HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2015

Disclaimer

This Half-Year Financial Report at 30 June 2015 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

FINMECCANICA

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Boards and Committees

BOARD OF DIRECTORS *
(for the three-year period 2014 - 2016)

GIOVANNI DE GENNARO
Chairman

MAURO MORETTI
Chief Executive Officer and General Manager

GUIDO ALPA
Director (a, c)

MARINA ELVIRA CALDERONE
Director (b, c)

PAOLO CANTARELLA
Director (a)

MARTA DASSU'
Director (c, d)

ALESSANDRO DE NICOLA
Director (b, d)

DARIO FRIGERIO
Director (b, c)

FABRIZIO LANDI
Director (a, d)

SILVIA MERLO
Director (a, d)

MARINA RUBINI
Director (b, c)

****
LUCIANO ACCIARI
Secretary of the Board of Directors

BOARD OF STATUTORY AUDITORS
(for the three-year period 2015 - 2017)

Regular Statutory Auditors

RICCARDO RAUL BAUER
Chairman

NICCOLÒ ABRIANI

LUIGI CORSI

FRANCESCO PERRINI

DANIELA SAVI

Alternate Statutory Auditors
STEFANO FIORINI

MARIA TERESA CUOMO

INDEPENDENT LEGAL AUDITORS
KPMG S.p.A.
(for the period 2012 - 2020)

* The previous Board of Statutory Auditors, whose term of office expired upon the Shareholders' Meeting of 11 May 2015, was composed as follows: Regular Statutory Auditors: Riccardo Raul Bauer (Chairman), Niccolò Abriani, Maurilio Fratino, Silvano Montaldo, Eugenio Pinto; Alternate Statutory Auditors: Stefano Fiorini, Vincenzo Limone.

a. Member of the Control and Risks Committee
b. Member of the Remuneration Committee
c. Member of the Nomination Committee
d. Member of the Analysis of International Scenarios Committee

Report on operations at 30 June 2015

Group results and financial position

The figures below (with the exception of the Net Result and workforce) do not include the contribution of the Group's operations in the Transportation sector that fall within the scope of the agreement with Hitachi, having now been classified as among discontinued operations. Similarly, the comparative performance and financial figures for June 2014 and the preliminary figures for December 2014 (New orders, Revenue, EBITA, EBIT and FOCF) have been restated. In order to better understand the changes that have occurred, the Group Net Debt indicator is shown net of discontinued operations. Such indicator, with reference to the 2014 data, does not correspond to the figure reported since the comparative statements of financial position were not restated.

Key Performance Indicators ("KPI")

	June 2015	June 2014 (*)	Change	2014 (*)
New orders	5,539	5,794	(4.4%)	12,667
Order backlog	29,303	29,328	(0.1%)	29,383
Revenue	5,973	5,709	4.6%	12,764
EBITA	450	310	45.2%	980
ROS	7.5%	5.4%	2.1 p.p.	7.7%
EBIT	351	182	92.9%	597
Net result before extraordinary transactions	91	(61)	n.a.	15
Net result	111	(39)	n.a.	20
Group Net Debt including discontinued operations	4,802	4,840	(0.8%)	3,962
Group Net Debt without discontinued operations	4,990	5,040	(1.0%)	4,255
FOCF	(743)	(1,031)	27.9%	65
ROI	11.0%	7.9%	3.1 p.p.	12.7%
ROE	4.5%	(3.4%)	7.9 p.p.	0.4%
Workforce	53,393	55,690	(4.1%)	54,380

(*) *Figures restated (except for the workforce) as a result of the reclassification of the operations in the Transportation sector to discontinued operations.*

Please refer to the section entitled "Non-GAAP performance indicators" for definitions".

There was considerable improvement in both the business and financial performance in the first half of 2015, as compared with the corresponding period of 2014, in line with the targets set out in the 2015-2019 Industrial Plan presented to the market in January. More specifically, Finmeccanica reported considerably improved profitability, with EBITA up almost 50% on the first half of 2014, an EBIT that nearly doubled and a net profit of €mil. 111, compared with a net loss of €mil. 39 a year earlier.

To be more specific, the results for the first half of 2015, which no longer include the contribution of the operations in the *Transportation* sector (object of an agreement with Hitachi at the end of

February as an avenue for the Group to exit such business), as they are now separately classified among discontinued operations, show:

- good commercial performance, with new orders beating expectations; the expected decline as compared with the same period of 2014 is attributable to significant orders last year in the *Helicopters* sector, from the UK Defence Ministry, and in *Aeronautics*;
- operating results rose significantly (EBITA up by 45% compared with the first half of 2014, and EBIT up by 93%), with a ROS that rose by 2.1 percentage points, from 5.4% to 7.5%. A comparison with the corresponding period of 2014 shows that the income statement for the previous year reported an expense of about USDmil. 100, relating to a specific DRS programme. However, even if this is excluded, there is still a significant improvement over the same period of last year as a result of the benefits connected with the efficiency-enhancement and cost reduction plans launched in previous years*;*
- a net result that was positive overall (€mil. 111, compared with a net loss of €mil. 39 in the first half of 2014), even excluding assets held for sale, with a net profit before extraordinary transactions of €mil. 91 compared with a net loss of €mil. 61 in the first half of 2014;
- a cash flow that, while negative in line with the normal seasonal fluctuation in Group collections and payments, was much better than in the first half of 2014 (which was negatively impacted by the enforcement of the guarantees for the Indian contract in the *Helicopters* sector (€mil. 256), only partially offset by higher dividends received from the joint ventures), leading as a result to a better Group Net Debt figure than for the same period of 2014, partially reduced by negative foreign exchange differences on debts denominated in the pound sterling and US dollar.

This performance, along with the agreement with Hitachi in the *Transportation* sector mentioned above (preparation for the closing of the transaction– scheduled for the second half of the year - continues), appears to be consistent with the development targets and reinforcement efforts set out in the 2015-2019 Industrial Plan. Within this framework, Finmeccanica is continuing to make improvements, consistent with the new organisational and operating model, which envisages transforming Finmeccanica from a holding company that manages a number of legally distinct operating companies into a single company that, using a division-based structure, will be able to fuse their industrial profiles with its own direction and control activities. More specifically, with respect to corporate organisation, on 30 July 2015 the Boards of Directors of Finmeccanica and of the companies involved in the concentration process approved plans to merge OTO Melara SpA and Whitehead Sistemi Subacquei SpA with Finmeccanica and plans to partially spin-off Alenia Aermacchi SpA, AgustaWestland SpA and Selex ES SpA into Finmeccanica S.p.A.. Given that Finmeccanica is the sole shareholder of all of these companies, Finmeccanica will not be required to issue any new shares or grant any shares in furtherance of the transactions. The transactions will thereafter be submitted to the extraordinary shareholders' meetings of the companies and to the Board of Directors of Finmeccanica (as permitted by the law and the bylaws) in the second half of the year. No amendments will be made to Finmeccanica's bylaws. The transactions, which should take the remainder of the year to complete, will take effect (including accounting and tax effect) starting in 2016.

During the first few months of this year the actions mentioned above, which seek to get the Group to focus on its strategic businesses and provide it with more effective governance and better industrial efficiency, were accompanied by a review of Finmeccanica's funding sources in order to take advantage of unfavourable market conditions and of the strengthening in the Group's industrial fundamentals. This gain of strength was also demonstrated by the upward revision of the outlook (from negative to stable) assigned to Finmeccanica by certain ratings agencies (Fitch and Standard & Poor's). With this in mind, in July Finmeccanica finished renegotiating its five-year revolving credit line (due date extended to July 2020), obtained in September 2014, receiving a sizable reduction in the margins, which is expected to have a positive impact on future borrowing costs, and reducing the credit limit from €bil. 2.2 to €bil. 2. 0, in line with the goal of gradually lessening the working capital financing needs as set out in the Industrial Plan. Furthermore, also in July, we completed the repurchase (totalling a nominal amount of €mil. 450) of a portion of the Group's outstanding bonds, which has significantly reduced the gross debt and has improved the projected borrowing costs for the next few years.

Before analysing the results for the period in more detail, it should be noted that the Group figures at 30 June 2015 no longer include the contribution of operations in the *Transportation* sector transferred under the agreement with Hitachi, which are now only shown under "*discontinued operations*" and "*assets and liabilities held for sale*". Therefore, the income statement and cash flow figures for June 2014 have been restated for comparative purposes, while the statement of financial position entries at 31 December 2014 include such operations and have not been restated, in accordance with IFRS 5. However, to ensure that the figures can be compared, where necessary (particularly Group Net Debt), certain of the financial position items (specifically identified) have been restated, and therefore appropriate "pro forma" statements of financial position were prepared. Furthermore, given the fact that this transaction essentially allows us to complete the strategic process of better focusing on the *Aerospace and Defence* sector, there is no longer the need to show the results of the *Aerospace and Defence* sector separately from those of the *Transportation* sector, a practice followed up to and including the 2014 Annual Report. The remaining non-core activities (FATA and the other *Transportation* sector operations remaining in the Group's portfolio) are reported under *"Other activities*".

The primary changes that marked the Group's performance compared with that of the same period of the previous year are described below. A more thorough analysis can be found in the section covering the trends in each business segment.

30 June 2015	New orders	Order backlog	Revenues	EBITA	ROS %
Helicopters	2,257	12,652	2,114	260	12.3%
Defence and Security Electronics	2,600	9,230	2,378	116	4.9%
- of which: DRS	*898*	*1,749*	*765*	*44*	*5.7%*
- of which: SES	*1,703*	*7,493*	*1,620*	*72*	*4.4%*
Aeronautics	691	6,884	1,414	86	6.1%
Space	-	-	-	22	n.a.
Defence Systems	189	982	209	31	14.8%
Other activities	9	280	144	(65)	(45.1%)
Eliminations	*(207)*	*(725)*	*(286)*	-	*n.a.*
Total	**5,539**	**29,303**	**5,973**	**450**	**7.5%**

30 June 2014 (restated)	New orders	Order backlog at 31 Dec. 2014	Revenues	EBITA	ROS %
Helicopters	2,685	12,249	2,041	263	12.9%
Defence and Security Electronics	2,093	8,765	2,154	-	n.a.
- of which: DRS	*694*	*1,499*	*604*	*(47)*	*(7.7%)*
- of which: SES	*1,399*	*7,285*	*1,554*	*47*	*3.0%*
Aeronautics	1,004	7,730	1,379	74	5.4%
Space	-	-	-	17	n.a.
Defence Systems	78	1,005	230	26	11.3%
Other activities	47	374	190	(70)	(36.8%)
Eliminations	*(113)*	*(740)*	*(285)*	-	*n.a.*
Total	**5,794**	**29,383**	**5,709**	**310**	**5.4%**

Change %	New orders	Order backlog	Revenues	EBITA	ROS %
Helicopters	(15.9%)	3.3%	3.6%	(1.1%)	(0.6) p.p.
Defence and Security Electronics	24.2%	5.3%	10.4%	n.a.	4.9 p.p.
- of which: DRS	*29.4%*	*16.7%*	*26.7%*	*n.a.*	*13.4 p.p.*
- of which: SES	*21.7%*	*2.9%*	*4.2%*	*53.2%*	*1.4 p.p.*
Aeronautics	(31.2%)	(10.9%)	2.5%	16.2%	0.7 p.p.
Space	n.a.	n.a.	n.a.	29.4%	n.a.
Defence Systems	n.a.	(2.3%)	(9.1%)	19.2%	3.5 p.p.
Other activities	(80.9%)	(25.1%)	(24.2%)	7.1%	(8.3) p.p.
Eliminations	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Total	**(4.4%)**	**(0.3%)**	**4.6%**	**45.2%**	**2.1 p.p.**

Commercial performance

New orders were down compared with the first half of 2014 due to the decline reported in *Helicopters* and *Aeronautics*, which benefited from major orders from the UK Ministry of Defence and from Poland for eight M346 trainers in the first half of 2014. This reduction was partially offset by the significant increase reported in *Defence and Security Electronics* by both DRS (+ €mil. 204), thanks especially to the beneficial impact of the US dollar/euro exchange rate and the receipt of an order for a vehicle surveillance system from the Canadian army, and by SES (+ €mil. 304), mainly due to significant orders for naval systems under national programmes, which also benefited *Defence Systems*.

The book-to-bill ratio was higher than expected, amounting to 0.93. The order backlog, considered in terms of its workability, ensures about two and a half years of production for the Group.

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Business performance.

Revenues rose over the corresponding period of 2014 by €mil. 264, mainly attributable to the appreciation of the US dollar and the pound sterling against the euro, benefiting the *Defence and Security Electronics* segment (especially DRS), and, to a lesser extent, the *Helicopters* segment.

As previously stated, all the other profitability indicators also showed solid improvement, with significant growth in **EBITDA** (+24% over the first half of 2014), **EBITA** (+45%) and operational profitability (+2.1 p.p.), resulting from the forecast improvement in the profitability of certain business areas and the benefits associated with the ongoing restructuring plans. There was also an even greater improvement in **EBIT** (+93%), despite a slight increase in amortisation associated with business combinations (due to exchange rate differences) as a result of the lesser impact of restructuring costs and non-recurring items.

The **net result before extraordinary transactions** showed a profit and represents a marked improvement (net profit of €mil. 91 compared with a net loss of €mil. 61 in the first half of 2014), due to the mentioned rise in EBIT. The total net profit amounted to €mil. 111 (compared with a net loss of €mil. 39 in the corresponding period of 2014) and reflects the results posted in the *Transportation* sector for operations classified among *"discontinued operations"* as a result of the agreement signed with Hitachi, for which an overall profit of €mil. 20 (€mil. 22 in the corresponding period of 2014) was reported.

Shown below is the income statement for the two periods compared:

(€ millions)	Note	For the six months ended 30 June 2015	2014 (restated)	Change	% Change
Revenues		5,973	5,709	264	4.6%
Purchases and personnel expense	*(*)*	(5,265)	(5,122)		
Other net operating income/(expenses)	*(**)*	(39)	(31)		
Equity-accounted strategic JVs		69	37		
EBITDA		**738**	**593**	**145**	**24.5%**
Amortisation, depreciation and impairment losses	*(***)*	(288)	(283)		
EBITA		**450**	**310**	**140**	**45.2%**
Non-recurring income/(expenses)		(6)	(28)		
Restructuring costs		(45)	(59)		
Amortisation of intangible assets acquired as part of business combinations		(48)	(41)		
EBIT		**351**	**182**	**169**	**92.9%**
Net financial income/(expense)	*(****)*	(197)	(210)		
Income taxes		(63)	(33)		
Net result before extraordinary transactions		**91**	**(61)**	**152**	**n.a.**
Net result related to discontinued operations and extraordinary transactions	*(*****)*	20	22		
Net result		**111**	**(39)**	**150**	**n.a.**

Notes to the reconciliation between the reclassified income statement and the statutory income statement:
(*) "Purchases and Personnel expense" net of restructuring costs and non-recurring income/(costs).
(**) Includes "Other operating income/(expenses)", net of restructuring costs and non-recurring income/(costs).
(***) Includes "Amortisation and depreciation" net of the portion referable to intangible assets acquired as part of business combinations and "Impairment"(net of that included in non-recurring income/(costs)).
(****) Includes "Financial income/(expense)" and "Share of profits (losses) of equity-accounted investees" (net of the results of strategic JVs).
(*****) Includes "Profit (loss) from discontinued operations" and "Gains (losses) relating to extraordinary transactions (acquisitions and disposals).

