



INTERIM FINANCIAL REPORT
AT 31 MARCH 2014

Disclaimer

This Interim Financial Report at 31 March 2014 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.



CONTENTS

REPORT ON OPERATIONS AT 31 MARCH 2014.....	4
• Group results and financial position	4
• Other performance indicators.....	16
• <i>Outlook</i>	19
• Industrial and financial transactions.....	19
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31	
MARCH 2014	21
• Condensed consolidated income statement.....	22
• Condensed consolidated statement of comprehensive income.....	23
• Condensed consolidated statement of financial position.....	24
• Condensed consolidated statement of cash flows	25
• Condensed consolidated statement of changes in equity.....	26
• Explanatory notes.....	27
1. <i>GENERAL INFORMATION</i>	27
2. <i>FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS</i>	27
3. <i>BUSINESS SEASONALITY</i>	28
4. <i>EFFECTS OF CHANGES IN ACCOUNTING POLICIES ADOPTED</i>	28
5. <i>SEGMENT REPORTING</i>	30
6. <i>INTANGIBLE ASSETS</i>	31
7. <i>PROPERTY, PLANT AND EQUIPMENT</i>	31
8. <i>OTHER NON CURRENT ASSETS</i>	32
9. <i>TRADE RECEIVABLES (INCLUDING CONTRACT WORK IN PROGRESS)</i>	33
10. <i>OTHER CURRENT ASSETS</i>	33



11.	<i>EQUITY</i>	33
12.	<i>LOANS AND BORROWINGS</i>	34
13.	<i>PROVISIONS FOR RISKS AND CONTINGENT LIABILITIES</i>	35
14.	<i>EMPLOYEE BENEFIT</i>	38
15.	<i>OTHER CURRENT AND NON-CURRENT LIABILITIES</i> ERRORE. IL SEGNALIBRO NON È DEFINITO.	
16.	<i>TRADE PAYABLES (INCLUDING NET PROGRESS PAYMENT AND ADVANCES FROM CUSTOMER)</i>	39
17.	<i>REVENUES</i>	39
18.	<i>OTHER OPERATING INCOME (EXPENSES)</i>	39
19.	<i>PURCHASES AND PERSONNEL EXPENSES</i>	40
20.	<i>AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES</i>	41
21.	<i>FINANCIAL INCOME AND EXPENSE</i>	41
22.	<i>EARNINGS PER SHARE</i>	41
23.	<i>CASH FLOW FROM OPERATING ACTIVITIES</i>	42
24.	<i>RELATED PARTY TRANSACTIONS</i>	42
•	Appendix: scope of consolidation	49
•	Declaration of the officer in charge of financial reporting on the interim financial report at 31 March 2014 pursuant to article 154-bis, paragraph 2 of Legislative Decree no. 58/98 and subsequent amendments and integrations	55



Report on operations at 31 March 2014

Group results and financial position

The figures for 2013 were restated as a result of the adoption of new IFRS 11, which led to the deconsolidation of the Group's joint ventures. The comparative figures with respect to new orders, revenues, EBITA and FOCF were also restated to remove the contribution of the Energy segment, which was eliminated from the Group's scope of operations in December 2013 and classified among Discontinued Operations.

Key Performance Indicator ("KPI")

	March 2014	March 2013 (*)	Change	2013 (*)
New orders	2,896	2,613	10.8%	15,059
Order backlog	36,732	36,255	1.3%	36,831
Revenues	2,946	3,099	(4.9%)	13,690
EBITA	153	161	(5.0%)	878
ROS	5.2%	5.2%	n.a.	6.4%
Net profit (loss)	(12)	6	0.0%	74
Group Net Debt	5,061	5,257	(3.7%)	3,902
FOCF	(1,185)	(1,302)	9.0%	(220)

(*) Figures restated as a result of the adoption of IFRS 11. The performance and financial figures refer to continuing operations only (excluding Ansaldo Energia).

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

The Finmeccanica Group operates in the *Aerospace and Defence* sector (which includes the *Helicopters, Defence and Security Electronics, Aeronautics, Space and Defence Systems* segments, as well as Corporate activities), which accounts for about 90% of Group revenues, and in the *Transportation* sector (which also includes *Fata*, in addition to the companies operating in the *Transportation* sector).

The first quarter of 2014 confirmed the good commercial performance of the *Aerospace and Defence* sector as reported in 2013, where profitability was better than forecast, even if slightly below the level of profitability of the same period of 2013. By contrast, the *Transportation* sector posted worse results than expected with respect to new orders which at 31 March 2014 did not include yet \$bil. 1.2 of the contract for the driverless metro in Lima that has been recently assigned to AnsaldoBreda and Ansaldo STS.

Before analysing the results for the first quarter, it should be noted that such results are not entirely representative of the trend for the financial year as a whole since more than half of the Group's business is concentrated in the second half of the year. Furthermore, starting from 1 January 2014, the new accounting standards on consolidation have been applied, leading to the deconsolidation of the joint ventures in which the Group participates (mainly ATR in the *Aeronautics* segment, MBDA



in *Defence Systems* and the joint ventures in the *Space* segment). The Group indicators do not, however, include the contribution of the joint ventures (as a result, the comparative figures were restated). Only EBITA includes the portion of the net results of the major joint ventures listed above. The other joint ventures only contribute to the net result as shares of equity accounted investments, the results for which are reported in the income section of the income statement. The comparative performance figures for 2013 and the related cash flows have also been restated to eliminate the contribution of the Energy sector, which was sold in December 2013 and classified among discontinued operations until the date of sale.

Commercial performance. The receipt of new orders by the *Aerospace and Defence* sector was greater than the corresponding period of the prior year and than expected, thanks to the very positive performance of the *Helicopters* and *Aeronautics* segments, while overall the figure appears to be in line with forecasts as a result of the deterioration beyond what was expected in the *Transportation* sector.

Business performance. In line with forecasts, revenues of the *Aerospace and Defence* sector fell in comparison with the first quarter of 2013, mainly as regards the *Defence and Security Electronics* segment as a result of the expected defence budget cuts by the major nations, as well as of lower revenues from important programs nearing completion. These dynamics explain the slight reduction in EBITA compared to March 2013 (partially offset by a better performance of the *Transportation* sector), with a stable ROS at 5.2% despite a deterioration of €nil. 16 attributable to the joint ventures; by contrast, the improved performance in the *Aerospace and Defence* sector compared with forecasts ,reflects the ongoing progress made under the restructuring and revitalisation plans in addressing problems in the market resulting from defence budget cuts.

Financial performance. The FOCF was in line with expectations, but showed a considerable improvement over 2013 (€nil. 117), in particular due to the lower use of cash by the *Transportation* sector. This performance, which was negative by €nil. 1,185 overall, reflects the normal seasonal fluctuation in Group cash flows, with payments being particularly higher than collections in the first half of the year.

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



31 March 2014	Aerospace and Defence	Transportation	Eliminations	Total Continuing Operations
New orders	2,668	229	(1)	2,896
Order backlog	28,713	8,234	(215)	36,732
Revenues	2,495	471	(20)	2,946
EBITA	147	6	-	153
ROS %	5.9%	1.3%	<i>n.a.</i>	5.2%

31 March 2013	Aerospace and Defence	Transportation	Eliminations	Total Continuing Operations
New orders	2,471	145	(3)	2,613
Order backlog (at 31 December 2013)	28,565	8,494	(228)	36,831
Revenues	2,691	443	(35)	3,099
EBITA	165	(4)	-	161
ROS %	6.1%	(0.9%)	<i>n.a.</i>	5.2%

Change	Aerospace and Defence	Transportation	Eliminations	Total Continuing Operations
New Orders	8.0%	57.9%	<i>n.a.</i>	10.8%
Order backlog	0.5%	(3.1%)	<i>n.a.</i>	(0.3%)
Revenues	(7.3%)	6.3%	<i>n.a.</i>	(4.9%)
EBITA	(10.9%)	<i>n.a.</i>	<i>n.a.</i>	(5.0%)
ROS %	(0.2) p.p.	2.2 p.p.	<i>n.a.</i>	0.0 p.p.

New orders were higher than in the corresponding period of 2013, due mainly to new orders in the *Helicopters* segment (up €mil. 608), largely for the contracts for the upgrading of the fleet of 25 AW101 Merlin helicopters in the context of the Merlin Life Sustainment programme (MLSP) and for the five-year maintenance and support on the fleet of Apache AH Mk1 helicopters, both for the British Ministry of Defence. These new orders led to an increase in *Aerospace and Defence* (up €mil. 197 over 2013), despite the expected decline in *Aeronautics* (€mil. 336), that in first quarter of 2013 benefitted from an order of 50 series on the B787 programme. The better results reported by the *Transportation* sector (€mil. 84) were also important.

The **order backlog** was essentially in line with 31 December 2013, with a book-to-bill close to 1 (0.98). The order backlog, considered in terms of its workability, ensures over two and a half years of production for the Group.

* * * * *



<i>Reclassified Income Statement</i>	<i>Note</i>	<i>For the three months ended at 31 March</i>		<i>Change</i>	<i>% change</i>
		<i>2014</i>	<i>2013</i>		
<i>€ millions</i>					
Revenues		2,946	3,099	(153)	(4.9%)
Purchases and personnel expenses	(*)	(2,724)	(2,822)		
Amortisation and depreciation	(**)	(117)	(128)		
Other net operating income/(expense)	(***)	48	(4)		
Equity-accounted strategic JVs		-	16		
EBITA		153	161	(8)	(5.0%)
Restructuring costs		(22)	(10)		
Amortisation of intangible assets acquired as part of business combinations		(20)	(21)		
EBIT		111	130	(19)	(14.6%)
Net financial income/(expense)	(****)	(98)	(102)		
Income taxes		(25)	(26)		
Profit (loss) from discontinued operations		-	4		
NET PROFIT (LOSS)		(12)	6	(18)	n.a.

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

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

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

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

(****) Includes "Financial income/(expense)" and "Share of profits (losses) on equity-accounted investees".

Revenues at 31 March 2014 fell compared with 2013 due to the mentioned cuts in defence budgets in Europe and, especially, in the US, which led to a €nil. 203 reduction in revenues in *Defence and Security Electronics*, only partly offset by higher revenues in *Aeronautics* (€nil. 86), mainly due to growth in the production rate for the Boeing 787 programme.

EBITA showed a slight decrease compared with first quarter of 2013, attributable to the mentioned decline in volumes and the deterioration in the results of the joint ventures (€nil. 16), mainly attributable to MBDA. This reduction is partially offset by the improved EBITA in the *Transportation* sector (€nil. 10).

In addition to the mentioned decline in EBITA, the **net loss** is the result of higher restructuring costs (€nil. 12), mainly attributable to the *Defence and Security Electronics* segment, which explains the net result for the period.

* * * * *

**Reclassified statement of financial position**

	<i>Note</i>	<u>31 March 2014</u>	<u>31 December 2013</u>	<u>Change</u>	<u>% change</u>
€ million					
Non-current assets		12,196	12,172		
Non-current liabilities	(*)	(3,100)	(3,152)		
Net fixed assets		9,096	9,020	76	0.8%
Inventories		4,979	4,754		
Trade receivables	(**)	7,069	7,254		
Trade payables	(***)	(10,959)	(11,524)		
Working capital		1,089	484		
Provisions for short-term risks and charges		(713)	(1,007)		
Other net current assets (liabilities)	(****)	(755)	(916)		
Net working capital		(379)	(1,439)	1,060	73.7%
Net invested capital		8,717	7,581	1,136	15.0%
Equity attributable to the Owners of the Parent		3,350	3,381		
Equity attributable to Non-Controlling Interests		306	298		
Equity		3,656	3,679	(23)	(0.6%)
Net financial debt/(cash)		5,061	3,902	1,159	29.7%

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

(*) Includes all non-current liabilities net of "Non-current loans and borrowings".

