

Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.

1. Name and address of registrant Italian Advanced Industries, Inc. (formerly Italian Aerospace) Suite 500, 1235 Jefferson Davis Highway, Arlington, VA 22202	2. Registration No. 3399
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3. Name of foreign principal Aeritalia Societa' Aerospaziale Italiana p.A.	4. Principal address of foreign principal Via E. Petrolini, 2 00197 Roma, Italy
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5. Indicate whether your foreign principal is one of the following type:

- Foreign government
- Foreign political party
- Foreign or domestic organization: If either, check one of the following:
 - Partnership
 - Corporation
 - Association
 - Committee
 - Voluntary group
 - Other (specify) _____
- Individual—State his nationality _____

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SECTION 5

6. If the foreign principal is a foreign government, state:

- a) Branch or agency represented by the registrant. N/A
- b) Name and title of official with whom registrant deals.

7. If the foreign principal is a foreign political party, state:

- a) Principal address N/A
- b) Name and title of official with whom the registrant deals.
- c) Principal aim

8. If the foreign principal is not a foreign government or a foreign political party,

a) State the nature of the business or activity of this foreign principal Civil and military aircraft, missile, space and energy systems design, development, production, and maintenance of total systems, components, and subsystems.

b) Is this foreign principal

- Owned by a foreign government, foreign political party, or other foreign principal Yes No
- Directed by a foreign government, foreign political party, or other foreign principal..... Yes No
- Controlled by a foreign government, foreign political party, or other foreign principal Yes No
- Financed by a foreign government, foreign political party, or other foreign principal..... Yes No
- Subsidized in whole by a foreign government, foreign political party, or other foreign principal..... Yes No
- Subsidized in part by a foreign government, foreign political party, or other foreign principal..... Yes No

9. Explain fully all items answered "Yes" in Item 8(b). *(If additional space is needed, a full insert page may be used.)*

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

Finmeccanica 80%
IRI 20%

Date of Exhibit A MAY - 3 1985	Name and Title Marion L. Boswell, Chairman	Signature <i>Marion L. Boswell</i>
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INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant
ITALIAN ADVANCED INDUSTRIES, INC.
(Formerly ITALIAN AEROSPACE)

Name of Foreign Principal
AERITALIA SOCIETA' AEROSPAZIALE
ITALIANA P.A.

Check Appropriate Boxes:

1. The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
2. There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
3. The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

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 REGISTRATION UNIT

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.
 - As indicated in the attached service agreement, I.A.I. (U.S.A.), Inc. provides service to Aeritalia in the aerospace industry and energy fields in the areas of (1) operations and engineering, (2) managerial, administrative, technical advice, supervision, and/or control of aerospace programs and projects; (3) identification of business opportunities and promotional activities; and (4) other special projects that may be identified by the client company in the same fields of endeavor. I.A.I. (U.S.A.), Inc. uses all appropriate industrial, governmental, and promotional channels to identify business opportunities for the client company. Promotion of Aeritalia products, components, systems and subsystems is expressed to industry, governmental agencies and personnel within the Executive and legislative branches of government.
 - Reference Article 2 of the service agreement compensation for services will now be rendered on a fixed cost basis in accordance with the I.A.I. operating Budget (1985) submitted to and approved by the Board of Directors and Corporate Stockholders.

5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

See Response to Question 4

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?¹
Yes No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Only promotion of products and services

Date of Exhibit B

JUN 3 1995

Name and Title

Marion L. Boswell
Chairman

Signature

Marion L. Boswell

¹Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

This Agreement is made the 15th day of December 1980

by and between

AERITALIA S.A.I.p.A. (hereinafter referred to as the "Client")
on the one part,

and

ITALIAN AEROSPACE INDUSTRY CORPORATION OF AMERICA (hereinafter
referred to as the "Service Company") on the other part:

WHEREAS, the Service Company is established in the United States (hereinafter referred to as the "area"), having its registered office in New York;

WHEREAS, the Service Company has experienced personnel capable of supplying assistance to the Client in the aerospace industry and energy fields, ranging from:

- . Program management to
- . Marketing research and development
- . Engineering and technical operations

WHEREAS, the Client relying upon the services that the Service Company can render through its own organization desires to avail itself of the assistance and services in the above mentioned fields.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

Article 1

The Service Company agrees to make available to the Client in the area during the term of this Agreement the following services in the aerospace industry and energy fields:

1. Operations and engineering;

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2. Managerial, administrative, technical advice and/or supervision and/or control of aerospace programs/projects;
3. Identification of business opportunities and promotional activities;
4. Any other assignment within the expertise of the Service Company which may be requested by the Client.

