



Report on Corporate Governance
and Shareholder Structure

FINANCIAL YEAR 2012

23 April 2013

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CORPORATE GOVERNANCE REPORT AND SHAREHOLDER STRUCTURE

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CORPORATE GOVERNANCE REPORT AND SHAREHOLDER STRUCTURE

INTRODUCTION

The purpose of this Report, pursuant to Art. 123-bis of the Consolidated Law on Financial Intermediation (Legislative Decree 58/1998), as well as the current laws and regulations governing disclosures concerning compliance with codes of conduct, is to provide the necessary periodic and analytical description of Finmeccanica Spa's corporate governance system and its shareholder structure.

Specifically, the disclosure contained herein is prepared in compliance with the provisions on the contents under paragraphs 1 and 2 of the abovementioned Art. 123-bis and on the basis of the articles of the current Corporate Governance Code of Listed Companies (hereinafter also referred to as "the Code"). The Company complies with this Code, which was approved in March 2006 by the "Corporate Governance Committee" and finally updated in December 2011.

The aforementioned Code can be found on the Borsa Italiana website (www.borsaitaliana.it).

1. ISSUER PROFILE

The following is a brief profile of the Company. A fuller description is provided in later sections of this Report.

Company organisation

The organisation of the Company, based on the traditional model, is consistent with the applicable laws provided for listed issuers and is as follows:

- **BOARD OF DIRECTORS**, which is vested with the fullest powers for the administration of the Company, with the authority to perform any act it considers appropriate to the fulfilment of the Company's business purpose, except for those acts reserved to the Shareholders' Meeting by law or by the by-laws. The current Board of Directors was appointed by the Shareholders' Meeting on 4 May 2011 for the three-year period 2011-2013 and was subsequently integrated on 1 December 2011, 16 May 2012 and 13 February 2013, as illustrated in details in point 4.2 and 15 below.
- **BOARD OF STATUTORY AUDITORS**, which has – *inter alia* - the task of monitoring: (a) compliance with the law and by-laws and observance of the principles of proper business administration; b) the adequacy and effectiveness of the Company's organisational structure, internal control and risk management system, as well as administrative and accounting system, and also the latter's reliability as a means of accurately reporting business operations; c) any

procedures for the actual implementation of the corporate governance rules provided for in the Code; d) the adequacy of the Company's instructions to subsidiaries with regard to disclosures prescribed by law. The current Board of Statutory Auditors was appointed by the Shareholders' Meeting on 16 May 2012 for the 2012-2014 term.

- **SHAREHOLDERS' MEETING**, which has the power to pass resolutions in ordinary and extraordinary sessions on the matters reserved to it by law or under the by-laws.
- **INDEPENDENT AUDITORS**: the Shareholders' Meeting of 16 May 2012 appointed KPMG S.p.A. to carry out the statutory audit of the Company's accounts for the period 2012-2020.
- **OFFICER IN CHARGE OF PREPARING THE COMPANY'S ACCOUNTING DOCUMENTS**: on 14 June 2012, pursuant to Art. 154-bis of the Consolidated Law on Financial Intermediation and articles 25.4 and 25.5 of the Company's by-laws, the Board of Directors appointed Gian Piero Cutillo (the Company's Chief Financial Officer) as the Officer in charge of preparing the Company's accounting documents until the expiry of the term of office of the Board of Directors.

Objectives and corporate mission

Finmeccanica intends to consolidate and strengthen its role as the first Italian industrial Group in the high technology sector, which ranks among the top ten global players in the Aerospace, Defence and Security sectors, developing a synergistic and integrated portfolio of activities through which to efficiently satisfy the needs of domestic Customers, to participate in the development of European and international programmes and to compete selectively in the global market.

The Group has a workforce of about 68,000 employees working in more than 50 countries and is firmly focused on three strategic sectors: Helicopters, Defence and Security Electronics and Aeronautics. Furthermore, Finmeccanica is also the European leader in the Defence Systems sector and enjoys a strong presence in the space sector and in the satellite services market; it also has significant skills in the Transportation and Energy sectors.

Finmeccanica pursues its own mission in strict accordance with the objective of providing innovation, through competitive and advanced products and services that create value for its Shareholders and aiming at protecting and strengthening its competence in the various business areas.

2. INFORMATION ABOUT THE SHAREHOLDER STRUCTURE

A) STRUCTURE OF THE SHARE CAPITAL (Art. 123-bis, para. 1, lett. a), Consolidated Law on Financial Intermediation)

The Finmeccanica's share capital is equal to € 2,548,861,738.00 and is made up of 578,150,395 common shares with a par value of €4.40 each, all accompanied by the same rights and obligations. The holders of Finmeccanica' shares are entitled to vote at the ordinary and extraordinary meetings of the Company.

The Ministry for the Economy and Finance holds a stake of about 30.204% in the share capital of Finmeccanica.

