INTERIM FINANCIAL REPORT

AT 30 SEPTEMBER 2013

FINMECCANICA

Disclaimer

This interim Financial Report at 30 September 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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Amount at 30 September 2013 and Revenues, EBITA, FOCF, ROI, ROE, EVA and R&D comparatives does not include Energia figures, reclassified into Discontinued Operation

€ million	**September 2013** [1]	**September 2012** [2]	**change**	**2012** [3]
New orders	9,440	10,140	(7%)	15,869
Order backlog	40,233	44,706	(10%)	44,908
Revenues	11,343	11,691	(3%)	16,503
EBITA	697	706	(1%)	1,015
Net Profit / (Loss)	(136)	141	n.a.	(792)
Net invested capital	8,933	9,548	(6%)	7,084
Net financial debt	5,153	4,853	6%	3,373
FOCF	(1,740)	(1,346)	(29%)	91
ROS	*6.1%*	*6.0%*	*0.1 p.p.*	*6.2%*
ROI	*11.6%*	*10.7%*	*0.9 p.p.*	*13.4%*
ROE	*(5.1%)*	*4.0%*	*(9.1) p.p.*	*(19.0%)*
EVA	(47)	(64)	27%	336
Research and development expenses	1,232	1,341	(8%)	1,912
Workforce (no.)	66,271	68,321	(3%)	67,408

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

The results at 30 September 2013 reported by the Finmeccanica Group (Group) are essentially in line with the forecasts outlined in the budget, with the exception of EBITA, which was higher thanks to the overall positive results posted by the *Aerospace and Defence*[4] business segment, which more than offset the lacklustre performance of the *Transportation*[5] business segment, a segment also responsible for the poorer performance in new orders than projected.

The positive performance of EBITA in the *Aerospace and Defence* sector reflects – given the expected reduction in volumes for the Defence and Security Electronics segment as a result of the budget cuts on the Defence of the main countries and the persisting difficulties of Selex ES in executing contracts and being competitive in specific business areas (in particular the air traffic

[1] *The performance and financial figures refer solely to continuing operation (therefore excluding Ansaldo Energia)*
[2] *The comparative data have been restated following the adoption of IAS 19 (revised). Revenues, EBITA, FOCF, ROI, ROE, EVA and R&D comparatives restated for the classification of Ansaldo Energia within Discontinued Operations*
[3] *See note 2.*
[4] *Includes the following segments: Helicopters, Defence and Security Electronics, Aeronautics, Space, Defence Systems and Other Activities, with the exception of Fata.*
[5] *Includes the Transportation segment and Fata.*

control) – the constant progress of the restructuring plans aimed at coping with this situation. On the contrary, the existing plans did not produce the assumed results in the Transportation sector, because of the crisis of AnsaldoBreda which deteriorated also due to the worsening of the contractual relations with the Belgian and Dutch railways.

Compared with the corresponding period of the previous year, new orders in the *Aerospace and Defence* segment also fell, a movement already expected due to severe cuts in the defence budgets of the Group's primary markets. Finally, with regard to cash flow, FOCF was more negative (use of cash) than in the corresponding period of 2012 and as compared with budget forecasts due in particular to the delay in collections of payments from India (forecast of more than €mil. 250 in the nine months) in respect of the AgustaWestland contract (against significant payments made for supplies in 2013) and due to the performance of AnsaldoBreda, affected in part by the outlays made in repayment of advances and lower collections on the FYRA order (Dutch-Belgian order for more than €mil. 100 including lower receipts and disbursements not provided).

Before analysing the main indicators, it should be noted that the comparative performance and cash flow figures for the nine months of 2012 have been adjusted to exclude the *Energy* segment, which has been classified among discontinued operations as a result of the decision to sell the Group's stake in Ansaldo Energia to Fondo Strategico Italiano. The operation, approved by the Board of Directors of Finmeccanica on 4 October 2013, calls for Finmeccanica to transfer 39.55% of the share capital of the company to Fondo Strategico (which will also acquire the 45% stake currently held by First Reserve) at the closing, while the remaining 15% held by Finmeccanica will be sold through put/call options between 30 June 2017 and 31 December 2017. Finmeccanica will receive €mil. 273 at the closing, while the reference price for the options will be equal to €mil. 117 capitalised at the 6% annual interest rate. Furthermore, Finmeccanica will receive an earn-out based upon the results for 2014 through 2016, up to a total of €mil. 130.

This transaction will reduce, at the closing scheduled within 31 December 2013, the indebtedness thanks to the collection deriving from the stake sold and to the deconsolidation of the net debt of Ansaldo Energia (€mil. 500), which was shown within the discontinued operations at September 2013. Moreover, Finmeccanica will account for an asset related to the remaining 15% that is subject to the abovementioned put&call options with a reference price equal to €mil. 117.

Furthermore, it should be pointed out that the results for the nine months of the year are not entirely representative of the trend for the financial year as a whole since around one-third of the Group's business occurs in the fourth quarter of the year.

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

September 2013	Aerospace and Defence	Transportation	Eliminations	Total Continuing Operations	Discontinued Operations	Total
New orders	8,171	1,284	*(15)*	9,440	*n.a.*	9,440
Order backlog	31,778	8,568	*(113)*	40,233	*n.a.*	40,233
Revenues	9,978	1,428	*(63)*	11,343	*n.a.*	11,343
EBITA	712	(15)	-	697	*n.a.*	697
ROS %	7.1%	(1.1%)	*n.a.*	6.1%	*n.a.*	6.1%
R&D	1,192	40	-	1,232	*n.a.*	1,232
Workforce (no.)	57,214	7,268	-	64,482	1,789	66,271

September 2012	Aerospace and Defence	Transportation	Eliminations	Total Continuing Operations	Discontinued Operations	Total
New orders	8,905	1,284	*(49)*	10,140	*n.a.*	10,140
Order backlog at 31 Dec. 2012	34,219	8,837	*(126)*	42,930	1,978	44,908
Revenues	10,230	1,525	*(64)*	11,691	*n.a.*	11,691
EBITA	704	2	-	706	*n.a.*	706
ROS %	6.9%	0.1%	*n.a.*	6.0%	*n.a.*	6.0%
R&D	1,305	36	-	1,341	*n.a.*	1,341
Workforce (no.) at 31 Dec. 2012	58,541	7,037	-	65,578	1,830	67,408

Change	Aerospace and Defence	Transportation	Eliminations	Total Continuing Operations	Discontinued Operations	Total
New orders (% change)	(8.2%)	0.0%	*n.a.*	(6.9%)	*n.a.*	(6.9%)
Order backlog (% change)	(7.1%)	(3.0%)	*n.a.*	(6.3%)	*n.a.*	(10.4%)
Revenues (% change)	(2.5%)	(6.4%)	*n.a.*	(3.0%)	*n.a.*	(3.0%)
EBITA (% change)	1.1%	*n.a.*	*n.a.*	(1.3%)	*n.a.*	(1.3%)
ROS % (p.p. change)	0.2 p.p.	(1.2) p.p.	*n.a.*	0.1 p.p.	*n.a.*	0.1 p.p.
R&D (% change)	(8.7%)	11.1%	*n.a.*	(8.1%)	*n.a.*	(8.1%)
Workforce (no.) (% change)	(2.3%)	3.3%	*n.a.*	(1.7%)	(2.2%)	(1.7%)

New orders decreased by €mil. 700 compared to the same period of 2012, due in particular to the reductions reported in the *Aerospace and Defence* business segment (down €mil. 734), the new orders for which were nevertheless higher than budget forecasts. 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 in their respective geographical areas.

The **order backlog** at 30 September 2013 totalled €mil. 40,233, down by €mil. 4,675 compared to 31 December 2012. This reduction is substantially attributable to the deconsolidation of Ansaldo Energia (€mil. 1,978) and 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 nine months ended 30 September* *2013*	*2012 (restated)*
€ million			
Revenues		11,343	11,691
Purchases and personnel expense	*(*)*	(10,260)	(10,541)
Amortisation and depreciation	*(**)*	(448)	(411)
Other net operating income/(expenses)	*(***)*	62	(33)
EBITA		**697**	**706**
Non-recurring income/(expenses)		(225)	-
Restructuring costs		(113)	(50)
Amortisation of intangible assets acquired as part of business combinations		(66)	(67)
EBIT		**293**	**589**
Net financial income/(expense)	*(****)*	(277)	(327)
Income taxes		(161)	(130)
Profit/(loss) associated with discontinued operations		9	9
NET PROFIT/(LOSS)		**(136)**	**141**

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.

(***) Includes "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 September 2013 totalled €mil. 11,343, down €mil. 348 from the corresponding period of the previous year. Revenues in the *Aerospace and Defence* fell by €mil. 252, mainly in *Defence and Security Electronics*, while all the other segments reported an increase in revenues.

EBITA at 30 September 2013 totalled €mil. 697, substantially in line with the corresponding period of the previous year. In particular, the *Aerospace and Defence* segment reported a better result overall (€mil. 8), despite the negative performance in *Defence and Security Electronics.* The latter reflected projected lower volumes of revenues in both components and, with regard to Selex ES, the continued difficulty in ensuring a return to adequate profit levels in certain business areas, especially in the air traffic control. Against this backdrop, the company is progressing satisfactorily in the execution of its integration and reorganisation plan with the aim of significantly rationalising of its technologies, product lines and industrial plants; the effects of the plan will be fully felt in the next financial years. Conversely, the EBITA of the *Transportation* segment fell by €mil. 17, particularly in the *vehicles* segment, which remains significantly negative, reflecting inefficiencies caused by production slowdowns and contractual charges and cost overruns on some programmes.

EBIT at 30 September 2013 deteriorated by €mil. 296, compared with the same period of 2012, due to higher non-recurring costs (€mil. 225) 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 regarding the FYRA high-speed trains involving AnsaldoBreda, and higher restructuring costs (€mil. 63) essentially attributable to the effects of the initial mobility actions under the Selex ES Reorganisation Plan, recently signed with the national trade unions.

Net financial expense showed an improvement of €mil. 50 compared with the corresponding period of 2012, essentially due to the gain (€mil. 91) on the sale of Avio's engine business in August.

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 result** for the nine months of 2013 was negative (€mil. 136), mainly due to above mentioned Ansaldo Breda non-recurring costs.

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Reclassified statement of financial position	***Note***	***30 Sept. 2013***	***31 Dec. 2012*** *(restated)*
€ million			
Non-current assets		12,525	12,725
Non-current liabilities	*(*)*	(3,602)	(3,966)
Capital assets		**8,923**	**8,759**
Inventories		5,409	5,192
Trade receivables		8,828	8,576
Trade payables		(12,665)	(13,902)
Working capital		**1,572**	**(134)**
Provisions for short-term risks and charges		(897)	(876)
Other net current assets (liabilities)	*(**)*	(665)	(665)
Net working capital		**10**	**(1,675)**
Net invested capital		**8,933**	**7,084**
Equity attributable to the Owners of the Parent		3,121	3,406
Equity attributable to Non-Controlling Interests		312	305
Equity		**3,433**	**3,711**
Net financial debt/(cash)		**5,153**	**3,373**
Net (assets)/liabilities held for sale		**347**	**-**

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 September 2013, **net invested capital** increased by €mil. 1,849, mainly as a result of the rise in **net working capital** (€mil. 1,685), attributable to the use of cash for the period, as discussed below, while **capital assets** showed a slight increase (€mil. 164), mainly due to the reduction in non-current liabilities.