(**) Includes the item "Contract work in progress" adjusted to take into account the effects of the settlement agreement related to the Fyra contract

(***) Includes "Advances from customers"

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

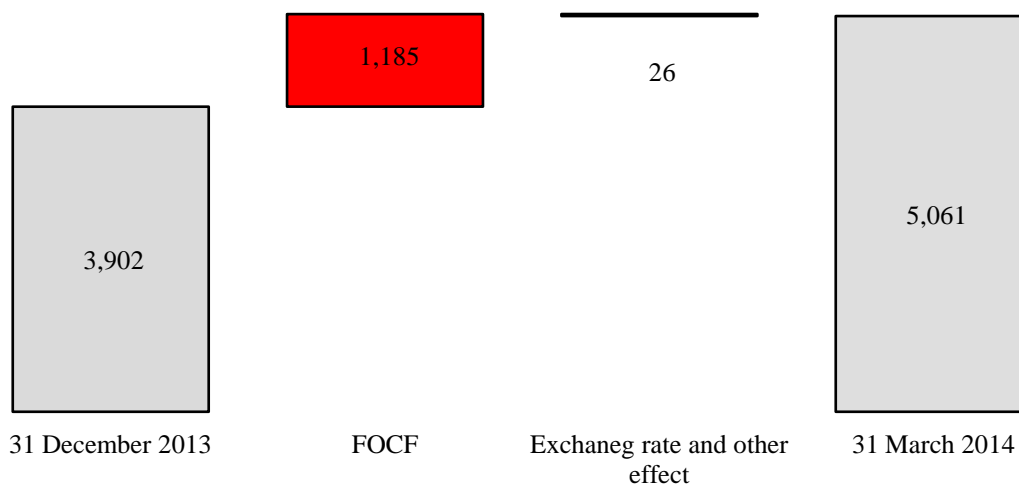
Net capital invested rose compared with 31 December 2013, due to the increase in net working capital as a result of the seasonal fluctuation in cash flows. More specifically, the movement in **FOCF** breaks down as follows:



	<i>For the three months ended at 31 March</i>		<i>Change</i>	<i>% change</i>
	<i>2014</i>	<i>2013</i>		
Cash and cash equivalents at 1 January	1,455	1,874		
Funds From Operations (FFO)	(72)	31	(103)	n.a.
Changes in working capital	(896)	(1,138)		
Cash flow from ordinary investing activities	(217)	(195)		
Free Operating Cash Flow (FOCF)	(1,185)	(1,302)	117	9.0%
Strategic operations	-	-		
Change in other investing activities (*)	(9)	(2)		
Share capital increases	-	-		
Net change in borrowings	370	648		
Dividends paid	-	-		
Net increase/(decrease) in cash and cash equivalents	(824)	(656)		
Exchange rate gains/losses and other movements	2	(6)		
Cash and cash equivalents at 31 March	633	1,212		

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

The Group's **net financial debt** (loans and borrowings greater than loans and receivables and cash and cash equivalents) was higher than at 31 December 2013 due to the following changes:



Group net financial debt breaks down as follows:



<i>€ million</i>	31 March 2014	<i>of which current</i>	31 December 2013	<i>of which current</i>
Bonds	4,537	60	4,305	83
Bank debt	657	259	544	135
Cash and cash equivalents	(633)	(633)	(1,455)	(1,455)
Net bank debt and bonds	4,561		3,394	
<i>Fair value of residual stake in Ansaldo Energia</i>	(118)		(117)	
Current loans and receivables from related parties	(146)	(146)	(125)	(125)
Other current loans and receivables	(62)	(62)	(61)	(61)
Current loans and receivables and securities	(326)		(303)	
Hedging derivatives in respect of debt items	(5)	(5)	(9)	(9)
Effect of transactions involving Fyra contract	86	86	86	86
Related-party loans and borrowings	665	652	629	616
Other loans and borrowings	80	52	105	77
Group net financial debt	5,061		3,902	

The reconciliation with the net financial position required by CONSOB Communication no. DEM/6064293 of 28 July 2006 is provided in Note 12 to the financial statements.

The Group assigned receivables without recourse during the period for a total carrying value of approximately €mil. 123 (€mil. 78 at 31 March 2013).

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), which, at 31 March 2014, was unused. Finmeccanica also has additional unconfirmed short-term lines of credit of €mil. 585, which were used in the amount of €mil. 89 at 31 March 2014, as well as unconfirmed, unsecured lines of credit of approximately €mil. 2,047.

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



March 2014	New orders	Order backlog	Revenues	EBITA	ROS %
Helicopters	1,514	12,457	903	112	12.4%
Defence and Security Electronics	731	8,277	914	16	1.8%
Aeronautics	432	7,478	651	28	4.3%
Space				7	n.a.
Defence Systems	33	1,251	103	3	2.9%
<i>Eliminations/Other</i>	<i>(42)</i>	<i>(750)</i>	<i>(76)</i>	<i>(19)</i>	<i>n.a.</i>
Total Aerospace and Defence	2,668	28,713	2,495	147	5.9%
March 2013	New orders	Order backlog at 31 Dec. 2013	Revenues	EBITA	ROS %
Helicopters	906	11,834	948	112	11.8%
Defence and Security Electronics	744	8,485	1,117	27	2.4%
Aeronautics	768	7,716	565	25	4.4%
Space				4	n.a.
Defence Systems	85	1,320	124	21	16.9%
<i>Eliminations/Other</i>	<i>(32)</i>	<i>(790)</i>	<i>(63)</i>	<i>(24)</i>	<i>n.a.</i>
Total Aerospace and Defence	2,471	28,565	2,691	165	6.1%
Change	New orders	Order backlog at 31 Dec. 2013	Revenues	EBITA	ROS %
Helicopters	67.1%	5.3%	(4.7%)	n.a.	0.6 p.p.
Defence and Security Electronics	(1.7%)	(2.5%)	(18.2%)	(40.7%)	(0.7) p.p.
Aeronautics	(43.8%)	(3.1%)	15.2%	12.0%	(0.1) p.p.
Space				75.0%	n.a.
Defence Systems	(61.2%)	(5.2%)	(16.9%)	(85.7%)	(14.0) p.p.
<i>Eliminations/Other</i>	<i>(31.2%)</i>	<i>5.1%</i>	<i>(20.6%)</i>	<i>20.8%</i>	<i>n.a.</i>
Total Aerospace and Defence	8.0%	0.5%	(7.3%)	(10.9%)	(0.2) p.p.

Helicopters

The first quarter of 2014 saw confirmation of the outstanding commercial performance that characterised 2013, with new orders rising by 67% over the first quarter of the previous year, attributable to two important contracts signed with the UK Ministry of Defence: the contract to upgrade the fleet of 25 AW101 Merlin helicopters under the Merlin Life Sustainment Programme (MLSP) and the contract to provide maintenance and support for the fleet of Apache AH Mk1 helicopters for five years.

New orders. The significant increase over the first quarter of 2013, during which there was the contract for eight AW159 Lynx Wildcat helicopters from the South Korean Navy, was due to the two new orders mentioned above.



Revenues. During the period, there were a number of slowdowns and delays in specific orders for certain programmes, leading to revenues being below expectations and lower than those reported in 2013. However, profitability was excellent.

EBITA. This was in line, despite the lower production volumes, because of the higher profitability, benefitting in particular from a favourable mix of Product Support activities.

Defence and Security Electronics

The following table sets out the key performance indicators for DRS and SES, discussed separately in the following section:

	New orders	Revenues	EBITA	ROS %
SES (€mil.) March 2014	443	626	6	1.0%
SES (€mil.) March 2013	476	720	6	0.8%
DRS (\$mil.) March 2014	395	395	13	3.3%
DRS (\$mil.) March 2013	364	524	27	5.2%

SES – During the first quarter, initiatives related to the restructuring and integration plan launched last year, which progressed more quickly than forecast in the budget continued.

New orders. These were down compared with the same period of 2013, during which an important contract to supply Defensive Aids Sub System (DASS) and Captor combat radar for Eurofighter Typhoon aircraft to Oman was signed.

Revenues. The decline is attributable to the *Airborne and Space Systems* business area as a result of delays in the start of work on new orders, as well as the concurrent decline in the contribution of important programmes being wrapped up (EFA in particular).

EBITA. The benefits generated by the restructuring plan offset the effect of lower volumes of revenues and the deterioration in profitability as a result of revising the estimates for certain programmes (particularly in the *Air Traffic Control* business area) in the latter part of 2013.

DRS – In line with forecasts, there was a decline in production volumes in the first quarter as compared with 2013 as a result of cuts to the US defence budget. At the same time, the company took action to rationalise production and support structures.

New orders. There was a slight increase over 2013, essentially in line with forecasts. The most significant new orders during the period include an initial order under the recently-signed 10-year



programme for overhauling and providing logistics support for Tunner systems for loading and moving air cargo.

Revenues. There was a decrease, due mainly to fewer deliveries of products in the C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance) line.

EBITA. This was down largely as a result of lower production volumes, partly offset by significant cost reductions connected with efficiency-enhancement measurements.

Aeronautics

From a commercial standpoint, during the first quarter of 2014 a new contract worth €nil. 280 was reached with the Polish Ministry of National Defence for eight M346 aircraft and related logistic support and flight simulator training systems.

Furthermore, there was a significant increase in revenues during the first quarter, exceeding both forecasts and the figure reported for 2013, spurred by the rise in production rates for the B787 programmes, for which deliveries equivalent to 24 fuselage sections and 21 horizontal stabilisers (14 fuselages and 18 stabilisers delivered in the first quarter of 2013) were made. The increased volumes of activity led to a production rate of 10 units per month and the delivery of 9 fuselage sections in March. Over the next few months, improvement actions will be aimed at solidifying the production rates achieved.

New orders. The decline is due to fewer new orders in the *civil* segment, especially relating to the B787 programme, which received new orders for 50 units in the first quarter of 2013, and for aerostructures. In the *military* segment, there was an increase in new orders for training aircraft, offset by the decline in orders for defence and transport aircraft.

Revenues. These were up due to higher revenues in the *civil* segment generated by the increase in activity for the B787 and the ATR programmes, with deliveries of 20 fuselages compared with 16 in the first quarter of 2013. The increase in revenues for defence aircraft in the *military* segment offset the decline in activity on transport aircraft and special versions of aircrafts.

EBITA. There was an improvement due to higher margins in the *military* segment, which benefitted, in particular, from higher volumes for defence aircraft.

Space

In the first quarter of 2014, the Athena Fidus was launched. It is a satellite system for broadband communication services for military and civilian government use, developed by the Italian Space



Agency (ASI) and by the Centre National d'Etudes Spatiales (CNES) under the frame of cooperation agreements signed by the two Agencies and the Italian and French Ministries of Defence.

Excluding the revenues generated by that launch, production volumes and EBITA were equivalent to the figures reported in 2013.

The profit for the period improved as the result of the negative effect of exchange rate losses on the figures posted for the first quarter of 2013.

Defence Systems

The first quarter of 2014 reported a general decline compared with the same period of 2013, in line with expectations, due to fewer new orders and lower revenues, in addition to a rather marked deterioration in profitability, largely reflecting the completion of major, profitable programmes in the *missile systems* segment.

New orders. The decrease affected the *land, sea and air weapons systems* segment and the *underwater systems* segment. New orders during the period included a contract for light torpedoes from a navy in the Mediterranean area.

Revenues. These fell in both the *land, sea and air weapons systems* segment and the *underwater systems* segment, which saw the gradual completion of a number of orders.

EBITA. There was a decrease attributable mainly to the *missile systems* segment, while the other two segments saw more contained declines due to their lower volumes of revenues.

With regard to *missile systems*, as forecast while preparing the budget, there was a drop in revenues and EBITA during the quarter as compared with the same period of 2013 due to the completion of deliveries for an important, highly profitable programme in the Middle East.