Article 2

In consideration of the service to be rendered by the Service Company to the Client in the area, as set forth in Article 1 hereof the Client shall pay the Service Company a compensation based on the following hourly billing rates:

. Director	\$ 120
. Manager	\$ 80
. Senior	\$ 60
. Junior	\$ 40

The above billing rates shall be reviewed at the end of each contractual year and, if modified in agreement between the parties, the new billing rates shall be entered in the agreement as automatically renewed according to article 4 below.

In addition the Client shall reimburse the Service Company any travelling and other direct expenses incurred in connection with the service rendered and interest to be paid for the utilization of credit made available through AERITALIA.

The compensation and expenses shall be invoiced on a monthly

basis.

The Service Company shall maintain appropriate accounting records evidencing the time for each service rendered, as identified in article 1 of this agreement and in accordance with written instructions by the Client. Such records are to be made available to the Client upon request.

Article 3

The payment of the invoices shall be made upon receipt by the Client.

Article 4

This agreement shall have a one year period of validity starting from date of execution and ending at the end of one calendar year thereafter and shall be automatically renewed from year to year unless terminated by either party three months before the date of expiry of each period of validity.

Article 5

The present agreement shall be governed by the Laws of the Republic of Italy. All disputes between the parties hereto arising out of or in connection with this Agreement shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce of Paris by 3 (three) arbitrators appointed in accordance with the said Rules. The arbitrations shall take place in Paris.

WASHINGTON D.C.

ITALIAN AEROSPACE INDUSTRY
CORPORATION OF AMERICA
President

[Handwritten signature]



VIA PANAMA, 52 - 00198 ROMA
TELEF. 841441 (PBX) TELEX 611395 AERIT I

ROMA, LI 30 settembre 1981

VS. RIF.

NS. RIF.

Egr. Sig.
Ing. Stefano Ruocco
Presidente della
Italian Aerospace Industries
(USA), Inc.

RECEIVED

June 17

OGGETTO

Enzo Ingegneri

Le trasmetto lettera del 10.9.1981, regolarmente firmata,
per accettazione, dall'Ing. Fausto Cereti, portante l'ag-
giornamento dei compensi.

Distinti saluti

Enrichment

Fausto Cereti

All.: c.s.



ITALIAN AEROSPACE INDUSTRIES (U.S.A.), INC.

a subsidiary of Aeritalia, S.A.I.p.A. of the Finmeccanica Group

September 10, 1981

Ing. Fausto Cereti
Direttore Generale
Aeritalia S.A.I.p.A.
Piazzale Tecchio 51/a
80125 Napoli
Italy

SUBJECT: Service Agreement between Aeritalia S.A.I.p.A. and
Italian Aerospace Industries (U.S.A.), Inc., dated
December 15, 1980

Dear Sir:

With reference to Article 2 of the above-mentioned Service Agreement, this is to inform you that effective January 1, 1982 our new billing rates will be as follows:

- | | |
|------------|--------------|
| • Director | \$135.00/hr. |
| • Manager | 90.00/hr. |
| • Senior | 65.00/hr. |
| • Junior | 45.00/hr. |

If in agreement, please affix your signature to both the original and copy, herewith enclosed, and return the copy to our office.

Very Truly Yours,

Stefano P. Ruocco
President

SPR/dwc

Enclosure

cc: Direzione Centrale Affari Generali
Ing. Sacerdote
Aeritalia S.A.I.p.A.
Via Panama 52
00198 ROMA, ITALY

ACCEPTANCE:

Fausto Cereti