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	For the nine months ended 30 September			
	2013		***2012***	
Cash and cash equivalents at 1 January	**2,137**		**1,331**	
Gross cash flows from operating activities	1,248		1,214	
Change in other operating assets and liabilities (*)	(555)		(732)	
Funds From Operations (FFO)		**693**		**482**
Change in working capital	(1,794)		(1,391)	
Cash flows used in operating activities	**(1,101)**		**(909)**	
Cash flows from ordinary investing activities	(639)		(437)	
Free Operating Cash Flow (FOCF)		**(1,740)**		**(1,346)**
Strategic transactions	-		-	
Change in other investing activities (**)	(19)		-	
Cash flows used in investing activities	**(658)**		**(437)**	
Net change in loans and borrowings	836		996	
Dividends paid	(18)		(17)	
Cash flows generated from financing activities	**818**		**979**	
Exchange rate differences and other movements	(21)		19	
Cash and cash equivalents of discontinued operations at 1 January	(186)			
Net increase in cash and cash equivalents of discontinued operations			110	
Cash and cash equivalents at 30 September	**989**		**1,093**	

(*) 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 from consolidated entities 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 in the first months of the year reveals that payments are particularly higher than collections. At 30 September 2013, FOCF was negative (use of cash) in the amount of about €mil. 1,740, a deterioration, as stated above, due in particular to the delay in collections of payments from India in respect of the AgustaWestland contract (compared with considerable payments made on orders in 2013), and the outlays made in repayment of advances and lower collections on AnsaldoBreda Fyra order. In the nine months of 2013, investment in product development was concentrated in the Aeronautics segment (around 39%), while the Helicopters segment accounted for 30% and Defence and Security Electronics for 18%.

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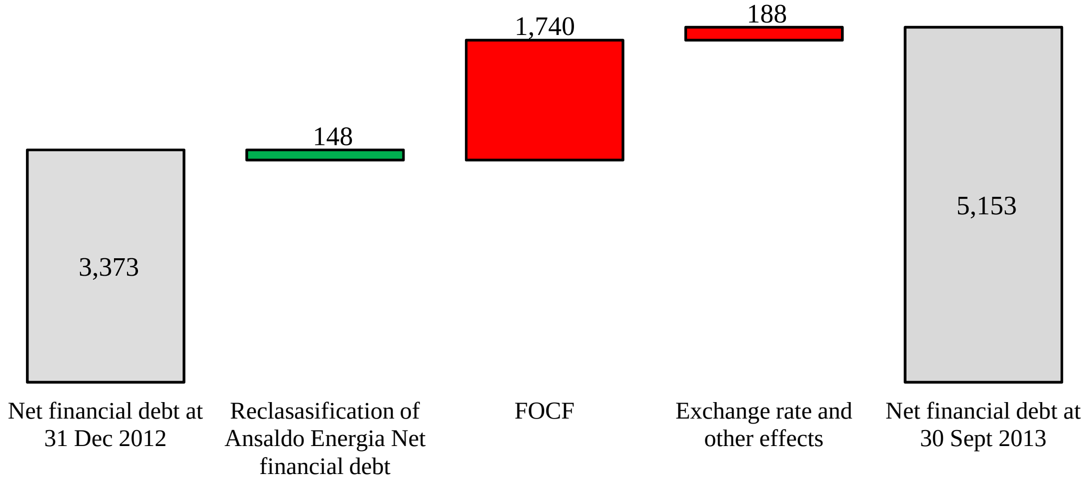
The Group's **net financial debt** (payables higher than current financial receivables and cash and cash equivalents) at 30 September 2013 was €mil. 5,153, up on the figure at 31 December 2012 (€mil. 3,373). Changes in the period were as follows:



The net financial debt breaks down as follows:

	30 September 2013	*of which current*	**31 December 2012**	*of which current*
Bonds	4,457	*902*	4,421	*835*
Bank debt	1,578	*1,156*	960	*319*
Cash and cash equivalents	(989)	*(989)*	(2,137)	*(2,137)*
Net bank debt and bonds	**5,046**		**3,244**	
Securities	(3)	*(3)*	(5)	*(5)*
Current loans and receivables from related parties	(70)	*(70)*	(73)	*(73)*
Other current loans and receivables	(436)	*(436)*	(558)	*(558)*
Current loans and receivables and securities	**(509)**		**(636)**	
Related-party loans and borrowings	465	*435*	634	*605*
Other loans and borrowings	151	*100*	131	*78*
Other loans and borrowings	**616**		**765**	
Net financial debt	**5,153**		**3,373**	
Net financial debt of Discontinued Operations	259		-	

The net financial debt at 30 September 2013 benefits from the reclassification of the negative financial position of the Ansaldo Energia group at 30 September 2013 to among assets and liabilities held for sale (€mil. 259 at 30 September 2013; €mil. 148 at 31 December 2012).

The deterioration in that figure was essentially due to the negative trend of FOCF in the period (€mil. 1,740), as mentioned above, 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. 21), 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. 739 (€mil. 632 at 30 September 2012).

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

- bonds remained substantially unchanged compared to 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 as a result 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 redemption 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. 566), to the Group companies that, for various reasons, do not fall within the scope of the centralised treasury system (€mil. 182), 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. 347 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. 361 in relation to the consolidated amount of payables to the MBDA and Thales Alenia Space joint ventures (€mil. 450 at 31 December 2012), as well as payables of €mil. 57 (€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 30 September 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 September 2013, it had been drawn upon in the amount of €mil. 950. Finmeccanica also has additional unconfirmed short-term lines of credit of €mil. 598, which had been used for €mil. 39 at 30 September 2013, as well as unconfirmed, unsecured lines of credit of approximately €mil. 1,993.

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The **workforce** at 30 September 2013 numbered 66,271, a net decrease of 1,137 employees compared to 31 December 2012. Excluding *Energy* segments employees, the workforce at 30 September 2013 numbered 64,482, a net decrease of 1,096 from 31 December 2012 (65,578), 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 nine months of 2013, the breakdown of the workforce by geographical area was substantially unchanged from 31 December 2012, with around 58% located in Italy and 42% abroad, mainly in the United Kingdom (13%), the United States of America (12%) and France (6%).

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Outlook

The results as of 30 September 2013, which no longer include Ansaldo Energia, post deconsolidation, highlight significant progress in the restructuring of the *Aerospace and Defence* businesses, which will deliver orders, revenues, EBITA and FOCF (excluding the impact deriving from the Indian contract, as explained below) in line with our expectations, notwithstanding the difficult market conditions.

The effects of the structural issues of AnsaldoBreda, whose outcome of any restructuring initiative remain unsatisfactory, have a material negative impact on Group performance.

Based on that:

- FY 2013 revenues are expected in line with the guidance provided at our FY 2012 results (within the range €b 15.9 – 16.2, after excluding the contribution by the Energy sector, which has been deconsolidated);
- due to the ongoing issues affecting AnsaldoBreda, the Group anticipates that it will not now deliver the targeted EBITA for FY 2013, notwithstanding the positive and satisfactory results by the *Aerospace & Defence* sector. The original FY 2013 EBITA guidance was €b 1.1, adjusted to €b 1 for the deconsolidation of Ansaldo Energia. The Group now expects FY 2013 EBITA to be around 5-10% lower compared to €b 1;
- the Group still anticipates a positive FOCF from the *Aerospace & Defence* sector, despite the shift of cash inflows of the Indian Helicopter contract (expected to be more than €mil. 300 in 2013). In addition, AnsaldoBreda will deliver a significantly worse cash situation, due to poor performances and also due to the lack of cash inflows and the unexpected cash outflows (repayment of advances) on the Fyra contract with Belgium and the Netherlands (totaling more than €mil. 130). As of today, the Group believes that, notwithstanding the corrective actions put in place, these issues cannot be recovered before year-end. Therefore, FOCF in aggregate is now expected to be negative, within the range - €mil. 350 – 450 (provided that there are no further developments on the Indian contract). This compares to the initial budget which was for positive FOCF of €b 0.1.

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The key performance indicators for the Aerospace and Defence segment are shown below.

September 2013	New orders	Order backlog	Revenues	EBITA	ROS %
Helicopters	2,243	10,888	3,012	411	13.6%
Defence and Security Electronics	2,865	8,010	3,471	104	3.0%
Aeronautics	2,037	8,484	2,174	148	6.8%
Space	485	2,015	729	54	7.4%
Defence Systems	784	3,270	881	79	9.0%
Eliminations/Other	*(243)*	*(889)*	*(289)*	*(84)*	*n.a.*
Total Aerospace and Defence	8,171	31,778	9,978	712	7.1%

September 2012	New orders	Order backlog at 31 Dec. 2012	Revenues	EBITA	ROS %
Helicopters	2,276	11,876	2,976	339	11.4%
Defence and Security Electronics	3,394	8,831	4,089	238	5.8%
Aeronautics	2,224	8,819	2,002	74	3.7%
Space	639	2,261	697	47	6.7%
Defence Systems	643	3,381	829	89	10.7%
Eliminations/Other	*(271)*	*(949)*	*(363)*	*(83)*	*n.a.*
Total Aerospace and Defence	8,905	34,219	10,230	704	6.9%

Change	New orders	Order backlog at 31 Dec. 2012	Revenues	EBITA	ROS %
Helicopters	(1.4%)	(8.3%)	1.2%	21.2%	2.2 p.p.
Defence and Security Electronics	(15.6%)	(9.3%)	(15.1%)	(56.3%)	(2.8) p.p.
Aeronautics	(8.4%)	(3.8%)	8.6%	100.0%	3.1 p.p.
Space	(24.1%)	(10.9%)	4.6%	14.9%	0.7 p.p.
Defence Systems	21.9%	(3.3%)	6.3%	(11.2%)	(1.7) p.p.
Eliminations/Other	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Total Aerospace and Defence	(8.2%)	(7.1%)	(2.5%)	1.10%	0.2 p.p.

Helicopters

- New orders. The figures are in line with the same period of the previous year.