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Financial performance

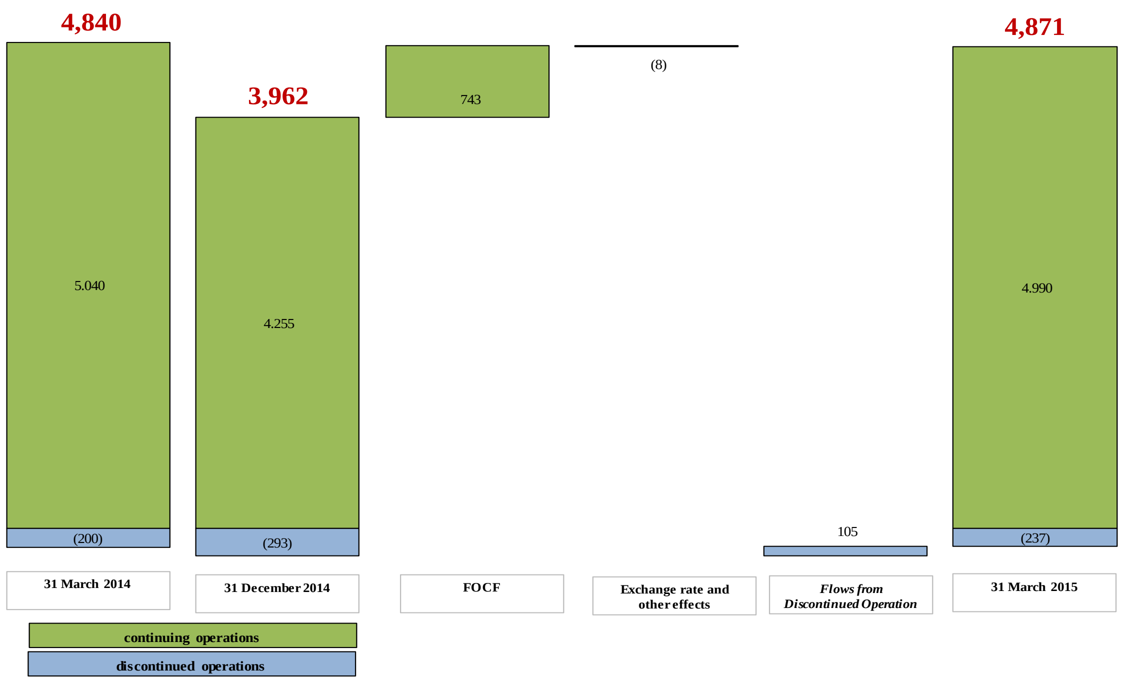
Cash flows in the first half of 2015 improved considerably over the corresponding period of 2014, which was severely affected by the enforcement of the guarantees (€mil. 256) for the Indian contract in the *Helicopters* sector (only partially offset by higher dividends received from the joint ventures), with a more widespread improvement across all sectors. Overall **FOCF**, in line with the normal seasonal fluctuation in Group cash flows, was negative by €mil. 743 (negative by €mil. 1,031 in the first half of 2014).

This improvement in performance had a positive impact on Group Net Debt, causing it to fall as compared with June 2014. Also as compared with 31 December 2014, the debt figure reflects, in addition to the usual negative pattern for cash flows in the first half of the year, the reclassification of the net cash associated with discontinued operations as from 1 January 2015. The movement in cash flow is broken down below:

(€ millions)	For the six months ended 30 June 2015	2014 (restated)	Change	% Change
Funds From Operations (FFO)	516	406	110	27.1%
Change in working capital	(942)	(1,016)		
Cash flows from ordinary investing activities	(317)	(421)		
Free Operating Cash Flow (FOCF)	**(743)**	**(1,031)**	**288**	**27.9%**
Strategic transactions	-	239		
Change in other investing activities (*)	(23)	(2)		
Net change in loans and borrowings	**135**	**28**		
Dividends paid	-	(1)		
Net increase (decrease) in cash and cash equivalents	(631)	(767)		
Cash and cash equivalents at 1 January	1,495	1,455		
Exchange rate differences and other changes	37	9		
Cash and cash equivalents at 1 January of discontinued operations	**(290)**	**-**		
Net increase in cash and cash equivalents of discontinued operations	-	(46)		
Cash and cash equivalents at 30 June	**611**	**651**		

(*) Includes "Other investing activities", net of dividends received.

The net debt at 30 June 2015 was mainly affected by the FOCF for the period (negative €mil. 743). The changes compared with 31 December 2014, with continuing and discontinued operations shown separately, are as follows:



Net capital invested rose compared with the *pro forma* figure for 31 December 2014 due to the increase in net working capital, resulting from the seasonal fluctuation in cash flows, and in capital assets, as a result of exchange rate differences on goodwill denominated in US dollars and the pound sterling, as reported below (to aid understanding, the *pro forma* financial positions at 31 December and 30 June 2014 are also provided, which were arrived at by reclassifying the net assets from discontinued operations among "Net (assets)/liabilities held for sale"):

	Note	**30 June 2015**	**Reported 31 December 2014**	**31 December 2014 Pro forma**	**30 June 2014 Pro forma**
(€ millions)					
Non-current assets		12,448	12,518	12,143	11,715
Non-current liabilities		(3,470)	(3,434)	(3,378)	(3,100)
Capital assets	*(*)*	**8,978**	**9,084**	**8,765**	**8,615**
Inventories		4,808	4,578	4,318	4,614
Trade receivables	*(**)*	6,580	7,676	6,255	6,520
Trade payables	*(**)*	(10,132)	(11,705)	(10,201)	(10,054)
Working capital		**1,256**	**549**	**372**	**1,080**
Provisions for short-term risks and charges		(681)	(749)	(739)	(713)
Other net current assets (liabilities)	*(***)*	(1,063)	(1,082)	(1,035)	(878)
Net working capital		**(488)**	**(1,282)**	**(1,402)**	**(511)**
Net invested capital		**8,490**	**7,802**	**7,363**	**8,104**
Equity attributable to the Owners of the Parent		3,859	3,511	3,511	3,378
Equity attributable to non-controlling interests		359	343	343	302
Equity		**4,218**	**3,854**	**3,854**	**3,680**
Group Net Debt		**4,990**	**3,962**	**4,255**	**5,040**
Net (assets)/liabilities held for sale	*(****)*	**(718)**	**(14)**	**(746)**	**(616)**

Notes to the reconciliation between the reclassified and the statutory statements of financial position:

(*) Includes all non-current assets net of "Fair Value of the residual stake in Ansaldo Energia", and all non-current liabilities, net of "Non-current loans and borrowings", respectively.

(**) Adjusted to take into account the effects of the settlement agreement related to the Fyra contract.

(***) Includes "Other current assets", net of "Other current liabilities" (excluding hedging derivatives in respect of debt items) and "Income tax payables".

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

The Group Net Debt breaks down is as follows (*pro forma* figures calculated as indicated above):

(€ millions)	30 June 2015	*of which current*	Reported 31 December 2014	*of which current*	31 December 2014 Pro forma	*of which current*	30 June 2014 Pro forma	*of which current*
Bonds	4,873	*107*	4,761	*131*	4,761	*131*	4,606	*104*
Bank debt	506	*170*	472	*110*	465	*103*	570	*165*
Cash and cash equivalents	(611)	*(611)*	(1,495)	*(1,495)*	(1,205)	*(1,205)*	(505)	*(505)*
Net bank debt and bonds	**4,768**		**3,738**		**4,021**		**4,671**	
Fair value of the residual portion in portfolio of Ansaldo Energia	(127)		(124)		(124)		(120)	
Current loans and receivables from related parties	(151)	*(151)*	(161)	*(161)*	(131)	*(131)*	(140)	*(140)*
Other current loans and receivables	(127)	*(127)*	(45)	*(45)*	(58)	*(58)*	(50)	*(50)*
Current loans and receivables and securities	**(405)**		**(330)**		**(313)**		**(310)**	
Hedging derivatives in respect of debt items	(27)	*(27)*	(24)	*(24)*	(24)	*(24)*	(5)	*(5)*
Effect of transactions involving Fyra contract	-	-	41	*41*	41	*41*	86	*86*
Related-party loans and borrowings	502	*499*	431	*425*	429	*422*	487	*477*
Other loans and borrowings	152	*107*	106	*73*	101	*68*	111	*82*
Group Net Debt	**4,990**		**3,962**		**4,255**		**5,040**	

The reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006 is provided in Note 14

During the period the Group disposed of receivables without recourse for a total carrying value of approximately €mil. 304 (€mil. 258 in the first half of 2014).

To meet the financing needs for ordinary Group activities, Finmeccanica obtained a revolving credit facility (renegotiated from €mil. 2,200 to €mil. 2,000) with a pool of Italian and international banks as described in more detail in the 2014 Annual Report. At 30 June 2015, the credit facility was entirely unused. Following the closing date for the first half of the year, Finmeccanica negotiated more favourable terms with the lenders (described in more detail in the Financial Transactions section). The Group also has additional unconfirmed short-term lines of credit of €mil. 660, which were used in the amount of €mil. 84 at 30 June 2015. Finmeccanica has unsecured lines of credit, as well as unconfirmed, of approximately €mil. 2,964 at 30 June 2015.

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Below are the key performance indicators by sector:

Helicopters

The first half of 2015 saw revenues, excluding the positive effect of the foreign exchange rate on translating the financial statements of companies whose functional currencies are the US dollar and the pound sterling, essentially in line with the first half of last year and a ROS at about 12%. With regard to commercial performance, we received a five-year contract from the UK Ministry of Defence to provide logistic support and maintenance for the fleet of AW101 Merlin helicopters.

New orders: The decline in new orders is due to the highly important contracts acquired in the first half of 2014 and to the concurrent difficulty in finalising new orders because of the crisis presently affecting certain reference markets, also in relation to the performance of the Oil&Gas sector. Specifically, the decline refers to contracts signed with the UK Ministry of Defence in 2014 to upgrade the fleet of AW101 Merlin helicopters, to provide maintenance and support for the fleet of Apache helicopters and for missile systems on the AW159 helicopters, as well as the order received in the first half of 2014 to upgrade Brazil's Lynx helicopters, in addition to the forecast reduction in orders for AW139 aircraft.

Revenues: The increase is attributable to the positive effect of the foreign exchange rate on translating the financial statements of companies whose functional currencies are not the euro. The growth in activity involving the AW159 and Lynx programmes and the start-up of work on the new AW169 essentially offset the forecast decline in revenues from the AW139 line, from the CH47 programme for the Italian Army and from product support activities, which however account for more than one-third of total revenues and which are expected to grow over the medium term. With respect to the new AW189 and AW169, although the ramp-up in production has proceeded at a slower pace than expected, in the first quarter FAA validation for the EASA certification issued in 2014 was received and EASA certification was obtained in July.

EBITA: This is essentially in line with the first half of 2014. Although ROS was slightly lower than for the same period of 2014, due to a less favourable mix of activities, it remained at excellent levels.

Defence and Security Electronics

The performance of SES and DRS are discussed separately in the following section.

SES – In the first half of the year, commercial, business and financial performance was excellent, confirming the positive trend reported in the first quarter, with further improvement buoyed by the gradual recovery in industrial profitability in specific business areas and the rising benefits associated with the ongoing restructuring plan, as well as the initial effects of the efforts to enhance the efficiency of the industrial structures, launched in 2015.

New orders: These were considerably higher than for the same period of 2014 as a result of important new orders reported in the second quarter, including the contracts with the Italian Navy to outfit a landing helicopter dock (LHD) as part of the recently introduced programme to modernize the fleet and the order for the final two FREMMs (European multipurpose frigates).

Revenues: There was growth attributable to the favourable impact of pound sterling/euro exchange rates; the slight increase in revenues for the *Airborne and Space Systems* Division, which benefited from activity connected with important orders received in the second half of 2014, offset some slowdown reported in other areas.

EBITA: There was a considerable increase in EBITA due to the gradual recovery in profitability in certain business areas in the *Security and Information Systems* segment, which had reported problems in the past, as well as the benefits associated with the restructuring plan and the efforts to improve engineering efficiency, which led to considerable savings in the costs of corporate structures and an improved industrial performance.

DRS – the key performance indicators are provided below in US dollars in order to more clearly illustrate the changes that occurred:

	New orders	Revenues	EBITA	ROS %
DRS ($mil.) June 2015	1,002	854	49	5.7%
DRS ($mil.) June 2014	951	828	(64)	(7.7%)

Performance in the first half of the year was positive overall and confirmed the signs seen in the first few months of the year, with orders and revenues higher than those reported for the same period of 2014 and a significantly improved EBITA, which had been penalised in the second quarter of last year by expenses of around $mil. 100 associated with a programme to develop and produce a goods movement and transport system for aircraft.

New orders: The increase over 2014 is mainly attributable to the receipt of the order from the Canadian Army under the Light Armoured Vehicle - Reconnaissance Surveillance System (LRSS) programme. Other new orders include the order for the main propulsion drive on the Ohio class submarine.

Revenues: These were up over the first half of 2014 (+3%) as a result of higher production volumes in the *Maritime & Combat Support* segment, which more than offset the decline in deliveries of infra-red products and systems to the US Army.

EBITA: In addition to the mentioned impact of the expenses connected with a specific programme reported in 2014, EBITDA for the first half of the year rose over the corresponding period of last year, attributable to the benefits arising from streamlining actions in various business lines and the efficiency-enhancement efforts introduced in previous years, in addition to improved profitability in the *Training & Control Systems* business line.

Aeronautics

The first half of 2015 saw continued production on the B787 programme, with 62 fuselage sections and 37 horizontal stabilisers being delivered during the period (compared with 56 fuselage sections and 43 horizontal stabilisers delivered in the first half of 2014), and an increase in work on the M346 programme, with eight aircraft delivered to the Italian Air Force and to Israel (two aircraft delivered in the first half of 2015).

In the second half of the year, as part of the process of reorganising the industrial structure, the agreement for the sale of the Capodichino business unit to Atitech Manufacturing S.r.l., an aeronautics maintenance company, was finalised. At the same time, work began on transferring the C27J fuselage assembly activities to the Caselle facility in order to concentrate all aircraft assembly activities in one industrial site.

New orders: New orders were down in association with orders for ATR aerostructures and M346 aircraft, which benefited last year from the receipt of sizable orders, including that from Poland for eight M346 aircraft and related logistic support.

Revenues: These were slightly up compared with the first half of 2014 due to the increase in activity for aerostructures and in the production of M346 aircraft, with a decline in revenues for defence aircraft and the C27J transport aircraft.

EBITA: The improvement is attributable to the higher result posted by the GIE consortium, which also benefited from the appreciation of the US dollar against the euro and higher volumes of activity on training aircraft, which more than offset the lower contribution from defence and transport aircraft.

Space

During the first half of 2015, work continued on orders for commercial and military satellite communications services, as well as on geo-information and Earth observation solutions, with volumes essentially the same as those for last year. There was, however, an increase in activity on manufacturing programmes, including Iridium, Cosmo, Gokturk and Exomars 2016 and 2018.

The higher profitability of the satellite services segment led to better results than those posted in the first half of 2014, while the unfavourable mix of activity in the manufacturing segment was offset by lower restructuring costs as compared with the same period of 2014.

Defence Systems

The initial signs of a recovery in orders were seen in the first half of 2015, with orders up compared with the same period of 2014, despite the continuing drop in production due specifically to the expected decline in activity on land, sea and air weapons systems. There was a solid increase in EBITDA, which thereby improved profitability.

New orders: There was an increase in land, sea and air weapons systems. Major new orders include those for the Italian FREEM programme, the initial orders under the new Naval Law and logistics contracts from various countries.

Revenues: The decrease in the land, sea and air weapons systems segment was the result of the gradual completion of a number of domestic programmes in the land weapons line and of orders for supplying munitions to foreign customers, along with the effect of a number of delays in finalising new orders.

EBITA: The increase was due to the improved profitability of the underwater systems segment and the increase in deliveries by the missile systems segment reported during the period, which more than offset the impact of the lower volume of revenues mentioned above.

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Outlook

Based upon the results reported by the Group at 30 June 2015 and the expectations for the second half of the year, we confirm the outlook for the entire year as presented in the 2014 Annual Report.

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Other performance indicators

	June 2015	June 2014 (*)	Change
FFO	516	406	27.1%
EBITDA	738	593	24.5%
Research and development expenses	644	666	(3.3%)
Net Interest	(158)	(153)	(3.3%)

(*) *Figures restated as a result of the reclassification of the operations in the Transportation sector to Discontinued Operations.*

Reference should be made to the section entitled "Non-GAAP performance indicators" for definitions thereof.

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"Non-GAAP" performance indicators

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

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

- ***New orders:*** this includes contracts signed with customers during the period that satisfy the contractual requirements for being recorded in the order book.
- ***Order backlog:*** this figure is the sum of the order backlog for the preceding period and new orders, less revenues during the reference period.
- ***EBITA:*** it is arrived at by eliminating from EBIT, as defined below, the following items:
  - any impairment in goodwill;
  - amortisation and impairment, if any, of the portion of the purchase price allocated to intangible assets as part of business combinations, as required by IFRS 3;
  - restructuring costs that are a part of defined and significant plans. This item includes personnel costs as well as any and all other costs deriving from the reorganisation (e.g. impairment of assets, costs for the closure of sites, relocation costs, etc.);
  - other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

  EBITA is then used to calculate return on sales (ROS) and return on investment (ROI).

