HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2013

FINMECCANICA

Disclaimer

This Half-Year Financial Report at 30 June 2013 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.

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Boards and committees

BOARD OF DIRECTORS
(for the period 2011-2013)

GIOVANNI DE GENNARO (*)
Chairman (1)

GUIDO VENTURONI (*) (**)
Deputy Chairman (2)

ALESSANDRO PANSA (*)
Chief Executive Officer and Chief Operating Officer (3)

CARLO BALDOCCI (*)
Director (4)

PAOLO CANTARELLA (*) (**)
Director

GIOVANNI CATANZARO (**)
Director

DARIO GALLI (*) (***)
Director

IVANHOE LO BELLO (*)
Director (5)

SILVIA MERLO (**) (***)
Director

FRANCESCO PARLATO (*) (***)
Director

ALESSANDRO MINUTO RIZZO (*)
Director (6)

DARIO FRIGERIO (***)
Director (7)

****

LUCIANO ACCIARI
Secretary of the Board of Directors

BOARD OF STATUTORY AUDITORS
(for the period 2012-2014)

Regular Statutory Auditors

RICCARDO RAUL BAUER
Chairman

NICCOLÒ ABRIANI

MAURILIO FRATINO

SILVANO MONTALDO

EUGENIO PINTO

Alternate Statutory Auditors

STEFANO FIORINI

VINCENZO LIMONE

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

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(1) Appointed Director by the Shareholders' Meeting on 04.07.2013 in place of GIUSEPPE ORSI (Chief Executive Officer up to 13.02.2013; Chairman, Director and Member of the Strategic Committee up to 15.02.2013; appointed Chairman by the Board of Directors on 04.07.2013.
(2) Appointed Deputy Chairman by the Board of Directors on 13.02.2013..
(3) Chief Operating Officer since 04.05.2011, Director - Chief Operating Officer since 01.12.2011; appointed Chief Executive Officer and Chief Operating Officer by the Board of Directors on 13.02.2013.
(4) Director without voting right appointed by Ministerial Decree on 27.04.2011, effective from the date of appointment of the Board of Directors by the Shareholders' Meeting (04.05.2011).
(5) Appointed Director by the Shareholders' Meeting on 15.04.2013 (already appointed Director, pursuant to art. 2386 c.c., by the Board of Directors on 16.05.2012).
(6) Appointed Director by the Shareholders' Meeting on 04.07.2013 in place of FRANCO BONFERRONI (Director and Member of the Remuneration Committee up to 21.09.2012).
(7) Appointed Director by the Shareholders' Meeting on 04.07.2013 in place of CHRISTIAN STREIFF (Director and Member of the Remuneration Committee up to 04.07.2013).)
(*) Member of the Strategic Committee (GUIDO VENTURONI since 14.05.2013; GIOVANNI DE GENNARO since 04.07.2013; ALESSANDRO PANSA since 31.07.2013; ALESSANDRO MINUTO RIZZO since 31.07.2013).
(**) Member of the Control and Risks Committee.
(***) Member of the Remuneration Committee (SILVIA MERLO since 14.05.2013; DARIO FRIGERIO since 31.07.2013).

Report on operations at 30 June 2013

Group results and financial position in the first half of 2013

Key performance indicators

€ million	June 2013	June 2012[1]	change	2012[2]
New orders	6,227	7,678	(19%)	16,703
Order backlog	42,589	46,060	(8%)	44,908
Revenues	7,951	8,027	(1%)	17,218
EBITA	467	459	2%	1,080
Net Profit / (Loss)	(62)	67	n.a.	(792)
Net invested capital	8,503	9,332	(9%)	7,084
Net financial debt	4,929	4,656	6%	3,373
FOCF	(1,395)	(1,208)	(15%)	89
ROS	*5.9%*	*5.7%*	*0.2 p.p.*	*6.3%*
ROI	*12.0%*	*10.6%*	*1.4 p.p.*	*14.3%*
ROE	*(3.4%)*	*2.9%*	*(6.3) p.p.*	*(19.0%)*
EVA	(3)	(47)	94%	382
Research and development expenses	856	943	(9%)	1,929
Workforce (no.)	66,782	68,813	(3%)	67,408

Reference should be made to the section entitled “Non-GAAP alternative performance indicators”.

The results at 30 June 2013 reported by the Finmeccanica Group (Group) were in line with or higher than the forecasts outlined in the budget. Compared with the corresponding period of the previous year, new orders and cash generation declined, while revenues remained essentially in line and EBITA improved slightly. Specifically, the *Aerospace and Defence*[3] business segment reported higher revenues and profits than expected and as compared with the same period of 2012, although commercial performance was poorer than in the first half of 2012 (but better than forecast). By contrast, *Energy and Transportation*[4] posted worse results.

The primary changes that marked the Group’s performance compared with the first half of 2012 are described below. A deeper analysis can be found in the section covering the trends in each business segment.

Before analysing the main indicators, it should be noted that the results for the first half are not fully representative of the performance of the entire financial year as more than half of the business activities concentrate in the second half of the year. Furthermore, it should be pointed out that, in comparing the average exchange rates, the euro appreciated against the US dollar by 1.3%, while

[1] *The comparative data have been restated following the adoption of IAS 19 (revised).*
[2] *See the preceding note.*
[3] *Includes the following segments: Helicopters, Defence and Security Electronics, Aeronautics, Space, Defence Systems and Other Activities, with the exception of Fata.*
[4] *Includes the following segments: Energy and Transportation, in addition to Fata.*

there was a depreciation of about 0.9% in the prevailing exchange rates compared to 31 December 2012.

June 2013	Aerospace and Defence	Energy and Transportation	*Eliminations*	Total
New orders	5,577	659	*(9)*	6,227
Order backlog	32,546	10,169	*(126)*	42,589
Revenues	6,762	1,232	*(43)*	7,951
EBITA	460	7	-	467
ROS %	6.8%	0.6%	*n.a.*	5.9%
R&D	824	32	-	856
Workforce (no.)	57,729	9,053	-	66,782

June 2012	Aerospace and Defence	Energy and Transportation	*Eliminations*	Total
New orders	6,302	1,414	*(38)*	7,678
Order backlog (at 31 December 2012)	34,219	10,815	*(126)*	44,908
Revenues	6,721	1,326	*(20)*	8,027
EBITA	436	23	-	459
ROS %	6.5%	1.7%	*n.a.*	5.7%
R&D	909	34	-	943
Workforce (no.) (at 31 December 2012)	58,541	8,867	-	67,408

Change	Aerospace and Defence	Energy and Transportation	*Eliminations*	Total
New orders (% change)	(11.5%)	(53.4%)	*n.a.*	(18.9%)
Order backlog (% change)	(4.9%)	(6.0%)	*n.a.*	(5.2%)
Revenues (% change)	0.6%	(7.1%)	*n.a.*	(0.9%)
EBITA (% change)	5.5%	(69.6%)	*n.a.*	1.7%
ROS % (p.p. change)	0.3 p.p.	(1.1) p.p.	*n.a.*	0.2 p.p.
R&D (% change)	(9.4%)	(5.9%)	*n.a.*	(9.2%)
Workforce (no.) (% change)	(1.4%)	2.1%	*n.a.*	(0.9%)

New orders decreased by €mil. 1,451 compared to the first half of 2012, due in particular to the reductions reported in the *Aerospace and Defence* business segment (down €mil. 725), the new orders for which were nevertheless higher than budget forecasts, and in the *Energy and Transportation* business segment (down €mil. 755). More specifically, the decline in *Aerospace and Defence* is mainly attributable to *Defence and Security Electronics,* both in the European component and in the US component, which continued to be affected by the difficulties linked to cuts in defence budgets, while the decrease in *Energy and Transportation* is the result of fewer new orders in *plants and components* in the *Energy* segment and in *signalling and transportation solutions* in the *Transportation* segment.

The **order backlog** at 30 June 2013 totalled €mil. 42,589, down by €mil. 2,319 compared to 31 December 2012. This reduction is substantially attributable to a book-to-bill ratio lower than 1. The order backlog, considered in terms of its workability, ensures, however, around two and a half years of production for the Group.

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Reclassified income statement	*Note*	*For the six months ended 30 June* 2013	2012 (restated)
€ million			
Revenues		7,951	8,027
Purchases and personnel expense	(*)	(7,159)	(7,268)
Amortisation and depreciation	(**)	(305)	(279)
Other net operating income/(expenses)	(***)	(20)	(21)
EBITA		**467**	**459**
Non-recurring income/(expenses)		(79)	-
Restructuring costs		(65)	(40)
Amortisation of intangible assets acquired as part of business combinations		(44)	(44)
EBIT		**279**	**375**
Net financial income/(expense)	(****)	(249)	(224)
Income taxes		(92)	(84)
NET PROFIT/(LOSS)		**(62)**	**67**

Notes to the reconciliation between the reclassified income statement and the statutory income statement:

(*) Includes "Purchases and Personnel expense", net of restructuring costs and non-recurring income/(costs).

(**) Includes "Amortisation and depreciation", net of the portion referable to intangible assets acquired as a part of business combinations.

(***) Include "Impairment losses" and "Other operating income (expense)", net of restructuring costs and non-recurring income/(costs).

(****) Includes "Financial income (expense)" and "Share of profit (loss) of equity-accounted investees".

Revenues at 30 June 2013 totalled €mil. 7,951, in line with those reported in the corresponding period of the previous year. Revenues in the *Aerospace and Defence* segment grew by €mil. 41, while those in the *Energy and Transportation* fell by €mil. 94.

EBITA at 30 June 2013 totalled €mil. 467, compared with €mil. 459 for the corresponding period of the previous year. Specifically, the increase was attributable to improvements throughout the *Aerospace and Defence* segment (totalling €mil. 24), with the exception of the *Defence and Security Electronics* segment, in which Selex ES continued to encounter difficulties in ensuring a return to adequate profit levels in certain business areas, a situation that could persist throughout the second half of the year, in addition to lower volumes of revenues. By contrast, the **EBITA** of the *Energy and Transportation* segment fell by €mil. 16, particularly in the *vehicles* segment of the *Transportation* segment, which remains significantly negative, reflecting inefficiencies caused by production slowdowns and contractual charges and cost overruns on some programmes.

EBIT at 30 June 2013 deteriorated by €mil. 96, compared with the same period of 2012, mainly due to higher non-recurring costs (€mil. 79) essentially resulting from contractual charges relating to programmes ending in the *vehicles* segment of the Transportation sector, including, in particular, the allocations made following recent events in Belgium regarding the FYRA high-speed trains involving AnsaldoBreda, and higher restructuring costs (€mil. 25) essentially attributable to the effects of the initial mobility actions under the Selex ES Reorganisation Plan, recently signed with the national trade unions. These deteriorations were partially offset by the aforementioned improvement in EBITA.

Net financial expense showed a deterioration of €mil. 25 compared with the corresponding period of 2012, essentially due to higher non-cash charges (mainly relating to the discounting of liabilities and provisions).

The effective **tax rate** was adversely affected by the above-mentioned non-recurring costs, against which no tax positive effects were recorded, and by the seasonality of results and will tend to come into line with historical rates in the course of the year.

Therefore, the **net loss** for the first half of 2013 was equal to €mil. 62, compared with a net profit of €mil. 67 in the corresponding period of 2012. As mentioned, while EBITA improved, the net result decreased due to higher non-recurring costs and, to a lesser extent, to the increase in financial expense.

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Reclassified statement of financial position	***Note***	***30 June 2013***	***31 Dec. 2012*** *(restated)*
€ million			
Non-current assets		12,624	12,725
Non-current liabilities	*(*)*	(3,752)	(3,966)
Capital assets		**8,872**	**8,759**
Inventories		5,420	5,192
Trade receivables		8,661	8,576
Trade payables		(12,786)	(13,902)
Working capital		**1,295**	**(134)**
Provisions for short-term risks and charges		(831)	(876)
Other net current assets (liabilities)	*(**)*	(833)	(665)
Net working capital		**(369)**	**(1,675)**
Net invested capital		**8,503**	**7,084**
Equity attributable to the Owners of the Parent		3,270	3,406
Equity attributable to Non-Controlling Interests		304	305
Equity		**3,574**	**3,711**
Net financial debt/(cash)		**4,929**	**3,373**

Notes to the reconciliation between the reclassified balance sheet and the statutory balance sheet:
(*) Non-current liabilities net of "Short-term loans and borrowings".
(**) Includes "Other current assets", net of "Other current liabilities", "Income tax payables" and "Provision for short-term risks and charges".

At 30 June 2013, **net invested capital** increased by €mil. 1,419, mainly as a result of the rise in **net working capital** (€mil. 1,306), attributable to the use of cash for the period, as discussed below, while **capital assets** showed a slight increase (€mil. 113), mainly due to the reduction in non-current liabilities.

* * * * * * * *

	For the six months ended 30 June			
	2013		***2012***	
Cash and cash equivalents at 1 January	**2,137**		**1,331**	
Gross cash flows from operating activities	952		818	
Change in other operating assets and liabilities (*)	(336)		(497)	
Funds From Operations (FFO)		**616**		**321**
Change in working capital	(1,572)		(1,186)	
Cash flows used in operating activities	**(956)**		**(865)**	
Cash flows from ordinary investing activities	(439)		(343)	
Free Operating Cash Flow (FOCF)		**(1,395)**		**(1,208)**
Strategic transactions	-		-	
Change in other investing activities (**)	(25)		(6)	
Cash flows used in investing activities	**(464)**		**(349)**	
Net change in loans and borrowings	560		694	
Dividends paid	(18)		(17)	
Cash flows generated from financing activities	**542**		**677**	
Exchange rate differences	(20)		20	
Cash and cash equivalents at 30 June	**1,239**		**814**	

(*) Includes the amounts of "Change in other operating assets and liabilities", "Interest paid", "Income taxes paid" and "Change in provisions for risks and charges".
(**) Includes "Other investing activities", dividends received and loss coverage.

Free Operating Cash Flow (FOCF) is to be analysed in the context of the period, and seasonal factors have to be taken into account. The balance between trade collections and payments reveals that payments are particularly higher than collections. At 30 June 2013, FOCF was negative (use of cash) in the amount of about €mil. 1,395, for a deterioration of €mil. 187 compared with the same period of 2012, mainly attributable to the performance of the working capital. In the first half of 2013, investment in product development was concentrated in the Aeronautics segment (around 43%), while the Helicopters segment accounted for 26% and Defence Electronics and Security for 18%.

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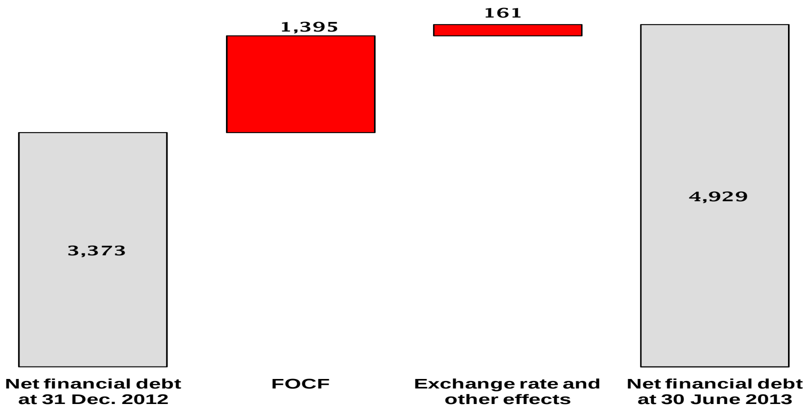
The Group's **net financial debt** (payables higher than current financial receivables and cash and cash equivalents) at 30 June 2013 was €mil. 4,929, up on the figure at 31 December 2012 (€mil. 3,373). Changes in the period were as follows:



The net financial debt breaks down as follows:

	30 June 2013	*of which current*	**31 December 2012**	*of which current*
Bonds	4,437	*866*	4,421	*835*
Bank debt	1,629	*1,000*	960	*319*
Cash and cash equivalents	(1,239)	*(1,239)*	(2,137)	*(2,137)*
Net bank debt and bonds	**4,827**		**3,244**	
Securities	(3)	*(3)*	(5)	*(5)*
Current loans and receivables from related parties	(51)	*(51)*	(73)	*(73)*
Other current loans and receivables	(478)	*(478)*	(558)	*(558)*
Current loans and receivables and securities	**(532)**		**(636)**	
Related-party loans and borrowings	491	*460*	634	*605*
Other loans and borrowings	143	*94*	131	*78*
Other loans and borrowings	**634**		**765**	
Net financial debt	**4,929**		**3,373**	

The increase in the net financial debt at 30 June 2013 was essentially due to the negative trend of FOCF in the period for €mil. 1,395 (compared with a negative €mil. 1,208 at 30 June 2012) and to other non-operating changes; the latter include, *inter alia*, the net balance of dividends paid to non-controlling shareholders (€mil. 18), equity investments in non-controlling interests (€mil. 29), in addition to accrued interest and changes in other financial items.

During the period, the Group made assignments of non-recourse receivables with a total carrying value of around €mil. 504 (€mil. 364 at June 2012).

As regards the breakdown of the net financial debt, it should be pointed out that:

- bonds remained substantially unchanged compared to the figure posted at 31 December 2012. The figure includes the remaining €mil. 750 of bonds maturing in December 2013;

- bank borrowings increased compared with 31 December 2012, mainly due to the use of the revolving credit lines available to the Group;
- cash and cash equivalents fell in consequence of their use to finance the Group working capital in the period. The total amount of said cash and cash equivalents included a portion of the proceeds from the last bond issue that was completed by the subsidiary Finmeccanica Finance S.A. in December 2012, for the purpose of pre-financing the residual amount of €mil. 750 of the bond maturing in December 2013. The available cash is temporarily used for short-term deposits at the main banks with which the Group does business. Specifically, cash and cash equivalents relate to the parent, Finmeccanica (€mil. 660), to the Group companies that, for various reasons, do not fall within the scope of the centralised treasury system (€mil. 340), and, for the remaining amount, to liquidity still held by companies which, either directly or indirectly, fall within the scope of the centralised treasury system, in part as a result of receipts collected in the last few days of the period;
- current loans and receivables included €mil. 394 relating to the portion of the amount due to the MBDA and Thales Alenia Space joint ventures (consolidated on a proportional basis) from the other partners under treasury agreements (€mil. 491 at 31 December 2012). Likewise, related-party loans and borrowings included €mil. 383 in relation to the unconsolidated amount of payables to the MBDA and Thales Alenia Space joint ventures (€mil. 450 at 31 December 2012), as well as payables of €mil. 62 (€mil. 124 at 31 December 2012) due to Eurofighter Jagdflugzeug Gmbh, in which Alenia Aermacchi has a 21% investment. As regards the latter, under the existing treasury agreements, its surplus cash and cash equivalents at 31 March 2013 were distributed among the partners.

To meet the financing needs for ordinary Group activities, Finmeccanica obtained a revolving credit facility with a pool of Italian and international banks in September 2010 for €mil. 2,400, (final maturity in September 2015). At 30 June 2013, it had been drawn upon in the amount of €mil. 630. Finmeccanica also has additional unconfirmed short-term lines of credit of €mil. 598, which had been used for €mil. 39 at 30 June 2013, as well as unconfirmed, unsecured lines of credit of approximately €mil. 2,037.

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The **workforce** at 30 June 2013 numbered 66,782, a net decrease of 626 employees from 31 December 2012, mainly in the *Defence and Security Electronics* business segment, as a result of the rationalisation occurring in various segments, in particular at DRS.

At the end of the first half of 2013, a breakdown of the workforce by geographical area was substantially unchanged from 31 December 2012, with around 59% located in Italy and 41% abroad, mainly in the United States of America (13%), the United Kingdom (13%) and France (5%).

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Outlook

In view of the Group's results at 30 June 2013 and on the basis of what has been highlighted up to now, we confirm the forecasts for the full year of 2013 prepared at the time the 2012 Annual Report was drafted.

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Main risks for the remainder of the year: the main risks to which the Group will be exposed for the remaining six months of the year are unchanged from those more fully described in the 2012 Annual Report, in the section entitled "Finmeccanica and risk management". Updated information with regard to specific risk positions is described in note 13 to the condensed consolidated half-year financial statements at 30 June 2013.