  Among the most important new orders received in the nine months of 2013 are:

  - in the *military-government segment*, contracts with:

    - the government of the Republic of Korea (South Korea) for 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;

    - the Border Control Armed Forces of Malta for the supply of one AW139 helicopter in the search and rescue and border control missions configuration and related product support;
  - in the *civil-government segment,* the contracts:
    - with the Bristow Group for the supply of 11 AW189 helicopters in search and rescue configuration;
    - with Mitsui Bussan Aerospace for the supply of two AW139 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;
- Order backlog**.** At 30 September 2013, 70% of the order backlog was comprised of the *helicopter* component (new helicopters and upgrading), and of this 48% was attributable to the *civil-government segment*.
- Revenues**.** This figure was in line with 30 September 2012. Revenues broke down into 60% attributable to the *helicopter* component (new helicopters and upgrading), of which two-thirds of the orders were for the *civil-government segment* and the remaining for product support.
- EBITA. It rose by 21% over 30 September 2012 as a result of efficiency-improvement actions and the improved mix of 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 16% compared to 30 September 2012, due, in essentially equivalent amounts, to both the European and the US components, which continue to feel the impact of cuts to defence budgets, as had already been anticipated at the time of 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 a Falco system to a Middle Eastern country (€mil. 46); 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 (around €mil. 50), orders for various space programmes; orders for customer support activities;

- in the field of *Land and Naval Systems*, the order for the supply and integration of the combat management system, radar sensors, communication systems, electro-optical systems and navigation systems for the third lot of the FREMM contract; 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 radar systems; the contract for support activities for equipment in operation on the Type 23 class frigates of the British Navy (€mil. 14);
- in the field of *Security and Smart Systems*, the contract with Expo 2015 SpA to supply the security support equipment, infrastructure and services for the event; the three-year contract to provide maintenance for Poste Italiane SpA'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 (€mil. 16); the supply of the network infrastructure for the new Kuwait City airport for the Directorate General of Civil Aviation (around €mil. 40); the contract with Vietnam Air Traffic Corporation (VATM) for the supply of the new air traffic control system for the Hanoi airport.

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 programmes to upgrade 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 US Coast Guard; the order to develop and manufacture two vehicles for supporting the movement of Minuteman III missile systems used by the US Air Force ($mil. 25); orders for the supply of Tactical Quiet Generators (TQG), new-generation systems for producing electricity; additional orders for services and products under the Rapid Response Third Generation contract.

- <u>Order backlog</u>. This fell by 9% compared with 31 December 2012 as a result of a book-to-bill ratio below 1. Over 80% relates to the activities of Selex ES.
- <u>Revenues.</u> These decreased by 15% compared to the figure posted at 30 September 2012, of which about two-thirds attributable to DRS. 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 US 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; progress in the Medium Extended Air Defence System international cooperation programme; activities to improve the level of protection for Italian forward operating bases (FOB) in Afghanistan;
- *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; deliveries of Tunner systems for the loading and handling of goods; the provision of services and products for the Rapid Response contract and satellite communications services.

- <u>EBITA</u>**.** It fell by 57% compared with 30 September 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, especially in the air traffic control. Given this situation, the company continues to successfully implementing the expected integration and reorganisation plan with the aim of significantly rationalising its technologies, product lines and industrial plants; the effects of the plan will be fully felt in the next financial years. As regards DRS, the savings arising from on-going plans to improve competitiveness, efficiency and reorganisation were offset by the effects of the abovementioned decline in production volumes, causing a decline in EBITA of €mil. 56 compared to the corresponding period of the previous year.

Aeronautics

- New orders**.** These fell by 8% from 30 September 2012 due to the decline in new orders in the *military* segment for training and transport aircraft and EFA logistics, which was partly offset by the increase in new orders in the *civil* segment relating to the ATR and B787 aircraft. The most significant orders that were obtained in the nine months 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 (€mil. 163). This order falls within the scope of a wider contract that was signed between BAE Systems, in its capacity as prime contractor, and the Ministry of Defence of Oman in December 2012;
    - for the F35 (Joint Strike Fighter) programme, the LRIP 6-7 contract to supply Lockheed Martin with the first complete wing and certain components and non-recurring activity for the manufacture of production tools (€mil. 100);
    - for logistic support activities, the orders for the activities relating to the following aircraft: C27J for the Italian Air Force (€mil. 80); M346 ordered by Israel (€mil. 79); C27J for Australia (€mil. 41) and the AMX aircraft supplied to the Brazilian Air Force (€mil. 44).
  - in the *civil* segment:
    - for the ATR aircraft, the orders obtained by GIE-ATR from various airlines for 69 aircraft, including the contract signed with the Indonesian company Garuda Indonesia and the Danish leading company Nordic Aviation Capital to supply the Indonesian company with 25 aircraft; further orders from Nordic Aviation Capital for 30 aircraft and from the US company Air Lease for five aircraft;
    - for aerostructures, the additional orders for the B787, A380, ATR, B767 and A321 programmes and for the production of engine nacelles.

- Order backlog. This posted a decline of 4% compared to 31 December 2012. In particular, a considerable portion related to the EFA (36%), B787 (14%), ATR (17%), M346 (9%) and C27J (6%) programmes.
- Revenues. These rose by 9% compared to 30 September 2012 due to increased activity in the *civil* segment as a result of higher production rates for B787, ATR, A380 and A321 aircraft. In the *military* segment, the increase in revenues from defence aircraft and trainers offset the reduction in activity on transport aircraft.

  In particular, revenues were generated:

- in the *military* segment by: the continuation of work on the EFA programme related to mass production and logistic support; progress made in the production of C27J transport aircraft and M346 trainer aircraft for foreign customers; production of wing parts for the JSF programme and progress made in industrialising the assembly line;
- in the *civil* segment by*:* the continuation of production of sections of the fuselage and horizontal stabilisers for the B787 and aerostructures for the ATR, A380 and A321; for regional aircraft, the assembly of ATR aircraft and logistic support provided by the GIE-ATR consortium, and activity on the initial Superjet aircraft for the customer, Interjet, by the Superjet International joint venture.

- EBITA**.** This doubled in comparison with the previous year, in particular thanks to the benefits of renegotiating commercial agreements for certain aerostructure production, to the restructuring and reorganisation process underway, which resulted in the improvement in efficiency (with consequent benefits in terms of cost absorption) and savings on overhead costs, as well as to the release of provisions in excess for the ATR programme.

Space

- New orders. These decreased by 24% compared to 30 September 2012, mainly due to the effect of delays in receipt of certain new orders in the *manufacturing* segment. The most significant orders received during the period include:
  - engineering applications and services for maintenance operations relating to the Cosmo SkyMed system (€mil. 143);
  - the contract for the development of the ExoMars control system;
  - an initial order under the Euclid programme for the development of a satellite for exploring dark matter;
- Order backlog. This showed a decrease of 11% compared to 31 December 2012. The order backlog at 30 September 2013 was broken down into 55% for *manufacturing* activities and the residual 45% for *satellite services*.
- Revenues. These rose by 5% over the corresponding period of the previous year, mainly bolstered by the *satellite services* segment. 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 15% compared to the same period of the previous year, mainly due to higher volumes of activity and a higher profitability in the *manufacturing* segment.

Defence Systems

- New orders. These rose by 22% over 30 September 2012 across all three segments. The main orders for the period include:
  - in the *missile systems* segment, the order from the UK Ministry of Defence for the production of the Sea Ceptor defence system for Type 23 class frigates under the Future Local Area Air Defence System (FLAADS) programme; 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 Eastern country for missile systems for vehicles and various orders for customer support activities;
  - in the *land, sea and air weapons systems* segment, contracts for two 127/64 Vulcano and two Davide 76/62 naval gun systems ,4 machine guns of 25 mm and 4 Sclar rocket-launchers, for the Italian FREMM programme, the supply of J-Dam and Paveway II kits for armaments to the Italian Air Force; the sale of 40/70 mm machine gun systems to Turkey; the order for 16 Hitrole machine gun systems to the Singapore Navy 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, two TLS launch systems for light torpedoes and ship countermeasure systems (totalling €mil. 50).
- Order backlog. This showed a slight decrease (3%) compared to 31 December 2012, 63% of which related to activities in the *missile systems* segment.

- Revenues. These rose by 6% compared with the figure posted at 30 September 2012, mainly due the increase in the *missile systems* segment, while the other two segments posted slight declines. 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. There was a decrease mainly a result of the lower profit margins in the *missile systems* segment as compared with the same period of 2012.

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

September 2013	**New orders**	**Order backlog**	**Revenues**	**EBITA**	**ROS %**
Transportation	1,111	8,378	1,291	(16)	(1.2%)
Other	173	190	137	1	n.a.
Total Transportation	1,284	8,568	1,428	(15)	(1.1%)

September 2012	**New orders**	**Order backlog at 31 Dec. 2012**	**Revenues**	**EBITA**	**ROS %**
Transportation	1,244	8,679	1,384	4	0.3%
Other	40	158	141	(2)	n.a.
Total Transportation	1,284	8,837	1,525	2	0.1%

Change	**New orders**	**Order backlog at 31 Dec. 2012**	**Revenues**	**EBITA**	**ROS %**
Transportation	(10.7%)	(3.5%)	(6.7%)	n.a.	(1.5) p.p.
Other	n.a.	n.a.	n.a.	n.a.	n.a.
Total Transportation	0.0%	(3.0%)	(6.4%)	n.a.	(1.2) p.p.

Transportation

- New orders. These fell by 11% compared to the same period of the previous year, mainly attributable to fewer new orders in the *vehicles* 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 (€mil. 40); the contract for the maintenance of the high speed line Madrid-Puigverd de Lleida, in Spain (€mil. 27); the order for the installation of ERTMS Level 2 technologies on the new high-speed line that connects Tours to Bordeaux, in France (€mil. 13); 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 contract for construction of the technology portion of the Riyadh Line 3 metro in Saudi Arabia (€mil. 505); the ancillary contract related to the Milan Line 4 metro project (€mil. 47); the order to extend the Rome Line C metro (€mil. 51); contracts relating to the framework agreement signed with Rio Tinto Iron Ore, in Australia;
  - in the *vehicles* line, the contract for Sirio trams in China, orders for service activities;
  - in the *bus* line, orders for 119 buses and various after-sales orders.
- Order backlog. This decreased by 3% compared to 31 December 2012. The *signalling and transportation solutions* line accounts for 68%, while the *vehicles* line accounts for 32%.
- Revenues. These fell by 7% compared to the same period of 2012, mainly attributable to lower revenues in the *vehicles* lines, which was affected by production slowdowns on certain programmes in portfolio and by the attendant delay in the acquisition of new orders expected from national customers. 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 US; 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 74% of this line's revenues and after-sales activities.

- <u>EBITA.</u> The decrease of €mil. 20 compared to the figure at 30 September 2012 is mainly attributable to the *vehicles* line, which remains significantly negative. This trend continues to reflect the difficulties on the programmes underway with the recognition of further contractual charges and cost overruns, in addition to lower volumes of activity and the related worsening of order costs, which were influenced by significant production inefficiencies.

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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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"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 6):

	For the nine months ended 30 September	
€ million	**2013**	**2012**
EBIT	293	589
Non-recurring (income) expense	225	-
Amortisation of intangible assets acquired as part of business combinations	66	67
Restructuring costs	113	50
EBITA	**697**	**706**

Non-recurring expenses are almost exclusively related to costs accrued on contracts (mainly in Holland – Belgium) 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 26). 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.