  A reconciliation of Income before tax and financial expense, EBIT and EBITA is shown below (the reconciliation by segment is reported in Note 7):

(€ millions)	***For the six months ended 30 June***	
	2015	**2014 (restated)**
Income before tax and financial expenses	282	145
Equity-accounted strategic JVs	69	37
EBIT	**351**	**182**
Amortisation of intangible assets acquired as part of business combinations	48	41
Restructuring costs	45	59
Non-recurring (income) expense	6	28
EBITA	**450**	**310**

- ***Return on Sales (ROS)***: this is calculated as the ratio of EBITA to revenue.

- ***EBIT:*** this is obtained by adding to EBIT (defined as earnings before "financial income and expense", "share of profit (loss) of equity-accounted investees", "income taxes" and "result from discontinued operations") the Group's share of profit in the results of its strategic Joint

Ventures (ATR, MBDA, Thales Alenia Space and Telespazio), reported in the “share of profits (losses) of equity-accounted investees”.

- ***Net result before extraordinary transactions***: this is the Net Result before the result from discontinued operations and the effects of the extraordinary transactions (acquisitions and disposals). Below is the reconciliation:

(€ millions)	***For the six months ended 30 June***	
	2015	**2014 (restated)**
Net result	111	(39)
Result from discontinued operations	(20)	(22)
Net result before extraordinary transactions	**91**	**(61)**

- ***Group Net Debt***: this includes cash, financial receivables and current securities, net of (current and non-current) loans and borrowings and of the fair value of derivatives covering financial debt items. An improvement factor of this indicator is that this item includes the measurement of the residual interest in Ansaldo Energia, which is classified under non-current assets in consideration – and assuming the exercise as well as in light of the creditworthiness of the other party – of the put & call rights based on which this amount will be paid by Fondo Strategico Italiano to Finmeccanica. Conversely for the first half of 2014, a factor which worsened the net debt was the effect of the settlement agreement regarding AnsaldoBreda’s Fyra contract with the Dutch railways. The reconciliation with the net financial position required by the Consob communication no. DEM/6064293 of 28 July 2006 is reported in Note 14. In order to facilitate the comparability, the Group Net Debt is shown also on a *pro forma* basis, to take into account the reclassification of the operations of the Transportation segment to discontinued operations, starting from 1 January 2015. In order to better understand the differences, the Group Net Debt is also provided without discontinued operations at 30 June 2015. With reference to the 2014 data, this measure does not coincide with the reported figure inasmuch as the comparative statements of financial position have been restated.

- ***Free Operating Cash-Flow (FOCF)***: this is the sum of the cash flows generated by (used in) operating activities (excluding the changes in the Group Net Debt), the cash flows generated by (used in) ordinary investing activities (investment and divestment of intangible assets, property, plant and equipment, and equity investments, net of cash flows from the purchase or sale of equity investments that, due to their nature or significance, are considered “strategic investments”) and dividends. The calculation of FOCF is presented in the reclassified statement of cash flows shown in the section “Group results and financial position”.

- ***Change in working capital***: this is equal to the change in trade receivables/payables, contract work in progress and progress payments and advances from customers and inventories, net of changes relating to the Fyra contract held by AnsaldoBreda.
- ***Return on Investments (ROI):*** this is calculated as the ratio of EBITA to the average net capital invested in the two comparative periods.
- ***Return on Equity (ROE):*** this is calculated as the ratio of the net result before extraordinary transactions for the financial period to the average value of equity in the two comparative periods.
- ***Workforce:*** the number of employees recorded in the register on the last day of the period.
- ***Funds From Operations (FFO)***: this is cash flow generated by (used in) operating activities net of changes in working capital. The FFO also includes dividends received.
- ***EBITDA***: this is given by EBITA before amortisation, depreciation and impairment losses (net of those relating to goodwill or classified among "*non-recurring costs*").
- ***Research and Development expenditure:*** the Group classifies under R&D all internal and external costs incurred relating to projects aimed at obtaining or employing new technologies, knowledge, materials, products and processes. The item includes:
  - development costs capitalised even if covered by grants;
  - research costs, whose activity is at a stage at which it cannot be demonstrated that the activity will generate future economic benefits, or development costs for which the accounting requirements for capitalisation do not obtain, are expensed as incurred;
  - research and development costs reimbursed by the customer as part of existing contracts (which fall under the scope of work in progress from an accounting viewpoint).
- ***Net interest:*** this is calculated as the sum of the items "Interest" and "Commissions on loans" (see "Financial income and expense" of the Notes).

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Industrial and financial transactions

On 24 February 2015, Finmeccanica reached an agreement with the Japanese Hitachi group for the sale of Finmeccanica's businesses in the rail transport sector, described in more detail in the Annual Report for 2014. Once the usual conditions for these types of transactions are met, Finmeccanica will receive a payment of around €mil. 800, subject to a price adjustment. Once the transaction is completed, Hitachi will launch, as required by the applicable legislation, a takeover bid for the remainder of Ansaldo STS (approximately 60% of the share capital).

Financial transactions. In the first half of 2015 and in the days immediately following the close of that period, the Group engaged in a number of financial transactions.

More specifically, in January 2015, the process of replacing Finmeccanica Finance SA with Finmeccanica S.p.A. as the issuer of outstanding bonds was completed. The operation was approved in November 2014 as part of the process of gradually centralising all Group financial activities within Finmeccanica S.p.A.. As of today, Finmeccanica S.p.A. is the issuer of all the bonds denominated in euros and pound sterling placed on the market under the Euro Medium Term Notes Programme (EMTN). Finmeccanica S.p.A. also continues to guarantee all the bonds issued by Meccanica Holdings USA, Inc. on the US market.

On 8 July 2015, Finmeccanica announced an offer to holders of its euro-denominated bonds to tender their bonds for repurchase (Tender Offer Memorandum) in an effort to make the best use of the proceeds from the disposals in the Transportation sector and thereby reduce the associated borrowing costs. The operation, worth a total nominal amount of €mil. 450, was carried out at the market values for the individual bonds, plus a premium to encourage investors to tender their bonds. It was structured so as to maximise the financial return, giving priority to those bonds whose net present value (NPV) was such so as to ensure that the saving on borrowing costs would exceed the initial repurchase cost. The operation was successfully completed on 20 July 2015 and overall will ensure a significant saving on borrowing costs in the future.

The recalculated nominal values of the notes repurchased are as follows:

Year of issue	Maturity	Currency	Nominal amount outstanding at 30 June 2015 (mil.)	Annual coupon	Nominal amount outstanding at 20 July 2015 (mil.)
2009	2019	GBP	400	8.000%	319
2013	2021	EUR	950	4.500%	739
2009	2022	EUR	600	5.250%	555
2012	2017	EUR	600	4.375%	521

The Group’s bond issues are governed by rules with standard legal clauses for these types of corporate transactions on institutional markets that do not require any undertaking with regard to compliance with specific financial parameters (financial covenants) but they do require negative pledge and cross-default clauses. Based on the negative pledge clauses, Group issuers, Finmeccanica SpA and their “Material Subsidiaries” (companies in which Finmeccanica SpA owns more than 50% of the share capital and that represent at least 10% of Finmeccanica’s consolidated gross revenues and capital) are expressly prohibited from pledging collateral security or other obligations to secure their debt in the form of bonds or listed financial instruments or financial instruments that qualify for listing, unless these guarantees are extended to all bondholders. Exceptions to this prohibition are securitisation and, starting from July 2006, the establishment of assets for the use indicated in Article 2447-bis *et seq*. of the Italian Civil Code. On the contrary, the cross-default clauses give the bondholders the right to request early redemption of the bonds in their possession in the event of default by the Group issuers and/or Finmeccanica and/or any “Material Subsidiary” that results in a failure to make payment beyond pre-set limits.

Furthermore, the €mil. 2,000 revolving credit facility contains financial covenants. More specifically, the covenants require Finmeccanica to comply with two ratios (the ratio of Group net debt - excluding payables to the joint ventures MBDA and Thales Alenia Space - to EBITDA must be no higher than 3.75 and the ratio of EBITDA to net interest must be no lower than 3.25) tested annually based upon the consolidated data at the end of the year. These covenants, in accordance with contractual provisions providing for this option, have also been extended to the EIB loan, currently outstanding in the amount of €mil. 361, in addition to certain loans recently granted to DRS by US banks totalling USDmil. 75. Based on the results for 2014, there was full compliance with these covenants (the two ratios were 2.1 and 5.5, respectively).

Outstanding bond issues are given a medium/long-term financial credit rating by the three international rating agencies: Moody’s Investors Service (Moody’s), Standard&Poor's and Fitch. At the date of presentation of this report, Finmeccanica’s credit ratings, compared to those preceding the last change, were as follows:

Agency	**Last update**	**Updated**		**Previous**	
		Credit Rating	*Outlook*	*Credit Rating*	*Outlook*
Moody's	September 2013	Ba1	negative	Baa3	negative
Standard&Poor's	April 2015	BB+	stable	BB+	negative
Fitch	May 2015	BB+	stable	BB+	negative

With regard to the impact of positive or negative changes in Finmeccanica’s credit ratings, there are no default clauses linked to the credit ratings. The only possible effects deriving from further changes, if any, to the credit ratings refer to higher or lower finance costs on certain payables of the Group, especially with reference to the revolving credit facility. The interest rates applied to the utilisations of such credit line are, in fact, based upon the Euribor plus a margin of 100 bps. This margin could be reduced down to a minimum of 50 bps if Finmeccanica returns to an investment grade rating, or increased up to a maximum of 220 bps if Finmeccanica’s debt is given a rating below BB or if it is given no rating at all. Finally, it should be noted that the Funding Agreement between MBDA and its shareholders provides, *inter alia*, that any downgrade of the rating assigned to the shareholder companies will result in a gradual increase in the margins. Additionally, under a pre-set rating limit (for at least two out of three rating agencies: BB- from Standard&Poor's, BB- from Fitch and Ba3 from Moody's) MBDA is entitled to determine the applicable margin each time. The agreement provides for rating limits, the achievement of which allows MBDA to request the issue of a bank guarantee of its own liking from its shareholders, without which MBDA can suspend the subsequent disbursement of funds.

On 5 May 2015 Finmeccanica renewed the EMTN programme for a further 12 months, keeping unchanged the maximum amount of €bil. 4.

With regard to the revolving credit facility, on 6 July 2015, in order to take advantage of favourable market conditions and the industrial efficiency-enhancement actions undertaken, as well as the Group's improvement business and financial outlook, Finmeccanica signed an agreement with the providers amending the terms of the facility obtained in July 2014. The new terms envisage reducing the margin from 180 bps to 100 bps. In line with the Group's financial needs, Finmeccanica has simultaneously reduced the total amount of the credit line from €mil. 2,200 to €mil. 2,000 and has extended the duration by one year, to July 2020.

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Information pursuant to Articles 70 and 71 of the Consob Issuers' Regulation

By resolution of the Board of Directors on 23 January 2013, the Company adopted the simplification regime under Articles 70/8 and 71/1-*bis* of the Issuers' Regulations, adopted with CONSOB Resolution 11971/1999, as subsequently amended. By this resolution, the Company chose the option to make exceptions to the obligation to issue the documents required by the law when transactions of greater importance (such as mergers, spin-offs, capital increases by means of the conferral of assets in kind, acquisitions or disposals) occur.

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Related party transactions

It should be noted that in 2010 Finmeccanica issued (and on 13 December 2011 and 19 December 2013 updated) a specific "Procedure for Related Parties Transactions" (hereinafter referred to as the "Procedure") pursuant to CONSOB Regulation no. 17221 of 12 March 2010, as amended and supplemented, containing provisions on "related party transactions" (hereinafter referred to as the "Regulation"), as well as in implementation of Article 2391-*bis* of the Italian Civil Code. The abovementioned Procedure is available on the Company's website (www.finmeccanica.com, under *Governance* area, *Related Parties* section).

Pursuant to Article 5.8 of the Regulation, no significant transactions, as defined by Article 4.1.a) of the Regulation nor any other related party transactions that materially impacted the financial position or results of the Finmeccanica Group and of Finmeccanica SpA were carried out in the first half of 2015.

It should be noted that, in implementing the corporate streamlining and reorganisation programme, focusing on the financial activities performed by Finmeccanica Finance SA for Finmeccanica Spa, the process of transferring Finmeccanica Finance SA's assets and liabilities to Finmeccanica Spa, begun in 2014, was completed in the first half of 2015, and that no other changes or developments took place in relation to the related party transactions described in the Report on Operations for 2014.

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Main risks for the remaining months of the financial year: the main risks to which the Group is exposed in the following six months of the financial year are unchanged from those described in fuller detail in the Consolidated Financial Statements at 31 December 2014 in the section "*Finmeccanica and risk management*". Any updates relating to specific risk positions are illustrated in Note 15 of the condensed consolidated half-year financial statements at 30 June 2015.

Condensed consolidated half-year financial statements at 30 June 2015

Condensed separate consolidated income statement

(€ millions)	*Note*	**2015**	*of which with related parties*	**2014 (restated*)**	*of which with related parties*
Revenue	*19*	5,973	*830*	5,709	*1,037*
Purchase and personnel expense	*21*	(5,371)	*(65)*	(5,241)	*(69)*
Amortisation, depreciation and impairment losses	*22*	(336)		(324)	
Other net operating income/(expenses)	*20*	16	*2*	1	*2*
Income before tax and financial expenses		**282**		**145**	
Financial income/(expense)	*23*	(206)	*3*	(204)	*(2)*
Share of profits/(losses) of equity-accounted investees	*24*	78		31	
Operating profit (loss) before income taxes and discontinued operations		**154**		**(28)**	
Income taxes		(63)		(33)	
Profit (loss) from discontinued operations	*25*	20		22	
Net profit/(loss) for the period attributable to:		**111**		**(39)**	
- owners of the parent		*86*		*(62)*	
- non-controlling interests		*25*		*23*	
Earnings/(losses) per share	*26*	*0.149*		*(0.107)*	
- basic and diluted from continuing operations		*0.157*		*(0.105)*	
- basic and diluted from discontinued operations		*(0.008)*		*(0.002)*	

(*) Comparative figures restated following the reclassification of the Transportation business segment sold under Discontinued Operations (see Note 5)

Condensed consolidated statement of comprehensive income

(€ millions)	*Note*	*For the six months ended 30 June* **2015**		**2014 (restated*)**	
Profit (loss) for the period			**111**		(39)
Other comprehensive income (expense):					
Comprehensive income/expense which will not be subsequently reclassified within the profit (loss) for the period:					
- Measurement of defined-benefit plans:	*13*		(35)		(7)
- revaluation		(32)		(4)	
- exchange rate gains (losses)		(3)		(3)	
- Tax effect	*13*		14		(3)
			(21)		(10)
Comprehensive income/expense which will or might be subsequently reclassified within the profit (loss) for the period:					
- Changes in cash flow hedges:	*13*		(58)		(22)
- change generated in the period		(66)		(40)	
- transferred to the profit (loss) for the period		8		18	
- Translation differences	*13*		359		95
- change generated in the period		359		95	
- Tax effect	*13*		15		8
			316		81
Current portion of "Other comprehensive income (expense)", equity-accounted investees			(17)		(12)
Total other comprehensive income (expense), net of tax:			**278**		**59**
Total comprehensive income (expense), attributable to:			**389**		**20**
- *Owners of the parent*			349		(3)
- *Non-controlling interests*			40		23
Total comprehensive income (expense), attributable to Owners of the parent			**349**		**(3)**
- from continuing operations			330		(23)
- from discontinued operations			19		20

(*) Comparative figures restated following the reclassification of the Transportation business segment sold under Discontinued Operations (see Note 5)

Condensed consolidated statement of financial position

(€ millions)	*Note*	**30 June 2015**	*of which with related parties*	**31 December 2014**	*of which with related parties*
Intangible assets	*8*	7,092		6,781	
Property, plant and equipment	*9*	2,756		2,955	
Deferred tax assets		1,132		1,165	
Other non-current assets	*10*	1,595	*4*	1,741	*22*
Non-current assets		**12,575**		**12,642**	
Inventories		4,808		4,578	
Trade receivables, including contract work in progress	*11*	6,580	*741*	7,635	*928*
Loans and receivables		278	*151*	206	*161*
Other assets	*12*	1,023	*8*	1,293	*6*
Cash and cash equivalents		611		1,495	
Current assets		**13,300**		**15,207**	
Non-current assets held for sale	25	2,739		47	
Total assets		**28,614**		**27,896**	
Share capital	*13*	2,525		2,525	
Other reserves		1,334		986	
Equity attributable to the owners of the parent		**3,859**		**3,511**	
Equity attributable to non-controlling interests		359		343	
Total equity		**4,218**		**3,854**	
Loans and borrowings (non-current)	*14*	5,150	*3*	5,031	*6*
Employee benefits	*16*	768		795	
Provisions for risks and charges	*15*	1,318		1,281	
Deferred tax liabilities		283		299	
Other non-current liabilities	*17*	1,101	-	1,059	-
Non-current liabilities		**8,620**		**8,465**	
Trade payables, including progress payments and advances from customers	*18*	10,132	*115*	11,705	*148*
Loans and borrowings (current)	*14*	883	*499*	739	*425*
Income tax payables		53		74	
Provisions for short-term risks and charges	*15*	681		749	
Other current liabilities	*17*	2,006	*123*	2,277	*146*
Current liabilities		**13,755**		**15,544**	
Liabilities associated with assets held for sale	25	2,021		33	
Total liabilities		**24,396**		**24,042**	
Total liabilities and equity		**28,614**		**27,896**	

