROS	*11.3%*	*7%*	*3.7%*	*7.2%*	*13.2%*	*8.6%*	*(0.7%)*	*n.m.*		*6.8%*
THIRD QUARTER 2011	**HELICOPTERS**	**DEFENCE ELECTRONICS AND SECURITY**	**AERONAUTICS**	**SPACE**	**DEFENCE SYSTEMS**	**ENERGY**	**TRANSPORTATION**	**OTHER ACTIVITIES**	**ELIMINATIONS**	**TOTAL**
New Orders	760	909	570	143	165	249	302	37	(63)	3,072
Revenues	922	1,373	569	219	252	158	419	66	(150)	3,828
Adjusted EBITDA	99	88	(809)	17	16	12	(19)	(31)		(627)
ROS	*10.7%*	*6.4%*	*n.m.*	*7.8%*	*6.3%*	*7.6%*	*(4.5%)*	*n.m.*		*(16.4%)*
VARIATIONS	**HELICOPTERS**	**DEFENCE ELECTRONICS AND SECURITY**	**AERONAUTICS**	**SPACE**	**DEFENCE SYSTEMS**	**ENERGY**	**TRANSPORTATION**	**OTHER ACTIVITIES**	**ELIMINATIONS**	**TOTAL**
New Orders	(35%)	16%	17%	178%	(27%)	(73%)	1%	(68%)		(3%)
Revenues	14%	(3%)	20%	7%	5%	18%	6%	50%		8%
Adjusted EBITDA	20%	7%	n.m.	n.m.	119%	33%	n.m.	26%		n.m.
ROS	*0.6 p.p.*	*0.6 p.p.*	*n.m.*	*(0.5)p.p.*	*6.9 p.p.*	*1.0 p.p.*	*3.8 p.p.*	*n.a.*		*23.2p.p.*

Key financial figures for the first nine months of 2012

(€ million)

Key performance indicators	First nine months of 2012	First nine months of 2011	Change	% Change	Full Year 2011
New orders	10,652	10,638	14	0.1%	17,434
Order backlog	44,706	44,811	(105)	(0.2%)	46,005
Revenues	12,184	12,252	(68)	(0.6%)	17,318
Adjusted EBITA (*)	741	(188)	929	n.a.	(216)
ROS %	*6.1%*	*(1.5%)*	-	*7.6 p.p.*	*(1.2%)*
Net profit / (Loss)	146	(324)	470	n.a.	(2,306)
Net invested capital	9,541	11,078	(1,537)	(14%)	8,046
Net financial debt / (cash)	4,853	4,665	188	4%	3,443
FOCF	(1,391)	(1,567)	176	11%	(358)
ROI	*11.2%*	*4.8%*	-	*6.4 p.p.*	*(2.4%)*
ROE	*4.2%*	*(1.3%)*	-	*5.5 p.p.*	*(39.4%)*
EVA	(46)	(855)	809	95%	(956)
R&D expenses	1,353	1,276	77	6%	2,020
Workforce (no.)	68,321	71,050	(2,729)	(4%)	70,474

(*) Operating profit before:

- any impairment of goodwill;
- depreciation of fixed assets valued as part of business combinations;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, relating to particularly significant events unconnected with the ordinary operations of the core businesses.

Aiming to analyse the key performance indicators, it should be noted that average euro exchange rates decreased against both the US dollar (around 9%) and the pound sterling (around 7%) in the first nine months of 2012 if compared to the corresponding period of 2011. The difference in the closing rates applied to the statement of financial position balances as of 30 September 2012 and as of 31 December 2011 is also representative of the euro depreciation (around 4%) against the pound sterling; rather, the euro closing rates versus the US dollar remained fairly consistent.

Again for comparative purposes, it should be noted that a joint venture agreement with First Reserve Corporation, a leading international private equity investor specializing in the energy and natural resources sector, for the sale of 45% of Ansaldo Energia, was executed on 13 June 2011. Accordingly, the results of operations of Ansaldo Energia group were consolidated on a line-by-line basis until the transaction date. After such date, they were consolidated on a proportionate basis (55%). Statement of financial position balances were consolidated on a proportionate basis from the transaction date. Specifically, the sale resulted in the recognition of a €443 million gain, net of taxes, in the income statement for the nine months of 2011 and an overall positive impact on net financial debt of €344 million.

Finally, the results of operations for the nine months ended 30 September 2011 (particularly for the Adjusted EBITA) of the Aeronautics business segment included "non-recurring" expenses for risks and charges related to the

B787 programme, totalling approximately €753 million. In comparing the two reporting periods, this impact has been disclosed in order to give a more accurate representation of the operating performance of the group and its segments.

KEY PERFORMANCE INDICATORS

New orders totalled €10,652 million, compared to €10,638 million for the corresponding period of the previous year. On a like-for-like basis (using the same consolidation percentage for the Energy group at 30 September 2012), new orders for the nine months ended 30 September 2011 would have been approximately €10,279 million. The increase in new orders can be observed mainly in the following business segments:

- **Helicopters:** The increase is mainly related to the new AW169 and AW189 models (73 units);
- **Aeronautics***:* due to increased orders in the *military* line, linked to the EFA, M346 and C27J programmes, which more than offset the drop in the *civil* line which had significant orders of ATR aircraft in 2011;
- **Space**: due to the *satellite services* line, following the acquisition of the order for the OPSAT - 3000 satellite system and to the *manufacturing* line, following the orders for two satellites in the *commercial telecommunications* area*;*
- **Defence Systems**: due to the agreement of an important contract with the Indian Air Force in the *missile systems* line and an order to supply additional VBM armoured vehicles to the Italian Army in the *land weapon systems* line*;*
- **Transportation:** due mainly to the *signalling and transportation solutions* line*;*

This improvement is partially offset by the decrease seen mainly in the Defence Electronics and Security and Energy business segments.

The **order backlog** totalled €44,706 million, compared to €46,005 million at 31 December 2011. The net decrease is partially offset by the translation of foreign currency orders, substantially following the appreciation of the pound sterling against the euro at 30 September 2012 (€383 million). The order backlog, considered in terms of its workability, ensures around two and a half years of production for the group.

Revenues totalled €12,184 million, compared to €12,252 million for the corresponding period of the previous year. On a like-for-like basis (using the same consolidation percentage for the Energy group at 30 September 2012), consolidated revenues for the first nine months of 2011 would have amounted to about €12,007 million. Given the *Helicopters* business segment growth - thanks to the *machines* area (mainly AW101 and AW139) and the strong performance in product support - and the stability of the other business segments, the *Defence Electronics and Security* business segment decreased. The decrease was, however, mitigated by the appreciation of the US dollar and the pound sterling against the euro. This trend was seen across all lines of the segment, due to the generalised difficulties and the slow-down in purchases and start up of new orders, worsened by the simultaneous decrease in the contribution of important programmes now in their final stages. This includes the decreased activities for the US Armed Forces, as expected, and the drop in production volumes in *command and control systems, avionics* and *information technology and security*, which was also impacted by the freezing of the Ministry for the Environment, Land and Sea's SISTRI programme. The above will also impact the final quarter of the year, with a new orders/revenues ratio of less than one, like in 2011.