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The key performance indicators by segment are shown below.

June 2013	**New orders**	**Order backlog**	**Revenues**	**EBITA**	**ROS %**
Helicopters	1,434	11,014	2,045	286	14.0%
Defence and Security Electronics	1,834	8,131	2,359	73	3.1%
Aeronautics	1,692	8,992	1,461	61	4.2%
Space	286	2,066	484	36	7.4%
Defence Systems	508	3,263	593	61	10.3%
Eliminations/Other	*(177)*	*(920)*	*(180)*	*(57)*	*n.a.*
Total Aerospace and Defence	5,577	32,546	6,762	460	6.8%

June 2012	**New orders**	**Order backlog at 31 Dec. 2012**	**Revenues**	**EBITA**	**ROS %**
Helicopters	1,780	11,876	1,912	219	11.5%
Defence and Security Electronics	2,342	8,831	2,734	143	5.2%
Aeronautics	1,556	8,819	1,318	49	3.7%
Space	241	2,261	462	30	6.5%
Defence Systems	522	3,381	564	54	9.6%
Eliminations/Other	*(139)*	*(949)*	*(269)*	*(59)*	*n.a.*
Total Aerospace and Defence	6,302	34,219	6,721	436	6.5%

Change	**New orders (% change)**	**Order backlog (% change)**	**Revenues (% change)**	**EBITA (% change)**	**ROS % (p.p. change)**
Helicopters	(19.4%)	(7.3%)	7.0%	30.6%	2.5 p.p
Defence and Security Electronics	(21.7%)	(7.9%)	(13.7%)	(49.0%)	(2.1) p.p.
Aeronautics	8.7%	2.0%	10.8%	24.5%	0.5 p.p.
Space	18.7%	(8.6%)	4.8%	20.0%	0.9 p.p.
Defence Systems	(2.7%)	(3.5%)	5.1%	13.0%	0.7 p.p.
Eliminations/Other	*n.a.*	*n.a*	*n.a.*	*n.a.*	*n.a.*
Total Aerospace and Defence	(11.5%)	(4.9%)	0.6%	5.5%	0.3 p.p.

Helicopters

- New orders. These fell by 19% compared with the same period of the previous year, attributable almost entirely to the *helicopters* component (new helicopters and upgrading) component, which reported significant new orders in the AW169, AW189 and Super Lynx 300 lines in the first half of 2012.

  Among the most important new orders received in the first half of 2013 are:
  - in the *military-government segment*, contracts with:
    - the government of the Republic of Korea (South Korea) for the supply of eight AW159 helicopters for the Navy;
    - Japan's Maritime Self-Defence Force for the supply of three kits for the AW101 helicopter, which will be assembled on site by Kawasaki Heavy Industries (KHI);
  - in the *civil-government segment,* the contracts:
    - with Mitsui Bussan Aerospace, for the supply of two AW139 helicopters and two additional AW169 helicopters to the Japan National Police Agency (JNPA);
    - with Weststar Aviation Services Sdn Bhd, the services company for Malaysian civil aviation, for the supply of three additional AW139 helicopters;
    - with Life Link III for the supply of six AW119 helicopters for air medical transportation missions in Minnesota.
- Order backlog**.** This fell in consequence of a book-to-bill ratio lower than 1.
- Revenues**.** These rose by 7% over 30 June 2012, attributable to the *helicopters* component, specifically the AW139 line.
- EBITA. It rose by 31% over 30 June 2012, due to the abovementioned increased production rates and the benefits deriving from efficiency-improvement actions, mainly within the framework of production activities; furthermore, the improvement in EBITA includes the revenues from the final closing of the VH71 programme.

Defence and Security Electronics

- New orders. These fell by 22% compared to 30 June 2012, due, in essentially equivalent amounts, to both the European and the U.S. components, which continue to feel the impact of the cuts to defence budgets, as had already been anticipated at the time of the preparation of the forecast estimates.

  The main orders relating to Selex ES include:

- in the field of *Airborne and Space Systems*, the order for the supply of Defensive Aids Sub Systems (DASS) and Captor combat radars for Eurofighter Typhoon aircraft for Oman; additional orders for the EFA programme; orders for the NH90 helicopter programme; orders for countermeasure systems; the order for optics systems for the Meteosat space programme, orders for various space programmes; orders for customer support activities;
- in the field of *Land and Naval Systems*, orders for communications systems for MAVs for the Italian Army; the order from the Directorate General for Armaments of the French Ministry of Defence for the supply of six fixed-version PAR2090 radars; the contract for support activities for equipment in operation on the Type 23 frigates of the British Navy;
- in the field of *Security and Smart Systems*, the contract with Expo 2015 S.p.A. to supply the security support equipment, infrastructure and services for the event; the three-year extension of the current order for maintenance for Poste Italiane S.p.A.'s electromechanical mail sorting systems; the order for the supply and installation of two transportable radar for air traffic control from the Royal Saudi Air Force; the supply of the network infrastructure for the new Kuwait City airport for the Directorate General of Civil Aviation.

The main orders for DRS included the order for the supply of rugged computers and displays for the US Army; the order for the supply of Tunner systems for the loading and handling of goods for cargo aircraft; the additional order for support activities on the programmes for the upgrade of target acquisition subsystems for Bradley combat vehicles; orders for the additional supply of services in support of communications for a programme managed by the Space and Naval Warfare Systems Command; additional orders for satellite communication services under the Future Commercial Satellite Communications Services Acquisition programme; the order to continue to provide maintenance, repair and upgrading of C-130 aircraft for the U.S. Coast Guard; the order to develop and manufacture two vehicles for supporting the movement of Minuteman III missile systems used by the U.S. Air Force.

- <u>Order backlog</u>. This fell by 8% compared with 31 December 2012 in consequence of a book-to-bill ratio lower than 1. Over 80% relates to the activities of Selex ES.
- <u>Revenues.</u> These decreased by 14% compared to the figure posted at 30 June 2012, which was attributable to DRS for about two-thirds. Although this performance is in line with expectations, it continues to reflect the difficulties and the slowdown in the acquisition and the start-up of new orders, worsened by the simultaneous decrease in the contribution of important programmes in their final stages, in particular for the U.S. Armed Forces and in the British component of Selex ES's *Airborne and Space Systems* business area.

In particular, revenues at Selex ES were generated by:

- *Airborne and Space Systems*: the continuation of activities relating to Defensive Aids Sub-System production and the production of equipment, avionics radars and communication systems for the EFA programme; countermeasure systems; combat and surveillance radars for other fixed-wing platforms; equipment for the NH90 helicopter programme; equipment for space programmes; customer support and logistics;
- *Land and Naval Systems*: the continuation of activities relating to FREMM contracts; the programme to supply combat systems for the Algerian logistic support amphibious vessel; the Forza NEC programme; activities to improve the level of protection for Italian forward operating bases (FOB) in Afghanistan; progress in the Medium Extended Air Defence System international cooperation programme;
- *Security and Smart Systems:* the construction of the national TETRA network; the continuation of activities on air traffic control programmes; activities relating to postal automation services in Italy; activities relating to monitoring and physical security for domestic customers and ICT services for government agencies.

Revenues at DRS were generated by the continuation of deliveries of rugged computers and displays, particularly for the Joint Battle Command - Platform programme (JBC-P); additional deliveries on the programmes for the upgrade of target acquisition subsystems of Bradley combat vehicles; the continuation of support activities, technical assistance and logistics services for mast-mounted sight systems for helicopters; the provision of services and products for the Rapid Response contract and satellite communications services.

- EBITA**.** It fell by 49% compared with 30 June 2012 mainly attributable to Selex ES, as a result of lower revenues and the persistent difficulties in ensuring a return to adequate profit levels in certain business areas, a situation that could continue throughout the second half of the year. Given this situation, the company has initiated the integration and reorganisation plan with the aim of significantly rationalising its technologies, product lines and industrial plants. The effects of the abovementioned actions, which also supplement and expand actions undertaken to improve competitiveness and efficiency, will be fully felt in the next few financial years and will affect 2013 performance to a limited extent only. As regards DRS, the savings arising from the on-going plans for the improvement of competitiveness, efficiency and reorganisation were offset by the effects of the abovementioned decline in production volumes, causing a decline in EBITA of €mil. 15 compared to the corresponding period of the previous year.

Aeronautics

- New orders**.** These increased by 9% over 30 June 2012 due to the rise in new orders in the *civil* segment, relating to the ATR and B787 aircraft, that more than offset the decline in the *military* segment for defence and transport aircraft. The most significant orders that were obtained in the first half of 2013 include:
  - in the *military* segment:
    - for the EFA programme, the first tranche of the order received by the Eurofighter consortium for the supply of major components (left wing and rear fuselage) and equipment for the 12 aircraft ordered by Oman. This order falls within the scope of a wider contract that was signed between Bae Systems, in its capacity of prime contractor, and the Ministry of Defence of Oman in December 2012;
    - for the F35 (*Joint Strike Fighter*) programme, the contract to supply Lockheed Martin with the first complete wing and certain components and non-recurring activity for the manufacture of production tools;
    - for the logistic support activities, the orders for the activities relating to the following aircraft: M346 ordered by Israel, C27J for Australia and the AMX aircraft supplied to the Brazilian Air Force.
  - in the *civil* segment:
    - for the ATR aircraft, the orders obtained by GIE-ATR from various airlines for 68 aircraft (45 of which in the second quarter), including 36 aircraft from Danish company Nordic Aviation, 19 aircraft from an Indonesian company, 6 from Bangkok Airways and 5 from U.S. company Air Lease;
    - for aerostructures, the additional orders for the B787 (50 series), A380, ATR, B767 and A321 programmes and for the production of engine nacelles.
- Order backlog. This posted a slight increase (2%) compared to 31 December 2012. In particular, a considerable portion related to the EFA (35%), B787 (15%), ATR (19%), M346 (9%) and C27J (5%) programmes.
- Revenues. These rose by 11% compared to 30 June 2012 due to increased activity in the *civil* segment as a result of higher production rates for B787, ATR, A380 and A321 aircraft, and in the *military* segment for defence aircraft and trainers.
- EBITA**.** There was an increase of 25%, due to higher business volumes, the benefits of renegotiating commercial agreements for certain aerostructure production, the reduction in

operating expenses and the improvement in efficiency as a result of the restructuring and reorganisation process underway.

Space

- New orders. These increased by 19% compared to 30 June 2012. The most significant orders obtained during the period concerned the following activities:
  - engineering applications and services for maintenance operations relating to the Cosmo SkyMed system;
  - the contract for the development of the ExoMars control system;
  - satellite management and industrial support services for the SICRAL (*Sistema Italiano per Comunicazioni Riservate e Allarmi*, Italian System for Confidential Communications and Alerts) system;
  - support and satellite operations activities for the Columbus Control Center.
- Order backlog. This showed a decrease of 9% compared to 31 December 2012. The order backlog at 30 June 2013 was broken down into 58% for manufacturing activities and the residual 42% for satellite services.
- Revenues. These rose by 5% over the corresponding period of the previous year. The production mainly concerned the continuation of activities in the following segments:
  - in the *commercial telecommunications* segment, for the O3B and Iridium NEXT satellite constellations; for the provision of satellite telecommunications services and the resale of satellite capacity;
  - in the *military telecommunications* segment, for the Sicral 2 and Athena Fidus satellites and for the provision of satellite services;
  - in the *earth observation* segment, for the satellites for the Sentinel mission (Kopernikus programme, previously known as GMES);
  - in the *science programmes* segment, for the ExoMars programme;
  - in the *satellite navigation* segment, for the ground mission segment of the Galileo programme and activities related to the Egnos programme;
  - in the *management systems and satellite operations* segment, for the OptSat, Gokturk, Sicral 2 and Galileo programmes.
- EBITA. It grew by 20% compared to the same period of the previous year, mainly due to higher profitability in a number of programmes in the *manufacturing* segment.

Defence Systems

- New orders. These were slightly below the figure reported at 30 June 2012, with a decline in *missile systems* and *land, sea and air weapons systems* segments partly offset by the increase in *underwater systems* segment. The main orders for the period include:
  - in the *missile systems* segment, the contract for Meteor air-to-air missiles from Germany, the sixth and last country among those that participated in the development stage to sign the production order; the order from a Middle East country for missile systems for vehicles and various orders for customer support activities;
  - in the *land, sea and air weapons systems* segment, the supply of Paveway kits and kits for armaments to the Italian Air Force, the order for 16 Hitrole machine guns to the Singapore Navy, the sale of four 40/70mm machine guns to Turkey and logistics orders from various customers;
  - in the *underwater systems* segment, the orders from a country in the Mediterranean area for 26 MU90 light torpedoes, ship countermeasure systems and two TLS launch systems for light torpedoes.
- Order backlog. This showed a slight decrease (4%) compared to 31 December 2012, 64% of which related to activities in the *missile systems* segment.
- Revenues. These rose by 5% compared with the figure posted at 30 June 2012, mainly due the increase in the *missile systems* segment. Revenues were generated by the following activities in the various segments:
  - in the *missile systems* segment: activities for the production of Aster surface-to-air missiles and Exocet anti-ship missiles; activities relating to the development of the air defence system in connection with the Medium Extended Air Defence System programme; the deliveries of air-to-surface missiles as part of an important programme for a foreign country; and customer support;
  - in the *land, sea and air weapons systems* segment*:* production of Medium Armoured Vehicles (MAV) and Multi-role Medium Tactical Vehicles (MMTV) for the Italian Army; FREMM programme activities; production of SampT missile launchers; the production of machine guns for various foreign customers and logistics;
  - in the *underwater systems* segment: activities relating to the Black Shark heavy torpedo, the A244 light torpedo; countermeasures; activities relating to the FREMM programme and logistics.

- EBITA. The increase of 13% is mainly a result of the abovementioned higher revenues, as well as of improved profit margins in the *missile systems* segment, which benefitted from deliveries on an important programme for a foreign customer.

The key performance indicators for the Energy and Transportation segment are shown below:

June 2013	**New orders**	**Order backlog**	**Revenues**	**EBITA**	**ROS %**
Energy	190	1,900	284	22	7.7%
Transportation	459	8,191	862	(16)	(1.9%)
Eliminations/Other	*10*	*78*	*86*	*1*	*n.a.*
Total Energy and Transportation	659	10,169	1,232	7	0.6%
June 2012	**New orders**	**Order backlog at 31 Dec. 2012**	**Revenues**	**EBITA**	**ROS %**
Energy	445	1,978	306	20	6.5%
Transportation	938	8,679	940	7	0.7%
Eliminations/Other	*31*	*158*	*80*	*(4)*	*n.a.*
Total Energy and Transportation	1,414	10,815	1,326	23	1.7%
Change	**New orders (% change)**	**Order backlog (% change)**	**Revenues (% change)**	**EBITA (% change)**	**ROS % (p.p. change)**
Energy	(57.3%)	(3.9%)	(7.2%)	10.0%	1.2 p.p.
Transportation	(51.1%)	(5.6%)	(8.3%)	n.a.	(2.6) p.p.
Eliminations/Other	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Total Energy and Transportation	(53.4%)	(6.0%)	(7.1%)	(69.6%)	(1.1) p.p.

Energy

- New orders. These fell by 57% compared to the corresponding period of the previous year, mainly due to fewer orders in the *plants and components* and in the *service* segments.

  The main orders for the period included:

  - in the *plants and components* segment, the contract for the design and construction of a 600 MW open-cycle electric power plant in Egypt (Il Cairo); the order for a steam turbine with generator for a geothermal plant in Italy (Bagnore);
  - in the *service* segment, the supply of spare parts for a power station in Algeria (Hamma), various Long-Term Service Agreements (LTSA) and contracts for field service activities;
  - in the *nuclear* segment, orders in the *plant engineering* area from Slovakia (Mochovce) and France (Cadarache); orders for decommissioning activities in Italy (Varese) and for service activities in Romania (Cernavoda) and France (Creys-Malville).

- <u>Order backlog</u>. This declined by 4% compared to 31 December 2012. The composition of the backlog is attributable for 40% to the *plants and components* segment, 57% to the *service* segment (72% of which is represented by LTSAs for scheduled maintenance) and for 3% to the *nuclear* segment.
- <u>Revenues</u>. These fell by 7% compared to the first half of 2012, mainly due to decreased operations in the *renewable energy* segment.
  Revenues were mainly generated by the following activities:
  - in the *plant and components* segment: the orders from Tunisia (Sousse), Egypt (Giza North, Banha, Il Cairo), Turkey (Gebze) and Algeria (Ain Djasser II, Labreg and Hassi Messaud);
  - in the *service* segment: activities on LTSAs in Italy (Ferrara, Rizziconi, Naples, Sparanise) and Northern Ireland (Ballylumford); spare parts for gas turbines in Algeria (M'Sila); the supply of a generator in Mexico (Lerdo) and field service activities in Italy (Ferrera);
  - in the *nuclear* segment, for the *plant engineering* area, activities on the power station in Slovakia (Mochovce); for the *service* area, the continuation of activities in Argentina (Embalse); for the *waste* and *decommissioning* area, activities in Lithuania (Ignalina) and activities for the treatment and storage of radioactive waste from submarines in Russia (Andreeva Bay);
  - in the *renewable energy* segment, electric drives activities, service activities on the solar energy plants in Martano and Soleto (Lecce), supply and servicing of micro-turbines.
- <u>EBITA</u>. It rose by 10% compared to the first half of 2012, mainly as a result of higher industrial profitability and lower overheads.

Transportation

- <u>New orders.</u> These fell by 51% compared to the same period of the previous year, mainly attributable to fewer new orders in the *signalling and transportation solutions* line. The main orders for the period included:
  - for the *signalling and transportation solutions* line:
    - in the *signalling* area, the order for the installation of ERTMS technologies on the new line that connects Oued Tlelat to Tlemcen, in Algeria; the contract for the maintenance of the high speed line Madrid-Puigverd de Lleida, in Spain; the order for the installation of ERTMS Level 2 technologies on the new high-speed line that connects Tours to Bordeaux, in France; changes in the order relating to the project for the

Ankara underground in Turkey; other various orders for components and service & maintenance;

    - in the *transportation solutions* area, the ancillary contract related to the Milan Line 4 metro project; the order to extend the Rome Line C metro; contracts relating to the framework agreement signed with Rio Tinto Iron Ore, in Australia;

  - in the *vehicles* line, the contract to supply Sirio trams in China, orders for service activities;
  - in the *bus* line, orders for 92 buses and various after-sales orders.

- Order backlog. This decreased by 6% compared to 31 December 2012. The *signalling and transportation solutions* line accounts for 66%, while the *vehicles* line accounts for 34%.
- Revenues. These fell by 8% compared to the first half of 2012, mainly attributable to the *vehicles* lines. In particular, revenues were generated by the following orders:
  - for the *signalling and transportation solutions* line:
    - in the *signalling* area, the project for the Turin-Padua stretch in Italy; contracts for the Bogazkopru-Ulukisla-Yenice and Mersin-Toprakkale railway lines and for the Ankara metro in Turkey; the order related to the Shah-Habshan-Ruwais line in the United Arab Emirates; the contract for the Red Line of the Stockholm metro in Sweden; the projects for Union Pacific Railroad and Southeastern Pennsylvania Transportation Authority in the U.S.; orders for Australian Rail Track and the project relating to Roy Hill Iron Ore in Australia; various component orders;
    - in the *transportation solutions* area, the Copenhagen, Naples Line 6, Rome Line C, Milan, Brescia metros; the Rio Tinto projects in Australia;
  - in the *vehicles* line, double-decker carriages and high-speed trains for Trenitalia; trains for the Danish railways; vehicles for the Milan and Fortaleza (Brazil) metros; various service orders;
  - in the *bus* line, various bus orders, representing 75% of this line's revenues and after-sales activities.
- EBITA. The decrease compared to the figure at 30 June 2012 is mainly attributable to the *vehicles* line, which remains significantly negative, reflecting inefficiencies caused by production slowdowns and contractual charges and cost overruns on some programmes.

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<u>Information pursuant to articles 70 and 71 of Consob Issuers' Regulations</u>

With a Board of Directors' resolution 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 significant transactions (such as mergers, spin-offs, capital increases by means of the conferral of assets in kind, acquisitions or disposals) occur.