The key performance indicators for the *Transportation* sector are shown below:



March 2014	New orders	Order backlog	Revenues	EBITA	ROS %
Transportation	222	7,981	434	6	1.4%
<i>Eliminations/Other</i>	7	253	37	-	0.0%
Total Transportation	229	8,234	471	6	1.3%
March 2013	New Orders	Order backlog at 31 Dec. 2013	Revenues	EBITA	ROS %
Transportation	141	8,213	393	(4)	(1.0%)
<i>Eliminations/Other</i>	4	281	50	-	0.0%
Total Transportation	145	8,494	443	(4)	(0.9%)
Change	New Orders	Order backlog at 31 Dec. 2013	Revenues	EBITA	ROS %
Transportation	57.4%	(2.8%)	10.4%	n.a	2.4 p.p.
<i>Eliminations/Other</i>	75.0%	(10.0%)	(26.0%)	0.0%	n.a.
Total Transportation	57.9%	(3.1%)	6.3%	0.0%	2.2 p.p.

Transportation

The results for the quarter, while better than for the same period of 2013, continue to be affected by the performance of AnsaldoBreda that, in addition to reporting poor business results, confirms the difficulties experienced by the company in achieving the expected targets, especially those for raising production volumes.

New orders. There was an increase over the first quarter of 2013 in both new orders received by AnsaldoBreda, including the exercise of the option for additional regional service trains by a Ferrovie Nord Milano group company and the equipment order for the Sirio tram in China, and new orders received by Ansaldo STS. Furthermore, AnsaldoBreda and Ansaldo STS were awarded the contract for the driverless metro in Lima, Peru, worth \$bil. 1.2, which was not included among new orders for the period.

Revenues. There was an increase across all segments.

EBITA. There was an increase attributable mainly to AnsaldoBreda, which, in addition to enjoying higher revenues, in the first quarter of 2013, reported the receipt of contractual penalties on certain programmes.



* * * * *

Other performance indicators

	March 2014	March 2013 (*)	Change	2013 (*)
Net invested capital	8,717	8,880	(1.8%)	7,581
ROI	7.5%	7.8%	(0.3) p.p.	13.5%
ROE	(1.3%)	0.7%	(2.0) p.p.	2.0%
EVA	(51)	(59)	13.1%	76
FFO	(72)	31	n.a.	925
Research and development expenses	317	327	(3.1%)	1,545
Workforce (no.)	56,003	58,132	(3.7%)	56,282
Net interest	(72)	(74)	2.7%	(284)

(*) *Figures restated following the adoption of IFRS11 related to continuing operations only (excluding Ansaldo Energia).*

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

The break down by segment and geographically is as follows:

	31 March 2014	31 December 2013
Helicopters	13.117	13.121
Defence and Security Electronics	22.585	22.851
Aeronautics	11.201	11.157
Defence Systems	1.517	1.531
Transportation	6.458	6.540
Other	1.125	1.082
	56.003	56.282

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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:

- **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).
- **EBITA:** it is arrived at by eliminating from EBIT (defined as earnings before “*financial income and expense*”, “*share of profit (loss) of equity-accounted investees*”, “*income taxes*” and “*result from discontinued operations*”) the following items:
 - any impairment in goodwill;
 - amortisation and impairment, if any, of the portion of the purchase price allocated to intangible assets as part of business combinations, as required by IFRS 3;
 - restructuring costs that are a part of defined and significant plans. This item includes personnel costs as well as any and all other costs deriving from the reorganisation (e.g. impairment of assets, costs for the closure of sites, relocation costs, etc.);
 - other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

EBITA also includes the Group’s share of profit in the results of its strategic joint ventures (ATR, MBDA, Thales Alenia Space and Telespazio), reported in the “share of profits (losses) of equity-accounted investees”.

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

A reconciliation of Earning before interest and taxes and EBITA is shown below (the reconciliation by segment is reported in Note 5):

<i>€ million</i>	For the 3 months ending 31 March	
	2014	2013
Earning before interest and taxes	111	114
Results of the strategic joint ventures	-	16
Amortisation of intangible assets acquired as part of business combinations	20	21
Restructuring costs	22	10
EBITA	153	161

- **Return on Sales (ROS):** this is calculated as the ratio of EBITA to revenue.
- **Group Net Debt:** this includes cash, financial receivables and current securities, net of (current and non-current) loans and borrowings and of the fair value of derivatives covering financial debt items (previously not included into the indicator). Moreover, this item includes the measurement of the residual interest in Ansaldo Energia, which is classified under non-current assets in consideration – and assuming the exercise as well as in light of the creditworthiness of the other party – of the put&call rights based on which this amount will be paid by Fondo Strategico Italiano to Finmeccanica. Another factor which worsens the



net debt is the effect of the settlement agreement regarding AnsaldoBreda's Fyra contract with the Dutch railways. The reconciliation with the net financial position required by the Consob communication no. DEM/6064293 of 28 July 2006 is reported in Note 12.

- **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) ordinary investment activity (property, plant and equipment and intangible assets) and dividends.
- **Net Capital Invested:** this is the algebraic sum of non-current assets, non-current liabilities and net working capital (this includes trade receivables and payables, contract work in progress and progress payments and advances from customers, current risks and other current assets and liabilities).
- **Return on Investments (ROI):** this is calculated as the ratio of EBITA to the average net capital invested in the two comparative periods.
- **Return on Equity (ROE):** this is calculated as the ratio of the net result for the financial period to the average value of equity in the two comparative periods.
- **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).
- **Funds From Operations (FFO):** this is cash flow generated by (used in) operating activities net of changes in working capital. The FFO also includes dividends received from unconsolidated companies.
- **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.

- **Workforce:** the number of employees recorded in the register on the last day of the period.
- **Net interest:** this is calculated as the sum of the items “Interest” and “Commissions on loans” (see “Financial income and expense” of the Notes).

* * * * *

Outlook

Based upon the results reported by the Group at 31 March 2014 and the information provided herein, we confirm the outlook for the entire year as presented in the 2013 Annual Report.

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Industrial and financial transactions

The Group was not involved in any *industrial transactions* during the period.

As to *financial transactions*, in January 2014, the subsidiary Finmeccanica Finance SA seized a favourable opportunity in the capital market to place an additional €nil. 250 on the €nil. 700 bond issue carried out in December 2013. The new bonds, placed solely with Italian and international institutional investors, carry the same conditions as those placed in December 2013. The issue price was equal to 99.564%, higher than that of the 2013 December issue.

All the bond issues of Finmeccanica Finance and Meccanica Holdings are irrevocably and unconditionally secured by Finmeccanica, and are given a medium/long-term financial credit rating by the three international rating agencies: Moody’s Investors Service (Moody’s), Standard and Poor’s and Fitch.

At the date of presentation of this report, Finmeccanica’s credit ratings were as follows:

Agency	Date of most recent rating	Current		Previous position	
		Credit Rating	Outlook	Credit Rating	Outlook
Moody's	September 2013	Ba1	negative	Baa3	negative
Standard & Poor's	January 2013	BB+	stable	BBB-	negative
Fitch	July 2013	BB+	negative	BBB-	negative

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

With a Board of Directors resolution of 23 January 2013, the Company adopted the simplification regime under Articles 70/8 and 71/1-*bis* of the Issuers’ Regulation adopted with Consob Resolution



no. 11971/1999, as subsequently amended. By this resolution, the Company chose to opt out of the obligation to issue the documents required by law when significant transactions (such as mergers, spin-offs, capital increases by means of contribution in kind, acquisitions or disposals) occur.



Condensed consolidated interim financial statements at 31 March 2014



Condensed consolidated income statement

	Note	<i>For the three months ended 31 March</i>			
		2014	<i>of which with related parties</i>	2013	<i>of which with related parties</i>
<i>(€million)</i>					
Revenue	17	2,946	514	3,099	410
Purchases and personnel expense	19	(2,786)	(34)	(2,857)	(62)
Amortisation, depreciation and impairment losses	20	(138)		(151)	
Other operating income (expenses)	18	89	1	23	1
Profit (loss) before taxes and interests		111		114	
Financial income (expense)	21	(95)	(1)	(89)	-
Share of profits (losses) of equity-accounted investees		(3)		3	
Operating profit (loss) before income and discontinued operations		13		28	
Income taxes		(25)		(26)	
Loss (profit) from discontinued operations		-		4	
Net profit (loss):		(12)		6	
- of which owners of the parent		(21)		-	
- of which non-controlling interests		9		6	
Earnings per share	22	<i>(0.036)</i>		<i>0.000</i>	
<i>Basic and diluted: continuing operations</i>	22	<i>(0.036)</i>		<i>(0.007)</i>	
<i>Basic and diluted: discontinued operations</i>	22	<i>0.000</i>		<i>0.007</i>	

Comparative figures restated following the adoption of IFRS 11, which led to the deconsolidation of the Group's joint ventures and the classification of Ansaldo Energia among Discontinued Operations (see Note 4).



Condensed consolidated statement of comprehensive income

(€million)	Note	<i>For the three months ended 31 March</i>	
		<u>2014</u>	<u>2013</u>
Profit (loss) for the period		<u>(12)</u>	<u>6</u>
Other comprehensive income (expense):			
<u>Comprehensive income/expense which will not be subsequently reclassified among the profit (loss) for the period:</u>			
- Revaluation of defined-benefit plans:	11	(24)	(8)
. revaluation		(24)	(7)
. exchange rate gains (losses)		-	(1)
- Tax effect	11	<u>3</u>	<u>3</u>
		<u>(21)</u>	<u>(5)</u>
<u>Comprehensive income/expense which will or might be subsequently reclassified among the profit (loss) for the period:</u>			
- Changes in cash flow hedges:	11	(10)	(59)
. change generated in the period		(14)	(66)
. transferred to the profit (loss) for the period		4	7
. exchange rate gains (losses)		-	-
- Translation differences	11	13	(30)
. change generated in the period		13	(30)
. transferred to the profit (loss) for the period		-	-
- Tax effect	11	<u>4</u>	<u>13</u>
		<u>7</u>	<u>(76)</u>
Current portion of "Other comprehensive income (expense)", equity-accounted investees		<u>4</u>	<u>(4)</u>
		<u>10</u>	<u>(85)</u>
Total comprehensive income (expense), net of tax:		<u>(10)</u>	<u>(77)</u>
<i>Total comprehensive income (expense), attributable to:</i>		(22)	(79)
- Owners of the parent		(30)	(89)
- Non-controlling interests		<u>8</u>	<u>10</u>
<i>Net profit (loss) attributable to the owners of the parent company:</i>		(30)	(89)
- for continuing operations		(30)	(94)
- for discontinued operations		-	5

Comparative figures restated following the adoption of IFRS 11, which led to the deconsolidation of the Group's joint ventures and the classification of Ansaldo Energia among Discontinued Operations (see Note 4).



Condensed consolidated statement of financial position

<i>(€million)</i>	<i>Note</i>	31 March 2014	<i>of which with related parties</i>	31 December 2013	<i>of which with related parties</i>
Intangible assets	6	6,358		6,292	
Property, plant and equipment	7	2,932		2,944	
Deferred tax assets		1,095		1,094	
Other non current assets	8	1,929	293	1,959	292
<i>Non-current assets</i>		12,314		12,289	
Inventories		4,979		4,754	
Trade receivables, including contract work in progress	9	6,983	989	7,168	921
Loans and receivables	12	208	146	186	125
Other current assets	10	1,020	17	838	11
Cash and cash equivalents	12	633		1,455	
<i>Current assets</i>		13,823		14,401	
Total assets		26,137		26,690	
Share capital	11	2,525		2,525	
Other reserves		825		856	
<i>Equity attributable to the owners of the parent</i>		3,350		3,381	
<i>Equity attributable to non-controlling interests</i>		306		298	
<i>Total equity</i>		3,656		3,679	
Loans and borrowings	12	4,916	13	4,673	13
Employee benefits	14	691		703	
Provisions for risks and charges	13	1,253		1,288	
Deferred tax liabilities		267		282	
Other non-current liabilities	15	889	-	879	-
<i>Non-current liabilities</i>		8,016		7,825	
Trade payables, including net progress payments and advances from customers	16	10,959	168	11,524	190
Loans and borrowings	12	1,023	652	910	616
Income tax payables		73		77	
Provisions for risks and charges	13	713		1,007	
Other current liabilities	15	1,697	51	1,668	107
<i>Current liabilities</i>		14,465		15,186	
<i>Total liabilities</i>		22,481		23,011	
<i>Total liabilities and equity</i>		26,137		26,690	

Comparative figures restated following the adoption of IFRS 11, which led to the deconsolidation of the Group's joint ventures.