Condensed consolidated statement of cash flows

(€ millions)	*Note*	**2015**	*of which with related parties*	**2014 (restated*)**	*of which with related parties*
		For the six months ended 30 June			
Gross cash flows from operating activities	*27*	712		637	
Change in working capital	*27*	(982)	*(3)*	(1,016)	*(118)*
Change in other operating assets and liabilities and provisions for risks and charges		(143)	*(25)*	(190)	*(40)*
Interests paid		(157)	*28*	(139)	*(6)*
Taxes paid		(66)	-	(71)	-
Cash flows used in operating activities		**(636)**		**(779)**	
Investments in property, plant and equipment and intangible assets		(334)		(428)	
Sales of property, plant and equipment and intangible assets		17		7	
Cash in from Avio		-		239	
Other investing activities		147	-	167	-
Cash flows used in investing activities		**(170)**		**(15)**	
Dividends paid		-		(1)	
Bond issue		-		250	
Net change in other loans and borrowings		175	*27*	(222)	*(157)*
Cash flows generated from financing activities		**175**		**27**	
Cash and cash equivalents at 1 January		1,495		1,455	
Net increase (decrease) in cash and cash equivalents		(631)		(767)	
Exchange rate differences and other changes		37		9	
Cash and cash equivalents at 1 January of discontinued operations		(290)		-	
Net increase (decrease) in cash of discontinued operations		-		(46)	
Cash and cash equivalents at 30 June		**611**		**651**	
Cash flows from operating activities of discontinued operations		(57)		(122)	
Cash flows from investing activities of discontinued operations		(20)		(17)	
Cash flows from financing activities of discontinued operations		23		93	

(*) Comparative figures restated following the reclassification of the Transportation business segment sold under Discontinued Operations (see Note 5)

Condensed consolidated statement of changes in equity

(€ millions)	**Share capital**	**Retained earnings**	**Cash flow hedge reserve**	**Revaluation reserve of defined-benefit plans**	**Translation reserve**	**Equity attributable to owners of the parent**	**Non-controlling interests**	**Total equity**
1 January 2014	**2,525**	**1,502**	**47**	**(181)**	**(512)**	**3,381**	**298**	**3,679**
Profit (loss) for the period	-	(62)	-	-	-	(62)	23	(39)
Other comprehensive income (expense)	-	-	(16)	(12)	87	59		59
Total comprehensive income (expense)	**-**	**(62)**	**(16)**	**(12)**	**87**	**(3)**	**23**	**20**
Dividends resolved						-	(19)	(19)
Total transactions with owners of the parent, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**(19)**	**(19)**
Other changes	-	1	(1)		-	-	-	-
30 June 2014	**2,525**	**1,441**	**30**	**(193)**	**(425)**	**3,378**	**302**	**3,680**
1 January 2015	**2,525**	**1,473**	**(57)**	**(226)**	**(204)**	**3,511**	**343**	**3,854**
Profit (loss) for the period	-	86	-	-	-	86	25	111
Other comprehensive income (expense)	-	-	(52)	(21)	336	263	15	278
Total comprehensive income (expense)	**-**	**86**	**(52)**	**(21)**	**336**	**349**	**40**	**389**
Dividends resolved	-	-	-	-	-	-	(21)	(21)
Total transactions with owners of the parent, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**(21)**	**(21)**
Other changes	-	-	-	-	(1)	(1)	(3)	(4)
30 June 2015	**2,525**	**1,559**	**(109)**	**(247)**	**131**	**3,859**	**359**	**4,218**

Explanatory Notes

1. GENERAL INFORMATION

Finmeccanica is a company limited by shares based in Rome (Italy), at Piazza Monte Grappa 4, and is listed on the Italian Stock Exchange (FTSE MIB).

The Finmeccanica Group is a major Italian high technology organisation. Finmeccanica Spa, the holding company responsible for guiding and controlling industrial and strategic operations, coordinates its subsidiaries (the Finmeccanica Group or, simply, the Group), which are especially concentrated in the fields of Helicopters, Defence and Security Electronics, Aeronautics, Space and Defence Systems. Starting from 2015 the business of the Transportation segment is classified within discontinued operations, as a result of the agreement with Hitachi described in section "Industrial and Financial Transactions" of the Report on Operations.

2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS

The half-year financial report of the Finmeccanica Group at 30 June 2015 was prepared in accordance with Article 154-ter, paragraph 2 of Legislative Decree 58/98 (Consolidated Law on Financial Intermediation), as subsequently amended. The condensed consolidated half-year financial statements at 30 June 2015, included in the half-year financial report, were prepared in accordance with IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) and comprise the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and the related explanatory notes.

In accordance with IAS 34, these notes are presented in condensed form and do not include all disclosures required for annual financial statements, as they refer only to those items that are essential to understand the Group's financial position, results of operations and cash flows given their amount, breakdown or changes therein. This half-year financial report should, therefore, be read in conjunction with the 2014 annual consolidated financial statements.

The statement of financial position and income statement are likewise presented in a condensed format compared to the annual financial statements. The notes to the items combined in the half-year consolidated financial statements schedules include a reconciliation with annual consolidated financial statements schedules.

The accounting policies, measurement criteria and consolidation methods used for this half-year financial report are unchanged from those of the 2014 annual consolidated financial statements (except for those specifically applicable to interim financial reports) and the half-year financial report at 30 June 2014, with the exceptions reported in Note 4. The new standards applicable from 1 January 2015 did not materially impact this half-year financial report.

It is pointed out that the Group adopts a six-moth period as the interim reporting period for the purposes of IAS 34 and for the definition of interim financial statements therein reported.

The exchange rates for the major currencies used in preparing these condensed half-year financial statements are shown below.

	30 June 2015		**31 December 2014**	**30 June 2014**	
	average	final	final	average	final
US dollar	1.1158	1.1189	1.2141	1.3705	1.3658
Pound sterling	0.7324	0.7114	0.7789	0.8214	0.8015

The condensed consolidated half-year financial statements at 30 June 2015 of the Finmeccanica Group were approved by the Board of Directors on 30 July 2015 and published on the same day.

Amounts are shown in millions of euros unless stated otherwise.

This consolidated half-year financial report was reviewed by KPMG SpA.

3. BUSINESS SEASONALITY

<u>Cash flows relating to operations</u>

The Group's key business segments feature a high concentration of cash flows from customers in the last few months of the year. This has an impact on interim cash flows and the variability of the Group's debt over the various interim periods, which improves substantially in the last few months of the calendar years.

4. EFFECTS OF CHANGES IN ACCOUNTING POLICIES ADOPTED

Starting from 1 January 2015 the Group has adopted the Amendment to IAS 19 which simplifies the accounting treatment of certain cases of contributions to defined benefit plans from employees or third parties, without reporting any significant effect.

5. RESTATEMENT OF THE COMPARATIVE STATEMENTS

On 24 February 2015, Finmeccanica reached an agreement with the Japanese Hitachi group for the sale of Finmeccanica’s businesses in the rail transport sector. The agreement requires that Finmeccanica transfer its stake in Ansaldo STS and AnsaldoBreda’s businesses in the rolling stock segment, excluding revamping activities, which are of minor importance, which will remain within the Group, to Hitachi. The figures of the income statement and of the statement of cash flows at 30 June 2014 have been restated, pursuant to IFRS 5, in order to include the effects of the classification of the above business sold within the Discontinued Operations, as shown below:

Condensed separate consolidated income statement (€mil.)	***For the six months ended 30 June 2014***	***IFRS 5 effect***	***For the six months ended 30 June 2014 restated***
Revenue	6,557	(848)	5,709
Purchase and personnel expense	(6,054)	813	(5,241)
Amortisation, depreciation and impairment losses	(335)	11	(324)
Other net operating income/(expenses)	15	(14)	1
Income before tax and financial expenses	**183**	**(38)**	**145**
Financial income/(expense)	(204)	-	(204)
Share of profits/(losses) of equity-accounted investees	32	(1)	31
Operating profit (loss) before income taxes and discontinued operations	**11**	**(39)**	**(28)**
Income taxes	(50)	17	(33)
Profit (loss) from discontinued operations	-	22	22
Net profit (loss)	**(39)**	**-**	**(39)**

Condensed consolidated statement of cash flows (€mil.)	***For the six months ended 30 June 2014***	***IFRS 5 effect***	***For the six months ended 30 June 2014 restated***
Gross cash flows from operating activities	678	(41)	637
Change in working capital	(1,151)	135	(1,016)
Change in other operating assets and liabilities and provisions for risks and charges	(206)	16	(190)
Interests paid	(139)	-	(139)
Taxes paid	(84)	13	(71)
Cash flows used in operating activities	**(902)**	**123**	**(779)**
Investments in property, plant and equipment and intangible assets	(433)	5	(428)
Sales of property, plant and equipment and intangible assets	7	-	7
Cash in from Avio	239	-	239
Other investing activities	155	12	167
Cash flows used in investing activities	**(32)**	**17**	**(15)**
Dividends paid	(19)	18	(1)
Bond issue	250	-	250
Net change in other loans and borrowings	(112)	(110)	(222)
Cash flows generated from financing activities	**119**	**(92)**	**27**
Cash and cash equivalents at 1 January	1,455	-	1,455
Net increase (decrease) in cash and cash equivalents	(815)	48	(767)
Exchange rate differences and other changes	11	(2)	9
Net increase (decrease) in cash of discontinued operations	-	(46)	(46)
Cash and cash equivalents at 30 June	**651**	**-**	**651**

All comparative information related to the income statement and the statement of cash flows provided in the following notes has been restated.

6. SIGNIFICANT EVENTS OCCURRED AFTER THE PERIOD-END

There are no significant events to report.

7. SEGMENT REPORTING

In accordance with the compliance model followed, management has adopted operating segments that correspond to the business sectors in which the Group operates: Helicopters, Defence and Security Electronics, Aeronautics, Space, Defence Systems and Other Activities. Starting from 2015 the business of the Transportation segment is classified within discontinued operations, as a result of the agreement with Hitachi described in section “Industrial and Financial Transactions” of the Report on Operations.

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

The Group assesses the performance of its operating segments and the allocation of its financial resources on the basis of revenue and EBITA (see also the section “Non-GAAP performance indicators” in the Report on Operations).

For the purpose of a correct interpretation of the information provided we note that the results of the strategic Joint Ventures have been included within the EBITA of the sectors to which these JVs belong; conversely, these sectors do not reflect the relevant share of revenue of the JVs.

The results for each segment at 30 June 2015, as compared with those of the same period of the previous year (restated following the classification of the Transportation segment under Discontinued Operations), are as follows:

For the six months ended 30 June 2015	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Other Activities	Elimin-ations	Total
Revenues	2,114	2,378	1,414	-	209	144	(286)	**5,973**
Inter-segment revenue (*)	(2)	(219)	(3)	-	(7)	(55)	286	**-**
Third party revenue	2,112	2,159	1,411	-	202	89	-	**5,973**
EBITA	260	116	86	22	31	(65)	-	**450**
Investments	98	75	126	-	4	7	-	**310**

For the six months ended 30 June 2014 restated	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Other Activities	Elimin-ations	Total
Revenues	2,041	2,154	1,379	-	230	190	(285)	**5,709**
Inter-segment revenue (*)	-	(202)	(3)	-	(6)	(74)	285	**-**
Third party revenue	2,041	1,952	1,376	-	224	116	-	**5,709**
EBITA	263	-	74	17	26	(70)	-	**310**
Investments	127	66	153	-	4	30	-	**380**

(*) Inter-segment revenue includes revenue among Group consolidated undertakings belonging to various business sectors

The reconciliation between EBITA, EBIT and Profit before taxes and interest for the periods compared is as follows:

For the six months ended 30 June 2015	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Other Activities	Total
EBITA	**260**	**116**	**86**	**22**	**31**	**(65)**	**450**
Amortisation of intangible assets acquired as part of business combinations	(4)	(44)	-	-	-	-	**(48)**
Restructuring costs	(2)	(15)	(15)	-	(1)	(12)	**(45)**
Non-recurring income/expense	-	-	-	-	-	(6)	**(6)**
EBIT	**254**	**57**	**71**	**22**	**30**	**(83)**	**351**
Equity-accounted strategic JVs	-	-	(32)	(22)	(15)	-	**(69)**
Income before tax and financial expenses	**254**	**57**	**39**	**-**	**15**	**(83)**	**282**

For the six months ended 30 June 2014 restated	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Other Activities	Total
EBITA	**263**	**-**	**74**	**17**	**26**	**(70)**	**310**
Amortisation of intangible assets acquired as part of business combinations	(4)	(37)	-	-	-	-	**(41)**
Restructuring costs	6	(35)	(17)	-	(1)	(12)	**(59)**
Non-recurring income/expense	(20)	(7)	-	-	-	(1)	**(28)**
EBIT	**245**	**(79)**	**57**	**17**	**25**	**(83)**	**182**
Equity-accounted strategic JVs	-	-	(10)	(17)	(10)	-	**(37)**
Income before tax and financial expenses	**245**	**(79)**	**47**	**-**	**15**	**(83)**	**145**

8. INTANGIBLE ASSETS

Key changes were related to amortisation (Note 22) for €mil. 142 and investments of €mil. 193 . Below is a breakdown:

	30 June 2015	31 December 2014	*Investments for the six months at*	
			30 June 2015	**30 June 2014**
Goodwill	4,003	3,800	-	-
Development costs	528	514	41	48
Non-recurring costs	1,459	1,346	136	146
Concessions, licences and trademarks	315	302	-	1
Acquired through business combinations	637	642	-	-
Other intangible assets	150	177	16	22
	7,092	**6,781**	**193**	**217**

Goodwill increased as a result of the exchange differences on the amounts denominated in USD and GBP, net of the decrease related to the reclassification of the amounts referred to Ansaldo STS (€mil. 38) within "Non-current assets held for sale". At 30 June 2015 there were no signs requiring impairment testing in addition to that carried out when the annual financial statements at 31 December 2014 were prepared. Specifically, in respect of goodwill allocated to the cash generating unit ("CGU") DRS, for which at 31 December 2014 the headroom (i.e. the positive margin calculated upon the impairment test) was lower than the other cash generating units ("CGUs"), we note a performance in line with expectations.

Commitments are in place for the purchase of intangible assets for €mil. 7 (€mil. 14 at 31 December 2014).

9. PROPERTY, PLANT AND EQUIPMENT

The key changes regarded depreciation of €mil. 185 (Note 22) and investments of €mil. 117, as:

	30 June 2015	31 December 2014	*Investments for the six months at*	
			30 June 2015	**30 June 2014**
Land and buildings	1,029	1,134	2	3
Plant and machinery	473	500	6	8
Equipment	810	829	47	48
Other tangible assets	444	492	62	104
	2,756	**2,955**	**117**	**163**

There are also commitments to purchase property, plant and equipment for €mil. 106 (€mil. 131 at 31 December 2014).

10. OTHER NON-CURRENT ASSETS

	30 June 2015	31 December 2014
Financing to third parties	36	32
Deferred grants under Law no. 808/85	15	18
Defined benefit plan assets, net	295	272
Related party receivables (Note 28)	4	22
Other non-current receivables	70	94
Non-current receivables	**420**	**438**
Prepayments - non-current portion	12	18
Equity investments	926	1,074
Non-recurring costs pending under Law no. 808/1985	110	87
Fair value of the residual portion in portfolio of Ansaldo Energia	127	124
Non-current assets	**1,175**	**1,303**
	1,595	**1,741**

The item decreased mainly as a result of the reduction of equity investments which is due, in particular, to the reclassification of the equity investments of the Transportation segment (€mil. 72) within "Non-current assets held for sale", following the agreement entered into with Hitachi and also to dividends distributed in the period (€mil. 175), partly offset by the results for the period posted by the investee companies.