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The group's performance in the third quarter of 2013

Condensed consolidated income statement

(€ million)	*For the three months ended 30 September* **2013**	*of which, with related parties*	*For the three months ended 30 September* **2012 (restated)**	*of which, with related parties*
Revenues	3,677	*511*	3,970	*494*
Purchases and personnel expense	(3,396)	*(2)*	(3,559)	*(60)*
Amortisation, depreciation and impairment losses	(184)		(167)	
Other net operating income/(expenses)	(60)	*1*	(10)	*1*
EBIT	**37**		**234**	
Net financial income/(expenses)	(13)		(108)	*(1)*
Share of profits/(losses) of equity-accounted investees	(20)		(3)	
Operating profit (loss) before income taxes and discontinued operations	**4**		**123**	
Income taxes	(78)		(56)	
Profit (loss) from discontinued operations	1		7	
Net profit/(loss) for the period attributable to:	**(73)**		**74**	
- owners of the parent	*(85)*		*64*	
- non-controlling interests	*12*		*10*	
Earnings/(losses) per share				
- basic and diluted	*(0.147)*		*0.111*	
- basic and diluted from continuing operation	*(0.149)*		*0.099*	

Comparative data has been restated following the adoption of IAS 19 revised (see Note 4) and the classification of Ansaldo Energia within Discontinued Operations (see Note 5).

The key performance indicators by segment are shown below:

1 July – 30 Sept. 2013	New orders	Revenues	EBITA	ROS %
Helicopters	809	967	125	12.9%
Defence and Security Electronics	1,031	1,111	31	2.8%
Aeronautics	345	713	87	12.2%
Space	199	241	18	7.5%
Defence Systems	276	288	18	6.3%
Eliminations/Other	(66)	(114)	(27)	*n.a.*
Total Aerospace and Defence	2,594	3,206	252	7.9%

1 July – 30 Sept. 2012	New orders	Revenues	EBITA	ROS %
Helicopters	496	1,064	120	11.3%
Defence and Security Electronics	1,052	1,357	95	7.0%
Aeronautics	668	684	25	3.7%
Space	398	228	17	7.5%
Defence Systems	121	265	35	13.2%
Eliminations/Other	(138)	(118)	(24)	*n.a.*
Total Aerospace and Defence	2,597	3,480	268	7.7%

Change	New orders (% change)	Revenues (% change)	EBITA (% change)	ROS % (p.p. change)
Helicopters	63.1%	(9.1%)	4.2%	*1.6 p.p.*
Defence and Security Electronics	(2.0%)	(18.1%)	(67.4%)	*(4.2) p.p.*
Aeronautics	(48.4%)	4.2%	248.0%	*8.5 p.p.*
Space	(50.0%)	5.7%	5.9%	*0.0 p.p.*
Defence Systems	128.1%	8.7%	(48.6%)	*(6.9) p.p.*
Eliminations/Other	*n.a*	*n.a*	*n.a*	*n.a*
Total Aerospace and Defence	(0.1%)	(7.9%)	(6.0%)	0.2 p.p.

1 July – 30 Sept. 2013	New orders	Revenues	EBITA	ROS %
Transportation	652	429	-	0.0%
Other	165	51	1	n.a.
Total Transportation	817	480	1	0.2%

1 July – 30 Sept. 2012	New orders	Revenues	EBITA	ROS %
Transportation	306	444	(3)	(0.7%)
Other	10	61	2	n.a.
Total Transportation	315	505	(1)	(0.2%)

Change	New orders (% change)	Revenues (% change)	EBITA (% change)	ROS % (p.p. change)
Transportation	113.1%	(3.4%)	(100.0%)	0.7 p.p.
Other	n.a	n.a	n.a	n.a
Total Transportation	158.5%	(5.0%)	(200.0%)	0.4 p.p.

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 and 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 incentivised 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 4 October 2013, the Board of Directors of Finmeccanica approved the sale of the Company's interest in Ansaldo Energia to Fondo Strategico Italiano. The interest will be sold for a fixed price of €mil. 777 and an earn-out worth up to €mil. 130 maturing over the years 2014, 2015 and 2016, linked to Ansaldo Energia's attainment of the performance targets laid out in the current business plan already approved by the company. The transaction provides for the sale of 99.55% of the share capital of Ansaldo Energia, with 84.55% (39.55% owned by Finmeccanica and 45% by First Reserve) deliverable at closing, which is expected to occur by the end of 2013. The remaining 15% stake held by Finmeccanica will be sold through a put and call option to be exercised from 30 June 2017 to 31 December 2017, based on the price of €mil. 777, capitalised at an annual compound interest rate of 6%. The sale of Ansaldo Energia contributes to consolidating Finmeccanica's capital structure and constitutes a fundamental step in the implementation of the Group's strategic plan, which envisages strengthening governance, operational and managerial restructuring and streamlining the Group's portfolio of activities. Within the broader process of restructuring and reinforcing Italy's electro-mechanical industry, Finmeccanica and Fondo Strategico Italiano have also signed a non-binding Memorandum of Understanding that envisages the entry of an industrial player in the share capital of Ansaldo Energia, identifying Doosan as the preferred partner, also considering the strategic and industrial negotiations it has entertained with Finmeccanica. In the same MoU, Finmeccanica and Fondo Strategico Italiano agreed to assess opportunities for strategic operations in the railway sector, also involving leading international players.

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 small- and medium-sized Australian enterprises within the supply chain of Finmeccanica to replace the traditional off-set obligations.

On 6 September 2013, Finmeccanica and **Polish Defense Holding** signed a Memorandum of Understanding with the intention of strengthening their collaboration in Aerospace, Defence and Security sectors in both Polish and international markets, particularly with regard to the Helicopters, Defence Systems and Space segments.

With regard to the sale of the aviation engines division of Avio SpA (indirectly held by Finmeccanica at 14.3%) to General Electric, the transaction has been completed on 1 August 2013 for an amount of €mil. 1,800.

Financial transactions

During the period ended 30 September 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. The reader is therefore invited to refer to the consolidated financial statements at 31 December 2012 for a description of the outstanding bonds issues.

In October 2013, Finmeccanica renewed for another year the EMTN programme for issuing bonds on the European institutional market, bringing the total amount to €mil. 4,000, of which around €mil. 3,500 had already been utilised for previous issues as of the date of this Report.

At the presentation date of this Report, Finmeccanica's credit ratings are as follows:

Agency	**Last update**	**Previous**		**Updated**	
		Credit Rating	*Outlook*	*Credit Rating*	*Outlook*
Moody's	September 2013	Baa3	negative	Ba1	negative
Standards & Poor's	January 2013	BBB-	negative	BB+	stable
Fitch	July 2013	BBB-	negative	BB+	negative

The changes in the assessment of Finmeccanica's creditworthiness, as described above, solely resulted in a limited increase in costs, as envisaged by the contractual terms, with regard to existing confirmed bank loans and 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 lead to cost increases and reduced volumes of loans and unsecured credit lines for future transactions.

Condensed consolidated interim financial statements

as at and for the nine months ended 30 September 2013

Condensed consolidated income statement

(€ million)	Note	For the nine months ended 30 September 2013	of which with related parties	For the nine months ended 30 September 2012 (restated)	of which with related parties
Revenue	18	11,343	1,614	11,691	1,483
Purchase and personnel expense	20	(10,362)	(116)	(10,584)	(151)
Amortisation, depreciation and impairment losses	21	(579)		(497)	
Other net operating income/(expenses)	19	(109)	1	(21)	(2)
EBIT		**293**		**589**	
Financial income/(expense)	22	(245)	(2)	(311)	(3)
Share of profits/(losses) of equity-accounted investees		(32)		(16)	
Operating profit (loss) before income taxes and discontinued operations		**16**		**262**	
Income taxes	23	(161)		(130)	
Profit (loss) from discontinued operations	24	9		9	
Net profit/(loss) for the period attributable to:		**(136)**		**141**	
- owners of the parent		*(165)*		*113*	
- non-controlling interests		*29*		*28*	
Earnings/(losses) per share	25				
- basic and diluted from continuing operations		*(0.301)*		*0.180*	
- basic and diluted from discontinued operations		*0.016*		*0.015*	
		(0.285)		*0.195*	

Comparative data has been restated following the adoption of IAS 19 revised (see Note 4) and the classification of Ansaldo Energia within Discontinued Operations (see Note 5).

Condensed consolidated statement of comprehensive income

€ million	Note	For the nine months ended 30 September 2013		2012 (restated)	
Profit (loss) for the period			**(136)**		**141**
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:	*12*		(52)		(224)
- *revaluation*		*(55)*		*(220)*	
- *exchange rate gains (losses)*		*3*		*(4)*	
- Tax effect	*12*		10		52
			(42)		(172)
Comprehensive income/expense which will or might be subsequently reclassified within the profit (loss) for the period:					
- Changes in cash flow hedges:	*12*		16		35
- *change generated in the period*		*16*		*31*	
- *transferred to the profit (loss) for the period*		*-*		*4*	
- *exchange rate gains (losses)*		*-*		*-*	
- Translation differences			(89)		103
- *change generated in the period*	*12*	*(89)*		*103*	
- *transferred to the profit (loss) for the period*				*-*	
- Tax effect	*12*		(5)		(10)
			(78)		128
Total other comprehensive income (expense), net of tax:			**(120)**		**(44)**
Total comprehensive income (expense), attributable to:			**(256)**		**97**
- *Owners of the parent*			*(282)*		*69*
- *Non-controlling interests*			*26*		*28*
Total comprehensive income (expense), attributable to Owners of the parent			**(282)**		**97**
- *from continuing operations*			*(294)*		*93*
- *from discontinued operations*	*24*		*12*		*4*

Comparative data has been restated following the adoption of IAS 19 revised (see Note 4) and the classification of Ansaldo Energia within Discontinued Operations (see Note 5).