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<u>Related party transactions</u>

Pursuant to Article 5.8 of CONSOB (the Italian Commission for Listed Companies and the Stock Exchange) Regulation no. 17221 of 12 March 2010, concerning "related party transactions" and the subsequent CONSOB Regulation no. 17389 of 23 June 2010, no important transactions, as defined by Article 4.1.a) of the Regulation no. 17221, were carried out in the first half of 2013, nor were other transactions with related parties that had a significant impact on the financial position and results of the Finmeccanica Group and of Finmeccanica Spa. Furthermore, no changes or developments took place in relation to the related party transactions described in the Directors' Report at 31 December 2012.

It should be noted that in 2010 Finmeccanica issued, and on 13 December 2011 updated, a specific "Procedure for Related Party Transactions" pursuant to the Regulation, as well as in the implementation of Article 2391-*bis* of the Italian Civil Code - which is available on the Company's website (under *Investor Relations/Corporate Governance*, Related Party Transactions section).

"Non-GAAP" alternative 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:

- ***EBITA ("Adjusted EBITA" until 31 December 2012)***: it is arrived at by eliminating from EBIT (defined as earnings before "*financial income and expense*", "*share of profit (loss) of equity-accounted investees*" and "*income taxes*") 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;

– 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, on an annualised basis, return on investment (ROI) (which is calculated as the ratio of EBITA to the average value of capital invested during the two periods being compared).

A reconciliation of EBIT and EBITA is shown below (the reconciliation by segment is reported in Note 5):

	For the six months ended 30 June	
€ million	**2013**	**2012**
EBIT	279	375
Impairment	-	-
Non-recurring (income) expense	79	-
Amortisation of intangible assets acquired as part of business combinations	44	44
Restructuring costs	65	40
EBITA	**467**	**459**

Non-recurring expenses are almost exclusively related to costs accrued on contracts (mainly in Holland – Belgium as broadly commented on in Note 13) in the *vehicles* line of the Transportation segment.

- ***Free Operating Cash-Flow (FOCF)***: this is the sum of the cash flows generated by (used in) operating activities and the cash flows generated by (used in) 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”. The calculation of FOCF is presented in the reclassified statement of cash flows shown in the previous section.

- ***Funds From Operations (FFO)***: this is cash flow generated by (used in) operating activities net of changes in working capital (as described under Note 24). The calculation of FFO is presented in the reclassified statement of cash flows shown in the previous section.

- ***Economic Value Added (EVA)***: this is the difference between EBITA net of income taxes and the cost (comparing like-for-like in terms of consolidated companies) of the average invested capital in the two comparative periods and measured on the basis of the operating weighted average cost of capital (WACC for EVA purposes).

- ***Working capital***: this includes trade receivables and payables, contract work in progress and progress payments and advances from customers.

- ***Net working capital***: this is equal to working capital less provisions for current risks and other current assets and liabilities.

- ***Net capital invested***: this is the algebraic sum of non-current assets, non-current liabilities and net working capital.

- ***Net financial debt***: this includes cash, financial receivables and current securities, net of (current and non-current) loans and borrowings.

- ***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. These costs may be partly or entirely reimbursed by customers, funded by public institutions through grants or other incentives under law or, lastly, be borne by the Group. From an accounting standpoint, R&D expense can be recognised in different manners as indicated below:

  – if they are reimbursed by the customer pursuant to an existing contract, they are recognised as "work in progress";

  – if they relate to research activities, that is, the activity is at a stage at which it cannot be demonstrated that the activity will generate future economic benefits, they are expensed as incurred;

  – finally, if they relate to a development activity for which the Group can demonstrate the technical feasibility, the capability and the intention to see the project through to the end, as well as the existence of a potential market such to generate future economic benefits, they are capitalised under "Intangible assets". In the case in which a grant is given towards these expenses, the carrying value of the intangible assets is reduced by the amount received or to be received.

- ***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 invoiced orders (income statement) during the reference period (excluding the change in contract work in progress).
- ***Workforce***: the number of employees recorded in the register on the last day of the year.
- ***Return on Sales (ROS)***: this is calculated as the ratio of EBITA to revenue.
- ***Return on Investments (ROI)***: this is calculated as the ratio of annualised EBITA to the average net capital invested in the two comparative periods.
- ***Return on Equity (ROE):*** this is calculated as the ratio of the annualised net result for the financial period to the average value of equity in the two comparative periods.

Industrial and financial transactions

Industrial transactions

In the **Aeronautics** business segment, on 17 January 2013, Alenia Aermacchi and General Dynamics signed a Letter of Intent that ratifies the partnership of the two companies in the tender for the supply of the future advanced trainer to the US Air Force (T – X programme). The two companies will offer the customer an integrated training system for pilots based on Alenia Aermacchi's T-100 platform, which is a variation of the M-346 advanced trainer in the US market.

On 18 June 2013, Alenia Aermacchi and the Secretariat General of Defence/National Armaments Directorate of the Italian Ministry of Defence signed an agreement to jointly define the operational specifications for the development of a new basic-advanced trainer, the M-345 HET (High Efficiency Trainer), expected to enter service between 2017-2020.

In the **Defence and Security Electronics** business segment, Selex ES has defined its "Reorganisation and Relaunch Plan" aimed at creating an integrated European structure, having the critical mass and technological expertise needed to compete on international markets. On 27 June 2013, an agreement was reached with the national trade unions regarding a total of 2,529 redundancies, of which 1,938 in Italy, with 810 employees being placed into voluntary or incentivized redundancy, to be followed by 800 more starting in January 2014. Job security agreements will also be introduced for 9,000 employees. This Plan also seeks to rationalise production sites in Italy, reducing the number from 48 to 26.

On 10 April 2013, Selex ES and AEL Sistemas SA, a Brazilian company controlled 75% by Elbit Systems Ltd. and 25% by Embraer Defesa, signed a Memorandum of Understanding for the formation of a joint venture that will initially focus on providing maintenance for the Gabbiano radar systems installed on the Brazilian Air Force's Embraer KC-390 aircraft and on Brazilian UAV systems, with the possibility of expanding into other businesses over the medium to long term.

In the **Space** business segment, on 28 February 2013, Thales Alenia Space and the ISS-Reshetnev Company, the Russian leader in the manufacture of satellites for communication, navigation and geodesy purposes, signed an agreement to form a joint venture that will initially focus on producing telecommunications satellites in Russia.

In the **Energy** business segment, on 21 March 2013, Ansaldo Energia and Politecnico of Milan signed a three-year agreement on specific research and training activities. Furthermore, Ansaldo Energia and Politecnico will jointly participate in the national energy Cluster being established, which provides for joint research activities in the sectors of flexibility of combined cycles and of the development of new-generation gas turbines.

On 27 February 2013, Finmeccanica signed a cooperation agreement with the **Australian Ministry of Defence** to join the "Global Supply Chain" programme. In addition to being an opportunity to encourage possible commercial developments of the Group in Australia, this initiative has the objective of supporting the development of the Australian small- and medium-sized enterprises within the supply chain of Finmeccanica, to replace the traditional off-set obligations.

With regard to the sale of the aviation engines division of Avio SpA (indirectly held by Finmeccanica at 14.3%) to General Electric, the antitrust and regulatory authorisations have been obtained and the activities required for the closing of the transaction are now nearing completion.

Financial transactions

In the first half of 2013 Finmeccanica did not carry out any transactions in the capital market (bonds and bank debt), either in the form of new bond issues or as early redemption of existing bonds.

Below is a list of bond issues outstanding at 30 June 2013 which shows, respectively, the euro-denominated bonds issued by Finmeccanica ("FNM") and by the subsidiary Finmeccanica Finance ("FinFin"), the pound sterling-denominated bond issued by Finmeccanica Finance, as well as the bonds issued by Meccanica Holdings USA ("MH") for the U.S. market, specifying switches (if any) from fixed-rate to floating-rate bonds. The average residual life of bond issues is about 9 years.

Issuer		Year of issue	Maturity	Currency	Outstanding nominal amount (€mil.)	Annual coupon	Type of offer
FinFin	(1)	2003	2018	€	500	5.75%	European institutional
FNM	(1)	2005	2025	€	500	4.875%	European institutional
FinFin	(1)	2008	2013	€	750	8.125%	European institutional
FinFin	(1)	2009	2019	GBP	400	8.00%	European institutional
FinFin	(1)	2009	2022	€	600	5.25%	European institutional
FinFin	(1)	2012	2017	€	600	4.375%	European institutional
MH	(2)	2009	2019	USD	434	6.25%	American institutional *Rule 144A/Reg. S*
MH	(2)	2009	2039	USD	300	7.375%	American institutional *Rule 144A/Reg. S*
MH	(2)	2009	2040	USD	500	6.25%	American institutional *Rule 144A/Reg. S*

1) Bonds issued as part of the EMTN programme for a maximum of €bil. 3.8 and listed on the Luxembourg Stock Exchange. In particular:
    - with reference to the €mil. 750 bond issue maturing in 2013, the entire residual value of the transaction was converted into a floating-rate bond, with a benefit of over 200 basis points in 2012 and, as currently expected, it should be confirmed in 2013 as well;
    - with reference to the GBPmil. 400 bond issued maturing in 2019, the proceeds of the issue were translated into euros and the exchange rate risk arising from the transaction was fully hedged.

2) Bonds issued under Rule 144A, Regulation S of the U.S. 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.

All the bonds above are governed by rules containing the usual legal clauses for these types of corporate transactions on institutional markets. In the case of the above issues, these clauses 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 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 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 Art. 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 preset limits.

All the bond issues of Finmeccanica Finance S.A. and Meccanica Holdings USA Inc. are irrevocably and unconditionally secured, on first request, by Finmeccanica, and are given the same medium/long-term financial credit rating given to Finmeccanica by the international rating agencies Moody's Investors Service (Moody's), Standard and Poor's and Fitch.

At the presentation date of this Report, Finmeccanica's credit ratings are as follows: Baa3 with a negative outlook from Moody's (from February 2013), BB+ with a negative outlook from Fitch (from July 2013) and BB+ with a stable outlook from Standard and Poor's (from January 2013). In April 2013, Moody's placed Finmeccanica's rating on review for a possible downgrade.

In 2013, all the ratings agencies downgraded the credit rating or lowered the outlook assigned to Finmeccanica. The agencies gave the weakened prospects for an improvement in the ratio between the potential cash flow generation and the level of debt, with respect to both expected cash flow from operations and cash flows from extraordinary operations, especially asset disposals, as the rationale for their decisions to downgrade the ratings. The weakness in expected operating cash flows was seen by the agencies to be mainly caused by the demand trend in the Company's major markets and delays in certain aspects of the Group's restructuring and reorganization process. Other reasons cited were the need to improve the Group's corporate governance process and the downgrading of the credit rating for Italy which, at its present level, severely limits the ability to apply methodologies for improving the rating of certain so-called “government-related” issuers, i.e. those that have a strong connection with their government or are of significant state interest.

The changes in the assessment of Finmeccanica’s creditworthiness, as described above, solely resulted in a limited increase in costs with regard to existing confirmed bank loans, specifically the €bil. 2.4 revolving credit facility with a final maturity date of September 2015. However, similar assessments, which might be carried out by banks granting the Group loans and guarantees, could bring to cost increases and reduced volumes of loans and unsecured credit lines on future transactions.

Furthermore, the Group is actively committed to rolling out the steps of its restructuring and reorganisation plan aimed at improving cash generation by the operating companies and reducing debt, including by undertaking extraordinary operations. Moreover, the procedures for choosing investments and seeking new orders followed by the Group require that there be a constant focus on standards for cash flow generation and return on capital invested that take account of the risks and the cost of capital.

Corporate Governance

Internal Control System

The 2012 Corporate Governance Report (Chapter 10) describes the measures adopted or undertaken by the Company in the first few months of 2013 to improve and implement the Internal Control and Risk Management System of Finmeccanica and the Group. A portion of these efforts occurred in 2012 and early 2013 (refer to the mentioned Report for more information) while another portion was scheduled for the first half of 2013. Below is a description of completion of these activities and of other initiatives undertaken subsequent to the release of the mentioned Report, in line with programmes already begun.

- with regard to the programme to revise Directive 17/2011 and the related Guidelines, with the objective of strengthening the control exercised by the Group Parent over contracts between the subsidiaries and consultants and business promoters, the Group issued Directive 8/2013 on consultants and business promoters. Among other things, this new Directive defines: *i)* the general principles and rules on the execution and management of contracts in support of commercial activities undertaken by Finmeccanica Group companies with public and private entities; *ii)* the criteria for assessing the risks and for performing due diligence with respect to consultants and business promoters; *iii)* the list of countries considered to have favourable tax systems and the relative restrictions on conducting commercial activities in those countries; *iv)* the procedures for verifying compliance with the laws applicable to contracts in the countries in which the Group companies operate; *v)* guidelines for executing and managing contracts, developed based on standard contract clauses established at the Group level; *vi)* the roles and flows of information between the competent organisational units, consistent with the principles of separation of responsibilities, transparency and impartial decision-making and process traceability.

- with regard to the programme to revise Directive 18/2011, completing the new rules identified by the Company with respect to the composition and the requirements for the appointment of the Corporate Bodies of the operating companies, the Group issued Directive no. 7/2013 on the formation and operation of the Boards of Directors of the companies. Among other things, this Directive sets out the new rules with respect to the composition and the requirements for the appointment of the Corporate Bodies of the operating companies, specifically: *i)* the limitation of the number of members of the Boards of Directors, effective starting with the first renewal of the boards following the issue of the new Directive: the boards of directors of direct and strategic subsidiaries shall be composed of between three and five directors (with only one director from outside the Group in the first case, and two non-Group directors in the second case), while the boards of directors of the other subsidiaries shall be composed of up to three directors, usually all from within the Group; *ii)* the obligation of all members of the Corporate Bodies to meet specific requirements of professionalism, honesty and independence, as well as the expectation of specific events (some of which are connected with judicial investigations), whose occurrence shall result in suspension or removal from the office.
- within the framework of further initiatives undertaken to improve the Internal Control and Risk Management System, the Group issued the new Procedure no. 3/2013 on the granting and removal of powers of representation, which defines the duties and responsibilities involved in the process of granting and removing proxies to represent Finmeccanica S.p.a., consistent with the provisions of the Company's Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001 as well as the Code of Ethics of the Company, with regard to both proxies granted for a continuing period of time ("permanent proxies") and those granted for the purposes of performing individual acts ("proxies for individual acts"). The Procedure also envisages: *i)* specific obligations on the part of the agent to periodically report to top management concerning the most significant acts undertaken in executing the proxy conferred; *ii)* the annual check performed by the competent company structures that the proxies granted are consistent with the organisational structure, reporting the results to the Surveillance Body which, among others, is informed about changes that may be made to the division of corporate powers.

- with regard to the Committee (the formation of which was authorised by the Board of Directors of the Company on 15 April 2013) responsible for identifying criteria and behaviours with which the Finmeccanica Group must comply in order to conform to new and more important best practices, particularly in the area of compliance, it should be noted that the Committee (called the "Flick Committee") is fully functional. Since its formation, the Committee, comprised entirely of external professionals and taking its name from its Chairman, Giovanni Maria Flick, has met five times and has begun its analysis of the following issues:
  - identification of measures and actions capable of further raising the principles and standards of conduct which must be complied with in business operations;
  - identification of additional actions aimed at ensuring the actual implementation of these new principles and standards, with the utmost possible efficacy.

  The Committee's work is expected to be completed by the end of this year with the release of a final report that will contain the Committee's recommendations on the above issues.
- the Company has also continued its efforts to implement the <u>project to centralise the Group's Internal Audit activities at the Holding Company</u>, with the objective of strengthening its role of control over the Group, as well as to improve the effectiveness of the activities themselves. As part of this, the Company has decided that reorganising the Group's Internal Audit structures should be given priority. Specifically, it is currently in the process of formalising the following documents:
  - interfunctional organisational model (*modello organizzativo interfunzionale*, MOI), i.e. the organisational and operational model for the Internal Audit Organisational Unit, which describes the flows of information between the Group companies and Finmeccanica S.p.a.. The MOI also outlines the flows of information between the boards of statutory auditors of the operating companies that fall within the project's scope and the Board of Statutory Auditors of Finmeccanica S.p.a. This document, which was presented to the Control and Risk Committee of Finmeccanica S.p.a. during its meeting of 23 April 2013, also incorporates the guidelines recently formulated by the Board of Statutory Auditors;
  - the auditing services contract: this document governs the activities and fees due for auditing services provided by the Group Parent to the Group companies;
  - the Service Order and the related organisational chart for the central structure, which will be formally issued through a special communication from the Group Parent to the top management of the companies involved in the centralisation project.

Condensed consolidated half-year financial statements at 30 June 2013

Condensed consolidated income statement

(€mil.)	Note	*For the six months ended 30 June* 2013	*of which with related parties*	*For the six months ended 30 June* 2012 (restated)	*of which with related parties*
Revenue	*17*	7,951	*1,058*	8,027	*973*
Purchases and personnel expense	*19*	(7,223)	*(93)*	(7,305)	*(105)*
Amortisation, depreciation and impairment losses	*20*	(400)		(338)	
Other net operating income (expenses)	*18*	(49)	*1*	(9)	*(2)*
		279		**375**	
Financial income (expense)	*21*	(237)	*(2)*	(211)	*(1)*
Share of profits (losses) of equity-accounted investees		(12)		(13)	
Operating profit (loss) before income taxes and discontinued operations		**30**		**151**	
Income taxes	*22*	(92)		(84)	
(Loss) Profit from discontinued operations		-		-	
Net profit (loss) for the period attributable to:		**(62)**		**67**	
- owners of the parent		*(79)*		*50*	
- non-controlling interests		*17*		*17*	
Earnings (losses) per share	*23*				
Basic		*(0.137)*		*0.085*	
Diluted		*(0.137)*		*0.085*	

Comparative data has been restated following the adoption of IAS 19 revised (see Note 4).

Condensed consolidated statement of comprehensive income

€ million	Note	*For the six months ended 30 June*			
		2013		***2012 (restated)***	
Profit (loss) for the period			**(62)**		**67**
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:	*11*		85		(150)
. revaluation		*81*		*(145)*	
. exchange rate gains (losses)		*4*		*(5)*	
- Tax effect	*11*		(22)		39
			63		(111)
Comprehensive income/expense which will or might be subsequently reclassified within the profit (loss) for the period:					
- Changes in cash flow hedges:	*11*		(41)		(31)
. change generated in the period		*(45)*		*(38)*	
. transferred to the profit (loss) for the period		*4*		*7*	
. exchange rate gains (losses)		-		-	
- Translation differences			(92)		148
. change generated in the period	*11*	(92)		148	
. transferred to the profit (loss) for the period		-		-	
- Tax effect	*11*		11		9
			(122)		126
Total comprehensive income (expense), net of tax:			**(59)**		**15**
Total comprehensive income (expense), attributable to:			**(121)**		**82**
- *Owners of the parent*			*(137)*		*60*
- *Non-controlling interests*			*16*		*22*

Comparative data has been restated following the adoption of IAS 19 revised (see Note 4).