Adjusted EBITA totalled €741 million, compared to a negative €188 million in the corresponding period of the previous year. Excluding "non-recurring" expenses related to the B787 programme in the *Aeronautics* business segment (€753 million), and using the same consolidation percentage for Ansaldo Energia group at 30 September 2012, Adjusted EBITA for the first nine months of 2011 would have been a positive €546 million, with a €195 million increase in the reporting period over the corresponding period of the previous year. Adjusted EBITA increased in the following business segments:

- **Helicopters**: due to the increase in production volumes and to the streamlining and cost-saving initiatives;
- **Aeronautics**: due to the benefits arising from the restructuring and reorganisation plan as well as the renegotiation of the trading agreements of certain programmes;
- **Space**: due to the different production mix and the benefits brought by the streamlining actions;

- **Defence Systems**: due to the improvement in the profit margins in *missile systems;*
- **Transportation:** in which, however, the *vehicles* line performance is still negative and lower than expected. This trend is mostly impacted by the as yet unresolved issues of the *service* area, as well as the difficulties encountered in pursuing the objectives expected from the Ansaldobreda reorganisation plan, due to production issues;
- **Other activities**: substantially attributable to the Finmeccanica parent company for the positive outcome of the streamlining and cost-saving actions,

Adjusted EBITA decreased in the Defence Electronics and Security business segment only, following the drop in production volumes and the deterioration in the mix in the *command and control systems* line, partly offset by savings generated by the restructuring plans underway.
The Energy business segment was substantially stable.

The above changes led to an improvement in **ROS**, which was 6.1%, compared to 4.5% for the corresponding period of the previous year (calculated net of the "non-recurring" expenses).

EBIT totalled €624 million, compared to a negative €603 million in the corresponding period of the previous year. Excluding the "non-recurring" expenses related to the B787 programme and using the same consolidation percentage for Ansaldo Energia group at 30 September 2012, EBIT for the first nine months of 2011 would have been a positive €131 million, with a €493 million increase over the corresponding period of the previous year. This improvement is due to the increase in Adjusted EBITA (€195 million) and to a significant reduction in restructuring/non-recurring expenses (€298 million).

Net financial expenses were €330 million, with a deterioration of €500 million compared to the corresponding period of the previous year (net financial income of €170 million). Excluding the gains on the partial sale of Ansaldo Energia group (€458 million), net financial expenses for the nine months ended 30 September 2011 would have been €288 million, with a deterioration of €42 million in the reporting period compared to the corresponding period of the previous year.

The effective **tax rate** was -50.38% (-14.00% for the corresponding period of the previous year, net of the effect of the partial sale of Ansaldo Energia). The tax rate will tend to come into line with historical rates towards the end of 2012.

The **net profit** came to €146 million compared to a loss of €324 million in the corresponding period of the previous year. Excluding the net effects arising from the "non-recurring" expenses and the gain on the partial sale of Ansaldo Energia, adjusted for the related tax effects, the group would have recognised a profit of €77 million in the corresponding period of the previous year. On a like-for-like basis, the increase between the corresponding period of the previous year and the current period is €69 million.

Net invested capital totalled €9,541 million, compared to €8,046 million at 31 December 2011, with a net increase of €1,495 million. An in-depth review of the group's invested capital (both non-current and working capital) was carried out at 31 December 2011. This resulted in the amount of net invested capital being more sustainable and consistent with the forecast growth in the group's profitability and the indicators adequately represent the return on invested capital. The increase in net invested capital in the first nine months of 2012 is substantially due to the typically negative performance of the Free Operating Cash Flows (FOCF), affected by the increase of working capital, in this part of the year.

Net working capital increased by €1,497 million (a positive €145 million at 30 September 2012 and a negative €1,352 million at 31 December 2011).

Non-current assets (net) are largely unchanged (€9,396 million at 30 September 2012 and €9,398 million at 31 December 2011). The increase generated by investments, net of amortisation/depreciation of the period, and the exchange rate differences arising from the translation of financial statements prepared in currencies other than the euro (particularly following the appreciation of the pound sterling against the euro), which resulted in goodwill for the foreign companies higher by €66 million, is substantially offset by the decrease in equity investments and in receivables and other non-current assets.

In respect of the increase in net invested capital compared to 30 September 2011 (amounts in brackets), **ROI** was 11.2% (4.8%), **EVA** was a negative €46 million (negative €855 million) and **ROE** was 4.2% (-1.3%).

FOCF should be considered in terms of the period of the year (seasonality), when there are significantly more payments of trade payables than collections of trade receivables. At 30 September 2012, FOCF was therefore a negative (use of cash) €1,391 million, compared to a negative €1,567 million at 30 September 2011, with a net improvement of €176 million related to cash flows used in operating and ordinary investing activities, which decreased by €57 million and €119 million, respectively. In the first nine months of the year, investment activities necessary to develop products were concentrated in the Aeronautics business segment (around 39%), while the Helicopters business segment accounted for 25% and Defence Electronics and Security for 22%.

The group's **net financial debt** was €4,853 million compared to €3,443 million at 31 December 2011, with a net increase of €1,410 million. The net financial debt, which reflects the typically negative impact of the FOCF of the period included, *inter alia*, the €17 million ordinary dividend paid by Ansaldo STS for 2011.

Research and development investment totalled €1,353 million, up €77 million (+6%) over the €1,276 million figure for the corresponding period of the previous year. Research and development focused in the three strategic business segments of Defence Electronics and Security (40%), Helicopters (24%), Aeronautics (16%).

The **workforce** numbered 68,321, with a net decrease of 2,153 employees over the 70,474 employees at 31 December 2011, substantially as a result of the steps taken to reduce the workforce and streamlining actions as part of the group's reorganisation and restructuring plan particularly in the Defence Electronics and Security, Helicopters, Defence Systems and Transportation business segments. From a geographical perspective, the workforce was around 59% located in Italy and 41% abroad, mainly in the United States of America, the United Kingdom, France and Poland.

KEY EVENTS OF AND AFTER THE REPORTING PERIOD

The merger into Alenia Aeronautica S.p.A. of its subsidiaries Alenia Aermacchi S.p.A. and Alenia SIA S.p.A. took effect on **1 January 2012**, as part of the reorganisation of the Aeronautics business segment commenced in 2010. Alenia Aeronautica S.p.A. then changed its name to Alenia Aermacchi S.p.A. and transferred its registered office from Pomigliano d'Arco (Naples) to Venegono Superiore (Varese). The plan to relaunch, reorganise and restructure the business segment was also rolled out near the end of 2011 with a view to recapturing market competitiveness through selected products and top-flight technologies.