Condensed consolidated statement of financial position

(€mil.)	*Note*	***30-Sept-13***	*of which with related parties*	***31-Dec-12*** *(restated)*	*of which with related parties*
Non-current assets					
Intangible assets	*7*	7,308		7,388	
Property, plant and equipment	*8*	3,177		3,201	
Deferred tax assets		1,135		1,213	
Other assets	*9*	905	*281*	923	*192*
		12,525		**12,725**	
Current assets					
Inventories		5,409		5,192	
Trade receivables, including net contract work in progress	*10*	8,828	*879*	8,576	*955*
Loans and receivables		506	*70*	631	*73*
Other assets	*11*	1,186	*5*	1,182	*6*
Cash and cash equivalents		989		2,137	
		16,918		**17,718**	
Non-current assets held for sale	*24*	729		-	
Total assets		**30,172**		**30,443**	
Equity					
Share capital	*12*	2,525		2,525	
Other reserves		596		881	
Equity attributable to the owners of the parent		**3,121**		**3,406**	
Equity attributable to non-controlling interests		312		305	
Total equity		**3,433**		**3,711**	
Non-current liabilities					
Loans and borrowings	*13*	4,058	*30*	4,309	*29*
Employee benefits	*15*	1,007		1,070	
Provisions for risks	*14*	1,344		1,552	
Deferred tax liabilities		291		384	
Other non-current liabilities	*16*	960		960	
		7,660		**8,275**	
Current liabilities					
Trade payables, including net progress payments and advances from customers	*17*	12,665	*170*	13,902	*193*
Loans and borrowings	*13*	2,593	*435*	1,837	*605*
Income tax payables		91		83	
Provisions for risks	*14*	897		876	
Other current liabilities	*16*	1,757	*54*	1,759	*53*
		18,003		**18,457**	
Liabilities associated with assets held for sale	*24*	1,076		-	
Total liabilities		**26,739**		**26,732**	
Total liabilities and equity		**30,172**		**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 nine months ended 30 September*			
	Note	***2013***	*of which with related parties*	***2012*** *(restated)*	*of which with related parties*
Cash flows from operating activities:					
Gross cash flows from operating activities	*26*	1,248		1,214	
Change in working capital	*26*	(1,794)	*24*	(1,391)	*30*
Change in other operating assets and liabilities, provisions for risks and charges, taxes and financial expense		(555)	*19*	(732)	*(126)*
Cash flows used in operating activities		**(1,101)**		**(909)**	
Cash flows from investing activities:					
Investments in property, plant and equipment and intangible assets		(678)		(480)	
Sales of property, plant and equipment and intangible assets		24		32	
Other investing activities		(4)	*1*	11	*1*
Cash flows used in investing activities		**(658)**		**(437)**	
Cash flows from financing activities:					
Net change in other loans and borrowings		836	*(177)*	996	*(68)*
Dividends paid		(18)		(17)	
Cash flows generated from financing activities		**818**		**979**	
Cash and cash equivalents at 1 January		2,137		1,331	
Net decrease in cash and cash equivalents		(941)		(367)	
Exchange rate differences and other changes		(21)		19	
Cash and cash equivalents of discontinued operations at 1 January		(186)		-	
Net increase in cash and cash equivalents of discontinued operations		-		110	
Cash and cash equivalents at 30 September		**989**		**1,093**	
Cash flows from operating activities of discontinued operations		(85)		(33)	
Cash flows from investing activities of discontinued operations		(23)		(25)	
Cash flows from financing activities of discontinued operations		22		168	

Comparative data has been restated following the adoption of IAS 19 revised (see Note 4) and the classification of Ansaldo Energia within Discontinued Operations (see Note 5).

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		113				113	28	141
Other comprehensive income (expense)			25	(171)	102	(44)	-	(44)
Total comprehensive income (expense)	**-**	**113**	**25**	**(171)**	**102**	**69**	**28**	**97**
Dividends resolved							(17)	(17)
Total transactions with owners of the parent, recognised directly in equity							**(17)**	**(17)**
Other changes		(1)				(1)	1	-
30 September 2012	**2,525**	**2,422**	**(6)**	**(240)**	**(325)**	**4,376**	**315**	**4,691**
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		(165)				(165)	29	(136)
Other comprehensive income (expense)			10	(43)	(84)	(117)	(3)	(120)
Total comprehensive income (expense)	**-**	**(165)**	**10**	**(43)**	**(84)**	**(282)**	**26**	**(256)**
Dividends resolved							(18)	(18)
Total transactions with owners of the parent, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**(18)**	**(18)**
Other changes		(2)	1	(1)	(1)	(3)	(1)	(4)
30 September 2013	**2,525**	**1,301**	**29**	**(248)**	**(486)**	**3,121**	**312**	**3,433**

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 and Transportation (Energy segment is now classified as Discontinued Operation).

2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS

The interim financial report of the Finmeccanica Group at 30 September 2013 was prepared in accordance with Article 154-ter, paragraph 5 of Legislative Decree 58/98 (Consolidated Law on Financial Intermediation), as subsequently amended.
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 interim 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 interim financial report are unchanged from those of the 2012 annual consolidated financial statements (except for those specifically applicable to interim financial reports) and the interim financial report at 30 September 2012. The new standards applicable from 1 January 2013 reported in Note 4 below did not materially impact this interim 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.

Furthermore, following the resolution concerning the disposal of the investment in Ansaldo Energia, the Energy Group has been classified as "*Discontinued Operation*" within the income statement to this interim financial report, whilst the related assets and liabilities have been classified as "*Non-current assets held for sale*" and "*Liabilities associated with assets held for sale*" in the statement of financial position, respectively. The income statement and the statement of cash flows related to the comparative period have been restated accordingly in compliance with IFRS 5. The effects of the reclassification are set out in Note 24.

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

	At 30 September 2013		At 31 December 2012	At 30 September 2012	
	average	final	final	average	final
US dollar	1,3172	1,3505	1.3194	1,2817	1,2930
Pound sterling	0,8522	0,8361	0.8161	0,8123	0,7981

The interim financial statements at 30 September 2013 of the Finmeccanica Group were approved by the Board of Directors on 7 November 2013 and published on the same day.

Amounts are shown in millions of euros unless stated otherwise.

This interim financial report was not subject to any statutory review.

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 September 2012 and at 31 December 2012 and on the statement of financial position at 31 December 2011, 30 September 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 nine months ended 30 September 2012	-	(8)	3	**(5)**	*(0.010)*
FY 2012	-	(9)	3	**(6)**	*(0.010)*

STATEMENT OF COMPREHENSIVE INCOME	Profit (loss) for the period	Other comprehensive income (expense)	**Total comprehensive income (expense) for the period**
For the nine months ended 30 September 2012	(5)	5	-
FY 2012	(6)	6	-

STATEMENT OF FINANCIAL POSITION	**Equity**	**Deferred tax liabilities**	**Net assets for defined-benefit plans**
31 December 2011	7	2	9
30 September 2012	7	2	9
31 December 2012	8	2	10

5. POST BALANCE SHEET EVENTS

As largely described in paragraph "Industrial transactions", on 4 October 2013 the Board of Directors of Finmeccanica approved the sale of the Company's interest in Ansaldo Energia. On the whole the transaction provides for the sale of 39.55% of the company share capital to Fondo Strategico Italiano (which will acquire also 45% currently owned by First Reserve) at closing, while the remaining 15% stake held by Finmeccanica will be sold through a put and call option, between 30 June 2017 and 31 December 2017. Finmeccanica will collect, at closing, €mil. 273, while the price for the options will be €mil. 117, capitalised at an annual compound interest rate of 6%. Moreover, Finmeccanica will benefit from an earn-out maturing over the results of years 2014 – 2016, for a total of €mil. 130.

It should be noted that this transaction qualifies as a transaction of greater importance pursuant to the "Procedure for Related Parties Transactions" (article 4 of Consob Regulation no. 17221/2010) and on 11 October 2013 the related information document was published on the Finmeccanica website (www.finmeccanica.com, Governance section, Related Parties Transactions area) in accordance with law provisions.

6. 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 September 2013 is unchanged as compared with 30 September 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 (amount related to Energy segment are set out in Note 24):

For the nine months ended 30 September 2013	**Helicopters**	**Defence and Security Electronics**	**Aero-nautics**	**Space**	**Defence Systems**	**Transportation**	**Other Activities**	**Elimin-ations**	**Total**
Revenue	3,012	3,471	2,174	729	881	1,291	240	(455)	**11,343**
Inter-segment revenue *(*)*	(2)	(296)	(4)	(12)	(10)	-	(131)	455	-
Third party revenue	3,010	3,175	2,170	717	871	1,291	109	-	11,343
EBITA	**411**	**104**	**148**	**54**	**79**	**(16)**	**(83)**	**-**	**697**
Investments	198	118	257	26	21	12	26	-	**658**

For the nine months ended 30 September 2012	**Helicopters**	**Defence and Security Electronics**	**Aero-nautics**	**Space**	**Defence Systems**	**Transportation**	**Other Activities**	**Elimin-ations**	**Total**
Revenue	2,976	4,089	2,002	697	829	1,384	245	(531)	**11,691**
Inter-segment revenue *(*)*	(1)	(375)	-	(18)	(14)	(1)	(122)	531	-
Third party revenue	2,975	3,714	2,002	679	815	1,383	123	-	**11,691**
EBITA	**339**	**238**	**74**	**47**	**89**	**4**	**(85)**	**-**	**706**
Investments	163	141	257	21	22	14	27	-	**645**

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

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

For the nine months ended 30 September 2013	**Helicopters**	**Defence and Security Electronics**	**Aero-nautics**	**Space**	**Defence Systems**	**Transport ation**	**Other Activities**	**Total**
EBITA	**411**	**104**	**148**	**54**	**79**	**(16)**	**(83)**	**697**
Non-recurring income/expense						(225)		**(225)**
Amortisation of intangible assets acquired as part of business combinations	(7)	(58)	-	(1)	-	-	-	**(66)**
Restructuring costs	(2)	(85)	(18)	(2)	(2)	(2)	(2)	**(113)**
EBIT	**402**	**(39)**	**130**	**51**	**77**	**(243)**	**(85)**	**293**

For the nine months ended 30 September 2012	**Helicopters**	**Defence and Security Electronics**	**Aero-nautics**	**Space**	**Defence Systems**	**Transport ation**	**Other Activities**	**Total**
EBITA	**339**	**238**	**74**	**47**	**89**	**4**	**(85)**	**706**
Non-recurring income/expense	-	-	-	-	-	-	-	-
Amortisation of intangible assets acquired as part of business combinations	(6)	(59)	-	(1)	(1)	-	-	**(67)**
Restructuring costs	-	(27)	-	(5)	(4)	(14)	-	**(50)**
EBIT	**333**	**152**	**74**	**41**	**84**	**(10)**	**(85)**	**589**

7. INTANGIBLE ASSETS

Key changes were related to amortisation (Note 21) of €mil. 233 and investments of €mil. 291, as broken down below:

	Balance		***Investments***	
	30 September 2013	***31 December 2012***	***30 September 2013***	***30 September 2012***
Goodwill	4,321	4,384	-	-
Development costs	603	585	82	77
Non-recurring costs	1,028	922	168	187
Concessions, licences and trademarks	395	414	5	8
Acquired through business combinations	738	818	-	-
Other intangible assets	223	265	36	41
Total intangible assets	**7,308**	**7,388**	**291**	**313**

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

In respect of goodwill, which decreased mainly as a result of exchange rate differences, it is noted that the market capitalisation of the Finmeccanica Spa share at 30 September 2013 is lower than the carrying amount of equity attributable to the owners of the parent (market capitalisation of €bil. 2.6, against equity attributable to the owners of the parent of €bil. 3.1). 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, also in light of the following increase in value of the share. 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, nor are there any in relation to the other CGUs.

