

Rome, 2 January 2014

## **Finmeccanica: AgustaWestland welcomes the Government of India's Nomination of an Arbitrator**

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AgustaWestland, a Finmeccanica company, confirms to have received yesterday from India's Ministry of Defence a notification concerning the appointment of an arbitrator from its side, as requested by AgustaWestland on November 25 and December 4, 2013, as well as a termination notice of the agreement for the supply of 12 VVIP/VIP helicopters, consistent with yesterday's press announcement by the Indian Ministry of Defence.

AgustaWestland still finds that neither the termination notice by the Ministry of Defence nor the show cause notice, from which this termination notice stems, offers adequate basis to take any action against the Company. It is the Ministry of Defence's admitted position (PIB release of MoD statement February 14, 2013) that the tender process has been duly followed. Accordingly, the termination notice received yesterday will have to be discussed within the framework of a fair arbitration process. To this end, AgustaWestland will soon propose the names of the persons for the purpose of selecting the third arbitrator by agreement of the parties, as requested by the Indian Ministry of Defence.

AgustaWestland remains committed to working with the Government of India to resolve the issues, to allow the Indian armed forces to receive the equipment they need and is ready to perform the remaining obligations under the agreement for the supply of the 12 VVIP/VIP helicopters. AgustaWestland will continue to support the three helicopters already delivered to and currently operated by the Indian Air Force.

Finmeccanica has already introduced stringent ethical procedures common to all Group companies that have harmonized their systems of rules based on the standards set by the parent company. These processes are reviewed regularly and have been further strengthened in correspondence with the most stringent international ethical standards. Also AgustaWestland applies the same strict procedures to prevent corruption in accordance with the updated Finmeccanica policies.

In any case, AgustaWestland is ready to take the necessary actions, on top of the above mentioned arbitration measures, included in a mitigation plan already prepared. This plan includes a reduction to the workforce to readdress the company business model and the reallocation of existing working capital that will be reflected also on the supply chain. The completion of this plan, the positive company performance and the recent order intake will ensure a solid platform for revenues and cash flow streams.

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**Finmeccanica** is Italy's main industrial group, leader in the high technology field, and ranks among the top ten groups at world level in the Aerospace, Defence and Security sectors. Listed on the Milan Stock Exchange (FNC IM; SIFI.MI), with revenues of approximately 17 billion Euro, over 68,000 employees, 150 operating and commercial locations and 345 production facilities in 50 different countries world-wide, Finmeccanica is an international and multicultural group with an important presence in its four domestic markets: Italy, United Kingdom, the United States and Poland. Finmeccanica's success is based on its technological excellence, which springs from conspicuous investments in Research & Development (amounting to 12% of the revenues), and the constant efforts it makes to develop and integrate the skills, know-how and values of its operating companies. Finmeccanica is active in the following sectors: Helicopters (AgustaWestland), Defence Electronics and Security (Selex ES, DRS) and Aeronautics (Alenia Aermacchi) – which represent its core business – and it is also well positioned in the sectors of Space (Telespazio, Thales Alenia Space), Defence Systems (Oto Melara, WASS, MBDA), Energy (Ansaldo Energia) and Transportation (Ansaldo STS, AnsaldoBreda, BredaMenarinibus).