Condensed consolidated statement of cash flows

(€million)	For the three months ended 31 March				
	<i>Note</i>	2014	<i>of which with related parties</i>	2013	<i>of which with related parties</i>
Cash flows from operating activities:					
Gross cash flows from operating activities	23	232		307	
Change in working capital	23	(896)	(70)	(1,138)	4
Change in other operating assets and liabilities, taxes, financial expense and provisions for risks and charges		(354)	(64)	(319)	(25)
Cash flows generated (used) from/in operating activities		(1,018)		(1,150)	
Cash flows from investing activities:					
Investments in property, plant and equipment and intangible assets		(217)		(197)	
Sales of property, plant and equipment and intangible assets		-		2	
Other investing activities		41	-	41	1
Cash flows generated (used) from/in investing activities		(176)		(154)	
Cash flows from financing activities:					
Bond issue		250		-	
Net change in other loans and borrowings		120	15	648	(100)
Cash flows generated (used) from/in financing activities		370		648	
Cash and cash equivalents at 1 January		1,455		1,874	
Net increase/(decrease) in cash and cash equivalents		(824)		(656)	
Exchange rate differences and other changes		2		(6)	
Cash and cash equivalents at 31 March		633		1,212	

Comparative figures restated following the adoption of IFRS 11, which led to the deconsolidation of the Group's joint ventures and the classification of Ansaldo Energia among 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 2013	2,525	1,474	18	(218)	(401)	3,398	305	3,703
Application of IAS 19 revised		(6)		16		10		10
1 January 2013 restated	2,525	1,468	18	(202)	(401)	3,408	305	3,713
Profit (loss) for the period						-	6	6
Other comprehensive income (expense)			(54)	(4)	(31)	(89)	4	(85)
Total comprehensive income (expense)	-	-	(54)	(4)	(31)	(89)	10	(79)
Dividends resolved						-	-	-
Total transactions with owners of the parent, recognised directly in equity	-	-	-	-	-	-	-	-
Other changes		7	-	-	(1)	6	-	6
31 March 2013	2,525	1,475	(36)	(206)	(433)	3,325	315	3,640
1 January 2014	2,525	1,502	47	(181)	(512)	3,381	298	3,679
Profit (loss) for the period		(21)				(21)	9	(12)
Other comprehensive income (expense)			(7)	(21)	19	(9)	(1)	(10)
Total comprehensive income (expense)	-	(21)	(7)	(21)	19	(30)	8	(22)
Dividends resolved						-	-	-
Total transactions with owners of the parent, recognised directly in equity	-	-	-	-	-	-	-	-
Other changes				(1)		(1)		(1)
31 March 2014	2,525	1,481	40	(203)	(493)	3,350	306	3,656



Explanatory notes

1. GENERAL INFORMATION

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

The Finmeccanica Group is a major Italian high technology organisation. Finmeccanica Spa, the holding company responsible for guiding and controlling industrial and strategic operations, coordinates its subsidiaries (the Finmeccanica Group or, simply, the Group), which are especially concentrated in the fields of Helicopters, Defence and Security Electronics, Aeronautics, Space, Defence Systems and Transportation.

2. FORM, CONTENT AND APPLICABLE ACCOUNTING STANDARDS

The interim financial report of the Finmeccanica Group at 31 March 2014 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 2013 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 2013 annual consolidated financial statements (except for those specifically applicable to interim financial reports) and the interim financial report at 31 March 2013, with the exceptions reported in Note 4. The new standards applicable from 1 January 2014 did not materially impact this interim financial report; except for IFRS 11; the effects of the application of IFRS 11 on the comparative information are reported in Note 4.

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



	At 31 March 2014		At 31 December 2013	At 31 March 2013	
	average	final	final	average	Final
US dollar	1.3697	1.3788	1.2805	1.3204	1.2805
Pound sterling	0.8279	0.8282	0.8456	0.8517	0.8456

The interim financial statements at 31 March 2014 of the Finmeccanica Group were approved by the Board of Directors on 6 May 2014 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 2014 the Group has adopted the following new accounting standards:

- IAS 27 *Revised* (separate financial statements): the standard has been revised, with the approval of IFRS 10, which limits the scope of its application to the separate financial statements;
- IAS 28 *Revised* (Investments in Associates and Joint Ventures) : the standard has been revised and outlines how to apply, with certain limited exceptions, the equity method;
- IAS 32 *Amendment* (Financial Instruments - Presentation): the standard provides guidance on when financial assets and liabilities can be offset;
- IFRS 10 (Consolidated financial statements): This standard provides guidance on whether or not to include an entity in the consolidated financial statements, clarifying the concept of control and its application in case of actual control, potential voting rights, complex investment structures, etc..;
- IFRS 11 (Joint Arrangements): the standard has eliminated the possibility of consolidating the joint arrangements classified as joint ventures under the proportionate method in conformity with IFRS 11, whilst the consolidated financial statements include the joint operator's relevant



share of costs, revenue, assets and liabilities in the joint operations;

- IFRS 12 (Disclosure of Interests in Other Entities): the standard requires a wide range of disclosures in the explanatory notes regarding any interests an entity may hold in other entities, including associates, joint ventures, special purpose vehicles, and other unconsolidated structured entities;
- IAS 36 (Recoverable Amount Disclosures for Non-Financial Assets): the standard requires disclosures in the explanatory notes about the recoverable amount of impaired assets, in the event that the same has been determined based on fair value less sales costs and costs of disposal.

The income statement at 31 March 2013 and the statement of financial position at 31 December 2013 have been adjusted following the application of IFRS 11 and the reclassification of Ansaldo Energia under Discontinued Operations (IFRS 5). The effects of these amendments are summarized in the table below (values expressed in millions of euros):

	<i>For the three months ended 31 March 2013</i>	<i>Effect of IFRS 11 and IFRS 5</i>	<i>For the three months ended 31 March 2013(restated)</i>
Condensed consolidated income statement			
Revenue	3,700	(601)	3,099
Purchase and personnel expense	(3,411)	554	(2,857)
Amortisation, depreciation and impairment losses	(176)	25	(151)
Other net operating income/(expenses)	36	(13)	23
Earning before interest and taxes	149	(35)	114
Financial income/(expense)	(96)	7	(89)
Share of profits/(losses) of equity-accounted investees	(12)	15	3
Operating profit (loss) before income taxes and discontinued operations	41	(13)	28
Income taxes	(35)	9	(26)
Profit (loss) from discontinued operations		4	4
Net profit/(loss) for the period	6	0	6
Consolidated statement of financial position			
	<i>31-Dec-2013</i>	<i>Effect of IFRS 11 and IFRS 5</i>	<i>31-Dec-2013 (restated)</i>
Intangible assets	7,154	(862)	6,292
Property, plant and equipment	3,259	(315)	2,944
Deferred tax assets	1,207	(113)	1,094
Other non-current assets	998	961	1,959
Non-current assets	12,618	(329)	12,289
Inventories	5,128	(374)	4,754
Trade receivables, including contract work in progress	7,986	(818)	7,168
Loans and receivables	617	(431)	186
Other current assets	1,158	(320)	838
Cash and cash equivalents	1,527	(72)	1,455
Current assets	16,416	(2,015)	14,401
Total assets	29,034	(2,344)	26,690
Total Equity	3,679	-	3,679



Non-current loans and borrowings	4,704	(31)	4,673
Employee benefits	957	(254)	703
Provisions for non-current risks and charges	1,350	(62)	1,288
Deferred tax liabilities	316	(34)	282
Other non-current liabilities	906	(27)	879
<i>Total non-current liabilities</i>	8,233	(408)	7,825
Trade payables, including net progress payments and advances from customers	13,298	(1,774)	11,524
Current loans and borrowings	796	114	910
Income tax payables	86	(9)	77
Provisions for current risks and charges	1,072	(65)	1,007
Other current liabilities	1,870	(202)	1,668
<i>Total current liabilities</i>	17,122	(1,936)	15,186
<i>Total liabilities</i>	25,355	(2,344)	23,011
<i>Total liabilities and equity</i>	29,034	(2,344)	26,690

5. SEGMENT REPORTING

In accordance with the compliance model followed, management has adopted operating segments that correspond to the business sectors in which the Group operates: Helicopters, Defence and Security Electronics, Aeronautics, Space, Defence Systems, 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 the performance of its operating segments and the allocation of its financial resources on the basis of revenue and EBITA (see also the section “Non-GAAP alternative performance indicators” in the Report on Operations).

The results for each segment at 31 March 2014, as compared with those of the same period of the previous year, are as follows:

	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Transportation	Other activities	Eliminations	Total
For the three months ended 31 March 2014									
Revenues	903	914	651	-	103	434	67	(126)	2,946
Inter-segment revenues (*)	(1)	(82)	(1)	-	(2)	-	(40)	126	-
Third party revenue	902	832	650	-	101	434	27	-	2,946
EBITA	112	16	28	7	3	6	(19)	-	153
Investments	66	29	65	-	2	4	12	-	178
	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Transportation	Other activities	Eliminations	Total
For the three months ended 31 March 2013									
Revenues	948	1,117	565	-	124	393	70	(118)	3,099
Inter-segment revenues (*)	(1)	(74)	(2)	-	(4)	-	(37)	118	-
Third party revenue	947	1,043	563	-	120	393	33	-	3,099
EBITA	112	27	25	4	21	(4)	(24)	-	161
Investments	45	42	76	-	3	4	7	-	177



(*) Inter-segment revenues include revenues among Group consolidated undertakings belonging to various business sectors.

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

	Helicopters	Defence and Security Electronics	Aeronautics	Space	Defence Systems	Transportation	Other activities	Total
For the three months ended 31 March 2014								
EBITA	112	16	28	7	3	6	(19)	153
Net results of strategic joint ventures			(4)	7	(3)			-
Amortisation of intangible assets acquired as part of business combinations	(2)	(18)						(20)
Restructuring costs		(14)	(6)			(2)		(22)
Profit (Loss) before taxes and interests	110	(16)	18	14	-	4	(19)	111
For the three months ended 31 March 2013								
EBITA	112	27	25	4	21	(4)	(24)	161
Net results of strategic joint ventures			(3)	(4)	(9)			(16)
Amortisation of intangible assets acquired as part of business combinations	(2)	(19)		-	-			(21)
Restructuring costs	-	(9)	-	-	-	(1)	-	(10)
Profit (Loss) before taxes and interests	110	(1)	22	-	12	(5)	(24)	114

6. INTANGIBLE ASSETS

Key changes were related to amortisation (Note 20) of €mil. 54 and investments of €mil. 109, as broken down below:

	Balance		Investments in the three months at	
	31 March 2014	31 December 2013	31 March 2014	31 March 2013
Goodwill	3,564	3,556	-	-
Development costs	444	430	19	24
Non-recurring costs	1,230	1,167	72	50
Concessions, licences and trademarks	289	291	1	-
Acquired through business combinations	656	675	-	-
Other intangible assets	175	173	17	10
Total intangible assets	6,358	6,292	109	84

Commitments are in place for the purchase of intangible assets for €mil. 10 (€mil. 16 at 31 December 2013).