8. PROPERTY, PLANT AND EQUIPMENT

The key changes regarded depreciation of €mil. 281 (Note 21) and investments of €mil. 367, as broken down below:

	Balance		*Investments*	
	30 September 2013	***31 December 2012***	***30 September 2013***	***30 September 2012***
Land and buildings	1,174	1,209	9	13
Plant and machinery	521	586	31	31
Equipment	818	801	82	65
Other	664	605	245	223
Total property, plant and equipment	**3,177**	**3,201**	**367**	**332**

There are also commitments to purchase property, plant and equipment for €mil. 149 (€mil. 137 at 31 December 2012).

9. OTHER NON-CURRENT ASSETS

	30 September 2013	***31 December 2012***
Financing to third parties	32	66
Deferred grants under Law no. 808/85	46	97
Defined benefit plan assets, net	71	121
Related party receivables (Note 27)	281	192
Other	54	73
Non-current receivables	**484**	**549**
Prepayments	8	10
Equity investments	209	232
Non-recurring costs pending under Law no. 808/1985	204	132
Other non-current assets	**421**	**374**
Total other non-current assets	**905**	**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”).

	30 September 2013			**31 December 2012**		
	Level 2	***Level 3***	***Total***	***Level 2***	***Level 3***	***Total***
Other non-current assets	-	272	**272**	-	181	**181**
Other current assets	180	-	**180**	112	-	**112**
Other non-current liabilities	-	256	**256**	-	248	**248**
Other current liabilities	50	42	**92**	82	41	**123**

10. TRADE RECEIVABLES (INCLUDING CONTRACT WORK IN PROGRESS)

	30 September 2013	*31 December 2012*
Receivables	4,053	4,405
Impairment	(312)	(310)
Related party receivables (Note 27)	879	955
Trade receivables	4,620	5,050
Contract work in progress	4,208	3,526
Total trade receivables and net contract work in progress	**8,828**	**8,576**

11. OTHER CURRENT ASSETS

	30 September 2013		*31 December 2012*	
Income tax receivables		151		160
Securities		3		5
Derivatives		177		107
Other current assets:		855		910
Prepaid expenses – current portion	*120*		*116*	
Receivables for grants	*103*		*96*	
Receivables from employees and social security	*57*		*53*	
Indirect tax receivables	*270*		*309*	
Deferred receivables under Law no. 808/85	*4*		*12*	
Other related party receivables (Note 27)	*5*		*6*	
Other assets	*296*		*318*	
Total other current assets		**1,186**		**1,182**

12. 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 September 2013	**578,117,945**	**2,544**	**-**	**(19)**	**2,525**

At 30 September 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 nine months ended 30 September 2013						
Revaluation of defined-benefit plans	(53)	10	(43)	1	-	1
Changes in cash-flow hedges	15	(5)	10	1	-	1
Foreign currency translation difference	(84)	-	(84)	(5)	-	(5)
Total	**(122)**	**5**	**(117)**	**(3)**	**-**	**(3)**
For the nine months ended 30 September 2012						
Revaluation of defined-benefit plans	(223)	52	(171)	(1)	-	(1)
Changes in cash-flow hedges	35	(10)	25	-	-	-
Foreign currency translation difference	102	-	102	1	-	1
Total	**(86)**	**42**	**(44)**	**-**	**-**	**-**

13. LOANS AND BORROWINGS

	30 September 2013		***31 December 2012***	
	Non-current	**Current**	**Non-current**	**Current**
Bonds	3,555	902	3,586	835
Bank loans and borrowings	422	1,156	641	319
Related party loans and borrowings (Note 27)	30	435	29	605
Other loans and borrowings	51	100	53	78
Total loans and borrowings	**4,058**	**2,593**	**4,309**	**1,837**

Non-current payables decreased mainly as a result of the reclassification of Ansaldo Energia within Discontinued Operations (€mil. 163 at 31 December 2012). Current payables increased following the use of the revolving credit line to finance the working capital.

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

	30 September 2013	*of which with related parties*	*31 December 2012*	*of which with related parties*
Cash and cash equivalents	(989)		(2,137)	
Securities held for trading	(3)		(5)	
Liquidity	**(992)**		**(2,142)**	
Current loans and receivables	**(506)**	*(70)*	**(631)**	*(73)*
Current bank loans and borrowings	1,156		319	
Current portion of non-current loans and borrowings	902		835	
Other current loans and borrowings	535	*435*	683	*605*
Current financial debt	**2,593**		**1,837**	
Net current financial debt (funds)	**1,095**		**(936)**	
Non-current bank loans and borrowings	422		641	
Bonds issued	3,555		3,586	
Other non-current loans and borrowings	81	*30*	82	*29*
Non-current financial debt	**4,058**		**4,309**	
Net financial debt of continuing Operations	**5,153**		**3,373**	
Net financial debt of Discontinued Operations	**259**		**-**	

14. PROVISIONS FOR RISKS AND CONTINGENT LIABILITIES

	30 September 2013		*31 December 2012*	
	Non-current	**Current**	**Non-current**	**Current**
Guarantees given	54	55	70	100
Restructuring	40	97	88	127
Penalties	305	32	309	39
Product guarantees	106	110	104	114
Other	839	603	981	496
	1,344	**897**	**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. Compared to the information already provided in the 2012 consolidated financial statements, to which reference is made, below we provide the following updates:

- with regard to discontinued operations, there is the arbitration initiated in January 2009 by Pont Ventoux Scrl against the Temporary Business Partnership (ATI, *Associazione Temporanea di Impresa*) formed by Ansaldo Energia, as representative (31%), Alstom Power Italia SpA (17%) and Voith Siemens Hydro Power Generation SpA (52%) concerning a contract worth €mil. 15 to supply two electric generators as part of the project to build a hydroelectric plant in Val di Susa (Italy). The plaintiff sought payment for alleged damages, both direct and consequential, and harm to its image, totalling about €mil. 90. It asserts that gross negligence on the part of the defendants renders the clause that limits the liability of the ATI to the contract amount inapplicable. Ansaldo Energia maintains that it supplied the products required and that it carried out its responsibilities as representative with the utmost diligence, underlining that it has nothing to do with the complaints raised by Pont Ventoux in respect of the delays and non-performance of the contract. On 6 June 2011, the court expert's report was submitted and the parties subsequently exchanged briefs. On 23 May 2013, the arbitration panel made a partial award, ordering that the court expert's report be supplemented with further information, but nevertheless denying certain damage claims and finding no existence of malice and gross negligence. Therefore, in the event the defendants are found liable, they will be required to pay damages up to the value of the contract. Subsequently, at the 12 July 2013 hearing, the panel set the deadline of 28 February 2014 for receipt of clarifications on the court expert's report;
- with regard to the contracts between AnsaldoBreda and the Belgian Railways (NMBS) for the supply of three trains and with the Dutch company NS Financial Services for 16 V-250 trains, both customers asked to terminate the contract on 30 June 2013 and 30 August 2013, respectively. In particular, NMBS also asked, beside the termination of the contract (worth €mil. 63), to liquidate the guarantee in respect of advances paid in an amount equal to €mil. 37 and compensation for damages, complaining of delivery delays and alleged defects in the products delivered. Although it disputes the validity of the termination, on 10 July 2013 AnsaldoBreda paid the amounts to liquidate the guarantee, equal to €mil. 37. On 18 September 2013, the first hearing on the matter was held. At this hearing the company argued that the defects were attributable to the poor maintenance performed by the customer and to use in adverse weather conditions that did not conform to operating guidelines. On 30 October 2013 AnsaldoBreda filed its pleading whereby it requested the joinder of the proceedings initiated by the Dutch customer as described hereunder. On 30 August 2013 NS Financial Services also requested the termination of the contract, worth €mil 329, based upon the same alleged defects complained of by the Belgian customer, asking AnsaldoBreda reimbursement of amounts already paid (equal to €mil. 213, of which €mil. 86 backed by an advance payment bond), as well as payment of penalties for delay and of other damages totalling €mil. 314. On 26 September 2013, AnsaldoBreda filed a lawsuit against the customer before the Court of Utrecht asking the court

to find that the termination is invalid and order execution of the contract and compensation for damages incurred. On 30 September 2013, the customer sent Finmeccanica a request for reimbursement of amounts already paid, as well as for payment of penalties for delay and of other damages totalling €mil. 314 by virtue of a Parent Company Guarantee given by Finmeccanica when the contract was being awarded. Following the first hearing, which took place on 30 October 2013, the Court granted NS Financial Services an extension to 11 November 2013 to file its statement of defence. On 1 November 2013, NS Financial Services served upon Finmeccanica, as the Parent Company, a writ of summons notifying that a legal action has been taken with regard to the claims stated in the aforesaid letter of 30 September 2013. In light of the foregoing, although confident that the Court's decision on the dispute will be in favour of the company, the Group has allocated a provision to cover the value of the assets entered in the 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 nine months 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. 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 first hearing of oral arguments (*udienza dibattimentale*) before the Court of Busto Arsizio was held on 19 June 2013 and the next hearing is scheduled for 26 November 2013. On 18 October 2013, Finmeccanica was served a further motion to extend the time period for conducting the preliminary investigation of violations pursuant to Art. 25 of Legislative Decree no. 231/01.

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 SpA (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 authorising 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, June and July 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 involves, for various reasons, the former Chief Executive Officer, the 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. 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. The first hearing of oral arguments before the Court of Busto Arsizio was held on 19 June 2013 and the next hearing is scheduled for 26 November 2013.

On 8 October 2013, AgustaWestland SpA and AgustaWestland Ltd were served a further motion to extend the time period for conducting the preliminary investigation of violations pursuant to Art. 25 of Legislative Decree no. 231/01.

In relation to the 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 from 2007 to 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 Energia SpA – with regard to the decision of the Court of Milan on 20 September 2011, ordering the company to pay an administrative fine of €thous. 150 for violations committed pursuant to Art. 25, paragraph 3 of Legislative Decree no. 231/2001 and ordering the confiscation of the equivalent of €mil. 98.7, the company filed an appeal on 1 February 2012. At the hearing of 24 October 2013 the Court of Appeal of Milan fully confirmed the trial court's decision. .We are awaiting the filing of the grounds which will occur within ninety days from the issue of the ruling, in order to evaluate whether to present an appeal with the Supreme Court. The company has allocated a provision for risk for an amount equal to the entire sum specified above, as discounted (€86,548,000).

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 SpA, 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. On 29 October 2013 Bredamenarinibus SpA was served a notice of request for extension of the time limit of the preliminary investigations for the unlawful act under article 25 of Legislative Decree no. 231/01.

Electron Italia Srl, 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, 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 amount of Euro 6,250,000 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 CEO 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 CEO 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 14 January 2014.

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 14 January 2014.

Electron Italia Srl, 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 Rome in relation to the "contract for the supply of a centralised consolidation and management system for the video-surveillance systems at the CEN in Naples", on 28 May 2013, the Public Prosecutor's Office 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.

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 preventive detention 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 preventive detention, 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 14 January 2014.

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 14 January 2014.

Elsag Datamat SpA (then Selex Elsag SpA, now Selex ES SpA) - in regard to the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Rome in relation to the "contract for the supply of a centralised consolidation and management system for the video-surveillance systems at the CEN in Naples", on 28 May 2013, the Public Prosecutor's Office 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.