With effect from the beginning of 2012, Finmeccanica transferred the equity investments in SELEX Gelileo Ltd, SELEX Galileo S.p.A., SELEX Elsag S.p.A. and SELEX Sistemi Integrati S.p.A. to its wholly-owned subsidiary SELEX Electronic Systems S.p.A. ("SELEX ES"). The procedure for the merger of SELEX Galileo S.p.A. and SELEX Elsag S.p.A. into SELEX ES S.p.A. commenced in September 2012. This reorganisation, which will also involve SELEX Sistemi Integrati S.p.A. in the last quarter of 2012, is part of the group's reorganisation in the DE&S business segment which will culminate in the creation of a single European-level organisation by the end of 2012. This will provide all business areas with consistent guidance and further streamline the business structure and investments and provide a unified approach to domestic and international customers. Having only had a marginal impact on the results of the first nine months of the year, the effect of the streamlining could result in the accrual of provisions as early as the fourth quarter of 2012.

On **29 February 2012**, Finmeccanica and Northrop Grumman were awarded by the NATO NC3A Agency (Consultation, Command and Control) the contract related to the collaboration agreement, signed in 19 December 2011, to meet the NCIRC (NATO Computer Incident Response Capability) - Full Operating Capability (FOC) programme requirements. The programme's aim is to ensure security of the information held at around 50 NATO locations and sites across 28 countries, enabling rapid and effective detection of and response to cyber security risks.

Ansaldo STS reached a strategic agreement with the China-based Cnr Dalian and the Taiwan-based General Resources Company on **17 July 2012**, licensing the "TramWave" technology to the joint venture that will be formed by Cnr Dalian and General Resources.

AgustaWestland signed an agreement on **18 September 2012** with the US-based Northrop Grumman Corporation to take part in the forthcoming tender of the US Air Force for a new Combat Rescue Helicopter (CRH) and the future tender for the new presidential helicopter Marine One (VXX) which is under the responsibility of the US Navy.

FINANCIAL TRANSACTIONS

The group did not carry out material transactions on the capital markets in the first nine months of 2012, with the only transactions of the period being the finalisation of some existing bond repurchase transactions. Specifically, in February and March, Meccanica Holdings USA repurchased, in several instalments, around $34 million of bonds maturing in July 2019, bearing interest at 6.25%, that it issued in 2009 for a total of $500 million. In the second quarter, a further approximate $32 million of same bonds was repurchased, for a total amount approximating $66 million (around €51 million). The average repurchase price totalled 89.81% of the nominal amount, with an average annual return of 8.13%. Unlike for bonds issued on the Euromarket, these bonds do not have to be cancelled immediately.

With reference to issues on the Euromarket, Finmeccanica continued in 2012 to repurchase, on an arm's length basis, notes maturing in December 2013, bearing interest at 8.125%. They were issued as part of the Euro Medium Term Notes (EMTN) programme. In respect of this issue, an approximate further €12 million was repurchased in the third quarter of 2012 for an average repurchase price of 106.40% of the nominal amount, with an average annual return of 3.21%. The repurchase of a total of €197 million (€185 million in 2011 plus the €12 million in 2012) took place at an average repurchase price of 105.74% of the nominal amount, with an average return of 5.21%.

The following table details the bonds outstanding at 30 September 2012 maturing within the next 18 months.

Issuer	Year of issue	Maturity	Nominal amount (€million)	Annual interest rate	Type of offer	IFRS carrying amount (€ million)
Finmeccanica Finance SA	2008	2013	803(*)	8.125%	European institutional	857

(*) *Residual nominal amount after the repurchase of €197 million in several instalments between 2011 and the third quarter of 2012.*

During the life of the various bonds, Finmeccanica has undertaken transactions to convert the fixed rate to floating rate, in some cases together with option structures protecting against floating rate rises.

All bonds issued by Finmeccanica Finance and Meccanica Holdings USA are irrevocably and unconditionally secured by Finmeccanica and they have a medium-term credit rating from the international rating agencies Moody's Investor Service (Moody's), Standard and Poor's and Fitch. As of today, Finmeccanica's credit ratings are as follows:

- Baa3 with stable outlook from Moody's (from Baa2 with negative outlook)

- BBB- with negative outlook from Fitch
- BBB- with negative outlook from Standard and Poor's.

On October 24th Moody's, the credit rating agency, completed the rating review of Finmeccanica initiated on 16th July 2012 following the downgrade of the Italian Republic from A3 to Baa2. Moody's decided to maintain the Finmeccanica credit rating at the investment grade level, confirming the standalone Baseline Credit Assessment (BCA) at Baa3, while lowering the Government Related Issuer assessment (GRI) to Baa3 (from Baa2) with a stable outlook (from a negative outlook). The GRI rating is influenced by the relation of the issuer with the Italian State.

The credit analysis of Moody's, the following confirmation of the standalone credit rating to Baa3, and the improvement of the outlook from "negative" to "stable" support the effort of Finmeccanica in the execution of the Group restructuring and consolidation plan.

The current credit ratings by Standard and Poor's and Moody's do not presently show any difference between the *"stand alone"* ratings and the ratings determined based on Standard and Poor's Government related entities (GRE) and Moody's Government related issuers (GRI) methodologies. Overall, Finmeccanica is rated "Investment Grade", although with negative outlook only for Fitch and Standard and Poor's. This rating could be changed by the rating agencies based not only on the ongoing outcomes of Finmeccanica's restructuring, reorganisation and disinvestment programmes, but also in the event of a deterioration in the macroeconomic context (e.g., national economic system, etc.).

A hypothetical further downgrading of Finmeccanica's rating, even to below Investment Grade, would not significantly affect the confirmed existing financing. However, it could be more difficult and costly to use some of the credit line sources of financing used to date. The group is actively committed to rolling out the steps of the restructuring plan launched in 2011, which, *inter alia*, include the reduction of debt. Moreover, the group's financial and investment and contract selection policies mean the group constantly monitors the soundness of its financial position and its financial debt level, which also enable compliance with the indicators the rating agencies refer to.

OTHER EVENTS

As part of the group's focus on its strategic sectors, on 31 May 2012, Finmeccanica Finance, Fondo Strategico Italiano S.p.A. ("FSI"), Avio S.p.A. ("Avio") and the ultimate parent BCV Investments SCA reached an agreement, with the condition precedent of Avio's listing on the stock exchange before the end of 2012 under favourable market conditions, which will enable FSI to become a shareholder of Avio with a stable approximate 15% investment, taking part in the initial public offering, which includes a share capital increase, and acquiring Finmeccanica's entire investment therein. Finmeccanica will receive an amount equal to the net placement price for the sale of its stake.

OUTLOOK

Finmeccanica group's results for the first nine months of 2012 improved on those of the corresponding period of the previous year (also when the accruals related to the B787 programme are excluded), and were substantially in line with the forecasts contained in the companies' budgets for the reporting period.

The recession which affected other industries from 2008 extended to the Aerospace and Defence industries in the group's key markets of Great Britain, the United States of America and Italy, where budgets for military and security investment spending were cut in 2010. Customers are also tending to refocus on product performance/cost sustainability ratios. Current and prospective demand in the sector is shifting towards emerging countries and competition between companies is intense, which is pushing prices downwards.