7. PROPERTY, PLANT AND EQUIPMENT

The key changes regarded depreciation of €mil. 83 (Note 20) and investments of €mil. 69, as broken down below:



	Balance		Investments in the three months at	
	31 March 2014	31 December 2013	31 March 2014	31 March 2013
Land and buildings	1,126	1,104	1	3
Plant and machinery	430	433	2	4
Equipment	819	827	10	24
Other	557	580	56	62
Total property, plant and equipment	2,932	2,944	69	93

There are also commitments to purchase property, plant and equipment for €mil. 160 (€mil. 145 at 31 December 2013).

8. OTHER NON CURRENT ASSETS

	31 March 2014	31 December 2013
Financing to third parties	33	30
Deferred grants under Law no. 808/85	41	41
Defined benefit plan assets, net	116	120
Related party receivables (Note 24)	293	292
Other	35	33
Non-current receivables	518	516
Prepayments (non-current portion)	9	7
Equity investments	1,112	1,161
Non-recurring costs pending under Law no. 808/1985	172	158
Fair value of the residual portion in portfolio of Ansaldo Energia	118	117
Non-current assets	1,411	1,443
Total other non-current assets	1,929	1,959

Equity investments mainly include investments in the Group's joint ventures, accounted for using the equity method starting from 2014 following the adoption of the new IFRS 11.

The table below shows the fair value hierarchy of Group financial assets and liabilities measured at fair value. The fair value of derivative instruments (classified under other current assets and liabilities) and current securities is determined on the basis of measurement techniques which consider directly observable market inputs (so-called "Level 2"), in particular, the foreign exchange rate and the interest rate (spot and forward rates). Vice versa, the fair value of the hybrid financial instruments in BCV Investments SCA (classified under other non-current assets) and 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").



	31 March 2014			31 December 2013		
	Level 2	Level 3	Total	Level 2	Level 3	Total
non-current assets		390	390		389	389
current assets	198		198	111		111
non-current liabilities		171	171		168	168
current liabilities	162	24	186	52	24	76

9. TRADE RECEIVABLES (INCLUDING CONTRACT WORK IN PROGRESS)

	31 March 2014	31 December 2013
Trade receivables	3,077	3,459
Current receivables from related parties (Note 24)	989	921
Contract work in progress	2,917	2,788
Total trade receivables and contract work in progress	6,983	7,168

The primary credit risks related to the Group's business are described in Note 37 to the consolidated financial statements at 31 December 2013.

10. OTHER CURRENT ASSETS

	31 March 2014	31 December 2013
Income tax receivables	154	157
Derivative assets	198	111
Other current assets	668	570
<i>Prepaid expenses – current portion</i>	93	97
<i>Receivables for grants</i>	96	92
<i>Receivables from employees and social security</i>	79	68
<i>Indirect tax receivables</i>	203	143
<i>Deferred receivables under Law no. 808/85</i>	5	5
<i>Other related party receivables (Note 24)</i>	17	11
<i>Other assets</i>	175	154
Total other current assets	1,020	838

11. EQUITY

Share capital	Number of ordinary shares	Par value	Treasury shares	Costs incurred net of tax effect	Total
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(32,450)	-	-	-	-
31 December 2013	578,117,945	2,544	-	(19)	2,525
Outstanding shares	578,150,395	2,544	-	(19)	2,525
Treasury shares	(32,450)	-	-	-	-
31 March 2014	578,117,945	2,544	-	(19)	2,525



At 31 March 2014 the Ministry of Economy and Finance owned around 30.204% of the share capital, Deutsche Bank Trust Company Americas around 3.600% and Libyan Investment Authority (Arab Bkg Corp/Libyan Inves, Man) around 2.010% of the shares. Moreover Fmr LLC owned around 2.113% of the share capital and Grantham, Mayo, Van Otterloo & Co. LLC owned around 2.045% on a discretionary 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 breakdown of the tax effects on the gain and loss items recognised in equity:

	<i>Group</i>			<i>Non-controlling interests</i>		
	Amount before taxes	Tax effect	Net amount	Amount before taxes	Tax effect	Net amount
<i>For the three months ended 31 March 2014</i>						
Revaluation of defined-benefit plans	(24)	3	(21)	-	-	-
Changes in cash-flow hedges	(11)	4	(7)	(2)	1	(1)
Foreign currency translation difference	19	-	19	-	-	-
Total	(16)	7	(9)	(2)	1	(1)
<i>For the three months ended 31 March 2013</i>						
Revaluation of defined-benefit plans	(6)	2	(4)	-	-	-
Changes in cash-flow hedges	(71)	17	(54)	(1)	-	(1)
Foreign currency translation difference	(31)	-	(31)	5	-	5
Total	(108)	19	(89)	4	-	4

12. LOANS AND BORROWINGS

	<i>31 March 2014</i>		<i>31 December 2013</i>	
	Non-current	Current	Non-current	Current
Bonds	4,477	60	4,222	83
Bank loans and borrowings	398	259	410	134
Related party loans and borrowings (Note 24)	13	652	13	616
Other loans and borrowings	28	52	28	77
Total loans and borrowings	4,916	1,023	4,673	910

Current loans and borrowings increased as a result of the use of revolving lines of credit to finance working capital, while bonds rose due to the issue of €mil. 250 in January 2014.

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



	31 March 2014	<i>of which with related parties</i>	31 December 2013	<i>of which with related parties</i>
Liquidity	(633)		(1,455)	
Current loans and receivables	(208)	<i>(146)</i>	(186)	<i>(125)</i>
Current bank loans and borrowings	259		134	
Current portion of non-current loans and borrowings	60		83	
Other current loans and borrowings	704	652	693	616
Current financial debt	1,023		910	
Net current financial debt (funds)	182		(731)	
Non-current bank loans and borrowings	398		410	
Bonds issued	4,477		4,222	
Other non-current loans and borrowings	41	13	41	13
Non-current financial debt	4,916		4,673	
Net financial debt from continuing operation	5,098		3,942	

The reconciliation between Net financial debt and Group Net Debt is as follow:

	31 March 2014	31 December 2013
Net financial debt Consob com. no. DEM/6064293	5,098	3,942
Fair value of residual stake in Ansaldo Energia	(118)	(117)
Hedging derivatives in respect of debt items	(5)	(9)
Effect of transactions involving FYRA contract	86	86
Group Net Debt (KPI)	5,061	3,902

13. PROVISIONS FOR RISKS AND CONTINGENT LIABILITIES

	<i>31 March 2014</i>		<i>31 December 2013</i>	
	<u>non-current</u>	<u>current</u>	<u>non-current</u>	<u>current</u>
Guarantees given	121	16	112	16
Restructuring	74	150	73	171
Penalties	325	30	322	30
Product guarantees	103	95	104	102
Other	630	422	677	688
	1,253	713	1,288	1,007

With regard to the provisions for disputes, it should be noted 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 accounting standards, provisions have only been made for risks that are probable and for which the amount can be determined. Likewise, based on current knowledge, no specific provisions have been set aside for certain disputes in which the Group is a defendant as these disputes are reasonably expected to be resolved satisfactorily and without significantly impacting the results. Herein we provide updates to



the information already provided in the 2013 consolidated financial statements, to which the reader is referred for more details:

- with regard to the dispute initiated by Selex Sistemi Integrati SpA challenging the 2007 IRES and IRAP tax assessment reports issued by the Lazio Regional tax office, in March 2014 the Rome Provincial Tax Commission issued its decision fully accepting the party's claims.

The assessment reports were issued at the conclusion of a general audit on that year, during which the deductibility of certain costs that allegedly did not meet the requirements of Article 110.11 of the Consolidated Tax Act was disallowed, and relate to a specific situation in which the tax authority itself approved a specific request for a private letter ruling (*istanza di interpello*) submitted by the company in 2004.

Through the tax assessment reports in question, the tax office had refused to acknowledge costs of about €mil. 5, whose treatment, according to the arguments put forth by the tax authority, should have led to an increase in taxes of approximately €mil. 1.7 (excluding interest), plus penalties of an equal amount;

- with regard to the lawsuit against GMR, at the hearing set to further explore the arguments, which was held last 22 April, the company inferred that a lawsuit had been initiated by Firema Trasporti under receivership before the Court of Naples against, *inter alia*, the former directors of Firema Trasporti S.p.a., Giorgio and Gianfranco Fiore, in order to ascertain their liability and that they be ordered to pay damage in the amount of about €mil 51. Within the context on these proceedings, by the writs of summons dated 16 and 22 April 2014, Giorgio and Gianfranco Fiore started a legal action against AnsaldoBreda stating the latter's liability for the direction and coordination activity exercised by this company, relying upon the arguments already stated in the lawsuit begun by GMR before the Court of Santa Maria Capua Vetere. The same legal action was lodged against Finmeccanica by Giorgio Fiore by a writ of summons dated 24 April 2014. At the hearing of 22 April 2014, GMR requested for the joinder of the two actions and the court adjourned the case to 17 June 2014, allowing the parties to present arguments regarding the joinder of the actions requested by GMR;
- with regard to the dispute concerning the contract signed in August 2010 between ZST, which had been awarded the contract to build the Sirth - Benghazi railway line in Libya, and the joint venture comprised of Ansaldo STS and Selex ES, following the conclusion of the interim proceedings, ZST instituted arbitration proceedings at the Vienna International Arbitral Centre against Ansaldo STS and Selex ES to obtain reimbursement of the entire amount paid. The arbitration board is currently being formed and the companies have until 26 May 2014 to file an appearance;



- with regard to the dispute concerning the contracts between AnsaldoBreda and the Belgian Railways for three V-250 trains, and with the Dutch Railways for 16 V-250 trains, on 30 April 2014 Finmeccanica reached an agreement also with the Belgian customer NMBS. The agreement states the consensual termination. As part of the agreement both parties will refrain from making financial claims, including supposed damages on both sides. The newly reached solution includes the payment of 2.5 million euros to NMBS/SNCB. The agreement will allow AnsaldoBreda to exploit the possibility of selling trains to other customers;
- with regard to the motion for an interim order pursuant to Article 700 of the Italian Criminal Code brought by AgustaWestland SpA and AgustaWestland International Ltd before the Court of Milan to enjoin the cashing out of the guarantees and counter-guarantees issued in relation to the contract for the provision of 12 helicopters signed in 2010 between AgustaWestland International Ltd and the Indian Ministry of Defence, on 27 March the Indian Ministry appealed the order of the Court that prohibited the payment of the guarantees for a total of more than €mil. 278. AgustaWestland SpA and AgustaWestland International Ltd have filed their memorandum of appearance asking that the order be affirmed and at the hearing held on 23 April the Court took the issue under advisement.

* * * * *

Furthermore, it should be noted that the Explanatory Notes accompanying the consolidated financial statements at 31 December 2013 provide information on investigations carried out by the Judicial Authority against Group companies. 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 subsequently:

- with 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 26 March 2014 the Judge for Preliminary Investigations (GIP, *Giudice delle Indagini Preliminari*) of the Court of Rome dismissed the case;
- with regard to the criminal proceedings being conducted by the Public Prosecutor's Office of Milan, concerning public financing requested by Selex Galileo SpA (now Selex ES SpA) under the integrated package of concessions for innovation ("P.I.A. Innovazione"), on 7 April 2014 the GIP of the Court of Milan dismissed the case.

* * * * *



Given their complexity, their cutting-edge technological content and the nature of the customers, the Group's long-term contracts are sometimes affected by disputes with customers in relation to the compliance of works with customer specifications and product performances. The Group adjusts the estimated contract costs for foreseeable issues, also taking into account possible developments in the relevant disputes. For a description of the major contracts in which there are uncertainties and problems or are the subject of discussions with customers, for which there are risks that many not be covered by existing provisions, please refer to Note 20 of the consolidated financial statements at 31 December 2013. Updates related to the disputes on the Fyra contracts for the supply of 19 V-250 trains are disclosed above.