Condensed consolidated statement of financial position

(€mil.)	*Note*	***30-Jun-13***	*of which with related parties*	***31-Dec-12*** *(restated)*	*of which with related parties*
Non-current assets					
Intangible assets	*6*	7,339		7,388	
Property, plant and equipment	*7*	3,248		3,201	
Deferred tax assets		1,163		1,213	
Other assets	*8*	874	*191*	923	*192*
		12,624		**12,725**	
Current assets					
Inventories		5,420		5,192	
Trade receivables, including net contract work in progress	*9*	8,661	*905*	8,576	*955*
Loans and receivables		529	*51*	631	*73*
Other assets	*10*	1,158	*18*	1,182	*6*
Cash and cash equivalents		1,239		2,137	
		17,007		**17,718**	
Non-current assets held for sale		-		-	
Total assets		**29,631**		**30,443**	
Equity					
Share capital	*11*	2,525		2,525	
Other reserves		745		881	
Equity attributable to the owners of the parent		**3,270**		**3,406**	
Equity attributable to non-controlling interests		304		305	
Total equity		**3,574**		**3,711**	
Non-current liabilities					
Loans and borrowings	*12*	4,280	*31*	4,309	*29*
Employee benefits	*14*	926		1,070	
Provisions for risks	*13*	1,555		1,552	
Deferred tax liabilities		300		384	
Other non-current liabilities	*15*	971		960	
		8,032		**8,275**	
Current liabilities					
Trade payables, including net progress payments and advances from customers	*16*	12,786	*185*	13,902	*193*
Loans and borrowings	*12*	2,420	*460*	1,837	*605*
Income tax payables		140		83	
Provisions for risks	*13*	831		876	
Other current liabilities	*15*	1,848	*40*	1,759	*53*
		18,025		**18,457**	
Liabilities associated with assets held for sale					
Total liabilities		**26,057**		**26,732**	
Total liabilities and equity		**29,631**		**30,443**	

Comparative data has been restated following the adoption of IAS 19 revised (see Note 4).

Condensed consolidated statement of cash flows

(€mil.)		*For the six months ended 30 June*			
	Note	***2013***	*of which with related parties*	***2012***	*of which with related parties*
Cash flows from operating activities:					
Gross cash flows from operating activities	*24*	952		818	
Change in working capital	*24*	(1,572)	*45*	(1,186)	*(70)*
Change in other operating assets and liabilities and provisions for risks and charges		(107)		(264)	*(18)*
Interest paid		(171)	*(2)*	(178)	*(80)*
Income taxes paid		(58)		(55)	
Cash flows used in operating activities		**(956)**		**(865)**	
Cash flows from investing activities:					
Investments in property, plant and equipment and intangible assets		(454)		(364)	
Sales of property, plant and equipment and intangible assets		10		14	
Other investing activities		(20)		1	
Cash flows used in investing activities		**(464)**		**(349)**	
Cash flows from financing activities:					
Net change in other loans and borrowings		560	*(128)*	694	*(44)*
Dividends paid		(18)		(17)	
Cash flows generated from financing activities		**542**		**677**	
Net decrease in cash and cash equivalents		**(878)**		**(537)**	
Exchange rate differences and other changes		(20)		20	
Cash and cash equivalents at 1 January		2,137		1,331	
Cash and cash equivalents at 30 June		**1,239**		**814**	

Condensed consolidated statement of changes in equity

(€ million)	Share capital	Retained earnings and consolidation reserve	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 2012	**2,525**	**2,310**	**(31)**	**(76)**	**(427)**	**4,301**	**303**	**4,604**
Application of IAS19 revised				7		**7**		**7**
1 January 2012 restated	**2,525**	**2,310**	**(31)**	**(69)**	**(427)**	**4,308**	**303**	**4,611**
Profit (loss) for the period		50				50	17	67
Other comprehensive income (expense)			(23)	(111)	144	10	5	15
Total comprehensive income (expense)	**-**	**50**	**(23)**	**(111)**	**144**	**60**	**22**	**82**
Dividends resolved							(17)	(17)
Total transactions with owners of the parent, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**(17)**	**(17)**
Other changes	-	-	-	-	-	-	1	1
30 June 2012	**2,525**	**2,360**	**(54)**	**(180)**	**(283)**	**4,368**	**309**	**4,677**
1 January 2013	**2,525**	**1,474**	**18**	**(218)**	**(401)**	**3,398**	**305**	**3,703**
Application of IAS19 revised		(6)		14		**8**		**8**
1 January 2013 restated	**2,525**	**1,468**	**18**	**(204)**	**(401)**	**3,406**	**305**	**3,711**
Profit (loss) for the period		(79)				(79)	17	(62)
Other comprehensive income (expense)			(31)	63	(90)	(58)	(1)	(59)
Total comprehensive income (expense)	**-**	**(79)**	**(31)**	**63**	**(90)**	**(137)**	**16**	**(121)**
Dividends resolved							(18)	(18)
Total transactions with owners of the parent, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**(18)**	**(18)**
Other changes		6		(4)	(1)	1	1	2
30 June 2013	**2,525**	**1,395**	**(13)**	**(145)**	**(492)**	**3,270**	**304**	**3,574**

Notes to the financial statements

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, Defence Systems, Energy and Transportation.

2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS

The half-year financial report of the Finmeccanica Group at 30 June 2013 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 2013, 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). They are comprised of the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity, and the notes to the financial statements.
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 2012 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 interim consolidated financial statements schedules include a reconciliation with annual consolidated financial statements schedules.

The accounting policies used for this half-year financial report are unchanged from those of the 2012 annual consolidated financial statements (except for those specifically applicable to interim financial reports) and the half-year financial report at 30 June 2012. The new standards applicable from 1

January 2013 reported in Note 4 below did not materially impact this half-year financial report. In particular it is noted that, as largely set out below, starting from 1 January 2013 the Group has adopted IAS 19 (revised); the effects on the comparative information are reported in Note 4.

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

	at 30 June 2013		at 31 December 2012	at 30 June 2012	
	Average	Final	Final	Average	Final
US dollar	1.3135	1.3080	1.3194	1.2968	1.2590
Pound sterling	0.8512	0.8572	0.8161	0.8225	0.8068

The condensed consolidated half-year financial statements at 30 June 2013 of the Finmeccanica Group were approved by the Board of Directors on 31 July 2013 and published on the same day.

Amounts are shown in millions of euros unless stated otherwise.

The condensed consolidated half-year financial statements were subject to a limited review by KPMG SpA.

3. BUSINESS SEASONALITY

Cash flows relating to operations

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 2013 the Group has adopted the following new accounting standards:

- Amendment to IAS 1– *Presentation of financial statements:* as a result of the changes introduced to such standard, the items of other comprehensive income are now shown separately depending upon whether or not they are to be subsequently classified in the separate income statement;
- Amendment to IFRS 7 – *Financial instruments* - *Disclosures*: the standard requires information about the effects or potential effects of offsetting assets and liabilities on the statement of financial position;

- IFRS 13 – *Fair value measurement*: this standard applies to the other standards that require or permit fair value measurements or disclosures and provides a single framework for measuring fair value;
- Amendment to IAS 19 – *Employee benefits*: this amendment eliminates the option of the corridor method and requires actuarial gains and losses to be recognised in full in the statement of comprehensive income (method already applied by the Group). Furthermore, past service costs must be recognised immediately. Interest expense net of the expected return on plan assets is replaced by a net finance cost, which is calculated by applying the interest rate to the net liability. The retrospective application of the revised standard resulted in the restatement of the comparative information presented.

  Below are the effects on the statement of comprehensive income at 30 June 2012 and at 31 December 2012 and on the statement of financial position at 31 December 2011, 30 June 2012 and 31 December 2012:

INCOME STATEMENT	Personnel expense	Financial expense	Income taxes	**Profit (loss) for the period**	*Earnings per share (basic and diluted)*
For the six months ended 30 June 2012	(2,380)	(479)	(86)	**70**	*0.091*
Effect of IAS 19R	-	(5)	2	**(3)**	*0.006*
For the six months ended 30 June 2012 (restated)	(2,380)	(484)	(84)	**67**	*0.085*
2012	(4,666)	(964)	33	**(786)**	*(1.433)*
Effect of IAS 19R	-	(9)	3	**(6)**	*0.012*
2012 (restated)	(4,666)	(973)	36	**(792)**	*(1.445)*

STATEMENT OF COMPREHENSIVE INCOME	Profit (loss) for the period	Other comprehensive income (expense)	**Total comprehensive income (expense) for the period**
For the six months ended 30 June 2012	70	12	**82**
Effect of IAS 19R	(3)	3	-
For the six months ended 30 June 2012 (restated)	67	15	**82**
2012	(786)	(69)	**(855)**
Effect of IAS 19R	(6)	6	-
2012 (restated)	(792)	(63)	**(855)**

STATEMENT OF FINANCIAL POSITION	**Equity**	**Deferred tax liabilities**	**Net assets for defined-benefit plans**
31 December 2011	4,604	479	102
Effect of IAS 19R	7	2	9
31 December 2011 (restated)	4,611	481	111
30 June 2012	4,670	453	88
Effect of IAS 19R	7	2	9
30 June 2012 (restated)	4,677	455	97
31 December 2012	3,703	382	111
Effect of IAS 19R	8	2	10
31 December 2012 (restated)	3,711	384	121

5. SEGMENT REPORTING

In line with the management and control model used, management has identified the Group's operating segments as the business segments in which it operates: Helicopters, Defence and Security Electronics, Aeronautics, Space, Defence Systems, Energy, Transportation and Other Activities.

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

The Group assesses its operating segments and the allocation of financial resources based on revenues and EBITA (see the section of the report on operations entitled "Non-GAAP alternative performance indicators"). The definition of the operating segments at 30 June 2013 is unchanged as compared with 30 June 2012.

The results of the business segments and investments for the reporting period, as compared with those of the same period of the previous year, are as follows:

For the six months ended 30 June 2013	**Helicopters**	**Defence and Security Electronics**	**Aero-nautics**	**Space**	**Defence Systems**	**Energy**	**Transportation**	**Other Activities**	**Elimin-ations**	**Total**
Revenue	2,045	2,359	1,461	484	593	284	862	157	(294)	**7,951**
Inter-segment revenue *(*)*	-	(185)	(4)	(11)	(7)	-	-	(87)	294	-
Third party revenue	2,045	2,174	1,457	473	586	284	862	70	-	7,951
EBITA	**286**	**73**	**61**	**36**	**61**	**22**	**(16)**	**(56)**	**-**	**467**
Investments	120	82	198	19	13	9	9	16	-	**466**

For the six months ended 30 June 2012	**Helicopters**	**Defence and Security Electronics**	**Aero-nautics**	**Space**	**Defence Systems**	**Energy**	**Transportation**	**Other Activities**	**Elimin-ations**	**Total**
Revenue	1,912	2,734	1,318	462	564	306	940	144	(353)	**8,027**
Inter-segment revenue *(*)*	(3)	(250)	(4)	(12)	(8)	-	(13)	(63)	353	-
Third party revenue	1,909	2,484	1,314	450	556	306	927	81	-	**8,027**
EBITA	**219**	**143**	**49**	**30**	**54**	**20**	**7**	**(63)**	**-**	**459**
Investments	134	93	157	13	14	10	10	13	-	**444**

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

The reconciliation between EBITA and EBIT for the periods presented is as follows:

For the six months ended 30 June 2013	**Helicopters**	**Defence and Security Electronics**	**Aero-nautics**	**Space**	**Defence Systems**	**Energy**	**Transportation**	**Other Activities**	**Total**
EBITA	**286**	**73**	**61**	**36**	**61**	**22**	**(16)**	**(56)**	**467**
Non-recurring income/expense	-	-	(4)	--	-	-	(75)	-	**(79)**
Amortisation of intangible assets acquired as part of business combinations	(4)	(39)	-	-	(1)	-	-	-	**(44)**
Restructuring costs	(2)	(53)	(5)	(1)	(1)	-	(1)	(2)	**(65)**
EBIT	**280**	**(19)**	**52**	**35**	**59**	**22**	**(92)**	**(58)**	**279**

For the six months ended 30 June 2012	Helicopters	Defence and Security Electronics	Aero-nautics	Space	Defence Systems	Energy	Transpo rtation	Other Activities	Total
EBITA	**219**	**143**	**49**	**30**	**54**	**20**	**7**	**(63)**	**459**
Non-recurring income/expense	-	-	-	-	-	-	-	-	**-**
Amortisation of intangible assets acquired as part of business combinations	(4)	(39)	-	-	(1)	-	-	-	**(44)**
Restructuring costs	-	(21)	-	(5)	(3)	-	(11)	-	**(40)**
EBIT	**215**	**83**	**49**	**25**	**50**	**20**	**(4)**	**(63)**	**375**

6. INTANGIBLE ASSETS

Key changes were related to amortisation (Note 20) of €mil. 154 and investments of €mil. 203, as broken down below:

	Balance		*Investments*	
	30 June 2013	*31 December 2012*	*30 June 2013*	*30 June 2012*
Goodwill	4,330	4,384	-	-
Development costs	603	585	60	44
Non-recurring costs	977	922	114	150
Concessions, licences and trademarks	410	414	2	5
Acquired through business combinations	766	818	-	-
Other intangible assets	253	265	27	34
Total intangible assets	**7,339**	**7,388**	**203**	**233**

There are also commitments to purchase intangible assets for €mil. 14 (€mil. 12 at 31 December 2012).

In respect of goodwill, which decreased as a result of exchange rate differences, it is noted that the market capitalisation of the Finmeccanica Spa share is currently lower than the carrying amount of equity attributable to the owners of the parent (market capitalisation at 30 June 2013 of €bil. 2.2, against equity attributable to the owners of the parent of €bil. 3.3). This situation was not deemed to require impairment testing additional to that carried out when the annual consolidated financial statements at 31 December 2012 were prepared, as the share price reflects the generally depressed and highly volatile conditions of the financial markets and is decidedly different from a valuation based on the value in use. In respect of DRS, whose goodwill was tested for impairment for a value of €mil. 993 in the 2012 financial statements (to which you should refer for a more detailed analysis), it is noted that in March 2013 the U.S. Government approved the start of the sequestration process. Based on this mechanism, the difference between total cuts under the Budget Control Act and those already identified by the Congress is recovered through linear cuts across the spending capacity of each administration, excluding a few cost items. With particular reference to the Defence budget, these linear cuts totalled about USD 500 billion in the 2013 – 2021 period. The amount of the cuts attributable to each single programme and each cost item will be the result of the analyses and prioritization that will be begun by the government and the agencies affected. In preparing the financial statements at 31 December 2012, the uncertainties tied to the initiation of the sequestration process were weighted in calculating the WACC used for impairment testing. Furthermore, the results of the test were confirmed by comparing them with those arrived at using as reference a scenario in which cash flows and revenues were around 20% lower than in the base scenario. This was done based upon the best estimates possible of the overall deterioration in income and financial position that could occur as a result of the start of sequestration, using a risk premium of two percentage points to take account of the lower risk profile of the cash flows used as compared with the base scenario. To date, in the absence of progress made in the analysis and prioritisation begun by the U.S. Government and in the presence of conflicting claims about the status of the country's debt and the amount and timing of the spending cuts triggered by the sequester, as well as in light of DRS's performance, there are no significant negative changes as compared with the reference scenarios used at 31 December 2012 in performing the impairment tests, which had already incorporated the possible effects of the sequestration. Similarly, with regard to Selex ES, whose goodwill was subject to impairment amounting to €mil. 155 at 31 December 2012, it should be noted that, despite a reduction in the company's results over the corresponding prior year period, this decline had already been taken into consideration while preparing the forecasts for the impairment test at 31 December 2012. Therefore, there are no signs of further impairment losses.

7. PROPERTY, PLANT AND EQUIPMENT

The key changes regarded depreciation of €mil. 195 (Note 20) and investments of €mil. 263, as broken down below:

	Balance		*Investments*	
	30 June 2013	***31 December 2012***	***30 June 2013***	***30 June 2012***
Land and buildings	1,208	1,209	6	8
Plant and machinery	557	586	22	18
Equipment	822	801	62	43
Other	661	605	173	142
Total property, plant and equipment	**3,248**	**3,201**	**263**	**211**

There are also commitments to purchase property, plant and equipment for €mil. 158 (€mil. 137 at 31 December 2012).

8. OTHER NON-CURRENT ASSETS

	30 June 2013	*31 December 2012*
Financing to third parties	73	66
Deferred grants under Law no. 808/85	39	97
Defined benefit plan assets, net	95	121
Related party receivables (Note 25)	191	192
Other	59	73
Non-current receivables	**457**	**549**
Prepayments	10	10
Equity investments	232	232
Non-recurring costs pending under Law no. 808/1985	175	132
Other non-current assets	**417**	**374**
Total other non-current assets	**874**	**923**

The following table shows the fair value hierarchy of the Group's financial assets and liabilities valued at fair value. The fair value of derivatives (classified under other current assets and liabilities) and of current securities is determined on the basis of measurement techniques which consider directly observable market inputs (the so-called "Level 2"). In particular, the inputs used for the fair value measurement are the foreign exchange rate and interest rate (spot exchange rates and forwards). Vice versa, the fair value of the hybrid financial instruments in BCV Investments S.C.A. (classified under other non-current assets) and of the payable to Bell Helicopter (classified under other current and 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 hybrid financial instruments in BCV Investments S.C.A. was determined on the basis of the price in the binding takeover bid made in 2012 for a great part of the underlying business and is unchanged as compared with the figure at 31 December 2012. The fair value of the payable to Bell Helicopter was determined by discounting the estimated variable amounts that will be due on the basis of the commercial success of the programme.

	30 June 2013			**31 December 2012**		
	Level 2	*Level 3*	*Total*	*Level 2*	*Level 3*	*Total*
Non-current assets						
Other non-current assets		181	**181**		181	**181**
Current assets				-		
Other current assets	102		**102**	112		**112**

	30 June 2013			**31 December 2012**		
	Level 2	*Level 3*	*Total*	*Level 2*	*Level 3*	*Total*
Non-current liabilities						
Other non-current liabilities		259	**259**		248	**248**
Current liabilities						
Other current liabilities	67	44	**111**	82	41	**123**

9. TRADE RECEIVABLES (INCLUDING CONTRACT WORK IN PROGRESS)

	30 June 2013	*31 December 2012*
Receivables	4,187	4,405
Impairment	(315)	(310)
Related party receivables (Note 25)	905	955
Trade receivables	4,777	5,050
Contract work in progress	3,884	3,526
Total trade receivables and net contract work in progress	**8,661**	**8,576**

10. OTHER CURRENT ASSETS

	30 June 2013		*31 December 2012*	
Income tax receivables		154		160
Securities		3		5
Derivatives		99		107
Other current assets:		902		910
Prepaid expenses – current portion	*118*		*116*	
Receivables for grants	*103*		*96*	
Receivables from employees and social security	*52*		*53*	
Indirect tax receivables	*269*		*309*	
Deferred receivables under Law no. 808/85	*3*		*12*	
Other related party receivables (Note 25)	*18*		*6*	
Other assets	*339*		*318*	
Total other current assets		**1,158**		**1,182**

11. 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 2012	578,117,945	2,544	-	(19)	2,525
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(32,450)	-	-	-	-
30 June 2013	**578,117,945**	**2,544**	**-**	**(19)**	**2,525**

At 30 June 2013, the Ministry of Economy and Finance owned around 30.204% of the share capital, Deutsche Bank Trust Company Americas around 3.600% and the Libyan Investment Authority

(Arab Bkg Corp/Libyan Inves, Man) around 2.010% of the shares. Moreover, Grantham, Mayo, Van Otterloo & Co. LLC and Fmr LLC held around 2.045% and 2.014%, respectively, on a discretional fund management basis.