The current macroeconomic context is in some ways more worrying than originally thought, with significant impacts on its markets.

Initiatives undertaken to different extents by the various group companies during 2011 enabled the group to improve its efficiency and simplify corporate structures by drawing up and rolling out in-depth plans to improve competitiveness and efficiency and to reorganise each company (with expected benefits topping €440 million in 2013).

Guidance and monitoring undertaken during the reporting period by Finmeccanica (as well as the improvement in the key production indicators for the companies) confirm the steps are being rolled out as scheduled in terms of physical progress and that the trend of financial statements figures is consistent with the quantitative targets in terms of overall benefits. As early as this reporting period, the results were especially strong in the Aerospace and Defence segment, while the *vehicles* line of the Transportation business segment is encountering difficulties in pursuing the objectives of the reorganisation plan, mainly due to production issues that may also have consequences for the delivery plans of certain programmes.

In addition, the group is also taking the steps necessary for structural and sustainable growth, to solve strategic issues, including the consolidation and strengthening of activities in the Defence Electronics and Security business segment, through the combination of SELEX Galileo, SELEX Elsag and SELEX Sistemi Integrati into one company, while significantly streamlining technologies, product lines and industrial facilities, leading to important synergies and consequent significant decreases in manufacturing costs.

Equally important is the roll out of the group's asset portfolio review, concentrating invested capital in those activities and business segments boasting the technological and production capacities to maximise the creation and extraction of value on the market. This could entail the disposal of assets, thus reducing financial debt and thereby improving the overall cash position.

In view of the group's results of operations for the first nine months of 2012 and its reaching the milestones set out both in its plans to improve competiveness and efficiency and for restructuring, and the roll out of actions to resolve strategic issues, we confirm the forecasts for the full year 2012 prepared at the time the 2011 Annual Report was prepared.

Revenues for the full year is expected to be in the range of €16.9 billion and €17.3 billion. Adjusted EBITA will return to be positive in the Aeronautics business segment, although it will continue to be negative in the *vehicles* line, and will increase in the Defence Electronics and Security and Helicopters business segments. Adjusted EBITA will thus approximate €1,100 million, while FOCF will be positive thanks to operating activities before investing activities which (after having funded part of the restructuring costs accrued in 2011, borrowing costs and income taxes) will generate cash flows exceeding €900 million, while investment expenses (after collecting the grants under Law no. 808/85) is expected to generate negative cash outflows approximating €900 million.

PERFORMANCE BY BUSINESS SEGMENT

(€ million)

Helicopters

Company: **AgustaWestland**

New orders: for the reporting period came to €2,276 million, up 13% over the corresponding period of the previous year *(*€2,007 million). Helicopters (new and upgrades) account for 75.4%, while product support (spare parts and overhauls), engineering and production account for 24.6%. The increase is largely due to sales of the new AW169 and AW189 models (a total of 73 units).The most important new orders of the period, in the *military-government* line include: three AW139 units, configured for medical emergency, search and rescue, law enforcement and homeland security missions*,* for the Maryland State Police Aviation Command; one AW139 helicopter for the Policia do Brasil; six AW Super Lynx 300 helicopters for a key customer in the southern Mediterranean area; five AW169 units for a United Arab Emirates governmental customer; two law enforcement-configured AW139 helicopters for the Japanese National Police Agency; one AW109 helicopter to the Chilean military police.The most important new orders in the *civil-government* line include the contract with Heli One to supply four AW 139 helicopters; the supply of 15 off-shore-configured AW189 helicopters to Gulf Helicopters to support oil platforms in the Middle East; the supply of five AW169 helicopters to the air rescue services provider, Inaer Aviation Spain.

Order backlog: at 30 September 2012 came to €11,567 million, down on 31 December 2011 (€12,121 million). Helicopters (new and upgrades) account for 67%, while product support (spare parts and overhauls), engineering and production account for 33%. This amount ensures around three years of production.

Revenues: for the nine months ended 30 September 2012 came to €2,976 million, up 8% over the nine months ended 30 September 2011 (€2,750 million), largely due to the significant growth in certain helicopter production lines (AW101 and AW139); the product support area also performed strongly, with an overall growth of 1.9%.

Adjusted EBITA: for the nine months ended 30 September 2012 came to €339 million, up 18.1% over the nine months ended 30 September 2011 (€287 million). This improvement is partially due to the above-mentioned increase in production volumes and partly to the streamlining and restructuring initiatives rolled out at the end of last year. **ROS** consequently increased 1% to 11.4%, from 10.4% for the period ended 30 September 2011.

Workforce: at 30 September 2012 numbered 13,098, down a net 205 employees on the 13,303 employees at 31 December 2011. This is mainly due to the restructuring plan at the British site of Yeovil, with the laying off of 351 employees during the period, and the outsourcing of certain non-core activities of the Polish site of Swidnik.

Defence Electronics ad Security

Companies: **DRS, Technologies, SELEX Elsag, SELEX Galileo, SELEX Sistemi Integrati**

New orders: for the nine months ended 30 September 2012 totalled €3,394 million, down slightly on those of the corresponding period of the previous year (€3,447 million). Key new orders in the various lines include: in the avionics and electro-optical systems, orders for the EFA programme related to avionics devices and radars for the third lot, as well as logistics; the order for activities related to the fixed and mobile component of the ground-based part of a surface-to-air surveillance system forming part of NATO’s Alliance Ground Surveillance programme. In major integrated defence and security systems: the further lot of the contract for the Italian Ministry of Defence to increase the security level of operational bases and support Italian soldiers in Afghanistan. In command and control systems in the defence systems area: order from the Italian Navy to implement the TESEO system on Orizzonte vessels, and orders for the Medium Extended Air Defence System programme. In civil systems area: contracts with Uruguay's Civil Aviation Department and the Royal Bahraini Air Force for the supply of primary and secondary radar systems to control and manage air and airport traffic and the order to upgrade the control tower at Kuala Lumpur's airport in Malaysia. In integrated communication networks and systems: the order from NATO to develop, implement and manage the Computer Incident Response Capability - Full Operating Capability programme to protect data from threats and weaknesses as part of cyber security at numerous NATO command centres and locations in various countries; orders for communications systems of the VBM and VTMM vehicles from the Italian Army; the order, as part of a cooperation agreement between the Italian and Israeli governments, for the supply of identification and communication systems and flight control computers for Alenia Aermacchi's M346 training aircraft and, via ELTA Systems Ltd, communication subsystems (NATO standard), tactical data links and identification systems for two Conformal Airborne Early Warning aircraft for the Italian Air Force. In i*nformation technology and security:* the order to develop and manage the Ministry of Education, University and Research's IT system; further orders from the Russian postal service to supply systems for their revenue protection programme; the order for maintenance and technical assistance services for Poste Italiane S.p.A.'s mail sorting lines and equipment; orders for various system and software support initiatives for the Ministry of Justice. For *DRS*: the order to supply modular fuel tanks for the US Army's Modular Fuel System; the order from the US Navy to supply electronic security services to the Space and Naval Warfare Systems Command.