14. EMPLOYEE BENEFIT

	<i>31 March 2014</i>			<i>31 December 2013</i>		
	Liabilities	Assets	Net	Liabilities	Assets	Net
Severance pay provision	431	-	431	427	-	427
Defined benefit plans	238	116	122	251	120	131
Defined contribution plans	22	-	22	25	-	25
	691	116	575	703	120	583

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

	<i>For the three months ended 31 March</i>	
	2014	2013
Costs booked as "personnel expenses"	16	13
Costs booked as "financial expenses"	5	5
	21	18

15. OTHER CURRENT AND NON-CURRENT LIABILITIES

	<i>31 March 2014</i>		<i>31 December 2013</i>	
	Non-current	Current	Non-current	Current
Employee obligations	48	440	48	400
Deferred income	91	77	90	75
Amounts due to social security institutions	5	181	5	201
Payables to MED (Law no. 808/85)	272	60	272	60
Payables to MED for monopoly rights (Law no. 808/85)	121	30	118	30
Other liabilities (Law no. 808/85)	167	-	165	-
Indirect tax liabilities	-	108	-	122
Derivative liabilities	-	162	-	52
Other payables	185	588	181	621
Other payables to related parties (Note 24)	-	51	-	107



“Other payables” include, in particular, the payable due to Bell Helicopter of €mil. 188 (€mil. 208 at 31 December 2013), 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 also includes the reasonably estimated potential consideration due based on the commercial success of the programme.

16. TRADE PAYABLES (INCLUDING NET PROGRESS PAYMENT AND ADVANCES FROM CUSTOMER)

	<i>31 March 2014</i>	<i>31 December 2013</i>
Suppliers	3,487	3,680
Trade payables to related parties (Note 24)	168	190
Trade payables	3,655	3,870
Progress payments and advances from customers	7,304	7,654
Total trade payables	10,959	11,524

17. REVENUES

	<i>For the three months ended 31 March</i>	
	<i>2014</i>	<i>2013</i>
Revenues from sales	1,624	1,715
Revenues from services	463	491
	2,087	2,206
Change in work in progress	345	483
Revenue from related parties (Note 24)	514	410
Total revenues	2,946	3,099

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

18. OTHER OPERATING INCOME (EXPENSES)

	<i>For the three months ended 31 March</i>					
	<i>2014</i>			<i>2013</i>		
	Income	Expenses	Net	Income	Expenses	Net
Grants for research and development costs	9	-	9	8	-	8
Exchange rate differences on operating items	19	(16)	3	51	(42)	9
Indirect taxes	-	(9)	(9)	-	(8)	(8)
Restructuring costs	-	(1)	(1)	-	(5)	(5)
Reversals (accruals) to provisions for risks and final losses on orders	89	(4)	85	71	(39)	32
Other operating income (expenses)	13	(12)	1	11	(25)	(14)
Other operating income (expenses) from related parties (Note 24)	1	-	1	2	(1)	1
Total	131	(42)	89	143	(120)	23



19. PURCHASES AND PERSONNEL EXPENSES

	<i>For the three months ended 31 March</i>	
	2014	2013
Purchase of materials from third parties	1,086	1,100
Purchase of services from third parties	914	951
Costs for purchases from related parties (Note 24)	34	62
Personnel expense	945	956
<i>Wages, salaries and contributions</i>	860	879
<i>Defined-benefit plans costs</i>	16	13
<i>Defined contribution plans costs</i>	31	30
<i>Net restructuring costs</i>	16	9
<i>Other personnel expenses</i>	22	25
Change in finished goods, work in progress and semi-finished products	(101)	(111)
Work performed by the Group and capitalised	(92)	(101)
Total purchases and personnel expense	2,786	2,857

The decrease of €nil. 11 in personnel expense is mainly due to the lower average workforce, despite the higher restructuring costs, above all in the *Defence and Security Electronics* and *Aeronautics* segments.

The table below shows the workforce broken down by position (restated comparative data excluding the joint ventures). The significant decrease mainly refers to the reorganisation processes in the *Defence and Security Electronics* segment (1,219 resources abroad at DRS and 789 resources at SES, of which 654 in Italy) and in the *Transportation* segment (109 resources, of which 87 in Italy). The decrease was due to the aforementioned restructuring processes.

	Average workforce			Total workforce		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>Change</i>	<i>31 March 2014</i>	<i>31 December 2013</i>	<i>Change</i>
Senior managers (*)	1,604	1,729	(125)	1,616	1,653	(37)
Middle managers	6,028	6,074	(46)	6,129	6,129	-
Clerical employees	32,015	33,515	(1,500)	32,768	32,935	(167)
Manual labourers (**)	15,266	15,431	(165)	15,490	15,565	(75)
Total	54,913	56,749	(1,836)	56,003	56,282	(279)

(*) include pilots

(**) include senior manual labourers



20. AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

	<i>For the three months ended 31 March</i>	
	2014	2013
Amortisation	54	70
<i>development expenses</i>	7	23
<i>non-recurring expenses</i>	9	8
<i>acquired as part of business combinations</i>	20	21
<i>Concessions, licenses and trademarks</i>	3	-
<i>other</i>	15	18
Depreciation	83	79
<i>Impairment of operating receivables</i>	1	2
Total amortisation, depreciation and impairment losses	138	151

21. FINANCIAL INCOME AND EXPENSE

	<i>For the three months ended 31 March</i>					
	2014			2013		
	Income	Expense	Net	Income	Expense	Net
Interest	1	(68)	(67)	5	(74)	(69)
Commissions on financing	-	(5)	(5)	-	(5)	(5)
Fair value gains (losses) through profit or loss	3	(5)	(2)	10	(8)	2
Premiums (paid) received on forwards	1	(3)	(2)	3	(4)	(1)
Exchange rate differences	42	(40)	2	89	(89)	-
Net interest cost on defined-benefit plans	-	(5)	(5)	-	(5)	(5)
Financial income (expense) - related parties (Not 24)	1	(2)	(1)	1	(1)	-
Other financial income and expense	2	(17)	(15)	1	(12)	(11)
	50	(145)	(95)	109	(198)	(89)

22. EARNINGS PER SHARE

	<i>For the three months ended 31 March</i>	
	2014	2013
Average shares outstanding during the reporting period (in thousands)	578,118	578,118
Net profit (loss) (excluding non-controlling interests) (€million)	(21)	-
Earnings/(losses) from continuing operations (excluding non-controlling interests) (€million)	(21)	(4)
Earnings/(losses) from discontinued operations (excluding non-controlling interests) (€million)	-	4
<i>Basic and Diluted EPS (€)</i>	(0.036)	-
<i>Basic and Diluted EPS from continuing operations (€)</i>	(0.036)	(0.007)
<i>Basic and Diluted EPS from discontinued operations (€)</i>	-	0.007

At 31 March 2014 basic EPS, like that for the corresponding period of 2013, is equal to the diluted EPS, inasmuch as there are no dilutive elements.



23. CASH FLOW FROM OPERATING ACTIVITIES

	<i>For the three months ended 31 March</i>	
	2014	2013
Net profit (loss)	(12)	6
Amortisation, depreciation and impairment losses	138	151
Share of profit (loss) of equity-accounted investees	3	(3)
Income taxes	25	26
Cost of defined-benefit plans	16	13
Net financial expense (income)	95	89
Net allocations to the provisions for risks and inventory write-downs	(37)	24
Profit from discontinued operations	-	(4)
Other non-monetary items	4	5
Cash flow from operating activities	232	307

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:

	<i>For the three months ended 31 March</i>	
	2014	2013
Inventories	(210)	(172)
Contract work in progress, progress payments and advances from customers	(598)	(460)
Trade receivables and payables	(88)	(506)
Changes in working capital	(896)	(1,138)

24. 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 31 March 2014

	Non-current loans and receivables	Other non-current receivables	Current loans and receivables	Trade receivables	Other current receivables	Total
<u>Unconsolidated subsidiaries</u>						
Other entities with unit amount lower than €mil. 10			12	5	1	18
<u>Associates</u>						
Eurofighter Jagdflugzeug GmbH				167		167
NH Industries SAS				127		127
BCV Investment SCA	272					272
Orizzonte - Sistemi Navali SpA				54		54
Iveco - Oto Melara Scarl				46		46
Metro 5 SpA		13	4	26		43
Abruzzo Engineering Scpa (in liq.)				22		22
Macchi Hurel Dubois SAS				11		11
Agustawestland Aviation Services LLC				10		10
Other entities with unit amount lower than €mil. 10	1		10	45	1	57
<u>Joint ventures</u>						
Superject International SpA			92	16		108
GIE ATR				84		84
Closed Joint Stock Company Helivert				56		56
MBDA SAS				34		34
Thales Alenia Space SAS			4	20	1	25
Rotorsim SRL				16		16
Telespazio SpA	6		20	6	4	36
Other entities with unit amount lower than €mil. 10	1		2	7	3	13
<u>Consortiums (*)</u>						
Ferroviano Vesuviano				14		14
Other consortiums with unit amount lower than €mil. 10			2	26	2	30
<u>Companies subject to the control or considerable influence of the MEF</u>						
Ferrovie dello Stato				114		114
Other entities with unit amount lower than €mil. 10				83	5	88
Total	280	13	146	989	17	1,445
% against total for the period	89.0	35.8	70.2	24.3	1.6	

**RECEIVABLES at 31 December 2013**

	Non-current loans and receivables	Other non-current receivables	Current loans and receivables	Trade receivables	Other current receivables	Total
Unconsolidated subsidiaries						
Other entities with unit amount lower than €nil. 10	-	-	8	4	1	13
Associates						
Eurofighter Jagdflugzeug GmbH				187		187
NH Industries Scarl				111		111
BCV Investment SCA	272			1		273
Iveco - Oto Melara Scarl				51		51
Metro 5 SpA		10	3	26		39
Abruzzo Engineering Scpa (in liq.)				22		22
Macchi Hurel Dubois SAS				11		11
Other entities with unit amount lower than €nil. 10		2	9	55	1	67
Joint ventures						
Superject International SpA			90	10	2	102
GIE ATR				54		54
Closed Joint Stock Company Helivert				53		53
MBDA SAS				30		30
Thales Alenia Space SAS			4	28	1	33
Rotorsim SRL				14		14
Other entities with unit amount lower than €nil. 10	8		9	13	4	34
Consortiums (*)						
Ferroviano Vesuviano				14		14
Other consortiums with unit amount lower than €nil. 10			2	31	2	35
Companies subject to the control or considerable influence of the MEF						
Ferrovie dello Stato				114		114
Other entities with unit amount lower than €nil. 10				92		92
Total	280	12	125	921	11	1,349
% against total for the period	90.3	34.5	40.2	17.4	1.9	

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



PAYABLES at 31 March 2014	Non-current loans and borrowings	Other non-current payables	Current loans and borrowings	Trade payables	Other current payables	Total	Guarantees
<u>Unconsolidated subsidiaries</u>							
Other entities with unit amount lower than €mil. 10			6	15	1	22	
<u>Associates</u>							
Eurofighter Jagdflugzeug GmbH			60	13		73	
Consorzio Start SpA				20		20	
Other entities with unit amount lower than €mil. 10			1	27	7	35	
<u>Joint ventures</u>							
MBDA SAS			400	14	1	415	62
Thales Alenia Space SAS			178	3		181	1
GIE ATR				13	17	30	
Rotorsim SRL				11		11	
Telespazio SpA				4	4	8	217
Superject International SpA			1	1	13	15	
Other entities with unit amount lower than €mil. 10				4	1	5	
<u>Consortiums (*)</u>							
Other consortiums with unit amount lower than €mil. 10				3	1	4	
<u>Companies subject to the control or considerable influence of the MEF</u>							
Ferrovie dello Stato				24		24	
Other entities with unit amount lower than €mil. 10	13		6	16	6	41	
Total	13	-	652	168	51	884	280
% against total for the period	0.3		58.8	1.6	3.0		