The statement of changes in other reserves and equity attributable to non-controlling interests is presented in the accounting statements section. Below is a detail of the tax effects on the gain and loss items recognised in equity:

	Group			*Non-controlling interests*		
	Amount before taxes	Tax effect	Net amount	Amount before taxes	Tax effect	Net amount
For the six months ended 30 June 2013						
Revaluation of defined-benefit plans	85	(22)	63	-	-	-
Changes in cash-flow hedges	(42)	11	(31)	1	-	1
Foreign currency translation difference	(90)	-	(90)	(2)	-	(2)
Total	**(47)**	**(11)**	**(58)**	**(1)**	**-**	**(1)**
For the six months ended 30 June 2012						
Revaluation of defined-benefit plans	(150)	39	(111)	-	-	-
Changes in cash-flow hedges	(32)	9	(23)	1	-	1
Foreign currency translation difference	144	-	144	4	-	4
Total	**(38)**	**48**	**10**	**5**	**-**	**5**

12. LOANS AND BORROWINGS

	30 June 2013		***31 December 2012***	
	Non-current	**Current**	**Non-current**	**Current**
Bonds	3,571	866	3,586	835
Bank loans and borrowings	629	1,000	641	319
Related party loans and borrowings (Note 25)	31	460	29	605
Other loans and borrowings	49	94	53	78
Total loans and borrowings	**4,280**	**2,420**	**4,309**	**1,837**

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

	30 June 2013	*of which with related parties*	***31 December 2012***	*of which with related parties*
Cash and cash equivalents	(1,239)		(2,137)	
Securities held for trading	(3)		(5)	
Liquidity	**(1,242)**		**(2,142)**	
Current loans and receivables	**(529)**	*(51)*	**(631)**	*(73)*
Current bank loans and borrowings	1,000		319	
Current portion of non-current loans and borrowings	866		835	
Other current loans and borrowings	554	*460*	683	*605*
Current financial debt	**2,420**		**1,837**	
Net current financial debt (funds)	**649**		**(936)**	
Non-current bank loans and borrowings	629		641	
Bonds issued	3,571		3,586	
Other non-current loans and borrowings	80	*31*	82	*29*
Non-current financial debt	**4,280**		**4,309**	
Net financial debt	**4,929**		**3,373**	

13. PROVISIONS FOR RISKS AND CONTINGENT LIABILITIES

	30 June 2013		***31 December 2012***	
	Non-current	**Current**	**Non-current**	**Current**
Guarantees given	60	106	70	100
Restructuring	78	85	88	127
Penalties	309	40	309	39
Product guarantees	119	112	104	114
Other	989	488	981	496
	1,555	**831**	**1,552**	**876**

With regard to the provisions for disputes, it should be underlined that the Group’s operations regard industries and markets where many disputes are settled only after a considerable period of time, especially in cases where the customer is a government entity. Pursuant to the applicable accounting standards, provisions have only been made for risks that are probable and for which the amount can be determined. Likewise, specific provisions have not been set aside for disputes in which the Group is defendant as, based on current knowledge, these disputes are reasonably expected to be resolved satisfactorily and without significantly impacting results. For any disclosure relating to these situations, for which no significant changes are reported, reference is made to the information already provided in the 2012 consolidated financial statements.

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Furthermore, it should be noted that the Explanatory Notes and the Corporate Governance Report and Shareholder Structure reported in the consolidated financial statements at 31 December 2012 provide information on the investigations carried out by the Judicial Authority against Group companies, as well as on any possible risks relating to existing contracts. With respect to the information reported in the abovementioned financial statements, to which the reader is referred for more details, the following update is provided on events that occurred in the first half of 2013.

Finmeccanica Spa – with regard to the criminal proceedings brought by the Public Prosecutor’s Office at the Court of Naples, subsequently transferred to the Public Prosecutor’s Office in Rome, concerning the supply contracts signed in 2010 by AgustaWestland, Selex Sistemi Integrati and Telespazio Argentina with the government of Panama, on 23 January 2013 the warrant regarding the remand in custody issued by the Judge for Preliminary Investigations (GIP, *Giudice per le Indagini Preliminari*) of the Court of Naples on 23 October 2012 against the former Commercial Director of the Company ceased to apply due to the lapse of time. On 10 May 2013 the Public Prosecutor’s Office at the Court of Rome notified the Company’s former Commercial Director that the preliminary investigation with regard to the violations (pursuant to Arts. 110, 319, 319-bis, 320 and 321 of the Criminal Code in relation to Art. 322-bis, paragraph 2, no. 2 of the Criminal Code) has been concluded.

Finmeccanica Spa – with regard to the criminal proceedings relating to the supply by AgustaWestland International Ltd of 12 helicopters to the Indian government brought by the Public Prosecutor’s Office at the Court of Busto Arsizio, on 12 February 2013 a search and seizure was conducted at the offices used by the Company’s top management and some of its executives to obtain paper and electronic files containing administrative, accounting, informal accounting, contractual and bank records related to the supply contract with the Indian government. The search and seizure warrant issued against the former head of Finmeccanica’s Indian office also served as the notice of indictment for the crimes provided for under Arts. 110, 319 and 322-bis of the Criminal Code. The warrant for remand in custody issued by the GIP of the Court of Busto Arsizio against the then Chairman and Chief Executive Officer of Finmeccanica was executed on that same date. On 26 March 2013, Finmeccanica was served, *inter alia*, the motion to extend the time period for conducting the preliminary investigation of the alleged crime pursuant to Art. 25 of Legislative Decree no. 231/01. On 3 May 2013, the GIP of the Court of Busto Arsizio, issued, at the request for the Public Prosecutor’s Office, an order for immediate trial (*giudizio immediato*) against the former Chairman and Chief Executive Officer of Finmeccanica; the first hearing of oral arguments (*udienza* *dibattimentale*) before the Court of Busto Arsizio was held on 19 June 2013. The proceeding has moved into the trial phase, with the next hearing scheduled for 17 September 2013. On 4 May 2013, the warrant regarding the remand in custody, which was issued on 12 February 2013, against the former Chairman and Chief Executive Officer of the Company ceased to apply due to the lapse of time. The Indian Judicial Authority also opened its own criminal investigation in late February into this matter involving 11 persons and four companies. As part of this, a search of Finmeccanica's New Delhi office was conducted on 13 March 2013.

Finmeccanica Spa - with regard to the criminal proceedings brought by the Public Prosecutor's Office at the Court of Rome concerning the supply of 45 trolley buses by BredaMenarinibus in the competitive tender launched by Roma Metropolitane S.p.A. (refer to the section below on BredaMenarinibus for more information), on 7 March 2013 the Company was served a warrant for the search and seizure of documentation relating to the internal procedures for authorizing the execution of the supply order.

Finmeccanica Spa - with regard to the investigation conducted by the Public Prosecutor's Office at the Court of Naples, on 27 March 2013, in complying with an order to produce evidence, the Company delivered administrative, accounting and contractual documentation relating to transactions between AgustaWestland and Alenia Aermacchi with a Nigerian company. In May and June 2013, the Company, to supplement the documents already produced, delivered additional documentation concerning: *i*) promotional contracts between Alenia Aermacchi and such Nigerian company; *ii*) the organisational structure and corporate procedures of Alenia Aermacchi; *iii*) the positions held by two executives within the Group.

AgustaWestland SpA - with regard to the criminal proceedings relating to the supply by AgustaWestland International Ltd of 12 helicopters to the Indian government brought by the Public Prosecutor's Office at the Court of Busto Arsizio, on 12 February 2013 a search and seizure was conducted at the offices used by the company's Chief Executive Officer and a number of the company's executives to obtain paper and electronic files containing administrative, accounting, informal accounting and contractual records, as well as the minutes and documents of the Surveillance Body, related to the supply contract. These search warrants show that the investigation involve, for various reasons, the former Chief Executive Officer, administrative director and two executives of the company. The warrant for remand in custody under house arrest issued by the GIP of the Court of Busto Arsizio against the Chief Executive Officer of AgustaWestland SpA at the time of events occurred was executed on that same date. Furthermore, the former Commercial Director of AgustaWestland, against whom a search and seizure was conducted to obtain paper and electronic files containing administrative, accounting, informal accounting, contractual and bank records related to the supply contract, is also under investigation.

On 28 March 2013, AgustaWestland SpA was served, *inter alia*, the motion to extend the time period for conducting the preliminary investigation of violations pursuant to Art. 25 of Legislative Decree no. 231/01. This motion was also directed at AgustaWestland Ltd. On 3 May 2013, the GIP of the Court of Busto Arsizio, issued, at the request for the Public Prosecutor's Office, an order for immediate trial against the former Chief Executive Officer of AgustaWestland SpA; the first hearing of oral arguments before the Court of Busto Arsizio was held on 19 June 2013. The proceeding has moved into the trial phase, with the next hearing scheduled for 17 September 2013. On 4 May 2013 the order of house arrest, which was executed on 12 February 2013, against the former Chief Executive Officer of the company ceased to apply due to the lapse of time. In relation to the recent criminal investigation opened by the Indian Judicial Authority, a search of AgustaWestland India's New Delhi office was conducted on 13 March 2013.

AgustaWestland SpA - with regard to the criminal proceedings relating to alleged tax violations brought by the Public Prosecutor's Office at the Court of Busto Arsizio, on 14 March 2013 the company was served with a search warrant aimed at gathering the administrative, accounting, non-accounting, contractual and banking documentation, both in paper and in electronic format, relating to the financial and commercial relationships maintained by the company - for the period 2007/2012 - with some suppliers. This order was also served by way of notice of investigation against the Administrative Director of the company for violations under Arts. 2 and 4 of Legislative Decree no. 74/2000.

Ansaldo STS - in relation to the collapse of a building that occurred in Naples on 4 March 2013, the Chief Executive Officer and two employees of the company were served a notice of investigation by the Public Prosecutor's Office of the Court of Naples on 7 March 2013, with regard to offences under Arts. 434 and 449 of the Criminal Code.

AnsaldoBreda SpA - with regard to the criminal proceedings brought by the Public Prosecutor's Office at the Court of Rome concerning the supply of 45 trolley buses in the competitive tender launched by Roma Metropolitane S.p.A., on 25 March 2013, the company was served a warrant to search the offices used by the company's CFO, who was the CFO of BredaMenarinibus at the time of the events, aimed at gathering the documentation proving the role played by the latter in the events under investigation.

BredaMenarinibus SpA - with regard to the criminal proceedings brought by the Public Prosecutor's Office at the Court of Rome concerning the supply of 45 trolley buses in the competitive tender launched by Roma Metropolitane SpA and awarded to a Temporary Business Partnership (ATI, *Associazione Temporanea di Impresa*) made up of companies that do not belong to the Finmeccanica Group, on 23 January 2013 the former Chief Executive Officer of the company was served with a warrant for remand in custody, which was then converted into an order for house arrest. On 7 February 2013, the company was served with an order for search and seizure aimed at gathering the accounting and contractual documentation relating to the relationships maintained with Italian Trade Center SRO, as well as a copy of the tax returns relating to the years in which the debt invoices of the aforesaid company were recorded. On 25 March 2013, the former CFO of the company was served with a notice of investigation for an offence under Art. 8 of Legislative Decree no. 74/2000.

Electron Italia Srl, 80% owned by SELEX Elsag SpA (now Selex ES SpA), in regard to the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Naples in relation to three contracts awarded to the company for the supply of video-surveillance systems for some municipalities in the province of Naples, the company was served with an order issued by the GIP of the Court of Naples concerning the preventive seizure of the amount of €6,250,000.00 pursuant to Arts. 19 and 53 of Legislative Decree no. 231/01 for the administrative violation under Art. 24-*ter* of Legislative Decree no. 231/01. The order issued by the GIP of the Court of Naples also provided for the application of personal provisional remedies against, among others, the former Chief Executive Officer as to the offences under Arts. 110, 81-paragraph 2, 326, 353 and 416 of the Criminal Code and an employee of the company as to the offences under Arts. 110, 81-paragraph 2, 326 and 353 of the Criminal Code.

On 29 January 2013, following a request for review, the Court of Naples provided for the annulment of the order for seizure and ordered the reimbursement of the sum to the company.

On 19 February 2013, the company was served with the notice of conclusion of preliminary investigations for the violation under Art. 24-*ter*, paragraph 2, of Legislative Decree no. 231/2001. On 4 April 2013, the former Chief Executive Officer of the company was served with the notice providing for the immediate trial. The first hearing of oral arguments before the Court of Naples was held on 23 May 2013. The next hearing is scheduled for 29 October 2013. On 28 May 2013, the Public Prosecutor's Office at the Court of Rome – which has jurisdiction over the investigation concerning the contract for the supply of a centralised consolidation and management system for the video-surveillance systems at the CEN in Naples – served notice that the preliminary investigations of the former CEO of Electron Italia, among others, for violations of Art. 353 of the Criminal Code have been concluded.

On 10 April 2013, the company was served with the notice that a pre-trial examination hearing was to be held on 24 May 2013 in relation to the request for committal for trial filed by the Public Prosecutor for the offence under Art. 24-*ter*, paragraph 2, of Legislative Decree no. 231/01. This order was also served on an employee of the company for violations under Arts. 353 and 326 of the Criminal Code. Following the preliminary hearing on 19 July 2013 and further to the preliminary hearing of 24 May 2013, the Preliminary Hearing Judge of the Court of Naples ordered that Electron Italia and an employee of the company be committed for trial. The hearing of the oral arguments before the Court of Naples is scheduled for 29 October 2013.

Elsag Datamat SpA (then Selex Elsag SpA, now Selex ES SpA) - with regard to the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Naples in relation to the contract for the supply of a centralised management system of video-surveillance systems at the CEN in Naples and the contract for the construction of the integrated traffic monitoring system of the city of Naples (for which the company was served, as early as 2010, with some orders for search and seizure), on 8 January 2013 the company was served with an order issued by the GIP of the Court of Naples concerning the preventive seizure of the sum of €47,255,649.82 pursuant to Arts. 19 and 53 of Legislative Decree no. 231/01 for the administrative offense under Art. 24-*ter* of Legislative Decree no. 231/01. The order issued by the GIP of the Court of Naples also provided for the application of personal precautionary measures against, among others, the former Chief Executive Officer of the then-Elsag Datamat and an employee of the company in relation to the offences under Arts. 110, 81-paragraph 2, 326, 353 and 416 of the Criminal Code and another employee of the company in relation to the offences under Arts. 110, 81-paragraph 2, 326 and 353 of the Criminal Code. On 29 January 2013, following a request for review, the Court of Naples ordered the annulment of the order for seizure and ordered the reimbursement of the sum to the company. On 19 February 2013, the company was served with the notice of conclusion of the preliminary investigations of the violation pursuant to Art. 24-*ter*, paragraph 2, of Legislative Decree no. 231/2001. The abovementioned order shows that the investigations involve the persons subject to the precautionary measures, as well as two other employees of the company. On 4 April 2013, the former Chief Executive Officer and an employee of the then-Elsag Datamat were served with the notice of the immediate trial. The first hearing of oral arguments before the Court of Naples was held on 23 May 2013. The proceedings have entered the trial phase and the next hearing is set for 29 October 2013.

On 28 May 2013, the Public Prosecutor's Office at the Court of Rome – which has jurisdiction over the investigation concerning the contract for the supply of a centralised consolidation and management system for the video-surveillance systems at the CEN in Naples – served notice that the preliminary investigations of the former CEO of the company for violations of Arts. 323 and 353 of the Criminal Code, of an executive for violations of Art. 76 of Presidential Decree no. 445/2000 with respect to Art. 483 of the Criminal Code and of a former executive of the then-Elsag Datamat for violations of Arts. 110 and 479 of the Criminal Code, among others, have been concluded.

On 10 April 2013 the company was served with notice that a pre-trial examination hearing was to be held on 24 May 2013, in relation to the request for committal for trial filed by the Public Prosecutor for the offence under Art. 24-*ter*, paragraph 2, of Legislative Decree no. 231/01. This order was also served on an employee of the company for the crimes under Arts. 353 and 326 of the Italian Criminal Code. Following the preliminary hearing on 19 July 2013 and further to the preliminary hearing of 24 May 2013, the Preliminary Hearing Judge of the Court of Naples ordered that Elsag Datamat (now Selex ES) and an employee of the company be committed for trial. The hearing of the oral arguments before the Court of Naples is scheduled for 29 October 2013.

Elsag Datamat SpA (then Selex Elsag SpA, now Selex ES SpA) – within the framework of the investigations started by the Judicial Authority in relation to three tenders launched by the Municipality of Barletta, the Municipality of Lucera and the Municipality of Maiori for the construction of access control systems for the limited traffic area –one of the company's employees received three notices of investigation for offences linked to supplies that did not conform to the requirements of the contracting authority (Arts. 353 and 356 of the Criminal Code). On 30 November 2011, with reference to the criminal proceedings concerning the construction of the system in the area of the Municipality of Barletta conducted by the Public Prosecutor's Office of Trani, the employee was served with a notice that the pre-trial examination hearing was to be held on 9 February 2012. On 12 July 2012, the Court of Trani, at the pre-trial examination hearing, ordered the employee to be committed for trial for offences linked to supplies that did not conform to the requirements of the contracting authority (Arts. 353, 356 and 483 of the Italian Criminal Code). The first hearing before the competent Court was held on 22 October 2012 and the proceeding is now in the trial phase. The next hearing is scheduled for 17 December 2013. One of the former employees of Elsag Datamat SpA (then Selex Elsag SpA, now Selex ES SpA), who at the time of the events was the "General Site Services" Manager and who now works for another Group company, received a notice of investigation issued by the Public Prosecutor's Office of the Court of Genoa for offences under Arts. 426 and 449 of the Italian Criminal Code, in relation to the overflow of the Chiaravagna River which took place in Genoa on 5 October 2010. On 5 October 2012, the former employee was served with the notice of conclusion of the preliminary investigations for offences under Arts. 426 and 449 of the Italian Criminal Code, while on 8 March 2013 he was served with notice that the pre-trial examination hearing was to be held on 16 May 2013. The next hearing is scheduled for 3 October 2013.

Selex Elsag SpA (now Selex ES SpA) - with regard to the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Florence as to the offence under Art. 16, paragraph 1, of Legislative Decree no. 96/03, on 6 March 2013 the company was served with an order demanding the delivery of a server containing a specific software programme. The former Chairman and the former Chief Executive Officer of the then-Selex Elsag and two employees of the company are under investigation.

Selex Galileo SpA (now Selex ES SpA) **-** with regard to the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Milan concerning the public financing that the company requested under the integrated package of concessions for innovation ("P.I.A. Innovazione"), on 17 July 2013, the company received the notice of conclusion of preliminary investigations into administrative violations pursuant to Art. 24 of Legislative Decree no. 231/2001. This notice was also served on two former CEOs (one of whom is currently CEO of Selex ES SpA) and eight employees of the then-Selex Galileo (now Selex ES SpA) with respect to crimes established by Arts. 81-paragraph 2, 640-bis, 483, 56 of the Criminal Code.

Selex Service Management SpA - within the context of criminal proceedings conducted by the Public Prosecutor's Office of the Court of Naples concerning the awarding of the construction and management of the Control System for Waste Tracking, SISTRI, on 17 April 2013 the company was served with an order issued by the GIP of the Court of Naples, which provided, *inter alia*, for the application of the warrant for remand in custody (then converted into the custody under house arrest) against the former Chief Executive Officer of the company for the offences under Arts. 416, 319, 320, 321 and 640-bis of the Italian Criminal Code and Arts. 2 and 8 of Legislative Decree 74/2000, as well as the preventive seizure of the sum deposited in the company's accounts that the investigated person allegedly failed to declare for tax purposes or unlawfully collected in the form of undue reimbursements, equal to €6,955,791. This order also shows that the company's Director of Operations is also under investigations for the offence established by Art. 648-bis of the Criminal Code. In response to this measure, the company conducted the required checks with the support of an independent third-party, RINA Services, and adjusted, based on the checks performed, the carrying value of its assets (€mil. 3), as well as the provisions for the related tax effects.

Selex Service Management SpA - within the context of criminal proceedings conducted by the Public Prosecutor's Office of the Court of L'Aquila, which was then transferred to the Public Prosecutor's Office of Rome, concerning a number of contracts in place between the company and Abruzzo Engineering SCpA in liquidation (30% owned by Selex Sema), on 15 May 2013 the motion filed by the Public Prosecutor's Office to extend the time period for conducting the preliminary investigation of violations of Arts. 110, 319, 323 and 640 of the Criminal Code was served on the former Chief Executive Officer, the Director of Operations, the Chief Financial Officer and two employees of the company.

Selex Sistemi Integrati SpA - within the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Rome in relation to alleged tax offences in the awarding of works contracts on the part of ENAV S.p.A., on 24 May 2012 the company was served, as victim, with notice that the pre-trial examination hearing was to be held on 22 June 2012, in relation to the request for committal for trial for the offences under Art. 8 of Legislative Decree no. 74/2000 and Arts. 110 and 646 of the Italian Criminal Code against, among others, the former Chief Executive Officer and the former Sales Manager of the company.

At the hearing held on 22 June 2012 in relation to these proceedings, Selex Sistemi Integrati formalised its appearance as an aggrieved party acting in criminal proceedings to recover damages.

By an order of 9 November 2012, the Judge for the Pre-trial examination hearing at the Court of Rome allowed the company to appear as an aggrieved party in criminal proceedings to recover damages against the accused persons, while on 23 November 2012 the Court ordered that the former Chief Executive Officer and the former Sales Manager be committed for trial. The hearing of oral arguments will be held on 22 November 2013.