Equity investments (€mil. 909 of which valued at equity) chiefly referred to the Group's joint ventures.

The other non-current assets include the fair value of 15% of the share capital of Ansaldo Energia (classified at fair value through profit or loss), which will be transferred upon the exercise by the parties of the put&call options (as indicated below) at a pre-set price of €mil. 117 in respect of which capitalised interest accrues at a yearly 6% rate. In particular, Finmeccanica can exercise its put option between 30 June and 31 December 2017, while the call option of FSI (Fondo Strategico Italiano) is exercisable in the same period or before if some conditions occur.

The table below shows the fair value hierarchy of the Group financial assets and liabilities measured at fair value. The fair value of derivative instruments (classified under other current assets and liabilities) and current securities is determined on the basis of measurement techniques which consider directly observable market inputs (so-called "Level 2"), in particular, the foreign exchange rate and the interest rate (spot and forward rates). Vice versa, the fair value of the remaining 15% in Ansaldo Energia, subject to put&call option (classified under other non-current assets), as well as fair value of the payable to Bell Helicopter (classified under other non-current liabilities) is determined on the basis of measurement techniques which do not consider directly observable market inputs (the so-called "Level 3"). In particular, the fair value of the stake in Ansaldo Energia was calculated on the basis of the price of the sale, as established in the related agreements. The fair value of the payable to Bell Helicopter was determined by discounting back the estimate of the variable amounts payable on the basis of the success of the programme.

	30 June 2015			31 December 2014		
	Level 2	**Level 3**	**Total**	**Level 2**	**Level 3**	**Total**
Non-current assets	-	127	127	-	124	124
Current assets	220	-	220	488	-	488
Non-current liabilities	-	232	232	-	207	207
Current liabilities	284	-	284	542	-	542

11. TRADE RECEIVABLES, INCLUDING CONTRACT WORK IN PROGRESS

	30 June 2015	**31 December 2014**
Trade receivables	2,876	3,620
Related party trade receivables (Note 28)	741	928
	3,617	**4,548**
Contract work in progress	2,963	3,087
	6,580	**7,635**

The primary credit risks related to the Group's business are described in Note 35 to the consolidated financial statements at 31 December 2014.

12. OTHER CURRENT ASSETS

	30 June 2015	***31 December 2014***
Income tax receivables	135	156
Derivatives	220	488
Other current assets:	668	649
Prepaid expenses - current portion	*80*	*107*
Receivables for grants	*96*	*97*
Receivables from employees and social security	*74*	*67*
Indirect tax receivables	*274*	*238*
Deferred receivables under Law no. 808/85	*3*	*3*
Other related party receivables (Note 28)	*8*	*6*
Other assets	*133*	*131*
	1,023	**1,293**

13. EQUITY

Share capital	Number of ordinary shares	Par value	Treasury shares	Costs incurred (net of tax effect)	Total
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(32,450)	-	-	-	-
31 December 2014	**578,117,945**	**2,544**	**-**	**(19)**	**2,525**
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(32,450)	-	-	-	-
30 June 2015	**578,117,945**	**2,544**	**-**	**(19)**	**2,525**

At 30 June 2015 the Ministry of Economy and Finance owned 30.204% of the share capital, while Libyan Investment Authority owned 2.010% of the shares.

The statement of changes in equity attributable to the owners of the parent and to non-controlling interests is presented in the accounting statements section. Below is a breakdown of the tax effects on the gain and loss items recognised in equity of the Group, as well as the other comprehensive income/expense relating to investments valued at equity and the related effects:

	Group - consolidated entities			**Group - equity accounted investments**		
	Amount before taxes	Tax effect	**Net amount**	Amount before taxes	Tax effect	**Net amount**
For the six months ended 30 June 2015						
Revaluation of defined-benefit plans	(35)	14	**(21)**	-	-	**-**
Changes in cash-flow hedges	(60)	15	**(45)**	(10)	3	**(7)**
Foreign currency translation difference	346	-	**346**	(10)	-	**(10)**
Total	**251**	**29**	**280**	**(20)**	**3**	**(17)**
For the six months ended 30 June 2014						
Revaluation of defined-benefit plans	(6)	(3)	**(9)**	(3)	-	**(3)**
Changes in cash-flow hedges	(21)	8	**(13)**	(5)	2	**(3)**
Foreign currency translation difference	93	-	**93**	(6)	-	**(6)**
Total	**66**	**5**	**71**	**(14)**	**2**	**(12)**

Below is a breakdown of the effects relating to the profits/losses recognised in equity attributable to non-controlling interests:

	Non-controlling interest		
	Amount before taxes	Tax effect	Net amount
For the six months ended 30 June 2015			
Changes in cash-flow hedges	2	-	2
Foreign currency translation difference	13	-	13
Total	**15**	**-**	**15**
For the six months ended 30 June 2014			
Revaluation of defined-benefit plans	(1)	-	(1)
Changes in cash-flow hedges	(1)	-	(1)
Foreign currency translation difference	2	-	2
Total	-	-	-

14. LOANS AND BORROWINGS

	30 June 2015		31 December 2014	
	Non-current	Current	Non-current	Current
Bonds	4,766	107	4,630	131
Bank loans and borrowings	336	170	362	110
Related party loans and borrowings (Note 28)	3	499	6	425
Other loans and borrowings	45	107	33	73
	5,150	**883**	**5,031**	**739**

The increase in this item is mainly due to the exchange differences on the bond issues denominated in USD and GBP (€mil. 137), net of the payment of coupons for the period, in addition to the liquidity injected by the joint ventures in the context of the existing treasury arrangements..

Below is the detail of the bonds at 30 June 2015 which shows the bonds issued by Finmeccanica (“FNM”, deriving in part from bonds originally issued by Finmeccanica Finance which was then replaced by Finmeccanica S.p.A. in December 2014 – January 2015) and Meccanica Holdings USA (“MH”). It should be recalled that after 30 June 2015 the nominal values of certain bond issues reported a decrease in consequence of the repurchase transaction completed in July (as detailed in section “Financial transactions” of the report on operations).

Issuer		Year of issue	Maturity	Currency	Outstanding nominal amount (mil.)	Annual coupon		Type of offer
FNM	(**)	2003	2018	€	500	5.750%	(1)	European institutional
FNM	(*)	2005	2025	€	500	4.875%		European institutional
FNM	(**)	2009	2019	GBP	400	8.000%	(2)	European institutional
FNM	(**)	2009	2022	€	600	5.250%		European institutional
MH	(***)	2009	2019	USD	500	6.250%		American institutional Rule 144A/Reg. S
MH	(***)	2009	2039	USD	300	7.375%		American institutional Rule 144A/Reg. S
MH	(***)	2009	2040	USD	500	6.250%		American institutional Rule 144A/Reg. S
FNM	(**)	2012	2017	€	600	4.375%		European institutional
FNM	(**)	2013	2021	€	950	4.500%		European institutional

(*) Bonds listed on the Luxembourg Stock Exchange and issued as part of the EMTN programme for a maximum of €bil. 4. The transaction was authorised pursuant to Art. 129 of Legislative Decree 385/93.

(**) Bonds, originally issued by Finmeccanica Finance, listed on the Luxembourg Stock Exchange and issued as part of the EMTN programme for a maximum of €bil. 4. The transaction was authorised pursuant to Art. 129 of Legislative Decree 385/93.

(***) Bonds issued under Rule 144A, Regulation S of the US Securities Act. The proceeds of this issue were entirely used by Meccanica Holdings USA to finance the purchase of DRS replacing the dollar-issue bonds originally issued by the company. These bonds were redeemed early following Finmeccanica's purchase of DRS. As a result, these issues were not hedged against exchange rate risk.

(1) Rate derivative transactions were made on these bonds and led the effective cost of the loan return to a fixed rate better than the coupon and corresponding to an average of some 5.6%.

(2) The proceeds of the issue were translated into euros and the exchange rate risk arising from the transaction was fully hedged.

Below is the financial information required under Consob communication DEM/6064293 of 28 July 2006:

	30 June 2015	*of which with related parties*	**31 December 2014**	*of which with related parties*
Liquidity	**(611)**		**(1,495)**	
Current loans and receivables	**(278)**	*(151)*	**(206)**	*(161)*
Current bank loans and borrowings	170		110	
Current portion of non-current loans and borrowings	107		131	
Other current loans and borrowings	606	*499*	498	*425*
Current financial debt	**883**		**739**	
Net current financial debt (funds)	**(6)**		**(962)**	
Non-current bank loans and borrowings	336		362	
Bonds issued	4,766		4,630	
Other non-current loans and borrowings	48	*3*	39	*6*
Non-current financial debt	**5,150**		**5,031**	
Net financial debt	**5,144**		**4,069**	

The reconciliation between Net financial debt and Group Net Debt, used as KPI, is as follows:

	Note	**30 June 2015**	**31 December 2014**
Net financial debt com. CONSOB no. DEM/6064293		5,144	4,069
Fair value of the residual portion in portfolio of Ansaldo Energia	*10*	(127)	(124)
Hedging derivatives in respect of debt items		(27)	(24)
Effect of transactions involving Fyra contract		-	41
Group net debt (KPI)		**4,990**	**3,962**

15. PROVISIONS FOR RISKS AND CONTINGENT LIABILITIES

	30 June 2015		31 December 2014	
	Non-current	**Current**	**Non-current**	**Current**
Guarantees given	141	3	140	16
Restructuring	113	91	113	128
Penalties	333	49	318	48
Product guarantees	124	90	103	82
Other	607	448	607	475
	1,318	**681**	**1,281**	**749**

With regard to the provisions for civil, tax and administrative disputes, it should be noted that the Finmeccanica Group companies' operations regard industries and markets where many disputes, which are brought as both plaintiff and defendant, are settled only after a considerable period of time, especially in cases where the customer is a government entity. Pursuant to the accounting standards, provisions have only been made for risks that are probable and for which the amount can be determined. No specific provisions have been set aside for certain disputes in which the Group is a defendant as these disputes are reasonably expected to be resolved satisfactorily and without significantly impacting the results. Updates to the information already provided in the 2014 consolidated financial statements include:

- the dispute commenced before the Court of Santa Maria Capua Vetere in February 2011 by G.M.R. SpA, as the sole shareholder of Firema Trasporti against Finmeccanica and AnsaldoBreda. On 28 October 2014, the Court of Santa Maria Capua Vetere granted the motion put forth by Finmeccanica and AnsaldoBreda, finding that it lacked jurisdiction and that instead the Court of Naples was the competent forum. The suit was dismissed following failure to timely reinstate the action. On 23 June 2015, GMR SpA served a new writ of summons before the Court of Naples, through which it once again made the same claims brought in the dismissed suit;
- the action brought before the Court of Naples by Firema Trasporti in Extraordinary Administration. On 17 June the Court revoked the previous order it had issued ordering the removal of Finmeccanica and AnsaldoBreda since it had found the claim made by Giorgio and Gianfranco Fiore against them to be inadmissible. The next hearing is set for 27 October 2015;
- as concerns tax disputes, in January 2015 AgustaWestland SpA became the subject of a tax audit, at the conclusion of which the company was formally notified of certain facts supporting a charge of tax avoidance through the foreign establishment of AgustaWestland NV and Agusta Holding BV (companies formed under the laws of and residing in the Netherlands) for the years 2005 through 2013, thereby leading to an increase in the corporate

income tax (IRES) by a total of €mil. 25. The company maintains that it acted in full compliance with existing laws.

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Furthermore, it should be noted that the Explanatory Notes accompanying the consolidated financial statements at 31 December 2014 provide information on criminal proceedings that involve Group companies for various reasons. With respect to the information reported in the abovementioned financial statements, to which the reader is referred for more details, we highlight the following update:

- criminal proceedings at the preliminary investigation stage are pending before the Public Prosecutor's Office of Busto Arsizio, against two former Chief Executive Officers of AgustaWestland SpA, for violations under Article 2 of Legislative Decree 74/2000 and Articles 322-bis, 81 and 110 of the Criminal Code, and against a former manager and a current manager, for violations under Article 2 of Legislative Decree 74/2000 and Articles 81 and 110 of the Criminal Code. On 23 April 2015, in relation to this investigation, a number of search warrants were executed at the Cascina Costa office of AgustaWestland SpA to seize the contracts, accounting and non-accounting documentation referring to dealings between AgustaWestland SpA and certain Italian and foreign companies;
- with regard to the criminal proceedings pending before the Court of Rome concerning the informal tender for awarding a contract in the ICT area for operational, contract management and procurement services held by the Office of the Prime Minister in 2010 and awarded to a temporary association of companies (RTI, *Raggruppamento temporaneo di imprese*) including, *inter alia*, Selex Service Management, on 1 July 2015 the Judge for Preliminary Hearings (GUP, *Giudice dell'Udienza Preliminare*) ordered the committal for trial of the former Chairman and Chief Executive Officer of Finmeccanica, for violations under Articles 81-paragraph 2, 110, 326, 353, paragraphs 1 and 2, of the Criminal Code, for the former Chief Executive Officer of Selex Service Management for violations under Articles 110, 319 and 321 of the Criminal Code and Articles 81-paragraph 2, 110, 326, 353, paragraphs 1 and 2, of the Criminal Code, as well as for Selex Service Management itself, for violations under Article 25 of Legislative Decree 231/2001. The first hearing on the merits is set for 12 November 2015.

  In relation to these proceedings, the former Chief Operations Officer of Selex Service Management and former External Relations Officer of Finmeccanica were also charged with respect to crimes established by Articles 81-paragraph 2, 110, 326, 353, paragraphs 1 and 2, of the Criminal Code. The former COO was acquitted and the former External Relations Officer of Finmeccanica, who was found guilty under art. 444 *et seqq.* of the Code of Criminal Procedure, was ordered to reimburse Finmeccanica Spa for the legal expenses it incurred as a civil-suit party;

- criminal proceedings are being conducted by the Public Prosecutor's Office of Rome involving a manager of Telespazio SpA and a manager of e-GEOS SpA for having allegedly committed crimes established by Articles 61(7) and (9), 110 and 640(2)(1) of the Criminal Code, with respect to certain software licenses provided by Telespazio to a government-affiliated entity.

* * * * * * * *

Given their complexity, their cutting-edge technological content and the nature of the customers, the Group's long-term contracts are sometimes affected by disputes with customers in relation to the compliance of works with customer specifications and product performances. The Group adjusts the estimated contract costs for foreseeable issues, also taking into account possible developments in the relevant disputes. As to contracts in progress affected by uncertainties and problematic issues, especially the Indian contract of AgustaWestland and the Sistri programme, no updates are reported in addition to what is already detailed in the relevant Note of the 2014 consolidated financial statements, to which reference is made.

With regard to the Sistri contract signed between the Ministry for the Environment, Land and Sea and Selex Service Management (currently in liquidation) in December 2009, following the acknowledgement and receipt and refusal of jurisdiction of the arbitration panel by the Ministry, on 1 April 2015 the company served a summons on the Ministry to appear before the Civil Court of Rome.

16. EMPLOYEE BENEFITS

	30 June 2015			31 December 2014		
	Liabilities	**Assets**	**Net**	**Liabilities**	**Assets**	**Net**
Severance pay provision	370	-	370	437	-	437
Defined-benefit plans	381	295	86	333	272	61
Defined contribution plans	17	-	17	25	-	25
	768	**295**	**473**	**795**	**272**	**523**

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

	For the six months ended 30 June	
	2015	**2014**
Costs booked as "personnel expenses "	39	33
Costs booked as "financial expenses "	3	7
	42	**40**

17. OTHER CURRENT AND NON-CURRENT LIABILITIES

	30 June 2015		**31 December 2014**	
	Non-current	**Current**	**Non-current**	**Current**
Employee obligations	46	427	55	401
Deferred income	99	76	85	67
Amounts due to social security institutions	5	195	5	192
Payables to MED (Law no. 808/85)	340	44	338	44
Payables to MED for royalties (Law no. 808/85)	172	25	154	23
Other liabilities (Law no. 808/85)	181	-	183	-
Indirect tax liabilities	-	123	-	183
Derivatives	-	284	-	542
Other liabilities	258	709	239	679
Other payables to related parties (Note 28)	-	123	-	146
	1,101	**2,006**	**1,059**	**2,277**

"Other liabilities" include, in particular, the payable due to Bell Helicopter of €mil. 232 (€mil. 207 at 31 December 2014), deriving from the acquisition of 100% of the AW609 programme.