**PAYABLES at 31 December 2013**

	Non-current loans and borrowings	Other non-current payables	Current loans and borrowings	Trade payables	Other current payables	Total	Guarantees
<u>Unconsolidated subsidiaries</u>							
Other entities with unit amount lower than €nil. 10			6	13	2	21	
<u>Associates</u>							
Eurofighter Jagdflugzeug GmbH			69	13		82	
Consorzio Start SpA				26		26	
Other entities with unit amount lower than €nil. 10			2	31	6	39	
<u>Joint ventures</u>							
MBDA S.A.S.			363	15	1	379	62
Thales Alenia Space SAS			160	3		163	1
GIE ATR				22	73	95	
Rptorsim Srl				14		14	
Telespazio SpA				1	4	5	218
Superject International SpA				2	14	16	
Other entities with unit amount lower than €nil. 10				8		8	
<u>Consortiums (*)</u>							
Other consortiums with unit amount lower than €nil. 10				6	1	7	
<u>Companies subject to the control or considerable influence of the MEF</u>							
Ferrovie dello Stato				24		24	
Other entities with unit amount lower than €nil. 10	13		16	12	6	47	
Total	13	-	616	190	107	926	281
% against total for the period	0.3		67.7	1.6	6.4	-	

- Trade receivables are commented on later, along with revenue from related parties.
- Current loans and receivables from related parties mainly refer to receivables from joint ventures.
- Non-current loans and receivables from related parties chiefly consist of financial instruments issued by the investee BCV Investments SA measured at fair value as a result of the early repayment clauses and the forced conversion to which these securities are subject.
- Trade payables to related parties mainly refer to payables to joint ventures and to the Start Consortium for the supply of software for Defence Systems and Space segments.
- Borrowings from related parties include in particular the amount of €nil. 578 (€nil. 523 at 31 December 2013) due by Group companies to the joint ventures MBDA and Thales Alenia Space, and payables of €nil. 60 (€nil. 69 at 31 December 2013), to Eurofighter, of which Alenia Aeronautica owns 21%. As regards the latter, under a cash pooling agreement its surplus cash and cash equivalents were distributed among the partners at 31 March 2014.



For the three months ended 31 March 2014

Unconsolidated subsidiaries

Other entities with unit amount lower than €mil. 10

Associates

Eurofighter Jagdflugzeug GmbH 134
 N.H. Industries SAS 55
 Orizzonte Sistemi Navali SpA 44
 Iveco-Oto Melara Scarl 33
 Other entities with unit amount lower than €mil. 10 18

Joint ventures

GIE ATR 65
 MBDA SAS 17
 Other entities with unit amount lower than €mil. 10 21

Consortiums (*)

Other consortiums with unit amount lower than €mil. 10 5

Companies subject to the control or considerable influence of the MEF

Ferrovie dello Stato 102
 Other entities with unit amount lower than €mil. 10 20

Total

% against total for the period

	Revenues	Other operating income	Costs	Other operating expenses	Financial income	Financial expense
			4			
						1
			3			
		1	11		1	
	5					
			2			
	20		7			
Total	514	1	34	-	1	2
<i>% against total for the period</i>	14.9	0.8	1.7		2.0	1.4

For the three months ended 31 March 2013

Unconsolidated subsidiaries

Other entities with unit amount lower than €mil. 10

Associates

Eurofighter Jagdflugzeug GmbH 96
 N.H. Industries S.a.r.l. 30
 Orizzonte Sistemi Navali SpA 32
 Iveco-Oto Melara S.c.a.r.l. 24
 Other entities with unit amount lower than €mil. 10 20

Joint ventures

GIE ATR 49
 MBDA SAS 14
 Other entities with unit amount lower than €mil. 10 9

Consortiums (*)

Other consortiums with unit amount lower than €mil. 10 2

Companies subject to the control or considerable influence of the MEF

Ferrovie dello Stato 101
 Other entities with unit amount lower than €mil. 10 31

Total

% against total for the period

	Revenues	Other operating income	Costs	Other operating expenses	Financial income	Financial expense
		2	11		1	
						1
			1		1	
		20	10			
			26			
		9	2	6		1
		2				
			2			
			6			
Total	410	2	62	1	1	1
<i>% against total for the period</i>	11.7	1.4	2.9	0.8	0.6	0.4

(*) 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 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);
- NH Industries in the scope of the NH90 helicopter programme;
- 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 Chairman
(Giovanni De Gennaro)



Appendix: scope of consolidation



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

Company name	Registered office	Currency	Share capital	% Group ownership		% Group shareholding
				Direct	Indirect	
3083683 NOVA SCOTIA LIMITED	Halifax, Nova Scotia (Canada)	CAD	-		100	100
AGUSTA AEROSPACE SERVICES AAS SA	Grace Hologne (Belgium)	EUR	500,000		100	100
AGUSTAWESTLAND TILT-ROTOR COMPANY INC.	Wilmington, Delaware (USA)	USD	-		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 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 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 AERMACCCHI SPA	Venegono Superiore (Varese)	EUR	250,000,000	100		100
ALENIA AERMACCCHI 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	40.07
ANSALDO STS AUSTRALIA PTY LTD	Birsbane (Australia)	AUD	5,025,885		100	40.07
ANSALDO STS BEIJING LTD	Beijing (China)	EUR	836,945		80	32.05
ANSALDO STS CANADA INC	Kingstone, Ontario (Canada)	CAD	-		100	40.07
ANSALDO STS DEUTSCHLAND GMBH	Munich (Germany)	EUR	26,000		100	40.07
ANSALDO STS DO BRASIL SISTEMAS DE TRANSPORTE FERROVIARIO E METROPOLITANO LTDA	Fortaleza (Brazil)	BRL	1,000,000		99.99	40.06
ANSALDO STS ESPANA SAU	Madrid (Spain)	EUR	1,500,000		100	40.07
ANSALDO STS FRANCE SAS	Les Ulis (France)	EUR	5,000,000		100	40.07
ANSALDO STS HONG KONG LTD	Kowloon Bay (China)	HKD	100,000		100	40.07
ANSALDO STS IRELAND LTD	Co Kerry (Ireland)	EUR	100,309		100	40.07
ANSALDO STS MALAYSIA SDN BHD	Kuala Lumpur (Malaysia)	MYR	3,000,000		100	40.07
ANSALDO STS-SINGOA RAIL SOLUT. SOUTH AFR. (PTY) LTD	Sandton (ZA - South Africa)	ZAR	2,000		51	20.43
ANSALDO STS SOUTHERN AFRICA (PTY) LTD	Gaborone (Botswana)	BWP	100		100	40.07
ANSALDO STS SWEDEN AB	Solna (Sweden)	SEK	4,000,000		100	40.07
ANSALDO STS TRANSPORTATION SYSTEMS INDIA PRIVATE LTD	Bangalore (India)	INR	3,012,915,050		100	40.07
ANSALDO STS UK LTD	Barbican (U.K.)	GBP	1,000,000		100	40.07
ANSALDO STS SPA	Genoa	EUR	80,000,000	40.07		40.07
ANSALDO STS USA INC	Wilmington, Delaware (USA)	USD	1		100	40.07
ANSALDO STS USA INTERNATIONAL CO	Wilmington, Delaware (USA)	USD	1,000		100	40.07
ANSALDO STS USA INTERNATIONAL PROJECTS CO	Wilmington, Delaware (USA)	USD	25,000		100	40.07
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	40.07
BREDAMENARINIBUS SPA	Bologna	EUR	1,300,000	100		100
CISDEG SPA	Rome	EUR	120,000		87.50	87.50
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 SYSTEMS INC	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-Wurtemberg (Germany)	EUR	-		100	100
DRS TECHNICAL SERVICES INC	Baltimore, 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	49.00		49.00
DRS TECHNOLOGIES UK LIMITED	Farnham, Surrey (UK)	GBP	14,676,000		100	100
DRS TECHNOLOGIES VERWALTUNGS GMBH	Baden-Wurtemberg (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
ENGINEERED COIL 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		49.00	97.00
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 GLOBAL SERVICES SPA	Rome	EUR	49,945,983	100		100
LARIMART SPA	Rome	EUR	2,500,000		60.00	60.00
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	70.00	70.00
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
REGIONALNY PARK PRZEMYSLOWY SWIDNIK SP Z OO	Mechaniczna 13 - Ul, Swidnik (Poland)	PLN	7,072,000	73.88	72.75
SELEX ELSAG LTD	Chelmsford, Essex (UK)	GBP	25,800,100	100	100
SELEX ES DO BRASIL LTDA	Rio de Janeiro (Brazil)	BRL	3,621,000	100	100
SELEX ES GMBH	Backnang (Germany)	EUR	2,500,000	100	100
SELEX ES INTERNATIONAL LTD	Chelmsford (UK)	GBP	60,000,000	100	100
SELEX ES LTD	Essex (UK)	GBP	270,000,100	100	100
SELEX ES 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	Golbasi (Turkey)	TRY	56,501,808	100	100
SELEX ES INC formerly SELEX SYSTEMS INTEGRATION INC	Delaware (USA)	USD	1	100	100
SELEX ES ROMANIA SRL	Bucharest (Romania)	RON	42,370	100	100
SELEX ES 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 LTD	Portsmouth, Hampshire (UK)	GBP	71,500,001	100	100
SC ELETTRA COMMUNICATIONS SA	Ploiesti (Romania)	RON	10,847,960	50.50	50.50
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	40.07
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	94.94	94.94
WYTWORNIA SPRZETU KOMUNIKACYJNEGO "PZL-SWIDNIK" SPOLKA AKCYJNA	Aleja Lotnikow, Swidnik (Poland)	PLN	86,006,050	98.46	98.46
ZAKLAD OBROBKI PLASTYCZNEJ SP Z OO	Kuznicza 13 - Ul, Swidnik (Poland)	PLN	3,800,000	100	98.46