In light of the foregoing and in consideration of the initial phase of the judicial proceedings and on the basis of the information gathered and of the results of the analysis carried out so far, the Directors did not allocate any specific provisions beyond those described above. The following paragraphs describe the effects, if any, of such proceedings on existing contracts. Any negative developments - which cannot be foreseen, nor determined to date - arising from any internal investigations or judicial investigations being conducted, will be subject to consistent assessment for the purposes of any further provisions.

* * * * * * * *

Given their complexity, their cutting-edge technological content and the nature of the clientele, the Group’s long-term contracts are sometimes affected by disputes with customers with regard 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. Specifically, the following contracts are affected by uncertainties and issues under discussion with customers that could carry risks not covered by existing provisions at 30 June 2013:

- the supply contract for 12 helicopters signed between AgustaWestland International Ltd and the Indian Ministry of Defence in 2010, which is the object of investigation by the Public Prosecutor’s Office of Busto Arsizio, described in more detail in the consolidated financial statements at 31 December 2012. As compared with the situation described therein, no changes have occurred with respect to the contract. With reference to this order, at 30 June 2013 the Group recognised, against a contract value equal to about €mil. 560, accumulated revenue equal to €mil. 388, compared to overall receipts equal to €mil. 250 (covered by bank guarantees to which €mil. 28 in performance bonds are added). From a financial perspective, the net assets referable to the contract under consideration were equal to €mil. 146. The recoverability of these assets is significantly affected by the regular continuation of the contractual relationship. To date, in the absence of specific objections that the customer could submit before the court, based on the analyses performed, the company considers that its own claims are fully valid. The analyses performed and assessments made will be updated as the situation develops. With regard to this contract, as more fully explained in the Explanatory Notes and the Corporate Governance Report and Shareholder Structure in the consolidated financial statement at 31 December 2012, in March 2013, an independent third-party, RINA Services S.p.A., was appointed to assess the fairness of any prices applied by IDS Infotech (India) and IDS Tunisia and the amount of services actually rendered by the abovementioned companies. The results of the activities carried out are reported below. RINA Services completed its activities on the contracts awarded by AgustaWestland SpA to IDS Infotech (India) and to IDS Tunisia from 2007 to 2012; the relevant report points out that the abovementioned suppliers have actually carried out their activity in favour of AgustaWestland SpA, that the supply activities under examination have substantially covered the period of execution of the works and that AgustaWestland SpA has used in these years, or is about to use, the technical papers (both in paper and in electronic format) that have been the object of the activity of the aforesaid suppliers. Contrary to what it had initially believed (and reported in the aforementioned Report), RINA Services SpA decided that an additional in-depth analysis by AgustaWestland is not required in light of the request by the Public Prosecutor's Office to summon the employees of RINA Services who substantially prepared the report as witnesses in the criminal proceedings before the Court of Busto Arsizio. In consideration of the foregoing, the Board of Directors of AgustaWestland S.p.A., during the meeting held on 23 July 2013, agreed upon the opportunity to carry out in any case these closer examinations, assigning the CEO the task to start a process in order to select another independent expert to whom a specific engagement will be assigned. Of course, times and costs for this new engagement will be adversely affected by the fact that the new expert will have to perform again all those activities and checks that Rina Services had already carried out;

- the contract signed between the Ministry for the Environment, Land and Sea and SELEX Service Management S.p.A. in December 2009 in relation to the design, management and maintenance of the System for Waste Tracking (SISTRI programme), currently under investigation by the Public Prosecutor's Office of Naples, the effects of which were suspended by Legislative Decree no. 83 of 22 June 2012, as converted by Law no. 134 of 7 August 2012, which provided for the postponement of the entry into operation of the system in order to allow further administrative and functional investigations to be performed by 30 June 2013. By a Decree issued by the Ministry for the Environment on 20 March 2013, it was envisaged that the programme would be gradually restarted based upon the hazardousness of waste and the size of the companies. Specifically, the Decree provides for the producers of hazardous waste with more than ten employees and for any entities and companies that manage hazardous waste to use the Sistri system starting from 1 October 2013, whereas any other companies are expected to begin using the system on 3 March 2014. The process of controlling the updating of information on companies that will begin using the system starting in October began on 30 April and will be completed on 30 September 2013. A similar check will be carried out for all the other companies between 30 September 2013 and 28 February 2014. These activities are presently under way, although the opposition of potential users and the request to simplify the system mean that further revisions are possible.

In consideration of the pending criminal proceedings, the company conducted the required verifications with the support of an independent third-party, RINA Services, and adjusted, based on the partial evidence uncovered, the carrying value of its assets (€mil. 3), as well as the provisions for the related tax effects.

At 30 June 2013, the programme reached a percentage of completion of about 70%, compared to a total contract value of €mil. 325, while the assets recognised in relation to the programme amounted to €mil. 177, to which are added the receivables that have already been assigned through non-resource factoring transactions, resulting in their derecognition for a total of €mil. 107, of which €mil. 78 has not yet been received from the factors. The recoverability of these assets depends upon the definitive entry into operation of the system in a form that will make it possible to fully cover the capital invested;

- the contracts between AnsaldoBreda and the Dutch Railways (NS) for 16 V-250 trains and with Belgian Railways (NMBS) for three trains. On 3 June 2013, the Belgian customer asked to terminate the contract, as well as to liquidate the guarantee in respect of advances paid in an amount equal to €mil. 37 and to pay damages, complaining of delivery delays and alleged defects in products delivered. The Group, in the financial statements at 30 June 2013, established a provision for the amount of said guarantee, as well as for the residual value of the assets recognised in the balance sheet, with a total charge for the first half of the year equal to €mil. 43 although we are confident that the proceedings will conclude in our favour, with the first hearing before the Court of Utrecht scheduled for 18 September 2013 during which the Court may find that the Belgian customer lacks grounds for demanding termination of the contract.

  With regard to the supply contract with the Dutch railways, it should be noted that, while the customer has expressed its intention to not continue with the contractual relationship (under which AnsaldoBreda has already delivered nine of 16 trains), it has not sent any formal notice of such. Given this circumstance, as well as the state of completion of the deliveries, no provision has been made for this contract. In this regard, €mil. 227 in total has been collected on a contract worth €mil. 329. Of the amount collected, €mil. 86 has been covered by advance bonds, while total net assets of €mil. 50 have been recognised in the financial statements at 30 June 2013.

14. EMPLOYEE BENEFITS

	30 June 2013			*31 December 2012*		
	Liabilities	***Assets***	***Net***	***Liabilities***	***Assets***	***Net***
Severance pay provision	517		517	542		542
Defined-benefit plans	288	95	193	400	121	279
Portion of the MBDA JV pension plan	95		95	101		101
Defined contribution plans	26		26	27		27
	926	**95**	**831**	**1,070**	**121**	**949**

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

	For the six months ended 30 June	
	2013	***2012***
Costs of current services	37	32
Costs booked as “personnel expenses”	37	32
Net interest income on defined-benefit plans	14	17
Costs booked as “financial expenses”	14	17
	51	**49**

15. OTHER CURRENT AND NON-CURRENT LIABILITIES

	30 June 2013		*31 December 2012*	
	Non-current	**Current**	**Non-current**	**Current**
Employee obligations	66	494	68	412
Deferred income	41	99	43	89
Amounts due to social security institutions	6	301	6	289
Payables to MED (Law no. 808/85)	289	41	287	52
Payables to MED for monopoly rights (Law no. 808/85)	113	21	103	21
Other liabilities (Law no. 808/85)	162	-	158	-
Indirect tax liabilities	-	184	-	173
Derivatives	-	67	-	82
Other payables to related parties (Note 25)	-	40	-	53
Other liabilities	294	601	295	588
	971	**1,848**	**960**	**1,759**

“Other payables” include, in particular, the payable due to Bell Helicopter of €mil. 303 (€mil. 289 at 31 December 2012) deriving from the acquisition of all manufacturing and marketing rights for the AW139 helicopter and from the acquisition of 100% of the AW609 programme. The latter amount also includes the reasonably estimated potential consideration due based on the commercial success of the programme.

16. TRADE PAYABLES (INCLUDING PROGRESS PAYMENTS AND ADVANCES FROM CUSTOMERS)

	30 June 2013	*31 December 2012*
Suppliers	4,365	5,002
Trade payables to related parties (Note 25)	185	193
Trade payables	4,550	5,195
Progress payments and advances from customers	8,236	8,707
Total trade payables	**12,786**	**13,902**

17. REVENUE

	For the six months ended 30 June	
	2013	*2012*
Revenue from sales	5,027	4,592
Revenue from services	1,116	1,635
	6,143	6,227
Change in work in progress	750	827
Revenue from related parties (Note 25)	1,058	973
Total revenue	**7,951**	**8,027**

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

18. OTHER OPERATING INCOME (EXPENSES)

	For the six months ended 30 June					
	2013			*2012*		
	Income	**Expenses**	**Net**	**Income**	**Expenses**	**Net**
Grants for research and development costs	27	-	27	36	-	36
Exchange rate differences on operating items	46	(40)	6	89	(88)	1
Indirect taxes	-	(30)	(30)	-	(25)	(25)
Restructuring costs	-	(8)	(8)	-	(3)	(3)
Reversal of / Accruals to provisions	115	(189)	(74)	85	(116)	(31)
Other operating income (expenses)	184	(155)	29	57	(42)	15
Other from/to related parties (Note 25)	2	(1)	1	2	(4)	(2)
Total	**374**	**(423)**	**(49)**	**269**	**(278)**	**(9)**

19. PURCHASES AND PERSONNEL EXPENSE

	For the six months ended 30 June			
	2013		*2012*	
Purchases		2,716		2,563
Services		2,516		2,622
Costs to related parties (Note 25)		93		105
Personnel expense		2,344		2,380
Wages, salaries and contributions	*2,129*		*2,177*	
Defined-benefit plans costs (Note 14)	*37*		*32*	
Defined contribution plans costs	*78*		*68*	
Restructuring costs	*54*		*37*	
Other personnel expenses	*46*		*66*	
Change in finished goods, work in progress and semi-finished products		(209)		(155)
Work performed by the Group and capitalised		(237)		(210)
Total purchases and personnel expense		**7,223**		**7,305**

Personnel expense fell by a net amount of €mil. 36, despite higher restructuring costs (mainly relating to the business reorganisations underway in the Defence and Security Electronics segment in particular) due to the reduction in the workforce. The average workforce at 30 June 2013 numbered 65,671 as compared with 67,965 for the same period of 2012, a reduction of 2,294 employees, while the workforce at 30 June 2013 numbered 66,782, a net decrease of 626 employees from 31 December 2012 (67,408 employees), of which 97 in Italy and 529 abroad. These reductions were mainly in the Defence and Security Electronics business segment (specifically in DRS, where the average workforce and the year-end workforce fell by 1,357 as compared with the first half of 2012 and 668 as compared with the figure at 31 December 2012) due to the mentioned rationalisation and efficiency-improvement processes underway, and to further reductions in the Aeronautics, Defence Systems and Space segments, partly offset by an increase in the Helicopters (consolidation of the Russian Closed Joint Stock Company Helivert at 50%) and Transportation business segments.

20. AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

	For the six months ended 30 June			
	2013		*2012*	
Amortisation and depreciation:				
intangible assets		154		134
- development expenses	*44*		*32*	
- non-recurring expenses	*19*		*12*	
- acquired as part of business combinations	*44*		*44*	
- other	*47*		*46*	
property, plant and equipment		195		189
Impairment losses:				
operating receivables		11		14
other assets		40		1
Total amortisation, depreciation and impairment losses		**400**		**338**

21. FINANCIAL INCOME AND EXPENSE

	For the six months ended 30 June					
	2013			*2012*		
	Income	**Expense**	**Net**	**Income**	**Expense**	**Net**
Interest	19	(187)	(168)	12	(181)	(169)
Commissions (including commissions on non-recourse items)	-	(38)	(38)	-	(33)	(33)
Fair value gains (losses) through profit or loss	38	(14)	24	53	(36)	17
Premiums (paid) received on forwards	6	(6)	-	7	(6)	1
Exchange rate differences	183	(195)	(12)	182	(187)	(5)
Net interest cost on defined-benefit plans	-	(14)	(14)	-	(17)	(17)
Financial income (expense) - related parties (Note 25)	1	(3)	(2)	5	(6)	(1)
Other financial income and expense	7	(34)	(27)	14	(18)	(4)
	254	**(491)**	**(237)**	**273**	**(484)**	**(211)**

Fair value adjustments through profit or loss can be detailed as follows:

	For the six months ended 30 June					
	2013			*2012*		
	Gains	**Losses**	**Net**	**Gains**	**Losses**	**Net**
Currency swaps	3	(5)	(2)	5	(9)	(4)
Interest rate swaps	24	-	24	34	(1)	33
Ineffective portion of hedging swaps	11	(4)	7	14	(3)	11
Embedded derivatives	-	(5)	(5)	-	(23)	(23)
	38	**(14)**	**24**	**53**	**(36)**	**17**

22. INCOME TAXES

Income tax expense can be broken down as follows:

	For the six months ended 30 June	
	2013	**2012**
IRES (corporate income tax)	(66)	(49)
IRAP (reg. tax on production)	(44)	(46)
Benefit under consolidated tax mechanism	65	55
Other income taxes	(60)	(46)
Tax related to previous periods	(5)	4
Provisions for tax disputes	(14)	(10)
Deferred tax - net	32	8
	(92)	**(84)**

23. EARNINGS PER SHARE

	For the six months ended 30 June	
	2013	*2012*
Average shares outstanding during the reporting period (in thousands)	578,118	578,118
Earnings for the period (excluding non-controlling interests) (€ million)	(79)	50
Earnings from continuing operations (excluding non-controlling interests) (€ million)	(79)	50
Basic and Diluted EPS (€)	**(0.137)**	**0.085**
Basic and Diluted EPS from continuing operations (€)	**(0.137)**	**0.085**

Earnings per share at 30 June 2013, as well as at 30 June 2012, equals the diluted EPS since no reasons exist to dilute the earnings.

24. CASH FLOWS FROM OPERATING ACTIVITIES

	For the six months ended 30 June	
	2013	*2012*
Net result	(62)	67
Amortisation, depreciation and impairment losses	400	338
Share of profits/(losses) of equity-accounted investees	12	13
Income taxes	92	84
Costs for pension plans	37	32
Net financial expense /(income)	237	211
Net allocations to the provisions for risks and inventory write-downs	232	57
Other non-monetary items	4	16
Gross cash flows from operating activities	**952**	**818**

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	
	2013	*2012*
Inventories	(281)	(402)
Contract work in progress and progress payments and advances from customers	(912)	(520)
Trade receivables and payables	(379)	(264)
Change in working capital	**(1,572)**	**(1,186)**

25. 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 2013	**Non-current loans and receivables**	**Other non-current receivables**	**Current loans and receivables**	**Trade receivables**	**Other current receivables**	**Total**
Unconsolidated subsidiaries						
Companies with unit amount lower than €mil. 10			8	4	1	13
Associates						
Eurofighter Jagdflugzeug GmbH				259		259
NHIndustries SAS				122		122
BCV Investments SCA	181					181
Metro 5 SpA		4	1	32		37
Iveco - Oto Melara Scarl				41		41
Abruzzo Engineering Scpa (in liq.)				22		22
Macchi Hurel Dobois SAS				11		11
Joint Stock Company Sukhoi Civil Aircraft				10		10
Orizzonte - Sistemi Navali SpA				10		10
Other entities with unit amount lower than €mil. 10		2	2	31		35
Joint ventures (*)						
GIE ATR				28	6	34
MBDA SAS			1	29	1	31
Thales Alenia Space SAS			1	18	1	20
Superjet International SpA			25	4		29
Closed Joint Stock Company Helivert				26		26
Other entities with unit amount lower than €mil. 10	3	1	11	21	7	43
Consortiums (**)						
Ferroviario Vesuviano				14		14
Other consortiums with unit amount lower than €mil. 10			2	28	2	32
Companies subject to the control or considerable influence of the MEF						
Ferrovie dello Stato Italiane				80		80
Other				115		115
Total	**184**	**7**	**51**	**905**	**18**	**1,165**
% against total for the period	***70.9***	***14.1***	***9.6***	***19.0***	***2.0***	

RECEIVABLES AT 31 December 2012	**Non-current loans and receivables**	**Other non-current receivables**	**Current loans and receivables**	**Trade receivables**	**Other current receivables**	**Total**
Unconsolidated subsidiaries						
Companies with unit amount lower than €mil. 10			16	2	1	19
Associates						
Eurofighter Jagdflugzeug GmbH				261		261
NHIndustries SAS				138		138
BCV Investments SCA	181					181
Metro 5 SpA		4	1	48		53
Iveco - Oto Melara Scarl				39		39
Abruzzo Engineering Scpa (in liq.)				22		22
Joint Stock Company Sukhoi Civil Aircraft				14		14
Other entities with unit amount lower than €mil. 10		2	1	46		49
Joint ventures (*)						
Ansaldo Energia SpA			8	10	1	19
Yeni Elektrik Uretim Anonim Sirket				21		21
MBDA SAS				29		29
GIE ATR				27		27
Thales Alenia Space SAS			3	21	1	25
Superjet International SpA			35	2		37
Other entities with unit amount lower than €mil. 10	4	1	7	10	1	23
Consortiums *(**)*						
Ferroviario Vesuviano				14		14
Other consortiums with unit amount lower than €mil. 10			2	26	2	30
Companies subject to the control or considerable influence of the MEF						
Ferrovie dello Stato Italiane				120		120
Other				105		105
Total	**185**	**7**	**73**	**955**	**6**	**1,226**
% against total for the period	***70.9***	***14.1***	***9.6***	***19.0***	***2.0***	

(*) Amounts refer to the portion not eliminated for proportionate consolidation

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

PAYABLES AT 30 June 2013	**Non-current loans and borrowings**	**Other non-current payables**	**Current loans and borrowings**	**Trade payables**	**Other current payables**	**Total**	**Guarantees**
Unconsolidated subsidiaries							
Companies with unit amount lower than €mil. 10			3	12	1	16	
Associates							
Eurofighter Jagdflugzeug GmbH			62	11		73	
Consorzio Start SpA				26		26	
Avio SpA				28		28	
Joint Stock Company Sukhoi Civil Aircraft *(***)*	15		2	15		32	
Other entities with unit amount lower than €mil. 10			3	20	6	29	
Joint ventures (*)							
MBDA SAS			266	8		274	61
Thales Alenia Space SAS			117	17		134	1
Ansaldo Energia SpA					13	13	
Telespazio SpA							217
Superjet International SpA				1	13	14	
Other entities with unit amount lower than €mil. 10				10	7	17	
Consortiums (**)							
Consortiums with unit amount lower than €mil. 10				9		9	
Companies subject to the control or considerable influence of the MEF							
Ferrovie dello Stato Italiane				19		19	
Other	16		7	9		32	
Total	**31**	**-**	**460**	**185**	**40**	**716**	**279**
% against total for the period	***0.7***	***-***	***19.0***	***4.1***	***2.2***		

PAYABLES AT 31 December 2012	**Non-current loans and borrowings**	**Other non-current payables**	**Current loans and borrowings**	**Trade payables**	**Other current payables**	**Total**	**Guarantees**
Unconsolidated subsidiaries							
Companies with unit amount lower than €mil. 10			4	17	1	22	
Associates							
Eurofighter Jagdflugzeug GmbH			124	11		135	
Consorzio Start SpA				44		44	
Avio SpA				21		21	
Elettronica SpA				10		10	
Joint Stock Company Sukhoi Civil Aircraft *(***)*	10		1	10		21	
Iveco - Oto Melara Scarl				4	7	11	
Other entities with unit amount lower than €mil. 10			2	10		12	
Joint ventures (*)							
MBDA SAS			299	7		306	87
Thales Alenia Space SAS			151	20		171	2
GIE ATR			17	5	12	34	
Ansaldo Energia SpA					13	13	
Telespazio SpA				1	5	6	219
Superjet International SpA				1	11	12	
Other entities with unit amount lower than €mil. 10				4	2	6	
Consortiums (**)							
Consortiums with unit amount lower than €mil. 10				7	1	8	
Companies subject to the control or considerable influence of the MEF							
Companies with unit amount lower than €mil. 10	19		7	21	1	48	
Total	**29**	**-**	**605**	**193**	**53**	**880**	**308**
% against total for the period	***0.7***	***-***	***30.7***	***3.7***	***3.4***		

(***) Loans and borrowings refer to finance lease payables.