18. TRADE PAYABLES, INCLUDING PROGRESS PAYMENTS AND ADVANCES FROM CUSTOMERS

	30 June 2015	**31 December 2014**
Suppliers	3,286	4,120
Trade payables to related parties (Note 28)	115	148
Trade payables	**3,401**	**4,268**
Progress payments and advances from customers	6,731	7,437
	10,132	**11,705**

19. REVENUE

	For the six months ended 30 June	
	2015	**2014**
Revenue from sales	3,474	3,382
Revenue from services	1,321	1,177
Change in work in progress	348	113
Revenue from related parties (Note 28)	830	1,037
	5,973	**5,709**

The trends in revenue by business segment are fully described in the Report on Operations.

20. OTHER OPERATING INCOME (EXPENSES)

	For the six months ended 30 June					
	2015			**2014**		
	Income	**Expenses**	**Net**	**Income**	**Expenses**	**Net**
Grants for research and development costs	29	-	29	25	-	25
Exchange rate differences on operating items	101	(116)	(15)	40	(42)	(2)
Indirect taxes	-	(19)	(19)	-	(20)	(20)
Restructuring costs	2	(1)	1	-	(13)	(13)
Reversal of (accruals to) provisions for risks and contract losses	158	(118)	40	165	(142)	23
Other	9	(31)	(22)	25	(39)	(14)
Other from/to related parties (Note 28)	5	(3)	2	3	(1)	2
	304	**(288)**	**16**	**258**	**(257)**	**1**

21. PURCHASES AND PERSONNEL EXPENSE

	For the six months ended 30 June	
	2015	**2014**
Purchases	2,155	2,067
Services	1,850	1,733
Costs to related parties (Note 28)	65	69
Personnel expense	1,708	1,671
Wages, salaries and contributions	*1,552*	*1,509*
Defined-benefit plans costs	*39*	*33*
Defined contribution plans costs	*53*	*52*
Net restructuring costs	*26*	*33*
Other personnel expenses	*38*	*44*
Change in finished goods, work in progress and semi-finished products	(196)	(82)
Work performed by the Group and capitalised	(211)	(217)
	5,371	**5,241**

The average workforce at 30 June 2015, without the part related to the discontinued operations of the Transportation segment, significantly decreased (1,679 units) compared to 30 June 2014, mainly due to the reorganisation processes in the *Defence and Security Electronics* (586 average resources abroad in DRS and 399 in SES) and *Helicopters* (373, of which 247 in Italy) segments, in addition to the change deriving from the sale of BredaMenarinibus (221 resources). In terms of personnel expense, the impact related to the change in the average workforce is offset by the increase in the exchange rate in relation to personnel expense denominated in foreign currency (mainly USD and GBP).

The breakdown of the total workforce is as follows :

	Total Workforce		
	30 June 2015	**31 December 2014**	**Change**
Senior managers (*)	1,392	1,495	(103)
Middle managers	5,876	5,997	(121)
Clerical employees	31,564	31,868	(304)
Manual labourers (**)	14,561	15,020	(459)
	53,393	**54,380**	**(987)**

(*) *include pilots*
(**) *include senior manual labourers*

The breakdown of the total workforce by segment is as follows:

	30 June 2015	**31 December 2014**
Helicopters	12,676	12,850
Defence and Security Electronics	21,312	21,927
Aeronautics	10,772	10,932
Defence Systems	1,474	1,472
Other	7,159	7,199
	53,393	**54,380**

22. AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

	For the six months ended 30 June			
	2015		**2014**	
Amortisation of intangible assets		142		143
Development costs	*30*		*38*	
Non-recurring costs	*32*		*24*	
Acquired through business combinations	*48*		*41*	
Concessions, licences and trademarks	*3*		*7*	
Other intangible assets	*29*		*33*	
Depreciation of property, plant and equipment		185		177
Impairment of operating receivables		8		4
Impairment of other assets		1		-
		336		**324**

23. FINANCIAL INCOME AND EXPENSE

	For the six months ended 30 June					
	2015			**2014**		
	Income	**Expenses**	**Net**	**Income**	**Expenses**	**Net**
Interest	3	(151)	(148)	2	(146)	(144)
Loan fees	-	(10)	(10)	-	(9)	(9)
Other commissions	3	(6)	(3)	1	(4)	(3)
Fair value gains (losses) through profit or loss	17	(14)	3	12	(13)	(1)
Premiums (paid) received on forwards	4	(5)	(1)	2	(5)	(3)
Exchange rate differences	211	(232)	(21)	73	(74)	(1)
Net interest cost on defined-benefit plans	-	(3)	(3)	-	(7)	(7)
Financial income (expense) - related parties (Note 28)	6	(3)	3	2	(4)	(2)
Other financial income and expense	4	(30)	(26)	1	(35)	(34)
	248	**(454)**	**(206)**	**93**	**(297)**	**(204)**

24. SHARE OF PROFITS (LOSSES) OF EQUITY-ACCOUNTED INVESTEES

	For the six months ended 30 June	
	2015	**2014**
Space Alliance	22	17
MBDA	15	10
GIE ATR	32	10
Strategic joint ventures	**69**	**37**
Other	9	(6)
	78	**31**

25. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The item includes the result of the business in the Transportation segment which was sold to the Hitachi group:

	For the six months ended 30 June	
	2015	**2014**
Revenue	1,044	848
Purchase and personnel expense	(983)	(813)
Amortisation, depreciation and impairment losses	(13)	(11)
Other net operating income/(expenses)	(5)	14
Income before tax and financial expenses	**43**	**38**
Financial income/(expense)	(3)	1
Income taxes	(20)	(17)
Profit (loss) for the period	**20**	**22**

On the contrary, the comparative balance sheet figure included assets and liabilities of the branch of business of BMB being transferred to IIA. Below is the breakdown of the item:

	30 June 2015	31 December 2014
Non-current assets	431	18
Current assets	2,308	79
Assets	**2,739**	**97**
Adjustment to selling price	-	(50)
Assets held for sale	**2,739**	**47**
Non-current liabilities	(75)	(2)
Current liabilities	(1,946)	(31)
Liabilities associated with assets held for sale	**(2,021)**	**(33)**
	718	**14**

The net equity includes the €mil. 362 minority interests relating to the operations under the agreement

The agreement reached with the Japanese Hitachi group requires that Finmeccanica transfer its stake in Ansaldo STS (40% of the share capital) and AnsaldoBreda’s businesses in the rolling stock segment, excluding revamping activities, which are of minor importance, and other residual contracts, which will remain within Finmeccanica, to Hitachi.

Once the usual conditions for these types of transactions are met, Finmeccanica will receive a payment of around €mil. 800, subject to a price adjustment. As a result of this transaction, Finmeccanica will recognise in its consolidated financial statements a capital gain, whose final amount will be determined based on the results of the price adjustment mechanism at the closing and of the compensation and variable fees as assessed. The agreement will make it possible for Finmeccanica to focus on its core Aerospace, Defence and Security sectors – the performance and financial results for which were heavily affected by those of AnsaldoBreda – and will also allow the businesses sold to become part of a global group with expertise in their sectors. Once the transaction is completed, as required by the applicable legislation, Hitachi will launch a takeover bid for the remainder of Ansaldo STS (approximately 60% of the share capital). Specifically, the transaction will regard Ansaldo STS, a branch of business of AnsaldoBreda and related production sites.

26. EARNINGS PER SHARE

	For the six months ended 30 June	
	2015	**2014**
Average shares outstanding during the reporting period (in thousands)	578,118	578,118
Earnings for the period (excluding non-controlling interests) (€ millions)	86	(62)
Earnings from continuing operations (excluding non-controlling interests) (€ millions)	91	(61)
Earnings from discontinued operations (excluding non-controlling interests) (€ millions)	(5)	(1)
Basic and Diluted EPS (€)	**0.149**	**(0.107)**
Basic and Diluted EPS from continuing operations (€)	0.157	(0.105)
Basic and Diluted EPS from discontinued operations (€)	(0.008)	(0.002)

At 30 June 2015 basic EPS, like that for the corresponding period of 2014, is equal to the diluted EPS, inasmuch as there are no dilutive elements.

27. CASH FLOW FROM OPERATING ACTIVITIES

	For the six months ended 30 June	
	2015	**2014**
Net result	111	(39)
Amortisation, depreciation and impairment losses	336	324
Share of profits/(losses) of equity-accounted investees	(78)	(31)
Income taxes	63	33
Costs for defined-benefit plans	39	33
Net financial expense /(income)	206	204
Net allocations to the provisions for risks and inventory write-downs	35	122
Profit from discontinued operations	(20)	(22)
Other non-monetary items	20	13
	712	**637**

The changes in working capital, net of the effects of the acquisition and sale of consolidated companies and foreign currency translation differences, are as follows:

	For the six months ended 30 June	
	2015	**2014**
Inventories	(388)	(87)
Contract work in progress and progress payments and advances from customers	(431)	(1,057)
Trade receivables and payables	(163)	129
	(982)	**(1,015)**

28. RELATED PARTY TRANSACTIONS

Related party transactions are carried out at arm's length, as is settlement of the interest-bearing receivables and payables when not governed by specific contractual conditions. The relevant financial statements amounts are shown below. The statement of cash flows presents the impact of related party transactions on cash flows.

RECEIVABLES at 30 June 2015	**Non-current loans and receivables**	**Other non-current receivables**	**Current loans and receivables**	**Trade receivables**	**Other current receivables**	**Total**
Unconsolidated subsidiaries						
Finmeccanica UK			10			10
Other				1	1	2
Associates						
Eurofighter Jagdflugzeug GmbH				118		118
NH Industries SAS				181		181
Iveco - Oto Melara Scarl				21		21
Macchi Hurel Dubois SAS				19		19
Abruzzo Engineering Scpa (in liq.)				14		14
Joint Stock Company Sukhoi Aircraft				10		10
Other			3	42	1	46
Joint Venture						
GIE ATR				82		82
Closed Joint Stock Company Helivert				52		52
MBDA SAS				25	1	26
Superjet International SpA			102	49	4	155
Thales Alenia Space SAS			2	19	1	22
Telespazio SpA	4		24	4		32
Other				8		8
Consortiums (*)						
Other			3	18		21
Companies subject to the control or considerable influence of the MEF						
Other			7	78		85
Total	**4**	**-**	**151**	**741**	**8**	**904**
% against total for the period	***10.0%***	***0.0%***	***54.3%***	***20.5%***	***1.4%***	

RECEIVABLES at 31 December 2014	**Non-current loans and receivables**	**Other non-current receivables**	**Current loans and receivables**	**Trade receivables**	**Other current receivables**	**Total**
Unconsolidated subsidiaries						
Other			10	2	1	13
Associates						
Eurofighter Jagdflugzeug GmbH				99		99
NH Industries SAS				168		168
Iveco - Oto Melara Scarl				33		33
Orizzonte - Sistemi Navali SpA				26		26
Metro 5 SpA		16	5	41		62
Abruzzo Engineering Scpa (in liq.)				14		14
Macchi Hurel Dubois SAS				18		18
Società di Progetto Consortile per Azioni M4			22			22
Agustawestland Aviation Services LLC				10		10
Joint Stock Company Sukhoi Aircraft				10		10
Other			3	27		30
J.V.						
GIE ATR				72		72
Closed Joint Stock Company Helivert				58		58
MBDA SAS				30	1	31
Superjet International SpA			108	37	3	148
Thales Alenia Space SAS			1	24	1	26
Rotorsim SRL				14		14
Other	6		6	15		27
Consortiums (*)						
Saturno				21		21
Other			3	33		36
Companies subject to the control or considerable influence of the MEF						
Ferrovie dello Stato				98		98
Other			3	78		81
Total	**6**	**16**	**161**	**928**	**6**	**1,117**
% against total for the period	***15.8%***	***12.5%***	***78.2%***	***20.4%***	***1.1%***	

PAYABLES at 30 June 2015	**Non-current loans and borrowings**	**Other non-current borrowings**	**Current loans and borrowings**	**Trade payables**	**Other current payables**	**Total**	**Guarantees**
Unconsolidated subsidiaries							
Finmeccanica UK Ltd				14	1	15	
Other				6		6	
Associates							
Eurofighter Jagdflugzeug GmbH			50			50	
Iveco Fiat/Oto Melara S.c.a.r.l.				12	6	18	
Other			3	23		26	
Joint Venture							
MBDA SAS			439	10	1	450	47
GIE ATR				8	84	92	
Rotorsim USA				10		10	
Rotorsim Srl				14		14	
Thales Alenia Space SAS				2		2	1
Telespazio SpA				2	7	9	210
Superjet International SpA				1	17	18	6
Other						-	
Consortiums (*)							
Other				1	2	3	
Companies subject to the control or considerable influence of the MEF							
Other	3		7	12	5	27	
Total	**3**	**-**	**499**	**115**	**123**	**740**	**264**
% against total for the period	***0.1%***	***0.0%***	***56.5%***	***3.4%***	***7.5%***		

PAYABLES at 31 December 2014	**Non-current loans and borrowings**	**Other non-current borrowings**	**Current loans and borrowings**	**Trade payables**	**Other current payables**	**Total**	**Guarantees**
Unconsolidated subsidiaries							
Other			1	23	1	25	
Associates							
Eurofighter Jagdflugzeug GmbH			68			68	
Consorzio Start SpA				14		14	
Iveco Fiat/Oto Melara S.c.a.r.l.				11	6	17	
Other			3	13	2	18	
Joint Venture							
GIE ATR				1	108	109	
MBDA SAS			345	14	1	360	62
Rotorsim SRL				17		17	
Thales Alenia Space SAS				3		3	1
Telespazio SpA				2	5	7	237
Superjet International SpA				1	16	17	7
Other			1	8		9	
Consortiums (*)							
Other				3	1	4	
Companies subject to the control or considerable influence of the MEF							
Ferrovie dello Stato				27		27	
Other	6		7	11	6	30	
Total	**6**	**-**	**425**	**148**	**146**	**725**	**307**
% against total for the period	***0.1%***	***0.0%***	***57.5%***	***3.5%***	***8.8%***		

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

Trade receivables are commented on later, along with revenue from related parties. Loans and receivables mainly refer to receivables from joint ventures. Loans and borrowings from related parties include in particular the amount of €mil. 439 (€mil. 345 as at 31 December 2014) due by Group companies to the joint venture MBDA and payables, for €mil. 50 (€mil. 68 as at 31 December 2014), to Eurofighter.

For the six months ended 30 June 2015	Revenue	Other operating income	Costs	Other operating costs	Financial income	Financial expenses
Unconsolidated subsidiaries						
Other			8	2		
Associates						
Eurofighter Jagdflugzeug GmbH	293					
NH Industries SAS	121	3				
Orizzonte - Sistemi Navali SpA	91					
Iveco-Oto Melara Scarl	30		1	1		
Macchi Hurel Dubois SAS	31					
Other	14		13			
Joint Venture						
GIE ATR	128		2			
MBDA SAS	41					2
Thales Alenia Space SAS	14					
Superjet International SpA	10					
Other	3	2	25		1	1
Consortiums (*)						
Other	1		2			
Companies subject to the control or considerable influence of the MEF						
Other	53		14		5	
Total	**830**	**5**	**65**	**3**	**6**	**3**
% against total for the period	***13.9%***	***1.6%***	***1.2%***	***1.0%***	***2.4%***	***0.7%***

For the six months ended 30 June 2014	Revenue	Other operating income	Costs	Other operating costs	Financial income	Financial expenses
Unconsolidated subsidiaries						
Other	7		8			
Associates						
Eurofighter Jagdflugzeug GmbH	358					
NH Industries SAS	211					
Orizzonte - Sistemi Navali S.p.A.	93					
Iveco-Oto Melara S.c.a.r.l.	58		2	1		1
Macchi Hurel Dubois SAS	23					
Other	18	1	13			1
Joint Venture						
GIE ATR	144		8			
MBDA SAS	35					2
Thales Alenia Space SAS	17					
Superjet International SpA	10				1	
Other	15	2	24			
Consortiums (*)						
Other	2		1			
Companies subject to the control or considerable influence of the MEF						
Other	46		13		1	
Total	**1,037**	**3**	**69**	**1**	**2**	**4**
% against total for the period	***18.2%***	***1.2%***	***1.3%***	***0.4%***	***2.2%***	***1.3%***

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

The most significant trade receivables and revenues, in addition to those from joint ventures, are related to:

- Eurofighter in the scope of the EFA aeronautical programme;
- the Iveco - Oto Melara consortium for production and post-sales assistance on defence and security ground vehicles (VBM Freccia and PZH2000 self-propelled vehicle for the Italian Army);
- NH Industries in the scope of the NH90 helicopter programme;

- Orizzonte - Sistemi Navali for the FREMM programme.