Orders backlog at 30 September 2012 came to €8,961 million, compared to €9,591 million at 31 December 2011. Around 80% of this amount relates to operations of European companies active in the sector.

Revenues: for the first nine months of 2012 came to €4,089 million, with a €202 million decrease over the corresponding period of the previous year (€4,291 million), which was mitigated by the appreciation of the US dollar and the pound sterling against the Euro. This trend was seen across all lines of the segment, due to the general difficulties and the slow-down in purchases and start up of new orders, worsened by the simultaneous decrease in the contribution of important programmes now in their final stages. This includes the decreased activities for the US Armed Forces, as substantially expected, and the sharp drop in production volumes in *command and control systems* and, to a lesser extent, *avionics* and *information technology and security*, which was also impacted by the freezing of the Ministry for the Environment, Land and Sea's SISTRI programme. Revenues in the various lines were mainly generated by: the avionics and electro-optical systems through the continuation of activities for the EFA programme; the major integrated defence and security systems through the continuation of activities for the NEC Force programme; the command and control systems through the continuation of activities on the air traffic control programmes in Italy and abroad and for the FREMM naval contracts; the integrated communications systems and networks through the continuation of the activities to develop the national TETRA network and the development and manufacture of equipment for EFA and helicopter platform; the information technology and security through activities related to postal and industrial automation both in Italy and abroad and monitoring and physical security services for domestic customers and automation services for the public administration; for DRS through the additional supply of Thermal Weapon Sight vision systems for soldiers and the supply of services and products under the Rapid Response contract and satellite communication services.

Adjusted EBITA: for the period ended 30 September 2012 came to €238 million, down over that for the nine months ended 30 September 2011 (€267 million), due to the above-mentioned drop in production volumes, and the deterioration of the mix of activities in the *command and control systems* line, which was partially offset by savings generated by the plans underway to improve competitiveness and efficiency and for restructuring. **ROS** for the first nine months of 2012 was 5.8%, representing a decrease over the corresponding period of the previous year (6.2%).

Workforce: at 30 September 2012 numbered 25,568, down a net 1,746 on the 27,314 employees at 31 December 2011, due to the streamlining of the various areas underway, and particularly DRS.

Aeronautics

Companies: **Alenia Aermacchi (*), GIE-ATR (**), Alenia Aermacchi North America, SuperJet International (***)**

(*)With effect from 1 January 2012, Alenia Aermacchi S.p.A. and Alenia SIA S.p.A. were merged into Alenia Aeronautica S.p.A., which changed its name to "Alenia Aermacchi S.p.A.".

(**)Figures related to the GIE-ATR International joint venture are consolidated on a proportionate basis at 50%

(***)Figures related to the Superjet International joint venture are consolidated on a proportionate basis at 51%, respectively.

New orders: for the reporting period came to €2,224 million, up €66 million on the figure for the corresponding period of 2011 (€2,158 million). The rise is due to increased orders in the military line, linked to the EFA, M346 and C27J programmes, which more than offset the drop in the civil line, which had experienced significant orders of ATR aircraft in the first nine months of 2011. Key new orders acquired in the first nine months of 2012 include: in the military line for the EFA programme, the contract to supply technical-logistics services for five years (this order forms part of a broader contract agreed by the Eurofighter consortium with NETMA to support the fleet of aircraft of the programme's four partner nations: Italy, Germany, Spain and the United Kingdom); for the M346 programme, the order for the supply of 30 training aircraft to the Israeli Air Force, which was signed in July as part of a cooperation agreement between the Italian and Israeli governments; for the C27J programme, the order for ten aircraft for the Australian Air Force via a Foreign Military Sales agreement with the government of the United States, with the contract awarded to the partnership between L-3 - as prime contractor - and Alenia Aermacchi; for the Maritime Patrol version of the ATR 72 aircraft, the additional order for logistical support for the four aircraft under production ordered by the Italian Air Force in 2008 for maritime patrol. In the civil line, for the ATR aircraft, GIE-ATR acquired orders for 15 aircraft, including two from the Laos-based Lao Airlines, eight from the Taiwan-based TransAsia Airways, one from the Denmark-based Nordic Aviation, two from the Austria-based InterSky, and two from the US-based Air Lease; for aerostructures, further lots for the B767, B777, A380, ATR and A321 programmes and the production of engine nacelles.

Order backlog: at 30 September 2012 was €8,945 million (€8,656 million at 31 December 2011), covering the medium/long-term. Analysing the breakdown shows a significant proportion of the EFA (40%), B787 (16%), ATR (14%), M346 (9%) and C27J (5%) programmes.

Revenues: for the nine months ended 30 September 2012 came to €2,002 million, up €136 million over the nine months ended 30 September 2011 (€1,866 million) due to increased operations in the *civil* line and the increased production rates for the B787, ATR, A380 and A321 aircraft, which offset the drop in activities for EFA military and transport (C27J and G222) aircraft.

Adjusted EBITA: for the nine months ended 30 September 2012 came to €74 million compared to the negative €768 million for the corresponding period of the previous year, which was affected by significant "non-recurring" expenses totalling €753 million arising from the B787 programme. Net of the non-recurring expenses, Adjusted EBITA would have improved by €89 million over the nine months ended 30 September 2011, mainly due to a decrease in operating expenses and improved industrial efficiency thanks to the re-organisation underway, and the benefits arising from the supply chain streamlining and development plan and the renegotiation of the trading agreements of certain programs. Accordingly, **ROS** came to 3.7% compared to a negative figure for the nine months ended 30 September 2011.

Workforce: at 30 September 2012 numbered 12,163, up a net 170 employees on the 11,993 employees at 31 December 2011. This is due, *inter alia*, to the hiring of 470 former temporary workers, as per the agreement reached with the trade unions on 8 November 2011 and the early retirement for redundancy of 224 employees as part of the restructuring and business reorganisation underway.

Space

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

(*) All of the data concern the two joint ventures – Telespazio and Thales Alenia Space – both consolidated on a proportionate basis at 67% and 33% respectively.

New orders: for the first nine months of 2012 totalled €639 million, up approximately 24% on the corresponding period of the previous year (€514 million). This increase relates to the *satellite services* line, following the acquisition of the order for the OPSAT - 3000 satellite system and to the *manufacturing* line, mainly due to the orders for two satellites in the *commercial telecommunications* area. The most important new orders of the period were as follows: in the *commercial telecommunications* line, contracts for the supply of the Turkmensat and Eutelsat 8 West B satellites; the new orders for satellite and satellite TV services capacities and supply of satellite telecommunications services. In the *military and government telecommunications* line, additional lots of the contract with the Italian Space Agency and the French Space Agency (CNES) for the Athena Fidus satellite and orders for military satellite telecommunications services. In the *earth observation* line, additional lots of the order for third-generation Meteosat satellites; the order for the supply of the OPSAT - 3000 optical satellite system; orders to supply Cosmo data and stations and GeoEye data. In the *satellite navigation* line, the order for the Egnos programme. In the *scientific programmes* line, an additional lot of orders under the Bepi-Colombo and Exomars programmes.