Trade receivables are commented on later, along with revenue from related parties.

Current loans and receivables from related parties mainly refer to the non-eliminated portion of receivables from joint ventures.

Non-current loans and receivables from related parties chiefly consist of financial instruments issued by the investee BCV Investments S.A. measured at fair value as a result of the early repayment clauses and the forced conversion to which these securities are subject.

Trade payables mainly refer to the non-eliminated portion of payables to joint ventures and to the Start Consortium for the supply of software for the Defence Systems and Space segments, and to the Avio group for the supply of components in the Aeronautics and Helicopters segments.

Borrowings from related parties include in particular the amount of €mil. 383 (€mil. 450 at 31 December 2012) due by Group companies to the joint ventures MBDA and Thales Alenia Space, for the unconsolidated portion, and payables of €mil. 62 (€mil. 124 at 31 December 12), to Eurofighter, of which Alenia Aeronautica owns 21%. As regards the latter, under a cash pooling agreement its surplus cash and cash equivalents at 30 June 2013 were distributed among the partners.

For the six months ended 30 June 2013	Revenue	Other operating income	Costs	Other operating expenses	Financial income	Financial expense
Unconsolidated subsidiaries						
Companies with unit amount lower than €mil. 10			11			
Associates						
Eurofighter Jagdflugzeug Gmbh	361					
NHIndustries SAS	95					
Orizzonte Sistemi Navali SpA	108					
Iveco - Oto Melara Scarl.	53		1	1		1
Macchi Hurel Dubois SAS	14					
Metro 5 SpA	12					
Other entities with unit amount lower than €mil. 10	26		31			1
Joint ventures (*)						
MBDA SAS	30					1
GIE ATR	54		22			
Thales Alenia Space SAS	15		3			
Other entities with unit amount lower than €mil. 10	22	2	8		1	
Consortiums (**) and other						
Consortiums with unit amount lower than €mil. 10	7		3			
Companies subject to the control or considerable influence of the MEF						
Ferrovie dello Stato Italiane	194		3			
Other	67		11			
Total	**1,058**	**2**	**93**	**1**	**1**	**3**
% against total for the period	***13.3***	***0.5***	***1.7***	***0.2***	***0.4***	***0.6***

For the six months ended 30 June 2012	Revenue	Other operating income	Costs	Other operating expenses	Financial income	Financial expense
Unconsolidated subsidiaries						
Companies with unit amount lower than €mil. 10			15		1	
Associates						
Eurofighter Jagdflugzeug Gmbh	302					
NHIndustries SAS	99					
Orizzonte - Sistemi Navali SpA	76					
Iveco - Oto Melara Scarl.	54		1	1		2
Consorzio Start SpA	1		14			
Macchi Hurel Dubois SAS	14					
Other entities with unit amount lower than €mil. 10	29		26			1
Joint ventures (*)						
GIE ATR	53		14			
MBDA SAS	37					3
Thales Alenia Space SAS	15		3			
Other entities with unit amount lower than €mil. 10	11	2	11		4	
Consortiums (**)						
Consortiums with unit amount lower than €mil. 10	8		3			
Companies subject to the control or considerable influence of the MEF						
Ferrovie dello Stato Italiane	205		3	3		
Other	69		15			
Total	**973**	**2**	**105**	**4**	**5**	**6**
% against total for the period	***12.1***	***0.7***	***2.1***	***1.4***	***1.8***	***1.3***

(*) Amounts refer to the portion not eliminated for proportionate consolidation.

(**) 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 the non-eliminated portion of receivables 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);
- NHIndustries in the scope of the NH90 helicopter programme;
- Metro 5 for the activities connected with the new line 5 of the Milan metro;
- Orizzonte - Sistemi Navali relating to the FREMM programme;
- the Ferrovie dello Stato Italiane group for the supply of trains and systems.

For the Board of Directors
The Chief Executive Officer and Chief Operating Officer
(Alessandro Pansa)

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 al shareholding*
				Direct	*Indirect*	
3083683 NOVA SCOTIA LIMITED	Halifax, Nova Scotia (Canada)	CAD	-		100	100
ADVANCED ACOUSTIC CONCEPTS LLC	Wilmington, Delaware (USA)	USD	-		51	51
AGUSTA AEROSPACE SERVICES AAS SA	Grace Hollogne (Belgium)	EUR	500,000		100	100
AGUSTA HOLDING BV	Amsterdam (the Netherlands)	EUR	232,400,000		100	100
AGUSTAWESTLAND TILT-ROTOR COMPANY INC.	Wilmington, Delaware (USA)	USD	-		100	100
AGUSTAWESTLAND AMERICA LLC	Wilmington, Delaware (USA)	USD	10,000		100	100
AGUSTAWESTLAND AUSTRALIA PTY LTD	Melbourne (Australia)	AUD	400,000		100	100
AGUSTAWESTLAND DO BRASIL LTDA	Sao Paulo (Brazil)	BRL	11,817,172		100	100
AGUSTAWESTLAND ESPANA SL	Madrid (Spain)	EUR	3,300		100	100
AGUSTAWESTLAND HOLDINGS LTD	Yeovil, Somerset (U.K.)	GBP	40,000		100	100
AGUSTAWESTLAND INC	New Castle,Wilmington, Delaware (USA)	USD	1,000		100	100
AGUSTAWESTLAND INDIA PRIVATE LTD	New Delhi (India)	INR	11,519,450		100	100
AGUSTAWESTLAND INTERNATIONAL LTD	Yeovil, Somerset (U.K.)	GBP	511,000		100	100
AGUSTAWESTLAND LTD	Yeovil, Somerset (UK)	GBP	1,520,304		100	100
AGUSTAWESTLAND MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	MYR	2,500,000		100	100
AGUSTAWESTLAND NORTH AMERICA INC	Wilmington, Delaware (USA)	USD	1		100	100
AGUSTAWESTLAND NV	Amsterdam (the Netherlands)	EUR	80,000	100		100
AGUSTAWESTLAND PHILADELPHIA CO	Wilmington Delaware (USA)	USD	20,000,000		100	100
AGUSTAWESTLAND POLITECNICO ADVANCED ROTORCRAFT CENTER SC A RL	Milan	EUR	400,000		80	80
AGUSTAWESTLAND PORTUGAL SA	Lisbon (Portugal)	EUR	100,000		100	100
AGUSTAWESTLAND PROPERTIES LTD	Yeovil, Somerset (U.K.)	GBP	100		100	100
AGUSTAWESTLAND SPA	Cascina Costa (Varese)	EUR	702,537,000		100	100
ALENIA AERMACCHI SPA	Venegono Superiore (Varese)	EUR	250,000,000	100		100
ALENIA AERMACCHI NORTH AMERICA INC	New Castle,Wilmington, Delaware (USA)	USD	44		100	100
ANSALDO RAILWAY SYSTEM TRADING (BEIJING) LTD	Beijing (China)	USD	1,500,000		100	40.0656
ANSALDO STS AUSTRALIA PTY LTD	Birsbane (Australia)	AUD	5,025,885		100	40.0656
ANSALDO STS BEIJING LTD	Beijing (China)	EUR	836,945		80	32.0528
ANSALDO STS CANADA INC	Kingstone, Ontario (Canada)	CAD	-		100	40.0656
ANSALDO STS DEUTSCHLAND GMBH	Munich (Germany)	EUR	26,000		100	40.0656
ANSALDO STS ESPANA SAU	Madrid (Spain)	EUR	1,500,000		100	40.0656
ANSALDO STS FINLAND OY (IN LIQ)	Helsinki (Finland)	EUR	10,000		100	40.0656
ANSALDO STS FRANCE SAS	Les Ulis (France)	EUR	5,000,000		100	40.0656
ANSALDO STS HONG KONG LTD	Kowloon Bay (China)	HKD	100,000		100	40.0656
ANSALDO STS IRELAND LTD	Co Kerry (Ireland)	EUR	100,309		100	40.0656
ANSALDO STS MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	MYR	3,000,000		100	40.0656
ANSALDO STS-SINOSA RAIL SOLUT. SOUTH AFR. (PTY) LTD	Sandton (ZA – South Africa)	ZAR	2,000		51	20.4335
ANSALDO STS SOUTHERN AFRICA (PTY) LTD	Gaborone (Botswana)	BWP	100		100	40.0656
ANSALDO STS SWEDEN AB	Solna (Sweden)	SEK	4,000,000		100	40.0656
ANSALDO STS TRANSPORTATION SYSTEMS INDIA PRIVATE LTD	Bangalore (India)	INR	3,012,915,050		100	40.0656
ANSALDO STS UK LTD	Barbican (U.K.)	GBP	1,000,000		100	40.0656
ANSALDO STS SPA	Genoa	EUR	80,000,000	40,0656		40.0656
ANSALDO STS USA INC	Wilmington, Delaware (USA)	USD	1		100	40.0656
ANSALDO STS USA INTERNATIONAL CO	Wilmington, Delaware (USA)	USD	1,000		100	40.0656
ANSALDO STS USA INTERNATIONAL PROJECTS CO	Wilmington, Delaware (USA)	USD	25,000		100	40.0656
ANSALDOBREDA ESPANA SLU	Madrid (Spain)	EUR	3,010		100	100
ANSALDOBREDA INC	Pittsburg, California (USA)	USD	5		100	100
ANSALDOBREDA SPA	Naples	EUR	55,839,139	100		100
AUTOMATISMES CONTROLES ET ETUDES ELECTRONIQUES SAS (ACELEC)	Les Ulis (France)	EUR	167,694		100	40.0656
BREDAMENARINIBUS SPA	Bologna	EUR	1,300,000	100		100
CISDEG SPA	Rome	EUR	120,000		87,5	87.5
CYBERLABS SRL	Milan	EUR	20,000		100	100
DRS C3 & AVIATION COMPANY	Wilmington, Delaware (USA)	USD	1		100	100
DRS CENGEN LLC	Wilmington, Delaware (USA)	USD	-		100	100
DRS CONSOLIDATED CONTROLS INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS DEFENSE SOLUTIONS LLC	Wilmington, Delaware (USA)	USD	-		100	100
DRS ENVIRONMENTAL SYSTEMS INC	Wilmington, Delaware (USA)	USD	2		100	100
DRS HOMELAND SECURITY SOLUTIONS INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS ICAS LLC	Wilmington, Delaware (USA)	USD	-		100	100
DRS INTERNATIONAL INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS POWER & CONTROL TECHNOLOGIES INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS POWER TECHNOLOGY INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS RADAR SYSTEMS LLC	Wilmington, Delaware (USA)	USD	-		100	100
DRS RSTA INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS SENSORS & TARGETING SYSTEMS INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS SIGNAL SOLUTIONS INC	Wilmington, Delaware (USA)	USD	10		100	100
DRS SURVEILLANCE SUPPORT SYSTEMS INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS SUSTAINMENT SYSTEMS INC	Wilmington, Delaware (USA)	USD	1,000		100	100
DRS SYSTEMS MANAGEMENT LLC	Wilmington, Delaware (USA)	USD	1		100	100
DRS TACTICAL SYSTEMS GLOBAL SERVICES INC	Plantation, Florida (USA)	USD	10		100	100
DRS TACTICAL SYSTEMS INC	Plantation, Florida (USA)	USD	200		100	100
DRS TACTICAL SYSTEMS LIMITED	Farnham, Surrey (UK)	GBP	1,000		100	100
DRS TECHNICAL SERVICES GMBH & CO KG	Baden-Wurttemberg (Germany)	EUR	-		100	100
DRS TECHNICAL SERVICES INC	Baltimora, Maryland (USA)	USD	50		100	100
DRS TECHNOLOGIES CANADA INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS TECHNOLOGIES CANADA LTD	Kanata, Ontario (Canada)	CAD	100		100	100
DRS TECHNOLOGIES SAUDI ARABIA LLC	Riyadh (Arabia Saudita)	SAR	2,000,000		49	49
DRS TECHNOLOGIES UK LIMITED	Farnham, Surrey (UK)	GBP	14,676,000		100	100
DRS TECHNOLOGIES VERWALTUNGS GMBH	Baden-Wurttemberg (Germania)	EUR	25,000		100	100
DRS TECHNOLOGIES INC	Wilmington, Delaware (USA)	USD	1		100	100
DRS TEST & ENERGY MANAGEMENT LLC	Wilmington, Delaware (USA)	USD	-		100	100
DRS TRAINING & CONTROL SYSTEMS LLC	Plantation, Florida (USA)	USD	510		100	100
DRS TSI INTERNATIONAL LLC	Wilmington, Delaware (USA)	USD	-		100	100
DRS UNMANNED TECHNOLOGIES INC	Wilmington, Delaware (USA)	USD	1		100	100
ED CONTACT SRL	Rome	EUR	600,000		100	100
ELECTRON ITALIA SRL	Rome	EUR	206,582		80	80
ELSAG NORTH AMERICA LLC	Madison, North Carolina (USA)	USD	3,000,000		100	100
ENGINEERED COIL COMPANY	Clayton, Missouri (USA)	USD	1,000		100	100
ENGINEERED ELECTRIC COMPANY	Clayton, Missouri (USA)	USD	1,000		100	100
ENGINEERED SUPPORT SYSTEMS INC	Clayton, Missouri (USA)	USD	1		100	100
E - SECURITY SRL	Montesilvano (Pescara)	EUR	128,000		7,.688	79.688
ESSI RESOURCES LLC	Louisville, Kentucky (USA)	USD	-		100	100
FATA ENGINEERING SPA	Pianezza (Turin)	EUR	1,092,000		100	100
FATA GULF CO WLL	Doha (Qatar)	QAR	200,000		49	97
FATA HUNTER INC	Riverside, California (USA)	USD	5,800,000		100	100
FATA LOGISTIC SYSTEMS SPA	Pianezza (Turin)	EUR	100,000		100	100
FATA SPA	Pianezza (Turin)	EUR	20,000,000	100		100
FINMECCANICA FINANCE SA	Luxembourg (Luxembourg)	EUR	12,371,940	100		100
FINMECCANICA GROUP REAL ESTATE SPA	Rome	EUR	49,945,983	100		100
FINMECCANICA GROUP SERVICES SPA	Rome	EUR	21,000,000	100		100
LARIMART SPA	Rome	EUR	2,500,000		60	60
LASERTEL INC	Tucson, Arizona (USA)	USD	10		100	100
LAUREL TECHNOLOGIES PARTNERSHIP	Wilmington, Delaware (USA)	USD	-		80	80
MECCANICA HOLDINGS USA INC	Wilmington, Delaware (USA)	USD	10	100		100
MECCANICA REINSURANCE SA	Luxembourg (Luxembourg)	EUR	4,000,000		100	100
NET SERVICE SRL	Bologna	EUR	110,000		70	70
ORANGEE SRL	Rome	EUR	99,000		100	100
OTO MELARA IBERICA SAU	Loriguilla, Valencia (Spain)	EUR	120,000		100	100
OTO MELARA NORTH AMERICA INC	Dover, Delaware (USA)	USD	10,000		100	100

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

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct	*Indirect*	
OTO MELARA SPA	La Spezia	EUR	92,307,722	100		100
PCA ELECTRONIC TEST LTD	Grantham, Lincolnshire (UK)	GBP	1		100	100
PIVOTAL POWER INC	Halifax, Nova Scotia (Canada)	CAD	-		100	100
REGIONALNY PARK PRZEMYSLOWY SWIDNIK SP Z OO	Mechaniczna 13 - U1, Swidnik (Poland)	PLN	7,072,000		72.0588	70.53185
SELEX COMMUNICATIONS GMBH	Backnang (Germany)	EUR	2,500,000		100	100
SELEX COMMUNICATIONS INC	San Francisco, California (USA)	USD	650,000		100	100
SELEX ELSAG LTD	Chelmsford, Essex (UK)	GBP	25,800,100		100	100
SELEX ES DO BRASIL LTDA ex SELEX COMMUNICATIONS DO BRASIL LTDA	Rio de Janeiro (Brazil)	BRL	3,621,000		100	100
SELEX ES INTERNATIONAL LTD ex SELEX ELSAG HOLDINGS LTD	Chelmsford (UK)	GBP	60,000,000		100	100
SELEX ES LTD ex SELEX GALILEO LTD	Essex (UK)	GBP	270,000,100		100	100
SELEX ES MUAS SPA ex SELEX GALILEO MUAS SPA	Rome	EUR	150,000		100	100
SELEX GALILEO INC	Wilmington, Delaware (USA)	USD	17,750,000		100	100
SELEX ES ELKTRONIK TURKEY AS ex SELEX KOMUNIKASYON AS	Golbasi (Turkey)	TRY	56,501,808		99.999	99.999
SELEX ES ROMANIA SRL ex SELEX COMMUNICATIONS ROMANIA SRL	Bucharest (Romania)	RON	42,370		99.976	99.976
SELEX ES SPA ex SELEX ELECTRONIC SYSTEMS SPA	Rome	EUR	1,000,000	100		100
SELEX SERVICE MANAGEMENT SPA	Rome	EUR	3,600,000	100		100
SELEX SISTEMI INTEGRATI SPA	Rome	EUR	143,110,986		100	100
SELEX SYSTEMS INTEGRATION GMBH	Neuss (Germany)	EUR	1,891,900		100	100
SELEX SYSTEMS INTEGRATION INC	Delaware (USA)	USD	1		100	100
SELEX SYSTEMS INTEGRATION LTD	Portsmouth, Hampshire (UK)	GBP	71,500,001		100	100
SC ELETTRA COMMUNICATIONS SA	Ploiesti (Romania)	RON	10,847,960		50.5	50.4997
SIRIO PANEL SPA	Montevarchi (Arezzo)	EUR	447,228		100	100
SO.GE.PA. - SOCIETA` GENERALE DI PARTECIPAZIONI SPA	Genoa	EUR	1,000,000	100		100
SISTEMI SOFTWARE INTEGRATI SPA	Taranto	EUR	1,664,000		100	100
T - S HOLDING CORPORATION	Dallas, Texas (USA)	USD	280,000		100	100
TECH-SYM LLC	Reno, Nevada (USA)	USD	10		100	100
UNION SWITCH & SIGNAL INC	Wilmington, Delaware (USA)	USD	1,000		100	40.0656
VEGA CONSULTING SERVICES LTD	Hertfordshire (UK)	GBP	1,098,839		100	100
VEGA DEUTSCHLAND GMBH	Cologne (Germany)	EUR	25,700		100	100
WESTLAND SUPPORT SERVICES LTD	Yeovil, Somerset (UK)	GBP	5,000		100	100
WESTLAND TRANSMISSIONS LTD	Yeovil, Somerset (UK)	GBP	1,000,100		100	100
WHITEHEAD SISTEMI SUBACQUEI SPA	Livorno	EUR	21,346,000	100		100
WING NED BV	Rotterdam (the Netherlands)	EUR	18,000		100	100
WORLD'S WING SA	Geneva (Switzerland)	CHF	120,100,000		94.944	94.944
WYTWORNIA SPRZETU KOMUNIKACYJNEGO ``PZL-SWIDNIK`` SPOLKA AKCYJNA	Aleja Lotnikow, Swidnik (Poland)	PLN	86,006,050		97.88096	97.88096
ZAKLAD OBROBKI PLASTYCZNEJ SP Z OO	Kuznicza 13 - U1, Swidnik (Poland)	PLN	3,800,000		100	97.88096