Furthermore, we note the transactions with the Ferrovie dello Stato Italiano Group for the supply of trains and support services, the effects of which are classified within “Discontinued Operations” and “Assets and liabilities associated with assets held for sale”, namely revenue in the amount of €mil. 292 (€mil. 197 at 30 June 2014) and costs in the amount of €mil. 4 (€mil. 4 at 30 June 2014). As regards balance sheet values, trade receivables and payables were equal to €mil. 173 (€mil. 93 at 31 December 2014) and €mil. 11 (€mil. 26 at 31 December 2014) respectively.

For the Board of Directors

The Chairman

Giovanni De Gennaro

Appendix: scope of consolidation

List of companies consolidated on a line-by-line basis (amounts in foreign currency)

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct	*Indirect*	
3083683 NOVA SCOTIA LIMITED	Halifax, Nova Scotia (Canada)	CAD	-		100.0	100.0
AGUSTA AEROSPACE SERVICES AAS SA	Grace Hollogne (Belgium)	EUR	500,000		100.0	100.0
AGUSTAWESTLAND AUSTRALIA PTY LTD	Sydney (Australia)	AUD	400,000		100.0	100.0
AGUSTAWESTLAND DO BRASIL LTDA	Sao Paulo (Brazil)	BRL	11,817,172		100.0	100.0
AGUSTAWESTLAND ESPANA SL (IN LIQ.)	Madrid (Spain)	EUR	3,300		100.0	100.0
AGUSTAWESTLAND HOLDINGS LTD	Yeovil, Somerset (UK)	GBP	40,000		100.0	100.0
AGUSTAWESTLAND INDIA PRIVATE LTD	New Delhi (India)	INR	11,519,450		100.0	100.0
AGUSTAWESTLAND INTERNATIONAL LTD	Yeovil, Somerset (UK)	GBP	511,000		100.0	100.0
AGUSTAWESTLAND LTD	Yeovil, Somerset (UK)	GBP	1,520,304		100.0	100.0
AGUSTAWESTLAND MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	MYR	2,500,000		100.0	100.0
AGUSTAWESTLAND NORTH AMERICA INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
AGUSTAWESTLAND PHILADELPHIA CO	Wilmington, Delaware (USA)	USD	20,000,000		100.0	100.0
AGUSTAWESTLAND POLITECNICO ADVANCED ROTORCRAFT CENTER SC A RL (IN LIQ.)	Milan	EUR	400,000		80.0	80.0
AGUSTAWESTLAND PORTUGAL SA	Lisbon (Portugal)	EUR	100,000		100.0	100.0
AGUSTAWESTLAND PROPERTIES LTD	Yeovil, Somerset (UK)	GBP	100		100.0	100.0
AGUSTAWESTLAND SPA	Rome	EUR	702,537,000	100.0		100.0
ALENIA AERMACCHI SPA	Rome	EUR	250,000,000	100.0		100.0
ALENIA AERMACCHI NORTH AMERICA INC	Wilmington, Delaware (USA)	USD	44		100.0	100.0
ANSALDO RAILWAY SYSTEM TRADING (BEIJING) LTD	Beijing (China)	USD	1,500,000		100.0	40.1
ANSALDO STS AUSTRALIA PTY LTD	Birsbane (Australia)	AUD	5,025,885		100.0	40.1
ANSALDO STS BEIJING LTD	Beijing (China)	EUR	836,945		80.0	32.1
ANSALDO STS CANADA INC	Kingstone, Ontario (Canada)	CAD	-		100.0	40.1
ANSALDO STS DEUTSCHLAND GMBH	Munich (Germany)	EUR	26,000		100.0	40.1
ANSALDO STS DO BRASIL SISTEMAS DE TRANSPORTE FERROVIARIO E METROPOLITANO LTDA	Fortaleza (Brazil)	BRL	1,000,000		100.0	40.1
ANSALDO STS ESPANA SAU	Madrid (Spain)	EUR	1,500,000		100.0	40.1
ANSALDO STS FRANCE SAS	Les Ulis (France)	EUR	5,000,000		100.0	40.1
ANSALDO STS HONG KONG LTD	Hong Kong (China)	HKD	100,000		100.0	40.1
ANSALDO STS IRELAND LTD (IN LIQ.)	Tralee (Ireland)	EUR	100,309		100.0	40.1
ANSALDO STS MALAYSIA SDN BHD	Petaling Jaya (Malaysia)	MYR	3,000,000		100.0	40.1
ANSALDO STS SOUTHERN AFRICA (PTY) LTD	Gaborone (Botswana)	BWP	100		100.0	40.1
ANSALDO STS SWEDEN AB	Solna (Sweden)	SEK	4,000,000		100.0	40.1
ANSALDO STS TRANSPORTATION SYSTEMS INDIA PRIVATE LTD	Bangalore (India)	INR	4,212,915,050		100.0	40.1
ANSALDO STS UK LTD	London (UK)	GBP	1,000,000		100.0	40.1
ANSALDO STS SPA	Genoa	EUR	80,000,000	40.1		40.1
ANSALDO STS USA INC	Wilmington, Delaware (USA)	USD	1		100.0	40.1
ANSALDO STS USA INTERNATIONAL CO	Wilmington, Delaware (USA)	USD	1,000		100.0	40.1
ANSALDOBREDA ESPANA SLU	Madrid (Spain)	EUR	3,010		100.0	100.0
ANSALDOBREDA INC	San Francisco (USA)	USD	5		100.0	100.0
ANSALDOBREDA SPA	Naples	EUR	55,839,139	100.0		100.0
AUTOMATISMES CONTROLES ET ETUDES ELECTRONIQUES SAS (ACELEC)	Les Ulis (France)	EUR	167,694		100.0	40.1
BREDAMENARINIBUS SPA	Bologna	EUR	1,300,000	100.0		100.0
CISDEG SPA	Rome	EUR	120,000		100.0	100.0
DRS C3 & AVIATION COMPANY	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS CONSOLIDATED CONTROLS INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS DEFENSE SOLUTIONS LLC	Wilmington, Delaware (USA)	USD	-		100.0	100.0
DRS ENVIRONMENTAL SYSTEMS INC	Wilmington, Delaware (USA)	USD	2		100.0	100.0
DRS HOMELAND SECURITY SOLUTIONS INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS ICAS LLC	Wilmington, Delaware (USA)	USD	-		100.0	100.0
DRS INTERNATIONAL INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS NETWORK & IMAGING SYSTEMS LLC ex DRS RSTA INC.	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS POWER & CONTROL TECHNOLOGIES INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS POWER TECHNOLOGY INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS RADAR SYSTEMS LLC	Wilmington, Delaware (USA)	USD	-		100.0	100.0
DRS SENSORS & TARGETING SYSTEMS INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS SIGNAL SOLUTIONS INC	Wilmington, Delaware (USA)	USD	10		100.0	100.0
DRS SURVEILLANCE SUPPORT SYSTEMS INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS SUSTAINMENT SYSTEMS INC	Wilmington, Delaware (USA)	USD	1,000		100.0	100.0
DRS SYSTEMS MANAGEMENT LLC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS SYSTEMS INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS TACTICAL SYSTEMS LIMITED	Farnham, Surrey (UK)	GBP	1,000		100.0	100.0
DRS TECHNICAL SERVICES GMBH & CO KG	Stuttgart (Germany)	EUR	-		100.0	100.0
DRS TECHNICAL SERVICES INC	Baltimore, Maryland (USA)	USD	50		100.0	100.0
DRS TECHNOLOGIES CANADA INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS TECHNOLOGIES CANADA LTD	Kanata, Ontario (Canada)	CAD	100		100.0	100.0
DRS TECHNOLOGIES SAUDI ARABIA LLC	Riyadh (Saudi Arabia)	SAR	2,000,000		49.0	100.0
DRS TECHNOLOGIES UK LIMITED	Farnham, Surrey (UK)	GBP	14,676,000		100.0	100.0
DRS TECHNOLOGIES VERWALTUNGS GMBH	Baden-Wurttemberg (Germany)	EUR	25,000		100.0	100.0
DRS TECHNOLOGIES INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
DRS TRAINING & CONTROL SYSTEMS LLC	Tallahassee (USA)	USD	510		100.0	100.0
DRS TSI INTERNATIONAL LLC	Wilmington, Delaware (USA)	USD	-		100.0	100.0
DRS UNMANNED TECHNOLOGIES INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
ED CONTACT SRL	Rome	EUR	600,000		100.0	100.0
ELECTRON ITALIA SRL	Rome	EUR	206,582		100.0	100.0
ENGINEERED COIL COMPANY	Jefferson City (USA)	USD	1,000		100.0	100.0
ENGINEERED SUPPORT SYSTEMS INC	Jefferson City (USA)	USD	1		100.0	100.0
ESSI RESOURCES LLC	Frankfort (USA)	USD	-		100.0	100.0
FATA ENGINEERING SPA	Pianezza (Turin)	EUR	1,092,000		100.0	100.0
FATA GULF CO WLL	Doha (Qatar)	QAR	200,000		49.0	100.0
FATA HUNTER INC	Riverside, California (USA)	USD	5,800,000		100.0	100.0
FATA LOGISTIC SYSTEMS SPA	Pianezza (Turin)	EUR	100,000		100.0	100.0
FATA SPA	Pianezza (Turin)	EUR	20,000,000	100.0		100.0
FINMECCANICA FINANCE SA (IN LIQ.)	Luxembourg (Luxembourg)	EUR	12,371,940		100.0	100.0
FINMECCANICA GLOBAL SERVICES SPA	Rome	EUR	49,945,983	100.0		100.0
GLOBAL AVIATION & LOGISTICS SERVICES LLC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
GLOBAL NETWORK SERVICES LLC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
GLOBAL SUPPORT SERVICES LLC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
LARIMART SPA	Rome	EUR	2,500,000		60.0	60.0
LASERTEL INC	Tucson, Arizona (USA)	USD	10		100.0	100.0
LAUREL TECHNOLOGIES PARTNERSHIP	Wilmington, Delaware (USA)	USD	-		100.0	100.0
MECCANICA HOLDINGS USA INC	Wilmington, Delaware (USA)	USD	10	100.0		100.0
MECCANICA REINSURANCE SA	Luxembourg (Luxembourg)	EUR	4,000,000		100.0	100.0
OTO MELARA IBERICA SAU	Loriguilla, Valencia (Spain)	EUR	120,000		100.0	100.0
OTO MELARA NORTH AMERICA LLC ex (INC.)	Wilmington, Delaware (USA)	USD	10,000		100.0	100.0
OTO MELARA SPA	Rome	EUR	92,307,722	100.0		100.0
PCA ELECTRONIC TEST LTD	Grantham, Lincolnshire (UK)	GBP	1		100.0	100.0
PIVOTAL POWER INC	Halifax, Nova Scotia (Canada)	CAD	-		100.0	100.0
REGIONALNY PARK PRZEMYSLOWY SWIDNIK SP Z OO	Mechaniczna 13 - U1, Swidnik (Poland)	PLN	7,072,000		73.9	72.7
SELEX ELSAG LTD	Basildon, Essex (UK)	GBP	25,800,100		100.0	100.0
SELEX ES DO BRASIL LTDA	Rio de Janeiro (Brazil)	BRL	5,686,457		100.0	100.0
SELEX ES GMBH	Neuss (Germany)	EUR	2,500,000		100.0	100.0
SELEX ES INDIA PRIVATE LTD	New Delhi (India)	INR	30,100,000		100.0	100.0

SELEX ES INTERNATIONAL LTD	Basildon, Essex (UK)	GBP	60,000,000		100.0	100.0
SELEX ES LTD	Basildon, Essex (UK)	GBP	270,000,100		100.0	100.0
SELEX ES ELKTRONIK TURKEY AS	Ankara (Turkey)	TRY	45,557,009		100.0	100.0
SELEX ES INC ex SELEX SYSTEMS INTEGRATION INC	Wilmington, Delaware (USA)	USD	1		100.0	100.0
SELEX ES ROMANIA SRL	Bucharest (Romania)	RON	42,370		100.0	100.0
SELEX ES SPA	Rome	EUR	1,000,000	100.0		100.0
SELEX ES SAUDI ARABIA LTD (EX SELEX GALILEO SAUDI ARABIA COMPANY LTD)	Riyadh (Saudi Arabia)	SAR	500,000		100.0	100.0
SELEX GALILEO INC	Wilmington, Delaware (USA)	USD	17,750,000		100.0	100.0
SELEX SERVICE MANAGEMENT SPA (IN LIQ.)	Rome	EUR	3,600,000		100	100
SELEX SISTEMI INTEGRATI SPA (IN LIQ.)	Rome	EUR	143,110,986		100.0	100.0
SELEX SYSTEMS INTEGRATION LTD	Basildon, Essex (UK)	GBP	71,500,001		100.0	100.0
SC ELETTRA COMMUNICATIONS SA	Ploiesti (Romania)	RON	10,847,960		100.0	100.0
SIRIO PANEL SPA	Montevarchi (Arezzo)	EUR	447,228		100.0	100.0
SO.GE.PA. - SOCIETA` GENERALE DI PARTECIPAZIONI SPA	Rome	EUR	1,000,000	100.0		100.0
T - S HOLDING CORPORATION	Austin, Texas (USA)	USD	280,000		100.0	100.0
TECH-SYM LLC	Reno, Nevada (USA)	USD	10		100.0	100.0
TTI TACTICAL TECNOLOGIES INC (ex 8841845 CANADA INC.)	Ottawa (Canada)	CAD	2,500,001		100.0	100.0
UNION SWITCH & SIGNAL INC	Wilmington, Delaware (USA)	USD	1,000		100.0	40.1
VEGA CONSULTING SERVICES LTD	Welwyn Garden City, Herts (UK)	GBP	1,098,839		100.0	100.0
VEGA DEUTSCHLAND GMBH	Cologne (Germany)	EUR	25,700		100.0	100.0
WESTLAND SUPPORT SERVICES LTD	Yeovil, Somerset (UK)	GBP	5,000		100.0	100.0
WHITEHEAD SISTEMI SUBACQUEI SPA	Rome	EUR	21,346,000	100.0		100.0
WING NED BV	Rotterdam (the Netherlands)	EUR	18,000		100.0	100.0
WORLD'S WING SA	Geneva (Switzerland)	CHF	120,100,000		94.9	94.9
WYTWORNIA SPRZETU KOMUNIKACYJNEGO ``PZL-SWIDNIK`` SPOLKA AKCYJNA	Aleja Lotnikow, Swidnik (Poland)	PLN	86,006,050		98.5	98.5
ZAKLAD OBROBKI PLASTYCZNEJ SP Z OO	Kuznicza 13 - U1, Swidnik (Poland)	PLN	3,800,000		100.0	98.5

List of subsidiaries and associates valued at cost (amounts in foreign currency)

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct	*Indirect*	
ADVANCED MALE AIRCRAFT LLC	Al Ain, Muwaiji (United Arab Emirates)	AED	200,000		49.0	49.0
AGUSTAWESTLAND UK PENSION SCHEME (TRUSTEE) LTD	Yeovil, Somerset (UK)	GBP	1		100.0	100.0
ANSALDOBREDA FRANCE SAS (IN LIQ)	Marseille (France)	EUR	200,000		100.0	100.0
CCRT SISTEMI SPA (IN FALL)	Milan	EUR	697,217		30.3	30.3
ELSACOM - UKRAINE JOINT STOCK COMPANY	Kiev (Ukraine)	UAH	7,945,000		49.0	49.0
EARTHLAB LUXEMBOURG S.A.	Luxembourg (Luxembourg)	EUR	5,375,000		54.4	34.1
INDUSTRIE AERONAUTICHE E MECCANICHE RINALDO PIAGGIO SPA (AMM.STR.)	Genoa	EUR	103,567	31.0		31.0
INMOVE ITALIA SRL (EX SPA)	Naples	EUR	120,000		100.0	100.0
SAITECH SPA (IN FALL)	Passignano sul Trasimeno (Perugia)	EUR	2,582,284		40.0	40.0
CHONGQING CHUANYI ANSALDOBREDA RAILWAY TRANSPORT. EQUIP.CO.LTD	Chongqing (China)	CNY	50,000,000		50.0	50.0

List of companies consolidated using the equity method (amounts in foreign currency)