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 6 November 2013.

Fata SpA – with regard to the criminal proceedings brought by the Public Prosecutor's Office at the Court of Turin, on 31 July 2013, the company was served a warrant to search the offices used by its Chief Operations Officer aimed at gathering files containing the designs and technical specifications of a competing company. This warrant was also served by way of notice of investigation against the Director of Operations of the company for violations under Arts. 81, 110, 615-*ter* and 623 of the Criminal Code.

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.

On 2 September 2013, the former Chairman, the former CEO (of the then-Selex Elsag) and two employees of the company were served the motion to extend the time period for conducting the preliminary investigation with regard to offences under Art. 16, paragraph 1 of Legislative Decree no. 96/03.

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 CEO of the company for the offences under Arts. 416, 319, 320, 321 and 640-*bis* of the Criminal Code and Arts. 2 and 8 of Legislative Decree no. 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 former 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.

As part of these criminal proceedings, the GIP of the Court of Naples issued, at the request of the Public Prosecutor's Office, an order for immediate trial against the former CEO of the company. The first hearing of oral arguments is scheduled for 7 November 2013. The former Director of Operations of the company was served notice that the preliminary investigations against him have been concluded.

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 SpA, 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.

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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 September 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. With reference to this order, at 30 September 2013 the Group recognised, against a contract value equal to about €mil. 560, accumulated revenue equal to €mil. 389, 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. 141. The recoverability of these assets is significantly affected by the regular continuation of the contractual relationship. To date, still unknown are the specific objections that the Indian Government could submit during arbitration, which AgustaWestland initiated on 4 October 2013 to challenge the suspension of payments, or following the information-gathering procedure started by way of the Show Case Notice sent to AgustaWestland on 21 October 2013; 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 SpA, 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. 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, an independent expert, the company Accuracy, has been engaged to conduct the necessary verifications and in-depth analysis. We expect the results of these further analyses to be available in early 2014;

- with regard to the contract signed between the Ministry for the Environment, Land and Sea and SELEX Service Management SpA 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, on 1 October 2013 operation of the system was gradually restarted following a schedule based upon the hazardousness of waste and the size of the companies. This schedule was revised by Art. 11 of Decree Law no. 101 of 31 August 2013 (converted into Law no. 125 of 30 October 2013, as amended) that, while confirming the 1 October start-up date, recognised the need for measures to simplify and rationalise the system. During this conversion it has been decided that a trial phase will be launched starting from 30 June 2014 in order to extend the application of the system to those entities and companies which collect and carry hazardous waste in urban areas. A special ministerial decree, to be enacted within 60 days from when the law becomes effective, will govern the ways in which this trial phase shall progress. This law also calls for the formation of an inspection committee that is responsible for verifying, within 60 business days of its formation, whether the system complies with the standards and the purposes envisaged by Legislative Decree no. 152/2006, and must also verify the operation of the system itself within 60 business days of the system roll-out. Once the simplification and optimisation measures above have been approved, the inspections completed, and the results of the audit of the costs are available, the Ministry for the Environment, Land and Sea will make the necessary amendments to the content, duration and business/financial plan of the contract with Selex Service Management SpA.

  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 September 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. 182, 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.

15. EMPLOYEE BENEFITS

	30 September 2013			*31 December 2012*		
	Liabilities	***Assets***	***Net***	***Liabilities***	***Assets***	***Net***
Severance pay provision	466		466	542		542
Defined-benefit plans	411	71	340	400	121	279
Portion of the MBDA JV pension plan	109		109	101		101
Defined contribution plans	21		21	27		27
	1,007	**71**	**936**	**1,070**	**121**	**949**

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

	For the nine months ended 30 September	
	2013	***2012***
Costs of current services (“personnel expenses”)	55	50
Net interest income on defined-benefit plans (“financial expenses”)	19	27
	74	**77**

16. OTHER CURRENT AND NON-CURRENT LIABILITIES

	30 September 2013		*31 December 2012*	
	Non-current	**Current**	**Non-current**	**Current**
Employee obligations	58	436	68	412
Deferred income	38	90	43	89
Amounts due to social security institutions	5	270	6	289
Payables to MED (Law no. 808/85)	289	41	287	52
Payables to MED for monopoly rights (Law no. 808/85)	118	21	103	21
Other liabilities (Law no. 808/85)	164	-	158	-
Indirect tax liabilities	-	137	-	173
Derivatives	-	50	-	82
Other payables to related parties (Note 27)	-	54	-	53
Other liabilities	288	658	295	588
	960	**1.757**	**960**	**1.759**

“Other payables” include, in particular, the payable due to Bell Helicopter of €mil. 298 (€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.

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

	30 September 2013	*31 December 2012*
Suppliers	4,202	5,002
Trade payables to related parties (Note 27)	170	193
Trade payables	4,372	5,195
Progress payments and advances from customers	8,293	8,707
Total trade payables	**12,665**	**13,902**

The main types of credit risk that characterize the activities of the Group are disclosed in Note 40 of the consolidated financial statements at 31 December 2012.

18. REVENUE

	For the nine months ended 30 September	
	2013	*2012*
Revenue from sales	7,364	6,803
Revenue from services	1,669	2,405
	9,033	9,208
Change in work in progress	696	1,000
Revenue from related parties (Note 27)	1,614	1,483
Total revenue	**11,343**	**11,691**

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

19. OTHER OPERATING INCOME (EXPENSES)

	For the nine months ended 30 September					
	2013			*2012*		
	Income	**Expenses**	**Net**	**Income**	**Expenses**	**Net**
Grants for research and development costs	40	-	40	57	-	57
Exchange rate differences on operating items	50	(50)	-	122	(131)	(9)
Indirect taxes	-	(42)	(42)	-	(36)	(36)
Restructuring costs	-	(19)	(19)	-	(8)	(8)
Reversal of / Accruals to provisions	209	(348)	(139)	96	(122)	(26)
Other operating income (expenses)	240	(190)	50	70	(67)	3
Other from/to related parties (Note 27)	3	(2)	1	3	(5)	(2)
Total	**542**	**(651)**	**(109)**	**348**	**(369)**	**(21)**

20. PURCHASES AND PERSONNEL EXPENSE

	For the nine months ended 30 September			
	2013		2012	
Purchases		3,973		3,847
Services		3,590		3,729
Costs to related parties (Note 27)		116		151
Personnel expense		3,311		3,350
Wages, salaries and contributions	*2,995*		*3,058*	
Defined-benefit plans costs (Note 14)	*55*		*50*	
Defined contribution plans costs	*101*		*96*	
Restructuring costs	*80*		*43*	
Other personnel expenses	*80*		*103*	
Change in finished goods, work in progress and semi-finished products		(285)		(163)
Work performed by the Group and capitalised		(343)		(330)
Total purchases and personnel expense		**10,362**		**10,584**

Personnel expense fell by a net amount of €mil. 39, 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 September 2013, without the Ansaldo Energia component, numbered 63,679 as compared with 65,799 for the same period of 2012, a reduction of 2,120 employees. The workforce at 30 September 2013 numbered 64,482, a net decrease of 1,096 employees from 31 December 2012 (65,578 employees), of which 271 in Italy and 825 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 1,339 as compared with the nine months of 2012 and 956 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.

21. AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

	For the nine months ended 30 September			
	2013		2012	
Amortisation of intangible assets		233		204
- development expenses	*64*		*49*	
- non-recurring expenses	*32*		*18*	
- acquired as part of business combinations	*66*		*67*	
- other	*71*		*70*	
Depreciation of property, plant and equipment		281		274
Impairment of operating receivables		21		14
Impairment of other assets		44		5
Total amortisation, depreciation and impairment losses		**579**		**497**

22. FINANCIAL INCOME AND EXPENSE

	For the nine months ended 30 September					
	2013			***2012***		
	Income	**Expense**	**Net**	**Income**	**Expense**	**Net**
Income from equity investments and securities	93	-	93	-	-	-
Interest	22	(260)	(238)	19	(251)	(232)
Commissions (including commissions on non-recourse items)	-	(47)	(47)	1	(50)	(49)
Fair value gains (losses) through profit or loss	33	(14)	19	62	(43)	19
Premiums (paid) received on forwards	7	(9)	(2)	11	(9)	2
Exchange rate differences	136	(149)	(13)	271	(281)	(10)
Net interest cost on defined-benefit plans	-	(19)	(19)	-	(27)	(27)
Financial income (expense) - related parties (Note 27)	2	(4)	(2)	5	(8)	(3)
Other financial income and expense	9	(45)	(36)	17	(28)	(11)
	302	**(547)**	**(245)**	**386**	**(697)**	**(311)**

Income from equity investments and securities mainly refers to the capital gain related to the sale of the aviation engines division of Avio SpA, indirectly held by Finmeccanica at 14.3%, which was completed in August.

23. INCOME TAXES

	For the nine months ended 30 September	
	2013	**2012**
IRES (corporate income tax)	(75)	(70)
IRAP (reg. tax on production)	(61)	(62)
Benefit under consolidated tax mechanism	74	83
Other income taxes	(98)	(96)
Tax related to previous periods	(2)	4
Provisions for tax disputes	(11)	(7)
Deferred tax - net	12	18
	(161)	**(130)**

24. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD FOR SALE

As described in Note 5, the items include the values related to the Energy Group:

Statement of comprehensive income	*For the nine months ended 30 September*	
	2013	***2012***
Operating income	432	500
Operating expenses	(401)	(465)
Financial income (expense)	(9)	(11)
Income taxes	(13)	(15)
Net profit (loss)	**9**	**9**
- Measurement of defined-benefit plans	-	*(3)*
- Changes in cash flow hedges	*4*	*(3)*
- Translation differences	*(1)*	*1*
other comprehensive income (expense)	**3**	**(5)**
Total comprehensive income (expense)	**12**	**4**

Assets and liabilities held for sale	***30 September 2013***
Non-current assets	155
Current assets	574
Total assets	**729**
Non-current liabilities	342
Current liabilities	734
Total liabilities	**1,076**

New orders in the period amount to €mil. 431. The net debt from discontinued operations is €mil. 259.