Order backlog: totalled €2,424 million at 30 September 2012, down €41 million on the €2,465 million figure at 31 December 2011. Manufacturing activities account for 61%, while satellite services account for the remaining 39%.

Revenues: for the first nine months of 2012 totalled €697 million, substantially in line with the €699 million figure of the corresponding period of the previous year. Production mainly related to ongoing activities in the following areas: *commercial telecommunications,* for the Russian AM8/AT1&AT2, Yamal- 401 and 402 satellites and payloads; for the O3B and Iridium NEXT satellite constellations; satellite services for telecommunications and the resale of satellite capacity In *military telecommunications,* for the Sicral 2 and Athena Fidus satellites and the supply of satellite services. In *earth observation,* for Sentinel mission satellites (the Kopernikus programme, previously known as GMES); for the Göktürk satellite system for the Turkish Ministry of Defence (the programme schedule is currently under review with the latter); for the third-generation Meteosat constellation. In the *scientific programmes,* for the Exomars and Bepi-Colombo programmes. In the *satellite navigation,* for activities in the ground mission line of the Galileo programme and activities related to the Egnos programme.

Adjusted EBITA: for the nine months ended 30 September 2012 came to €47 million, up €20 million over the €27 million figure for the corresponding period of the previous year. The increase is mainly due to a different production mix and the improvements brought by the streamlining actions in both lines. Accordingly, **ROS** came to 6.7%, compared to 3.9% for the nine months ended 30 September 2011.

Workforce: at 30 September 2012 numbered 4,146, substantially in line with the 4,139 employees at 31 December 2011.

Defence Systems

Companies: **Oto Melara, WASS, MBDA (*)**

(*) All of the data concern the joint ventures for MBDA consolidated on a proportionate basis at 25%.

New orders: for the first nine months of 2012 totalled €643 million, an increase over the €483 million figure for the first nine months of 2011, due to the agreement of an important contract with the Indian Air Force for *missile systems* and an order to supply additional VBM armoured vehicles to the Italian Army in the *land weapon systems* line. Key new orders of the reporting period include: in the *missile systems* line, the order to supply Mica air-to-air missiles as part of the upgrade of the Mirage 2000 fleet used by the Indian Air Force and customer support orders. In the *land, sea and air weapons system* line, the order for an additional lot of VBM armoured vehicles for the Italian Army; the acquisition of the contract for two 127/64 LW naval cannons for Algeria and various logistics orders. In the *underwater systems* line, various contracts in the heavy torpedoes and countermeasures business areas and orders related to the FREMM programme from France and various logistics orders.

Order backlog: at 30 September 2012 was €3,497 million, compared to €3,656 million at 31 December 2011. Around 64% of this amount relates to the *missile systems* line.

Revenues: for the nine months ended 30 September 2012 came to €829 million, up 2% on the corresponding period of the previous year (€811 million)*.* Revenues were mainly generated by: *missile systems,* for the production of Aster surface-to-air missiles; Spada aerial defence missile systems and Exocet anti-ship missiles; for the development of the aerial defence system as part of the Medium Extended Air Defence System programme; for the first deliveries of air-to-surface missiles as part of an important programme for a foreign country and for customer support. In the *land, sea and air weapons systems, for* production related to the VBM armoured vehicles for the Italian army; the Hitfist turret kits for Poland; activities related to the FREMM programme; for the production of SampT missile launchers; for the production of machine guns for various foreign customers and for logistics. In the *underwater systems,* for activities related to the Black Shark heavy torpedo and the A244 light torpedoes; countermeasures; FREMM-related activities; logistics.

Adjusted EBITA: for the first nine months of 2012 totalled €89 million, higher than the €65 million recognised in the corresponding period of the previous year mainly due to the considerable improvement in the profit margins in *missile system,* and to a lower lever due to the *underwater systems*. **ROS** came to 10.7% (8.0% for the nine months ended 30 September 2011).

Workforce: at 30 September 2012 numbered 3,983, down 83 employees from the 4,066 employees at 31 December 2011.

Energy

Companies: Ansaldo Energia **(*)(**)**

(*)Finmeccanica Spa sold a 45% investment in Ansaldo Energia group to the US investment fund, First Reserve Corporation, on 13 June 2011. Ansaldo Energia Holding and its subsidiaries have consequently been consolidated on a proportionate basis since that date. Moreover, the merger of the parent Ansaldo Energia Holding into the subsidiary Ansaldo Energia was finalised on 30 June 2012,

(**) To fairly represent the general trend of the sector, changes to income figures are also shown and discussed on a like-for-like basis.

New orders: for the first nine months of 2012 came to €512 million, down €535 million over the €1,047 million figure of the corresponding period of the previous year. On a like-for-like basis, new orders decreased €176 million, largely due to lower purchases in the *plants and components* line. Key new orders of the reporting period include: in the *plants and components* line, an open-cycle plant in Algeria (Hassi Messaud); the supply of a gas turbine and alternator in Algeria (Labreg); supply of a steam turbine and alternator in Chile (Cochrane); the supply of a steam turbine and alternator in Egypt (Giza North). In the *service* line, the solution contract (modifying turbine parts) related to the revamping of the nuclear turbo alternator for a power station in Argentina (Embalse) and field service contracts. In the *nuclear* line, the plant engineering order in Argentina (Embalse); the order for the full-scale prototype of the divertor's inner vertical target for a nuclear power station in France (Cardache).

Order backlog: at 30 September 2012 totalled €1,926 million, down €13 million over the €1,939 million figure at 31 December 2011*. Plants and components* account for 39%, while *services* account for 59% (70% of which is represented by long-term service agreements - LTSAs - for scheduled maintenance contracts), *nuclear* for 1% and *renewable energies* for the remaining 1%.

Revenues: for the first nine months of 2012 came to €493 million, down €227 million over the corresponding period of the previous year (€720 million), due entirely to the change in consolidation method. On a like-for-like basis, revenues increased €26 million and substantially relates to greater operations in *plants and component* and *renewable energies*. Revenues were mainly generated by: *plant and components* for the work on contracts in Italy, Tunisia, Egypt, Turkey and Algeria In the *services,* for the LTSAs in Italy and in Northern Ireland. In the *spare part* area for the activities on the gas and steam turbines in Spain, Jordan, Bolivia, Turkey and for a power station in Algeria. Activities in Italy and in Chile in the *field service* area. In the *nuclear* area and in the *plant engineering* area for the continuation of activities for the China project in conjunction with Westinghouse for the new AP1000 nuclear reactors and engineering activities in the Slovakia power station to complete the two VVER 440 reactors. In the *services* area for revamping activities at the power station in Argentina. In the *waste and decommissioning* area for the activities to treat and store radioactive waste from submarines in Russia. In the *renewable energy,*: in the *wind* area, for the work on the Avellino contract to build a 66 MW wind farm. In the *photovoltaic* area for the progress on the Siracusa and Avellino, Martano and Soleto (both in Lecce) contracts.