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct	*Indirect*	
A4ESSOR SAS	Neuilly Sur Seine (France)	EUR	100,000		21.0	21.0
ABRUZZO ENGINEERING SCPA (IN LIQ)	L'Aquila	EUR	1,100,000		30.0	30.0
ABU DHABI SYSTEMS INTEGRATION LLC	Abu Dhabi (United Arab Emirates)	AED	1,150,000		43.0	43.0
ADVANCED ACOUSTIC CONCEPTS LLC	Wilmington, Delaware (USA)	USD	-		51.0	51.0
ADVANCED AIR TRAFFIC SYSTEMS SDN BHD	Kuala Lumpur (Malaysia)	MYR	5,000,000		30.0	30.0
AGUSTAWESTLAND AVIATION SERVICES LLC	Abu Dhabi (United Arab Emirates)	AED	10,000		30.0	30.0
ALENIA NORTH AMERICA-CANADA CO	Halifax, Nova Scotia (Canada)	CAD	1		100.0	100.0
ALIFANA DUE SCRL	Naples	EUR	25,500		53.3	21.4
ALIFANA SCRL	Naples	EUR	25,500		65.8	26.4
AMSH BV	Rotterdam (the Netherlands)	EUR	36,296,316	50.0		50.0
ANSALDO-EMIT SCRL (IN LIQ)	Genoa	EUR	10,200		50.0	50.0
AVIO SPA	Turin	EUR	40,000,000	14.3		14.3
CONSORZIO ATR GIE e SPE	Toulouse (France)	USD	-		50.0	50.0
AUTOMATION INTEGRATED SOLUTIONS SPA	Pianezza (Turin)	EUR	100,000		40.0	40.0
AVIATION TRAINING INTERNATIONAL LTD	Sherborne (UK)	GBP	550,000		50.0	50.0
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Kuala Lumpur (Malaysia)	MYR	6,000,000		40.0	16.0
CARDPRIZE TWO LIMITED	Basildon, Essex (UK)	GBP	1		100	100
CLOSED JOINT STOCK COMPANY HELIVERT	Moscow (Russia)	RUR	10,000		50.0	50.0
COMLENIA SENDIRIAN BERHAD	Selangor Darul Ehsan (Malaysia)	MYR	1,500,000		30.0	30.0
CONSORZIO START SPA	Rome	EUR	100,000		44.0	44.0
DATTILO - DISTRETTO ALTA TECNOLOGIA TRASPORTI E LOGISTICA S.C. A R.L.	Naples	EUR	100,000		24.0	15.6
DEVELOPMENT & INNOVATION IN TRANSPORT SYSTEMS SRL	Rome	EUR	40,000		24.0	16.8
DISTRETTO TECNOLOGICO AEROSPAZIALE SC A RL	Brindisi	EUR	150,000		24.0	24.0
E - GEOS SPA	Matera	EUR	5,000,000		80.0	53.6
ECOSEN CA	Caracas (Venezuela)	VEF	1,310,000		48.0	20.2
ELETTRONICA SPA	Rome	EUR	9,000,000	31.3		31.3
EUROFIGHTER AIRCRAFT MANAGEMENT GMBH	Hallbergmoos (Germany)	EUR	127,823		21.0	21.0
EUROFIGHTER INTERNATIONAL LTD	Farnborough (UK)	GBP	2,000,000		21.0	21.0
EUROFIGHTER JAGDFLUGZEUG GMBH	Hallbergmoos (Germany)	EUR	2,556,459		21.0	21.0
EUROFIGHTER SIMULATION SYSTEMS GMBH	Hallbergmoos (Germany)	EUR	260,000		24.0	24.0
EUROMIDS SAS	Paris (France)	EUR	40,500		25.0	25.0
EUROSYSNAV SAS	Paris (France)	EUR	40,000	50.0		50.0
EUROTECH SPA	Amaro (Udine)	EUR	8,878,946	11.1		11.1
FATA HUNTER INDIA PVT LTD	New Delhi (India)	INR	500,000		100	100
FATA (SHANGHAI) ENGINEERING EQUIPMENT CO. LTD	Shanghai (China)	CNY	100,000		100	100
FINMECCANICA DO BRASIL LTDA	Brasilia (Brazil)	BRL	1,203,200	100		100
FINMECCANICA NORTH AMERICA INC	Dover, Delaware (USA)	USD	1,000	100		100
FINMECCANICA UK LTD	Yeovil, Somerset (UK)	GBP	1,000	100		100
GAF AG	Munich (Germany)	EUR	256,000		100	54
IAMCO - INTERNATIONAL AEROSPACE MANAGEMENT COMPANY SCRL	Mestre (Venice)	EUR	208,000		25.0	25.0
ICARUS SCPA	Turin	EUR	10,268,400		49.0	49.0
IMMOBILIARE CASCINA SRL	Gallarate (Varese)	EUR	46,800		100	100
INDIAN ROTORCRAFT LTD	Hyderabad (India)	INR	429,337,830		26.0	26.0

List of companies consolidated using the equity method (amounts in foreign currency)

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct	*Indirect*	
INTERNATIONAL METRO SERVICE SRL	Milan	EUR	700,000		49.0	19.6
IM INTERMETRO SPA (IN LIQ)	Rome	EUR	2,461,320		33.3	23.3
IVECO - OTO MELARA SC A RL	Rome	EUR	40,000		50.0	50.0
JIANGXI CHANGHE AGUSTA HELICOPTER CO LTD	Zone Jiangxi Province (China)	USD	6,000,000		40.0	40.0
JOINT STOCK COMPANY SUKHOI CIVIL AIRCRAFT	Moscow (Russia)	RUB	14,012,381,000		5,53	5,53
KAZAKHSTAN TZ-ANSALDOSTS ITALY LLP (IN LIQ.)	Astana (Kazakhstan)	KZT	22,000,000		49.0	19.6
LIBYAN ITALIAN ADVANCED TECHNOLOGY CO	Tripoli (Libya)	EUR	8,000,000	25.0	25.0	50.0
LMATTS LLC	Wilmington, Delaware (USA)	USD	100		100	100
MACCHI HUREL DUBOIS SAS	Versailles (France)	EUR	100,000		50.0	50.0
MBDA SAS	Paris (France)	EUR	53,824,000		50.0	25.0
METRO 5 SPA (*)	Milan	EUR	50,000,000		31.9	17.2
METRO BRESCIA SRL	Brescia	EUR	1,020,408		24.5	12.6
METRO DE LIMA LINEA 2 SA	Lima (Peru)	PEN	166,200,000		28.5	18.4
MUSINET ENGINEERING SPA	Turin	EUR	520,000		49.0	49.0
N2 IMAGING SYSTEMS LLC	Wilmington, Delaware (USA)	USD	-		30.0	30.0
NHINDUSTRIES (SAS)	Aix en Provence (France)	EUR	306,000		32.0	32.0
NGL PRIME SPA (IN LIQ.)	Turin	EUR	120,000	30.0		30.0
ORIZZONTE - SISTEMI NAVALI SPA	Genoa	EUR	20,000,000		49.0	49.0
OTO MELARA DO BRASIL LTDA	Rio de Janeiro (Brazil)	BRL	1,500,000		100	100
PEGASO SCRL (IN LIQ.)	Rome	EUR	260,000		46.9	18.8
RARTEL SA	Bucharest (Romania)	RON	468,500		61.1	40.9
ROTORSIM SRL	Sesto Calende (Varese)	EUR	9,800,000		50.0	50.0
ROTORSIM USA LLC	Wilmington, Delaware (USA)	USD	12.607.452		50.0	50.0
SAPHIRE INTERNATIONAL AVIATION & ATC ENGINEERING CO LTD	Beijing (China)	USD	800,000		65.0	65.0
SELEX ES AUSTRALIA PTY LTD	Canberra (Australia)	AUD	2		100	100
SELEX ES ELECTRO OPTICS (OVERSEAS) LTD	Basildon, Essex (UK)	GBP	15,000		100	100
SELEX ES INFRARED LTD	Basildon, Essex (UK)	GBP	2		100	100
SELEX ES (PROJECTS) LTD	Basildon, Essex (UK)	GBP	100		100	100
SELEX PENSION SCHEME (TRUSTEE) LTD	Basildon, Essex (UK)	GBP	100		100	100
SEVERNYJ AVTOBUS ZAO	Saint Petersburg (Russia)	RUB	84,000		35.0	35.0
SIRIO PANEL INC	Dover, Delaware (USA)	USD	10,000		100.0	100.0
SISTEMI DINAMICI SPA	Pisa	EUR	200,000		40.0	40.0
SOCIETA' DI PROGETTO CONSORTILE PER AZIONI M4	Milan	EUR	120,000		34.2	24.1
SPACEOPAL GMBH	Munich (Germany)	EUR	500,000		50.0	33.5
SUPERJET INTERNATIONAL SPA	Tessera (Venice)	EUR	6,424,411		51.0	51.0
CONSORZIO TELAER	Rome	EUR	103,291		100	68
CONSORZIO TELAER - SISTEMI DI TELERILEVAMENTO AEREO	Rome	EUR	120,000		62	47
TELESPAZIO ARGENTINA SA	Buenos Aires (Argentina)	ARS	9,900,000		100	67
TELESPAZIO BRASIL SA	Rio de Janeiro (Brazil)	BRL	58,724,000		99	66
TELESPAZIO FRANCE SAS	Toulouse (France)	EUR	33,670,000		100	67
TELESPAZIO HUNGARY SATELLITE TELECOMMUNICATIONS LTD (IN LIQ.)	Budapest (Hungary)	EUR	100,000		100.0	67.0
TELESPAZIO IBERICA SL	Barcelona (Spain)	EUR	2,230,262		100	67
TELESPAZIO NORTH AMERICA INC	Dover, Delaware (USA)	USD	10		100.0	67.0
TELESPAZIO SPA	Rome	EUR	50,000,000	67		67.0
TELESPAZIO VEGA DEUTSCHLAND GMBH	Darmstadt (Germany)	EUR	44,150		100.0	67.0
TELESPAZIO VEGA UK LTD	Luton (UK)	GBP	30,000,100		100.0	67.0
TELESPAZIO VEGA UK SL	Madrid (Spain)	EUR	3,100		100	67
THALES ALENIA SPACE SAS	Cannes La Bocca (France)	EUR	979,240,000	33		33.0
WIN BLUEWATER SERVICES PRIVATE LIMITED	New Delhi (India)	INR	12,000,000		100	100.0
ZAO ARTETRA	Moscow (Russia)	RUB	353,000		51.0	51.0
SELEX ES TECHNOLOGIES LTD	Nairobi (Kenya)	KES	22,500,000		100	100.0
SELEX ES FOR TRADING OF MACHINERY EQUIPMENT AND DEVICES LTD	Kuwait City (Kuwait)	KWD	807,000		93	93.0
ATITECH SPA	Naples	EUR	6,500,000		25	25.0
ATITECH MANUFACTURING SRL	Naples	EUR	10,000		25	25.0
SELEX ES MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	MYR	500,000		100	100.0

(*): shares under pledge

Below are the main changes in the scope of consolidation at 30 June 2015 in comparison with 30 June 2014:

COMPANY NAME	**EVENT**	**MONTH**
<u>Companies which entered the scope of consolidation</u>:		
8841845 Canada Inc.	newly established	August 2014
Chongqing Chuanyi Ansaldobreda Railway Trans.Eq.CO.Ltd	newly established	September 2014
Selex ES Technologies limited	newly established	February 2015
Atitech Manufacturing Srl	newly established	April 2015
Selex ES Malaysia SDN	newly established	April 2015
Selex ES for Trading of Machinery Eq.and Devices Ltd	newly established	March 2015
Global Aviation & Logistics Services LLC	newly established	May 2015
Global Network Services LLC	newly established	May 2015
Global Support Services LLC	newly established	May 2015
Atitech SpA	purchase of a stake	May 2015

COMPANY NAME	EVENT	MONTH
Companies which left the scope of consolidation:		
Ansaldo STS Sinosa Rail Solutions South Africa (PTY) Ltd	became a minority stake	August 2014
Elsacom SpA (in liq.)	deconsolidated	November 2014
Elsacom NV	deconsolidated	January 2015
Xait Srl (in liq.)	deconsolidated	February 2015
British Helicopters Ltd.	deconsolidated	March 2015
Westland Transmissions Ltd.	deconsolidated	March 2015
Sel Proc Srl (in liq.)	deconsolidated	April 2015
Merged company:	**Merging company:**	
AgustaWestland Tilt Rotor Company Inc.	AgustaWestland Philadelphia Co.	December 2014
Ansaldo STS USA International Projects CO..	Ansaldo STS USA International Co.	December 2014
Selex ES Muas SpA	Selex ES SpA	January 2015
Sistemi Software Integrati SpA	Selex ES SpA	January 2015
SESM-Soluzioni Evolute per la Sistemistica e Modelli SCARL	Selex ES SpA	January 2015
E-Security Srl	Selex ES SpA	February 2015

Companies which changed their name:

Old Name	New Name	Month
8841845 Canada Inc.	TTI Tactical Technologies Inc.	December 2014
Selex Galileo Saudi Arabia Company Ltd.	Selex Es Saudi Arabia Ltd.	December 2014
Telespazio Hungary Satellite Telecommunications Ltd.	Telespazio Hungary Satellite Telecommunications Ltd.(in liq)	January 2015
Ansaldo STS Ireland ltd.	Ansaldo STS Ireland ltd.	January 2015
Selex Service Management SpA	Selex Service Management SpA (in liq.)	March 2015
Finmeccanica Finance SA	Finmeccanica Finance SA (in liq.)	March 2015
Selex Service Management SpA	Selex Service Management SpA (in liq.)	March 2015
Agustawestland España SL	Agustawestland España SL(in liq.)	April 2015
Kazakhtan Tz-Ansaldo sts Italy LLP	Kazakhtan Tz-Ansaldo sts Italy LLP(in liq.)	April 2015
NGL Prime SpA	NGL Prime SpA	May 2015
Agustawestland Politecnico Advanced Rotorcraft Center SCARL	Agustawestland Politecnico Advanced Rotorcraft Center SCARL in liq.	May 2015

Statement on the condensed consolidated half-year financial statements at 30 June 2015 pursuant to Art. 154-bis, paragraph 5 of Legislative Decree no. 58/98 as amended

1. The undersigned, Mauro Moretti, Chief Executive Officer and General Manager, and Gian Piero Cutillo as the Officer in charge of financial reporting for Finmeccanica S.p.A., certify, in accordance with Art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:
    - the appropriateness of the financial statements with regard to the nature of the business and
    - the effective application of administrative and accounting procedures in preparing the condensed consolidated half-year financial statements at 30 June 2015.

2. In this respect it is noted that no significant matters arose.

3. It is also certified that:

   3.1 The condensed consolidated half-year financial statements:
    - were prepared in accordance with International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    - correspond to the entries in the books and accounting records;
    - were prepared in accordance with Article 154-ter of the aforesaid Legislative Decree 58/98 and subsequent amendments and integrations and they provide a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

   3.2 The directors' report on operations accompanying the condensed consolidated half-year financial statements provides a reliable analysis of the important events taking place in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the key risks and uncertainties for the remaining six months of the year. The directors' report on operations also includes a reliable analysis of significant transactions with related parties.

This statement also is made pursuant to and for the purposes of Art. 154-bis, paragraph 2, of Legislative Decree 58 of 24 February 1998.

Rome, 30 July 2015

Chief Executive Officer and General Manager (Mauro Moretti)	Officer in charge of financial reporting (Gian Piero Cutillo)

Independent Auditors' Report on the review of the condensed consolidated half-year financial statements at 30 June 2015

KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Report on review of condensed consolidated half-year financial statements

To the shareholders of
Finmeccanica S.p.a.

Introduction

We have reviewed the accompanying condensed consolidated half-year financial statements of the Finmeccanica Group comprising the separate income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six month period ended 30 June 2015. The parent's directors are responsible for the preparation of these condensed consolidated half-year financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed consolidated half-year financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed consolidated half-year financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as adopted in Italy (Italian-ISA) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-year financial statements of the Finmeccanica Group as at and for the six month period ended 30 June 2015 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Emphasis of matter

Without modifying our conclusion, we bring your attention to the disclosures provided by the parent's directors in the note 15 to the condensed consolidated half-year financial statements which describes the update of the judicial investigations involving certain subsidiaries of Finmeccanica S.p.a., as well as certain former directors and managers of such companies and Finmeccanica S.p.a..

Rome, 31 July 2015

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director of Audit