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

Company name	Registered office	Currency	Share capital	% Group ownership		% Group shareholding
				Direct	Indirect	
ADVANCED MALE AIRCRAFT LLC	Al Ain, Muwajji (United Arab Emirates)	AED	200,000		49.00	49.00
AGUSTAWESTLAND UK PENSION SCHEME (TRUSTEE) LTD	Yeovil (U.K.)	GBP	1		100	100
ANSALDOBREDA FRANCE SAS (IN LIQ)	Marsilles (France)	EUR	200,000		100	100
CCRT SISTEMI SPA (IN BANKRUPTCY)	Milan	Italian Lira	1,350,000,000		30.34	30.34
CCRT SISTEMI SPA (IN BANKRUPTCY)	Milan	EUR	697,217		30.34	30.34
ELSACOM - UKRAINE JOINT STOCK COMPANY	Kiev (Ukraine)	UAH	7,945,000		49.00	49.00
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 (AMMSTR)	Genoa	Italian Lira	200,533,520	31.0		31.0
INDUSTRIE AERONAUTICHE E MECCANICHE RINALDO PIAGGIO SPA (EXTR. ADM.)	Genoa	EUR	103,567	31.0		31.0
SAITECH SPA (IN BANKRUPTCY)	Passignano sul Trasimeno (Perugia)	Italian Lira	5,000,000,000		40.00	40.00
INMOVE ITALIA SPA	Naples	EUR	120,000		100	100
SAITECH SPA (IN BANKRUPTCY)	Passignano sul Trasimeno (Perugia)	EUR	2,582,285		40.00	40.00
SEL PROC SRL	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	Indirect	
A4ESSOR SAS	Neuilly Sur Seine (France)	EUR	100,000		21.00	21.00
ABRUZZO ENGINEERING SCPA (IN LIQ)	L'Aquila	EUR	1,100,000		30.00	30.00
ABU DHABI SYSTEMS INTEGRATION LLC	Abu Dhabi (United Arab Emirates)	AED	1,150,000		43.04	43.04
ADVANCED ACOUSTIC CONCEPTS LLC	Wilmington, Delaware (USA)	USD			51.00	51.00
ADVANCED AIR TRAFFIC SYSTEMS SDN BHD	Darul Ehsan (Malaysia)	MYR	5,000,000		30.00	30.00
AGUSTAWESTLAND AVIATION SERVICES LLC	Abu Dhabi (United Arab Emirates)	AED	10,000		30.00	30.00
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	26.3831976
AMSH BV	Amsterdam (The Netherlands)	EUR	36,296,316	50.00		50.00
ANSALDO-EMIT SCRL (IN LIQ)	Genoa	EUR	10,200		50.00	50.00
CONSORZIO ATR GIE e SPE	Toulouse (France)	USD	-		50.00	50.00
AUTOMATION INTEGRATED SOLUTIONS SPA	Pianezza (Turin)	EUR	100,000		40.00	40.00
AVIATION TRAINING INTERNATIONAL LTD	Dorset (U.K.)	GBP	550,000		50.00	50.00
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Ampang (Malaysia)	MYR	6,000,000		40.00	16.03
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		30.00	30.00
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		24.00	15.61
DEVELOPMENT & INNOVATION IN TRANSPORT SYSTEMS SRL	Rome	EUR	40,000		24.00	16.81
DISTRETTO TECNOLOGICO AEROSPAZIALE SC A RL	Brindisi	EUR	150,000		24.00	24.00
E - GEOS SPA	Matera	EUR	5,000,000		80	53.6
ECOSEN CA	Caracas (Venezuela)	VEF	1,310,000		50.5	20.23
ELETRONICA SPA	Rome	EUR	9,000,000	31.33		31.33
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
EURISS NV	Leiden (The Netherlands)	EUR	500,000		25.00	8.25
EUROFIGHTER AIRCRAFT MANAGEMENT GMBH	Hallbergmoos (Germany)	EUR	127,823		21.00	21.00
EUROFIGHTER INTERNATIONAL LTD	London (U.K.)	GBP	2,000,000		21.00	21.00
EUROFIGHTER JAGDFLUGZEUG GMBH	Hallbergmoos (Germany)	EUR	2,556,459		21.00	21.00
EUROFIGHTER SIMULATION SYSTEMS GMBH	Unterhaching (Germany)	EUR	260,000		24.00	24.00
EUROMAP SATELLITENDATEN-VERTRIEBSGESELLSCHAFT MBH	Neustrelitz (Germany)	EUR	127,823		100	53.60
EUROMIDS SAS	Paris (France)	EUR	40,500		25.00	25.00
EUROSATELLITE FRANCE SA	France	EUR	40,000		100	33.00
EUROSYSNAV SAS	Paris (France)	EUR	40,000	50.00		50.00
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	100		100
FINMECCANICA NORTH AMERICA INC	Dover, Delaware (USA)	USD	1,000	100		100
FINMECCANICA UK LTD	London (U.K.)	GBP	1,000	100		100
GAF AG	Munich (Germany)	EUR	256,000		100	53.60
GRUPO AURENSIS SA DE CV	Bosque de Duraznos (Mexico)	MXN	50,000		100	67.00
IAMCO - INTERNATIONAL AEROSPACE MANAGEMENT COMPANY SCRL	Venice	EUR	208,000		25.00	25.00
ICARUS SCPA	Turin	EUR	10,268,400		49.00	49.00
IMMOBILIARE CASCINA SRL	Gallarate (Varese)	EUR	46,800		100	100
INDIAN ROTORCRAFT LTD	Andhra Pradesh (India)	INR	429,337,830		26.00	26.00
INTERNATIONAL METRO SERVICE SRL	Milan	EUR	700,000		49.00	19.63
IM INTERMETRO SPA (IN LIQ)	Rome	EUR	2,461,320		33.33	23.34
IVECO - OTO MELARA SC A RL	Rome	EUR	40,000		50.00	50.00
JIANGXI CHANGHE AGUSTA HELICOPTER CO LTD	Zone Jiangxi Province (China)	USD	6,000,000		40.00	40.00
CLOSED JOINT STOCK COMPANY HELIVERT	Moscow (Russia)	RUR	10,000		50.00	50.00
JOINT STOCK COMPANY SUKHOI CIVIL AIRCRAFT	Moscow (Russia)	RUB	3,065,725,000		25.00	25.00
KAZAKHSTAN TZ-ANSALDOSTS ITALY LLP	Astana (Kazakhstan)	KZT	22,000,000		49.00	19.63
LIBYAN ITALIAN ADVANCED TECHNOLOGY CO	Tripoli (Lybia)	EUR	8,000,000	25.00		50.00
LMATTS LLC	Georgia (USA)	USD	100		100	100
MACCHI HUREL DUBOIS SAS	Plaisir (France)	EUR	100,000		50.00	50.00
MBDA SAS	Paris (France)	EUR	53,824,000		50.00	25.00
METRO 5 SPA	Milan	EUR	50,000,000		31.90	17.16
METRO BRESCIA SRL	Brescia	EUR	1,020,408		24.50	12.64
MUSINET ENGINEERING SPA	Turin	EUR	520,000		49.00	49.00
N2 IMAGING SYSTEMS LLC	Wilmington, Delaware (USA)	USD	-		30.00	30.00
NHINDUSTRIES (SAS)	Aix en Provence (France)	EUR	306,000		32.00	32.00
NGL PRIME SPA	Turin	EUR	120,000	30.00		30.00
NOVACOM SERVICES SA	Toulouse (France)	EUR	5,217,200		39.73	26.62
ORIZZONTE - SISTEMI NAVALI SPA	Genoa	EUR	20,000,000		49.00	49.00
OTO MELARA DO BRASIL LTDA	Rio de Janeiro (Brazil)	BRL	1,500,000		100	100
PEGASO SCRL (IN LIQ)	Rome	EUR	260,000		46.87	18.78
RARTEL SA	Bucharest (Romania)	RON	468,500		61.06	40.91
ROTORSIM SRL	Sesto Calende (Varese)	EUR	9,800,000		50.00	50.00
ROTORSIM USA LLC	Wilmington, Delaware (USA)	USD	12,607,452		50.00	50.00
ROXEL SAS	Le Plessis Robinson (France)	EUR	52,595,100		50.00	12.50
SAPHIRE INTERNATIONAL AVIATION & ATC ENGINEERING CO LTD	Beijing (China)	USD	800,000		65.00	65.00
SELEX ES AUSTRALIA PTY LTD	Canberra (Australia)	AUD	2		100	100
SELEX ES ELECTRO OPTICS (OVERSEAS) LTD	Basildon, Essex (U.K.)	GBP	15,000		100	100
SELEX ES INDIA PRIVATE LTD	New Delhi (India)	INR	30,100,000		100	100
SELEX ES INFRARED LTD	Basildon, Essex (U.K.)	GBP	2		100	100
SELEX ES (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	67.00
SEVERNYJ AVTOBUS ZAO	St. Petersburg (Russia)	RUB	84,000		35.00	35.00
SIRIO PANEL INC	Dover, Delaware (USA)	USD	10,000		100	100
SISTEMI DINAMICI SPA	S. Piero a Grado (Pisa)	EUR	200,000		40.00	40.00
SOCIETA' DI PROGETTO CONSORTILE PER AZIONI M4	Milan	EUR	120,000		34.20	24.07
SPACEOPAL GMBH	Munich (Germany)	EUR	500,000		50.00	33.50
SUPERJET INTERNATIONAL SPA	Tessera (Venice)	EUR	6,424,411		51.00	51.00
CONSORZIO TELAEER	Rome	EUR	103,291		100	67.52
CONSORZIO TELAEER - SISTEMI DI TELERILEVAMENTO AEREO	Rome	EUR	120,000		62.00	47.15
TELESPAZIO ARGENTINA SA	Buenos Aires (Argentina)	ARS	9,900,000		100	66.958
TELESPAZIO BRASIL SA	Rio de Janeiro (Brazil)	BRL	58,724,000		98.77	66.18
TELESPAZIO FRANCE SAS	Toulouse (France)	EUR	33,670,000		100	67.00

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

Company Name	Location	Currency	Amount	Amount	Amount
TELESPAZIO HUNGARY SATELLITE TELECOMMUNICATIONS LTD	Budapest (Hungary)	EUR	100.000	100	67.00
TELESPAZIO IBERICA SL	Barcelona (Spain)	EUR	2.230.262	100	67.00
TELESPAZIO NORTH AMERICA INC	Doover, Delaware (USA)	USD	10	100	67.00
TELESPAZIO SPA	Rome	EUR	50.000.000	100	67.00
TELESPAZIO VEGA UK LTD	Welwyn Garden City, Herts (UK)	GBP	30.000.100	100	67.00
TELESPAZIO VEGA UK SL	Madrid (Spain)	EUR	3.100	100	67.00
TELESPAZIO VEGA DEUTSCHLAND GMBH	Darmstadt (Germany)	EUR	44.150	100	67.00
THALES ALENIA SPACE SAS	Cannes La Bocca (France)	EUR	979.240.000	33.00	33.00
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	51.00	51.00

Below are the main changes in the scope of consolidation at 31 March 2014 in comparison with 31 March 2013:

COMPANY NAME	EVENT	MONTH
<u>Companies which entered the scope of consolidation:</u>		
Closed Joint Stock Company Helivert	newly purchased	May 2013
Dattilo – Distretto alta tecnologia per l'industria SCaRL	newly purchased	July 2013
Fata (Shanghai) Engineering Equipment Co. LTD	newly purchased	August 2013
Oto Melara Do Brasil LTDA	newly purchased	November 2013
Indian Rotorcraft Ltd	newly purchased	December 2013
Ansaldo STS Do Brasil Sistemas De Transporte Ferroviari	newly purchased	February 2014
<u>Companies which left the scope of consolidation:</u>		
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
Immobiliare Fonteverde (in liq.)	deconsolidated	October 2013
AgustaWestland America LLC	deconsolidated	November 2013
Quadrics Ltd (in liq.)	deconsolidated	December 2013
Telespazio Nederland BV (in liq.)	deconsolidated	December 2013
Ansaldo Energia Group	sold	December 2013
<u>Merged companies:</u>		
Agusta Holding BV	AgustaWestland NV	September 2013
Finmeccanica Group Services Spa	Finmeccanica Group Real Estate Spa	October 2013
SELEX Systems Integration GmbH	Selex Communications GmbH	October 2013
AgustaWestland Inc.	AgustaWestland North America Inc.	December 2013
AgustaWestland N.V.	AgustaWestland Spa	January 2014
Elsag North America LLC	Selex ES Inc.	January 2014
Selex Communications Inc.	Selex ES Inc.	January 2014
Orangee Srl	Selex ES Spa	January 2014
Cyberlabs Srl	Selex ES Spa	January 2014

Companies which changed their name:

OLD NAME	NEW NAME	MNTH
Selex Communications GmbH	Selex ES GmbH	October 2013
Finmeccanica Group Real Estate Spa	Finmeccanica Global Services Spa	October 2013
Selex Systems Integration Inc.	Selex ES Inc.	January 2014



Companies that as a result of the adoption of the new IFRS 11, changed their consolidation method from the proportionate one to the equity one,:

Telespazio Group
THALES Alenia Space SAS Group
AMSH BV
MBDA SAS Group
Aviation Training International Ltd
Rotorsim Srl
Rotorsim USA LLC
Closed Joint Stock Company Helivert
Consorzio ATR GIE e SPE
Superjet International Spa
Balfour Beatty Ansaldo Systems JV SDN BHD
Kazakhstan TZ-Ansaldo STS Italy LLP
Advanced Acoustic Concepts LLC



Declaration of the officer in charge of financial reporting on the interim financial report at 31 March 2014 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, the C.F.O. and officer in charge of financial reporting of Finmeccanica Spa, certifies that the Interim Financial Report at 31 March 2014 corresponds to the related accounting records, books and supporting documentation.

Officer in charge of Financial Reporting

(Gian Piero Cutillo)