Adjusted EBITA: for the first nine months of 2012 came to €36 million, down €18 million over the €54 million figure of the corresponding period of the previous year. On a like-for-like basis, Adjusted EBITA is substantially in line with the same period of the previous year.
ROS for the reporting period was 7.3%, compared to 7.5% for the first nine months of 2011.

Workforce: at 30 September 2012 numbered 1,819, down 53 employees on the 1,872 employees at 31 December 2011.

Transportation

Companies: **Ansaldo STS, AnsaldoBreda** and **BredaMenarinibus**

New orders: for the nine months ended 30 September 2012 totalled €1,244 million, up €98 million on the €1,146 million figure of the corresponding period of the previous year, related mainly to the *signalling and transportation solutions* line. Key new orders of the reporting period include: for the *signalling and transportation solutions* line, in the *signalling* area the order for the first two stages of a signalling system for the train line for heavy traffic use for the Roy Hill Iron Ore project in Australia; the contract agreed with Southeastern Pennsylvania Transportation Authority for the Positive Train Control integrated signalling system; the order for the new Shah-Habshan-Ruwais line in the United Arab Emirates; the contract for the supply of the railway traffic control system for a high-speed line in Korea; various components and service & maintenance contracts.In the *transportation solutions* area, the AutoHaul™ contract to develop and supply an automated train management system for the heavy transport of steel for Rio Tinto Iron Ore, awarded as part of the master agreement signed with Rio Tinto Iron Ore and other contracts under the same master agreement, in Australia. In the *vehicles* line, the change to Trenitalia's 2010 order for high-speed trains; additional vehicles that had already been optioned for the Fortaleza metro system in Brazil and service orders.In the *bus* line, orders for nineteen buses and various post-sales orders.

Order backlog: at 30 September 2012 totalled €8,164 million, down €153 million over the €8,317 million figure at 31 December 2011. The *signalling and transportation solutions* line accounts for 68.4%, the *vehicles* line for 31.4% and the *bus* line for 0.2%

Revenues: for the first nine months of 2012 came to €1,385 million, compared to €1,372 million in the corresponding period of the previous year. Production mainly included: for the *signalling and transportation solutions* line, in the *signalling* area, high-speed projects, train control systems and the Turin-Padua stretch in Italy; contracts for the Bogazkopru-Ulukisla-Yenice and Mersin-Toprakkale train lines and for the Ankara metro in Turkey; orders for Australian Rail Track in Australia; the contract for the Red Line of the Stockholm metro in Sweden; the Union Pacific Railroad project in the US; various components contracts. In the *transportation solutions* area, the Copenhagen, Naples Line 6, Rome Line C, Brescia, Genoa, Milan and Riyadh (Saudi Arabia) metros; the Rio Tinto projects in Australia.In the *vehicles* line, double-decker carriages for Trenitalia; trains for the Danish railways; trains for the Dutch and Belgian railways; vehicles for the Fortaleza (Brazil), Milan and Riyadh (Saudi Arabia) metros; various service orders. In the *bus* line*,* various bus orders, representing 55% of this line's revenues, and post-sales activities.

Adjusted EBITA: for the first nine months of 2012 totalled €6 million, up €16 million over the negative €10 million recorded in the corresponding period of the previous year. About the tren of the business segments, the *vehicles* line, lower than expected performance, is still negative and is impacted by the as yet unresolved issues of the *service* area, as well as the difficulties encountered in pursuing the objectives of the reorganisation plan launched by Ansaldobreda's management, due to production issues that may have consequences on the delivery plans of certain programmes. **ROS** for the business segment was 0.4% (negative by 0.7% for the nine months ended 30 September 2011).

Workforce: at 30 September 2012 numbered 6,636, down a net 240 employees on the 6,876 employees at 31 December 2011. This relates to both the *vehicles* line (175 employees, including in relation to AnsaldoBreda France SAS's placement into liquidation and consequent exit from the consolidation scope), and to the *signalling and transportation solutions* line.

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The manager in charge of financial reporting, Gian Piero Cutillo, certifies - in accordance with the provisions of article 154-bis, paragraph 2 of Legislative Decree no. 58/1998 - that the financial figures contained in this press release correspond to the related accounting records, books, and supporting documentation.

RECLASSIFIED INCOME STATEMENT

€mil.	9M 2012 (unaudited)	9M 2011 (unaudited)	*Chg. y/y*	3Q 2012 (unaudited)	3Q 2011 (unaudited)	*Chg. y/y*
Revenues	**12,184**	**12,252**	**(68)**	**4,124**	**3,828**	**296**
Raw materials and consumables used and personnel costs	(10,992)	(11,233)		(3,695)	(3,569)	
Amortisation and depreciation	(422)	(429)		(143)	(135)	
Other net operating income/(expense)	(29)	(778)		(6)	(751)	
Adjusted EBITA (*)	**741**	**(188)**	**929**	**280**	**(627)**	**907**
ROS %	*6.1%*	*(1.5%)*		*6.8%*	*(16.4%)*	
Non-recurring income/(expenses)	-	(310)		-	(259)	
Restructuring costs	(50)	(44)		(11)	(17)	
Amortisation of intangible assets acquired as part of business combinations	(67)	(61)		(22)	(20)	
EBIT	**624**	**(603)**	**1,227**	**247**	**(923)**	**1,170**
EBIT margin	*5.1%*	*(4.9%)*		*6.0%*	*(24.1%)*	
Net financial income/ (expense)	(330)	170		(110)	(82)	
Income taxes	(148)	109		(62)	225	
NET PROFIT/(LOSS) BEFORE DISCONTINUED OPERATIONS	**146**	**(324)**		**75**	**(780)**	
Profit (loss) from discontinued operations	-	-		-	-	
NET PROFIT/(LOSS)	**146**	**(324)**	**470**	**75**	**(780)**	**855**
attributable to the owners of the parent	*118*	*(358)*		*65*	*(790)*	
attributable to non-controlling interests	*28*	*34*		*10*	*10*	
EPS (EUR)						
Basic	*0.205*	*(0.620)*		*0.113*	*(1.370)*	
Diluted	*0.205*	*(0.619)*		*0.113*	*(1.368)*	
EPS from continuing operations (EUR)						
Basic	*0.205*	*(0.620)*		*0.113*	*(1.370)*	
Diluted	*0.205*	*(0.619)*		*0.113*	*(1.368)*	

(*) 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.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION		
€mil.	**30.09.2012 (unaudited)**	**31.12.2011**
Non-current assets	13,578	13,543
Non-current liabilities	(4,182)	(4,145)
	9,396	**9,398**
Inventories	4,869	4,486
Trade receivables	9,552	8,932
Trade payables	(12,967)	(13,162)
Working capital	**1,454**	**256**
Current provisions for risks and charges	(853)	(932)
Other current liabilities (net)	(456)	(676)
Net working capital	**145**	**(1,352)**
Net invested capital	**9,541**	**8,046**
Equity attributable to the owners of the parent	4,374	4,301
Equity attributable to non-controlling interests	315	303
Shareholders' Equity	**4,689**	**4,604**
Net financial debt/(cash)	4,853	**3,443**
Net (assets)/liabilities held for sale	**(1)**	**(1)**