25. EARNINGS PER SHARE

	For the nine months ended 30 September	
	2013	***2012***
Average shares outstanding during the reporting period (in thousands)	578,118	578,118
Earnings for the period (excluding non-controlling interests) (€ million)	(165)	113
Earnings from continuing operations (excluding non-controlling interests) (€ million)	(174)	104
Earnings from discontinued operations (excluding non-controlling interests) (€ million)	9	9
Basic and Diluted EPS (€)	**(0.285)**	**0.195**
Basic and Diluted EPS from continuing operations (€)	**(0.301)**	**0.180**
Basic and Diluted EPS from discontinued operations (€)	**0.016**	**0.015**

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

26. CASH FLOWS FROM OPERATING ACTIVITIES

	For the nine months ended 30 September	
	2013	***2012***
Net result	(136)	141
Amortisation, depreciation and impairment losses	579	497
Share of profits/(losses) of equity-accounted investees	32	16
Income taxes	161	130
Costs for defined-benefit plans	55	50
Net financial expense /(income)	245	311
Net allocations to the provisions for risks and inventory write-downs	329	80
Profit from Discontinued Operations	(9)	(9)
Other non-monetary items	(8)	(2)
Gross cash flows from operating activities	**1,248**	**1,214**

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 nine months ended 30 September	
	2013	***2012***
Inventories	(439)	(390)
Contract work in progress and progress payments and advances from customers	(1,075)	(817)
Trade receivables and payables	(280)	(184)
Change in working capital	**(1,794)**	**(1,391)**

27. 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 September 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			12	4	1	17
Associates						
Eurofighter Jagdflugzeug GmbH				254		254
NHIndustries SAS				117		117
BCV Investments SCA	272					272
Iveco - Oto Melara Scarl				42		42
Metro 5 SpA		3	1	32		36
Abruzzo Engineering Scpa (in liq.)				22		22
Other entities with unit amount lower than €mil. 10		2	5	58		65
Joint ventures (*)						
MBDA SAS				30		30
GIE ATR				32		32
Thales Alenia Space SAS			5	15	1	21
Superjet International SpA			32	5	1	38
Closed Joint Stock Company Helivert				26		26
Other entities with unit amount lower than €mil. 10	3	1	13	19		36
Consortiums (**)						
Ferroviario Vesuviano				14		14
Other consortiums with unit amount lower than €mil. 10			2	22	2	26
Companies subject to the control or considerable influence of the MEF						
Ferrovie dello Stato Italiane				86		86
Other				101		101
Total	**275**	**6**	**70**	**879**	**5**	**1,235**
% against total for the period	***68.8***	***13.9***	***13.9***	***23.6***	***0.5***	

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

	Non-	**Other**	**Current**	**Trade**	**Other**	**Total**	**Guarantees**

PAYABLES AT 30 September 2013	current loans and borrowings	non-current payables	loans and borrowings	payables	current payables		
Unconsolidated subsidiaries							
Companies with unit amount lower than €mil. 10			4	13	1	18	
Associates							
Eurofighter Jagdflugzeug GmbH			57	16		73	
Consorzio Start SpA				27		27	
Joint Stock Company Sukhoi Civil Aircraft *(***)*	14		3	10		27	
Companies with unit amount lower than €mil. 10			2	27	5	34	
Joint ventures (*)							
MBDA SAS			242	8		250	62
Thales Alenia Space SAS			119	17		136	1
Ansaldo Energia SpA					19	19	
Telespazio SpA				1	6	7	216
Superjet International SpA				1	12	13	
Other entities with unit amount lower than €mil. 10			1	9	10	20	
Consortiums (**)							
Consortiums with unit amount lower than €mil. 10				7		7	
Companies subject to the control or considerable influence of the MEF							
Ferrovie dello Stato				24		24	
Companies with unit amount lower than €mil. 10	16		7	10	1	34	
Total	**30**		**435**	**170**	**54**	**689**	**279**
% against total for the period	***0.74***		***16.78***	***3.90***	***3.01***		

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.
- Borrowings from related parties include in particular the amount of €mil. 361 (€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. 57 (€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 September 2013 were distributed among the partners.

For the nine months ended 30 September 2013 (values in € million)	**Revenue**	**Other operating income**	**Costs**	**Other operating expenses**	**Financial income**	**Financial expense**
Unconsolidated subsidiaries						
Companies with unit amount lower than €mil. 10		1	15			
Associates						
Eurofighter Jagdflugzeug Gmbh	578					
NHIndustries SAS	166					
Orizzonte - Sistemi Navali SpA	141			1		
Iveco - Oto Melara Scarl.	76		2	1		1
Macchi Hurel Dubois SAS	21					
Metro 5 SpA	19					
Consorzio Start SpA	1		11			
Advanced Air Traffic Syst.SDH BHD	10					
Companies with unit amount lower than €mil. 10	20		25			1
Joint ventures./(*)						
GIE ATR	84		22			
MBDA SAS	44					2
Thales Alenia Space SAS	21		5			
Closed Joint Stock Company Helivert	11					
Other entities with unit amount lower than €mil. 10	21	2	17		2	
Consortiums (**) and other						
Other consortiums with unit amount lower than €mil. 10	10		3			
Companies subject to the control or considerable influence of the MEF						
Ferrovie dello Stato Italiane	295		2			
Other	96		14			
Total	**1,614**	**3**	**116**	**2**	**2**	**4**
% against total for the period	***12.5***	***0.6***	***1.6***	***0.4***	***0.7***	***0.7***

For the nine months ended 30 September 2012 (values in € million)	**Revenue**	**Other operating income**	**Costs**	**Other operating expenses**	**Financial income**	**Financial expense**
Unconsolidated subsidiaries						
Companies with unit amount lower than €mil. 10	1		23			
Associates						
Eurofighter Jagdflugzeug Gmbh	521					
NHIndustries SAS	147					
Orizzonte - Sistemi Navali SpA	106					
Iveco - Oto Melara Scarl.	72		1	1		2
Consorzio Start SpA	1		20			
Macchi Hurel Dubois SAS	22					
Fata Gulf CO. W.L.L.			15			
Avio SpA	1		14			
Other entities with unit amount lower than €mil. 10	37		16	1		1
Joint ventures (*).						
GIE ATR	80		14			
MBDA SAS	46					4
Thales Alenia Space SAS	22		4			1
Other entities with unit amount lower than €mil. 10	29	3	16		5	
Consortiums (**)						
Other consortiums with unit amount lower than €mil. 10	11		3			
Companies subject to the control or considerable influence of the MEF						
Ferrovie dello Stato Italiane	276		6	3		
Other	111		19			
Total	**1,483**	**3**	**151**	**5**	**5**	**8**
% against total for the period	***12.16***	***0.84***	***2.00***	***1.38***	***1.29***	***1.14***

(*) 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 for 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 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
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 (Saudi Arabia)	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 (Germany)	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		100	100
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		100	100
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	-		100	100
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
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

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*	
REGIONALNY PARK PRZEMYSLOWY SWIDNIK SP Z OO	Mechaniczna 13 - U1, Swidnik (Poland)	PLN	7,072,000		72.0588	70.5318
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 formerly SELEX COMMUNICATIONS DO BRASIL LTDA	Rio de Janeiro (Brazil)	BRL	3,621,000		100	100
SELEX ES INTERNATIONAL LTD formerly SELEX ELSAG HOLDINGS LTD	Chelmsford (UK)	GBP	60,000,000		100	100
SELEX ES LTD formerly SELEX GALILEO LTD	Essex (UK)	GBP	270,000,100		100	100
SELEX ES MUAS SPA formerly 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 formerly SELEX KOMUNIKASYON AS	Golbasi (Turkey)	TRY	56,501,808		99.999	99.999
SELEX ES ROMANIA SRL formerly SELEX COMMUNICATIONS ROMANIA SRL	Bucharest (Romania)	RON	42,370		100	100
SELEX ES SPA formerly 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	50.5
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	Roma	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

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

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct	*Direct*	
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 formerly 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

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

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct	*Direct*	
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-EMIT SCRL (IN LIQ)	Genoa	EUR	10,200		50	50
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
DATTILO - DISTRETTO ALTA TECNOLOGIA TRASPORTI E LOGISTICA S.C. A R.L.	Naples	EUR	100,000		24	15.6092
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 Dehli (India)	INR	500,000		100	100
FATA (SHANGHAI) ENGINEERING EQUIPMENT CO. LTD	Shanghai (China)	CNY	100,000		100	100
FINMECCANICA DO BRASIL LTDA	Brasilia (Brazil)	BRL	1,203,200	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
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
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
SELEX ES AUSTRALIA PTY LTD	Canberra (Australia)	AUD	2		100	100
SELEX ES ELECTRO OPTICS (OVERSEAS) LTD formerly SELEX GAL. ELEC. OPTICS (OVERSEAS) LTD	Basildon, Essex (U.K.)	GBP	15,000		100	100
SELEX ES INDIA PRIVATE LTD formerly SELEX GALILEO INDIA PRIVATE LTD	New Delhi (India)	INR	30,100,000		100	100
SELEX ES INFRARED LTD formerly SELEX GALILEO INFRARED LTD	Basildon, Essex (U.K.)	GBP	2		100	100
SELEX ES (PROJECTS) LTD formerly 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
WIN BLUEWATER SERVICES PRIVATE LIMITED	New Delhi (India)	INR	12,000,000		99.99	99.99
XAIT SRL	Ariccia (Rome)	EUR	50,000		100	100
ZAO ARTETRA	Moscow (Russia)	RUB	353,000		51	51
NHINDUSTRIES (SAS)	Aix en Provence (France)	EUR	306,000		32	32

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

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct	*Direct*	
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 discontinued operations consolidated using the equity method (amounts in foreign currency)

Company name	*Registered office*	*Currency*	*Share capital*	*% Group ownership*		*% Group shareholding*
				Direct		
ANSALDO AMERICA LATINA SA	Buenos Aires (Argentina)	ARS	150,000		99.993	54.546
ANSALDO ENERGY INC	Wilmington, Delaware(USA)	USD	1,000		100	54.55
NNS - SOCIETE DE SERVICE POUR REACTEUR RAPIDE SNC	Lyons (France)	EUR	76,200		40	21.82
POLARIS SRL	Genoa	EUR	100,000		49	26.73
SC POLARIS - ANSERV SRL	Bucharest (Romania)	USD	50,000		20	10.91
YENI ELEKTRIK URETIM ANONIM SIRKETI	Istanbul (Turkey)	TRY	145,000,000		40	21.82

Below are the main changes in the scope of consolidation at 30 September 2013 in comparison with 30 September 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
Dattilo – Distretto alta tecnologia per l’industria SCaRL	newly acquired	July 2013
Fata (Shanghai) Engineering Equipment Co. LTD	newly set up	August 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
Turboenergy Srl	left the shareholding structure	August 2013
Western Investors Technology Group, Inc.	deconsolidated	August 2013
Western Investors Technology Group, L.P.	deconsolidated	August 2013

Merged companies:

Company		Month
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
Agusta Holding BV	merged into AgustaWestland NV	September 2013

Declaration of the manager in charge of financial reporting on the interim financial report at 30 September 2013 pursuant to article 154-bis, paragraph 2 of Legislative Decree no. 58/98 and subsequent amendments and integrations

In accordance with the provisions of article 154-bis, paragraph 2 of Legislative Decree no. 58/1998 and subsequent amendments and integrations, the undersigned, Gian Piero Cutillo, CFO and manager in charge of financial reporting of Finmeccanica Spa, certifies that the Interim Financial Report at 30 September 2013 corresponds to the related accounting records, books and supporting documentation.

Rome, 7 November 2013

The manager in charge of financial reporting
(Gian Piero Cutillo)