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

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct	*Indirect*	
THALES ALENIA SPACE SAS	Cannes La Bocca (France)	EUR	979,240,000	33		33
THALES ALENIA SPACE FRANCE SAS	Paris (France)	EUR	905,746,395		100	33
THALES ALENIA SPACE ITALIA SPA	Rome	EUR	204,007,999		100	33
THALES ALENIA SPACE ESPANA SA	Madrid (Spain)	EUR	4,507,500		100	33
THALES ALENIA SPACE ETCA SA	Charleroi (Belgium)	EUR	24,000,000		100	33
THALES ALENIA SPACE NORTH AMERICA INC	Wilmington (USA)	USD	200,000		100	33
THALES ALENIA SPACE DEUTHCHLAND SAS	Germany	EUR	25,000		100	33
FORMALEC SA	Paris (France)	EUR	n.a.		100	33
TELESPAZIO FRANCE SAS	Toulouse (France)	EUR	33,670,000		100	67
TELESPAZIO SPA	Rome	EUR	50,000,000		100	67
SPACEOPAL GMBH	Munich (Germany)	EUR	500,000		50	33.5
TELESPAZIO VEGA UK LTD	Welwyn Garden City, Herts (UK)	GBP	30,000,100		100	67
TELESPAZIO VEGA UK SL	Madrid (Spain)	EUR	3,100		100	67
TELESPAZIO VEGA DEUTSCHLAND GMBH	Darmstadt (Germany)	EUR	44,150		100	67
E - GEOS SPA	Matera	EUR	5,000,000		80	53.6
GAF AG	Munich (Germany)	EUR	256,000		100	53.6
EUROMAP SATELLITENDATEN-VERTRIEBSGESELLSCHAFT MBH	Neustrelitz (Germany)	EUR	127,823		100	53.6
TELESPAZIO ARGENTINA SA	Buenos Aires (Argentina)	ARS	9,900,000		100	66.958
TELESPAZIO BRASIL SA	Rio de Janeiro (Brazil)	BRL	58,724,000		98.774	66.1786
TELESPAZIO NORTH AMERICA INC	Doover, Delaware (USA)	USD	10		100	67
TELESPAZIO HUNGARY SATELLITE TELECOMMUNICATIONS LTD	Budapest (Hungary)	EUR	100,000		100	67
RARTEL SA	Bucharest (Romania)	RON	468,500		61.061	40.911
TELESPAZIO IBERICA SL	Barcelona (Spain)	EUR	2,230,262		100	67
AMSH BV	Amsterdam (the Netherlands)	EUR	36,296,316	50		50
MBDA SAS	Paris (France)	EUR	53,824,000		50	25
MBDA TREASURE COMPANY LTD	Jersey (U.K.)	EUR	290,000		100	25
MBDA FRANCE SAS	Paris (France)	EUR	36,836,000		99.99	25
MBDA INCORPORATED	Wilmington, Delaware (USA)	USD	1,000		100	25
MBDA INTERNATIONAL LTD	UK	GBP	1,000,000		100	25
MBDA ITALIA SPA	Rome	EUR	120,000,000		100	25
MBDA UK LTD	Stevenage (U.K.)	GBP	5,345,292		99.99	25
MBDA UAE LTD	London (U.K.)	GBP	100		100	25
MATRA ELECTRONIQUE SA	Paris (France)	EUR	1,525,000		99,99	25
MBDA INSURANCE LTD	Dublin (Ireland)	EUR	3,500,000		100	25
MBDA SERVICES SA	Paris (France)	EUR	38,000		99.68	24.92
MBDA DEUTSCHLAND GMBH	UnterschleiBheim(Germany)	EUR	1,001,000		100	25
BAYERN-CHEMIE GMBH	Germany	EUR	511,292		100	25
TAURUS SYSTEMS GMBH	Germany	EUR	511,292		67	16.75
TDW GMBH	Germany	EUR	2,556,459		100	25
MBDA SPAIN	Madrid (Spain)	EUR	6,300		100	25
AVIATION TRAINING INTERNATIONAL LTD	Dorset (U.K.)	GBP	550,000		50	50
ROTORSIM SRL	Sesto Calende (Varese)	EUR	9,800,000		50	50
ROTORSIM USA LLC	Wilmington, Delaware (USA)	USD	12,607,452		50	50
CLOSED JOINT STOCK COMPANY HELIVERT	Moscow (Russia)	RUR	10,000		50	50
CONSORZIO ATR GIE e SPE	Toulouse (France)	USD	-		50	50
SUPERJET INTERNATIONAL SPA	Tessera (Venice)	EUR	6,424,411		51	51
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Ampang (Malaysia)	MYR	6,000,000		40	16.0262
KAZAKHSTAN TZ-ANSALDOSTS ITALY LLP	Astana (Kazakhstan)	KZT	22,000,000		49	19.6321
ANSALDO ENERGIA SPA	Genoa	EUR	100,000,000	54.55		54.55
ANSALDO SWISS AG	Wurenlingen (Switzerland)	CHF	400,000		100	54.55
ANSALDO NUCLEARE SPA	Genoa	EUR	500,000		100	54.55
ANSALDO THOMASSEN BV	Rheden (the Netherlands)	EUR	90,800		100	54.55
ANSALDO THOMASSEN GULF LLC	Abu Dhabi (United Arab Emirates)	AED	150,000		48.667	26.548
ASIA POWER PROJECTS PRIVATE LTD	Bangalore (India)	INR	3,140,300		100	54.55
YENI AEN INSAAT ANONIM SIRKETI	Istanbul (Turkey)	TRY	5,000,000		100	54.55

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

Company name	Registered office	Currency	Share capital	% Group ownership Direct	% Group ownership Indirect	% Group shareholding
ADVANCED MALE AIRCRAFT LLC	Al Ain, Muwaiji (United Arab Emirates)	AED	200,000		49	49
AGUSTAWESTLAND UK PENSION SCHEME (TRUSTEE) LTD	Yeovil (U.K.)	GBP	1		100	100
ANSALDOBREDA FRANCE SAS (IN LIQ)	Marseilles (France)	EUR	200,000		100	100
CCRT SISTEMI SPA (IN BANKRUPTCY)	Milan	EUR	697,217		30.34	30.34
EUROPEAN SATELLITE NAVIGATION INDUSTRIES GMBH (IN LIQ)	Ottobrunn (Germany)	EUR	264,000	18.94	18.94	25.19
EUROPEAN SATELLITE NAVIGATION INDUSTRIES SA (IN LIQ)	Brussels (Belgium)	EUR	264,000	18.94	18.94	25.19
INDUSTRIE AERONAUTICHE E MECCANICHE RINALDO PIAGGIO SPA (EXTRAORD. ADMIN.)	Genoa	EUR	103,567	30.982		30.982
SAITECH SPA (IN BANKRUPTCY)	Passignano sul Trasimeno (Perugia)	EUR	2,582,284		40	40
SEL PROC SRL ex SEL PROC SCRL	Rome	EUR	300,000		100	100
SESM - SOLUZIONI EVOLUTE PER LA SISTEMISTICA E I MODELLI - SC A RL	Naples	EUR	323,440		100	100
YENI ELEKTRIK URETIM ANONIM SIRKETI	Istanbul (Turkey)	TRY	145,000,000		40	21.82

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

Company name	Registered office	Currency	Share capital	% Group ownership Direct	% Group ownership Indirect	% Group shareholding
A4ESSOR SAS	Neuilly Sur Seine (France)	EUR	100,000		21	21
ABRUZZO ENGINEERING SCPA (IN LIQ)	L'Aquila	EUR	1,100,000		30	30
ABU DHABI SYSTEMS INTEGRATION LLC	Abu Dhabi (United Arab Emirates)	AED	1,150,000		43.043	43.043
ADVANCED AIR TRAFFIC SYSTEMS SDN BHD	Darul Ehsan (Malaysia)	MYR	5,000,000		30	30
ADVANCED LOGISTICS TECHNOLOGY ENGINEERING CENTER SPA	Turin	EUR	552,223		51	16.83
AGUSTAWESTLAND AVIATION SERVICES LLC	Abu Dhabi (United Arab Emirates)	AED	10,000		30	30
ALENIA NORTH AMERICA-CANADA CO	Halifax, Nova Scotia (Canada)	CAD	1		100	100
ALIFANA DUE SCRL	Naples	EUR	25,500		53.34	21.371
ALIFANA SCRL	Naples	EUR	25,500		65.85	26.3832
ANSALDO AMERICA LATINA SA	Buenos Aires (Argentina)	ARS	150,000		99.993	54.546
ANSALDO-EMIT SCRL (IN LIQ)	Genoa	EUR	10,200		50	50
ANSALDO ENERGY INC	Wilmington, Delaware(USA)	USD	1,000		100	54.55
AUTOMATION INTEGRATED SOLUTIONS SPA	Pianezza (Turin)	EUR	100,000		40	40
BCV INVESTMENTS SCA	Luxembourg (Luxembourg)	EUR	5,446,513	14.32		14.32
BRITISH HELICOPTERS LTD	Yeovil, Somerset (U.K.)	GBP	6		100	100
CARDPRIZE TWO LIMITED	Basildon, Essex (U.K.)	GBP	1		100	100
COMLENIA SENDIRIAN BERHAD	Selangor Darul Ehsan (Malaysia)	MYR	1,500,000		30	30
CONSORZIO STABILE ANSALDO NUCLEARE CLEAR	Genoa	EUR	50,000		100	59.095
CONSORZIO START SPA	Rome	EUR	100,000		43.96	43.96
DEVELOPMENT & INNOVATION IN TRANSPORT SYSTEMS SRL	Rome	EUR	40,000		24	16.8079
DISTRETTO TECNOLOGICO AEROSPAZIALE SC A RL	Brindisi	EUR	150,000		24	24
DOGMATIX LEASING LIMITED (IN LIQ.)	Mauritius Islands	USD	2		100	50
ECOSEN CA	Caracas (Venezuela)	VEF	1,310,000		50.5	20.23
ELETTRONICA SPA	Rome	EUR	9,000,000	31.333		31.333
ELSACOM HUNGARIA KFT (IN LIQ)	Budapest (Hungary)	HUF	3,000,000		100	100
ELSACOM NV	Amsterdam (the Netherlands)	EUR	4,537,802		100	100
ELSACOM SPA (IN LIQ)	Rome	EUR	3,731,644		100	100
ELSACOM - UKRAINE JOINT STOCK COMPANY	Kiev (Ukraine)	UAH	7,945,000		49	49
EURISS NV	Leiden (the Netherlands)	EUR	500,000		25	8.25
EUROFIGHTER AIRCRAFT MANAGEMENT GMBH	Hallbergmoos (Germany)	EUR	127,823		21	21
EUROFIGHTER INTERNATIONAL LTD	London (U.K.)	GBP	2,000,000		21	21
EUROFIGHTER JAGDFLUGZEUG GMBH	Hallbergmoos (Germany)	EUR	2,556,459		21	21
EUROFIGHTER SIMULATION SYSTEMS GMBH	Unterhaching (Germany)	EUR	260,000		24	24
EUROMIDS SAS	Paris (France)	EUR	40,500		25	25
EUROSATELLITE FRANCE SA	France	EUR	40,000		100	33
EUROSYSNAV SAS	Paris (France)	EUR	40,000	50		50
EUROTECH SPA	Amaro (Udine)	EUR	8,878,946	11,08		11.08
FATA HUNTER INDIA PVT LTD	New Delhi (India)	INR	500,000		100	100
FINMECCANICA DO BRASIL LTDA	Brasilia (Brazil)	BRL	1,203,200	99.999		99.999
FINMECCANICA NORTH AMERICA INC	Dover, Delaware (USA)	USD	1,000	100		100
FINMECCANICA UK LTD	London (U.K.)	GBP	1,000	100		100
GRUPO AURENSIS SA DE CV	Bosque de Duraznos (Mexico)	MXN	50,000		100	67
IAMCO - INTERNATIONAL AEROSPACE MANAGEMENT COMPANY SCRL	Venice	EUR	208,000		25	25
ICARUS SCPA	Turin	EUR	10,268,400		49	49
IMMOBILIARE CASCINA SRL	Gallarate (Varese)	EUR	46,800		100	100
IMMOBILIARE FONTEVERDE SRL (IN LIQ)	Rome	EUR	10,200		60	48
INTERNATIONAL METRO SERVICE SRL	Milan	EUR	700,000		49	19.63
IM INTERMETRO SPA (IN LIQ)	Rome	EUR	2,461,320		33.332	23.343
IVECO - OTO MELARA SC A RL	Rome	EUR	40,000		50	50
JIANGXI CHANGHE AGUSTA HELICOPTER CO LTD	Zone Jiangxi Province (China)	USD	6,000,000		40	40
JOINT STOCK COMPANY SUKHOI CIVIL AIRCRAFT	Moscow (Russia)	RUB	3,065,725,000		25.0001	25.0001
LIBYAN ITALIAN ADVANCED TECHNOLOGY CO	Tripoli (Libya)	EUR	8,000,000	25	25	50
LMATTS LLC	Georgia (USA)	USD	100		100	100
MACCHI HUREL DUBOIS SAS	Plaisir (France)	EUR	100,000		50	49.99
METRO 5 SPA	Milan	EUR	50,000,000		31.9	17.16
METRO BRESCIA SRL	Brescia	EUR	1,020,408		24.5	12.636
MUSINET ENGINEERING SPA	Turin	EUR	520,000		49	49
N2 IMAGING SYSTEMS LLC	Wilmington, Delaware (USA)	USD	-		30	30
NGL PRIME SPA	Turin	EUR	120,000	30		30
NHINDUSTRIES (SAS)	Aix en Provence (France)	EUR	306,000		32	32
NNS - SOCIETE DE SERVICE POUR REACTEUR RAPIDE SNC	Lyon (France)	EUR	76,200		40	21.82
NOVACOM SERVICES SA	Toulouse (France)	EUR	5,217,200		39.73	26.62
ORIZZONTE - SISTEMI NAVALI SPA	Genoa	EUR	20,000,000		49	49
PEGASO SCRL (IN LIQ.)	Rome	EUR	260,000		46.87	18.778
POLARIS SRL	Genoa	EUR	100,000		49	26.73
QUADRICS LTD (IN LIQ)	Bristol (U.K.)	GBP	3,250,000		100	100
ROXEL SAS	Le Plessis Robinson (France)	EUR	52,595,100		50	12.5
SAPHIRE INTERNATIONAL AVIATION & ATC ENGINEERING CO LTD	Beijing (China)	USD	800,000		65	65
SC POLARIS - ANSERV SRL	Bucharest (Romania)	USD	50,000		20	10.91
SELEX ES AUSTRALIA PTY LTD	Canberra (Australia)	AUD	2		100	100
SELEX ES ELECTRO OPTICS (OVERSEAS) LTD ex SELEX GAL. ELEC. OPTICS (OVERSEAS) LTD	Basildon, Essex (U.K.)	GBP	15,000		100	100
SELEX ES INDIA PRIVATE LTD ex SELEX GALILEO INDIA PRIVATE LTD	New Delhi (India)	INR	30,100,000		100	100
SELEX ES INFRARED LTD ex SELEX GALILEO INFRARED LTD	Basildon, Essex (U.K.)	GBP	2		100	100
SELEX ES (PROJECTS) LTD ex SELEX GALILEO (PROJECTS) LTD	Basildon, Essex (U.K.)	GBP	100		100	100
SELEX GALILEO SAUDI ARABIA COMPANY LTD	Riyadh (Saudi Arabia)	SAR	500,000		100	100
SELEX PENSION SCHEME (TRUSTEE) LTD	Basildon, Essex (U.K.)	GBP	100		100	100
SELEX SISTEMI INTEGRATI DE VENEZUELA SA	Caracas (Venezuela)	VEF	321,000		100	100
SERVICIOS TECNICOS Y ESPECIALIZADOS Y DE INFORMACION SA DE CV	Bosque de Duraznos (Mexico)	MXN	50,000		100	67
SEVERNYJ AVTOBUS ZAO	Saint Petersburg (Russia)	RUB	84,000		35	35
SIRIO PANEL INC	Dover, Delaware (USA)	USD	10,000		100	100
SISTEMI DINAMICI SPA	S. Piero a Grado (Pisa)	EUR	200,000		40	40
SOCIETA' DI PROGETTO CONSORTILE PER AZIONI M4	Milan	EUR	120,000		32	22.4106
CONSORZIO TELAER	Rome	EUR	103,291		100	67.52
CONSORZIO TELAER - SISTEMI DI TELERILEVAMENTO AEREO	Rome	EUR	120,000		62	47.152
TELESPAZIO NEDERLAND BV (IN LIQ.)	Enschede (the Netherlands)	EUR	45,378		100	67
TURBOENERGY SRL	Ferrara	EUR	5,816,990		21.4443	11.79
WIN BLUEWATER SERVICES PRIVATE LIMITED	New Delhi (India)	INR	12,000,000		99.99	99.99
WESTERN INVESTORS TECHNOLOGY GROUP INC	Kent, Dover, Delaware (USA)	USD	100,000		24	24
WESTERN INVESTORS TECHNOLOGY GROUP LTD PARTNERSHIP	Kent, Dover, Delaware (USA)	USD	500,000		20	20
XAIT SRL	Ariccia (Rome)	EUR	50,000		100	100
ZAO ARTETRA	Moscow (Russia)	RUB	353,000		51	51

Below are the main changes in the scope of consolidation at 30 June 2013 in comparison with 30 June 2012:

Companies which entered the scope of consolidation:

Company		**Month**
Selex ES Australia PTY Ltd	newly set up	December 2012
Rotorsim USA LLC	newly acquired	January 2013
Closed Joint Stock Company Helivert	newly acquired	May 2013

Companies which left the scope of consolidation:

Company		**Month**
Canopy Technologies Inc.	deconsolidated	January 2013
Nicco Communications SAS (in liq.)	deconsolidated	January 2013
Global Military Aircraft Systems LLC (in liq.)	deconsolidated	March 2013
Trimprobe SpA (in liq.)	deconsolidated	May 2013

Merged companies:

Company		**Month**
AgustaWestland Tilt_Rotor Company LLC	merged into Agusta US Inc.	July 2012
Zaklad Narzedziowy w Swidniku SP. Z O.O.	merged into PZL Swidnik	December 2012
Selex Galileo SpA	merged into Selex ES SpA	January 2013
Selex Elsag SpA	merged into Selex ES SpA	January 2013
Selex Sistemi Integrati Do Brasil Ltda	merged into Selex ES Do Brasil Ltda	March 2013

Statement on the condensed consolidated half-year financial statements at 30 June 2013 pursuant to Art. 154-*bis*, paragraph 5 of Legislative Decree no. 58/98 as amended

1. The undersigned, Alessandro Pansa, Chief Executive Officer and Chief Operating Officer, and Gian Piero Cutillo as the Manager in charge of financial reporting for Finmeccanica Spa, 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 2013.

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 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 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, 31 July 2013

Chief Executive Officer and Chief Operating Officer (Alessandro Pansa)	Manager 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 2013

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

Auditors' report on review of condensed consolidated half-year financial statements

To the shareholders of
Finmeccanica S.p.A.

1 We have reviewed the condensed consolidated half-year financial statements of the Finmeccanica Group as at and for the six months ended 30 June 2013, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and notes thereto. 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 prepare this report based on our review.

2 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. The review consisted primarily of the collection of information about the captions of the condensed consolidated half-year financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such condensed consolidated half-year financial statements. The review excluded such audit procedures as tests of controls and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, contrary to our report on the annual consolidated financial statements, we do not express an audit opinion on the condensed consolidated half-year financial statements.

The condensed consolidated half-year financial statements present the corresponding prior year annual and condensed half-year financial statements figures for comparative purposes. As disclosed in note 4 to the financial statements, the parent's directors restated some of the comparative figures included in the prior year annual and condensed half-year financial statements. We audited such financial statements and reviewed such condensed half-year financial statements and issued our reports thereon on 30 April 2013 and 3 August 2012, respectively. We have examined the methods used to restate the prior year comparative figures and related disclosures set out in note 4 for the purposes of preparing this report.

3 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 months ended 30 June 2013 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

4 Without qualifying our opinion, we draw attention to the disclosure provided by the parent's directors in the notes to the condensed consolidated half-year financial statements describing the update of the investigations by judicial authorities involving Finmeccanica S.p.A. and certain subsidiaries, as well as some former directors and managers of these companies..

Rome, 2 August 2013

KPMG S.p.A.

(signed on the original)

Riccardo Cecchi
Director of Audit