CASH FLOW		
€mil.	**9M 2012 (unaudited)**	**9M 2011 (unaudited)**
Cash and cash equivalents at 1 January	**1,331**	**1,854**
Gross cash flows from operating activities	1,258	1,091
Change in other operating assets and liabilities and provisions for risks and charges	(764)	(869)
Funds From Operations (FFO)	**494**	**222**
Change in working capital	(1,436)	(1,221)
Net cash generated/(used) from/in investing activities	**(942)**	**(999)**
Net cash generated/(used) from/in ordinary investing activities	(449)	(568)
Free operating cash flow (FOCF)	**(1,391)**	**(1,567)**
Strategic transactions	-	473
Change in other investing activities	(13)	8
Net cash generated/(used) from/in investing activities	**(462)**	**(87)**
Net change in loans and borrowings	1,164	27
Dividends paid	(17)	(258)
Net cash generated/(used) from/in financing activities	**1,147**	**(231)**
Exchange rate gains/(losses)	19	(36)
Cash and cash equivalents at 30 September	**1,093**	**501**

NET FINANCIAL DEBT		
€mil.	**30.09.2012 (unaudited)**	**31.12.2011**
Current loans and borrowings	1,466	414
Non-current loans and borrowings	4,375	4,397
Cash and cash equivalents	(1,093)	(1,331)
NET BANK LOANS AND BORROWINGS AND BONDS	**4,748**	**3,480**
Securities	(10)	(40)
Related parties financial receivables	(65)	(184)
Other financial receivables	(724)	(887)
CURRENT FINANCIAL RECEIVABLES AND SECURITIES	**(799)**	**(1,111)**
Relates parties loans and borrowings	755	949
Other current loans and borrowings	94	66
Other non-current loans and borrowings	55	59
OTHER LOANS AND BORROWINGS	**904**	**1,074**
NET FINANCIAL DEBT (CASH)	**4,853**	**3,443**

EARNINGS PER SHARE			
	9M 2012 (unaudited)	**9M 2011 (unaudited)**	***Chg. y/y %***
Average number of shares outstanding during the reporting period (in thousands)	578,118	577,438	*0.1%*
Net profit/(loss) excluding non-controlling interests (€ million)	118	(358)	
Profit (loss) from continuing operations (excluding non-controlling interests) (€ million)	118	(358)	
BASIC EPS (€)	**0.205**	**(0.620)**	
Basic EPS from continuing operations (€)	**0.205**	**(0.620)**	
Average number of shares outstanding during the reporting period (in thousands)	578,118	578,097	*0.0%*
Adjusted net profit/(loss) excluding non-controlling interests (€ million)	118	(358)	
Adjusted profit/(loss) from continuing operations (excluding non-controlling interests) (€ million)	118	(358)	
DILUTED EPS (€)	**0.205**	**(0.619)**	
Diluted EPS from continuing operations (€)	**0.205**	**(0.619)**	

9M 2012 (EUR million) (unaudited)	**Helicopters**	**Defence Electronics and Security**	**Aeronautics**	**Space**	**Defence Systems**	**Energy**	**Transportation**	**Other Activities**	**Eliminations**	**Total**
New orders	2,276	3,394	2,224	639	643	512	1,244	43	(323)	**10,652**
Order backlog	11,567	8,961	8,945	2,424	3,497	1,926	8,164	152	(930)	**44,706**
Revenues	2,976	4,089	2,002	697	829	493	1,385	244	(531)	**12,184**
Adjusted EBITA (*)	**339**	**238**	**74**	**47**	**89**	**36**	**6**	**(88)**		**741**
ROS (%)	11.4%	5.8%	3.7%	6.7%	10.7%	7.3%	0.4%	n.a.		**6.1%**
EBIT	**333**	**152**	**74**	**41**	**84**	**36**	**(8)**	**(88)**		**624**
Amortisation and depreciation	106	180	93	25	21	10	16	38		**489**
Investments	163	141	257	21	22	14	14	27		**659**
Research and development	332	535	215	35	186	12	35	3		**1,353**
Workforce (no.)	13,098	25,568	12,163	4,146	3,983	1,819	6,636	908		**68,321**

9M 2011 (EUR million) (unaudited)	**Helicopters**	**Defence Electronics and Security**	**Aeronautics**	**Space**	**Defence Systems**	**Energy**	**Transportation**	**Other Activities**	**Eliminations**	**Total**
New orders	2,007	3,447	2,158	514	483	1,047	1,146	267	(431)	**10,638**
Order backlog (31/12/2011)	12,121	9,591	8,656	2,465	3,656	1,939	8,317	256	(996)	**46,005**
Revenues	2,750	4,291	1,866	699	811	720	1,372	197	(454)	**12,252**
Adjusted EBITA (*)	**287**	**267**	**(768)**	**27**	**65**	**54**	**(10)**	**(110)**		**(188)**
ROS (%)	*10.4%*	*6.2%*	*(41.2%)*	*3.9%*	*8.0%*	*7.5%*	*(0.7%)*	*n.s.*		*(1.5%)*
EBIT	**281**	**119**	**(900)**	**26**	**62**	**54**	**(135)**	**(110)**		**(603)**
Amortisation and depreciation	106	173	92	24	23	16	16	40		**490**
Investments	130	143	165	18	24	17	13	10		**520**
Research and development	293	482	219	43	186	16	33	4		**1,276**
Workforce (no.) (31/12/2011)	13,303	27,314	11,993	4,139	4,066	1,872	6,876	911		**70,474**

(*) 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.

3Q 2012 (EUR million) (unaudited)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transportation	Other Activities	Eliminations	Total
New orders	495	1,052	668	398	121	67	306	12	(145)	**2,974**
Revenues	1,053	1,337	681	235	265	187	444	99	(177)	**4,124**
Adjusted EBITA (*)	**119**	**94**	**25**	**17**	**35**	**16**	**(3)**	**(23)**		**280**
ROS (%)	*11.3%*	*7.0%*	*3.7%*	*7.2%*	*13.2%*	*8.6%*	*(0.7%)*	*n.s.*		**6.8%**
EBIT	117	68	25	16	34	16	(6)	(23)		**247**

3Q 2011 (EUR million) (unaudited)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transportation	Other Activities	Eliminations	Total
New orders	760	909	570	143	165	249	302	37	(63)	**3,072**
Revenues	922	1,373	569	219	252	158	419	66	(150)	**3,828**
Adjusted EBITA (*)	**99**	**88**	**(809)**	**17**	**16**	**12**	**(19)**	**(31)**		**(627)**
ROS (%)	*10.7%*	*6.4%*	*n.s.*	*7.8%*	*6.3%*	*7.6%*	*(4.5%)*	*n.s.*		*(16.4%)*
EBIT	97	(16)	(877)	17	16	12	(141)	(31)		**(923)**

(*) 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.