At the date of the approval of this Report the Company owned 32,450 treasury shares, equal to about 0.0056% of the share capital.

B) RESTRICTIONS ON SHARE TRANSFER (Art. 123-bis, para. 1, lett. b), Consolidated Law on Financial Intermediation)

In accordance with art. 5.1 *bis* of the Company's By-laws, in the application of the special rules under Art. 3 of Decree-law 332 of 31 May 1994, converted with amendments into Law 474 of 30 July 1994, as amended and supplemented, no one, except for the State, public bodies or entities controlled thereby and any other party authorised by law, may possess, on any basis, shares in the Company that constitute a shareholding of more than 3% of the share capital represented by shares with voting rights. The maximum shareholding limit is also calculated in consideration of the total holding of the controlling undertaking, which may be a natural person, legal person or corporation, by direct or indirect subsidiaries and by the subsidiaries of a single controlling undertaking, by affiliated undertakings and by relatives within the second degree of consanguinity or affinity or spouses, provided that the spouses are not legally separated.

With also reference to parties other than companies, the term "control" is held to be within the meaning of Art. 93 of the TUF. The term "affiliation" is held to be within the meaning of Art. 2359(3) of the Italian Civil Code, and is also deemed to exist between parties who, directly or indirectly, through their subsidiaries, other than those which manage mutual funds, sign, with third parties or otherwise, agreements relating to the exercise of voting rights or the transfer of shares, belonging to third parties or otherwise, or other agreements or contracts with third parties or otherwise, as referred to in Art. 122 of the TUF, if such agreements or contracts concern at least 10% of the voting capital for listed companies or 20% of the voting capital for unlisted companies.

For the purposes of calculating the aforesaid shareholding limit (3%), consideration is also given to shares held through trust companies and/or intermediaries or by third parties in general.

Furthermore, on the basis of the new provisions relating to the Government's special powers that are commented on in point D.1) below and, more in particular, pursuant to article 1, paragraph 5, of Decree Law no. 21 of 15 March 2012, as amended and converted by Law o. 56 of 11 May 2012 and to the Decree no. 253 issued by the President of the Council of Ministers on 30 November 2012, as amended and supplemented, anyone – excluding the Italian Government, Italian public bodies or any entities controlled by the latter – who holds a stake in the share capital which exceeds the threshold set out in article 120, paragraph 2, of Legislative Decree no. 58/98, as amended, or a stake which exceeds the thresholds of 3%, 5%, 10%, 15%, 20% and 25%, is required to notify the acquisition in question to the competent State Administration within the terms and according to the procedures set out in Decree Law no. 21 of 15 March 2012, as amended and converted by Law no. 56 of 11 May 2012. The above shall apply in order to allow the competent State Administration to exercise the special powers envisaged in the abovementioned regulations in the event of a threat of serious damage to the essential interests of the national defence and security.

C) MATERIAL SHAREHOLDINGS IN THE SHARE CAPITAL (Art. 123-bis, para. 1, lett. c), Consolidated Law on Financial Intermediation)

The persons who, at the date of the approval of this Report, held, either directly or indirectly, a significant stake exceeding 2% of the share capital, on the basis of the notices disclosed pursuant to Art. 120 of the Consolidated Law on Financial Intermediation¹ and of the other available information, are reported in Table 1 attached hereto.

D) HOLDERS OF SECURITIES THAT CONFER SPECIAL CONTROL RIGHTS (Art. 123-bis, para. 1, lett. d), Consolidated Law on Financial Intermediation)

No securities have been issued conferring special control or any other rights.

D.1) SPECIAL POWERS OF THE GOVERNMENT

Law no. 56 of 11 May 2012, which converted Decree Law no. 21 of 15 March 2012, introduced new regulations on the special powers of the Government on the corporate structures in the sectors of the

¹ It should be noted that the current Consob regulations governing material shareholdings (Art. 119-bis of the Issuers Regulations no. 11971/1999, as finally amended by Resolution no. 18214/2012) exempt management companies and authorized parties from the obligation to disclose shareholdings acquired within the management activity, which are higher than 2% and less than 5%; with reference to non-EU citizens, this exemption shall apply on condition that they are subject to supervision by a public regulatory authority or recognized by a public authority, in their country of origin.

national defence and security, as well as for the activities of strategic importance in the sectors of energy, transportation and communication.

Subsequently, Decree no. 253 issued by the President of the Council of Ministers on 30 November 2012 identified the activities for the national defence and security system, including any key strategic activities, for the purposes of the exercise of the Government's special powers referred to in the abovementioned Law.

With respect to the previous structure, which specifically referred to the exercise by the Government of its special powers over the national companies being privatized and operating in the sectors of public services, the special powers defined by the abovementioned Law tend, more in general, to ensure control over the body of shareholders and on some strategic assets, regardless whether they belong to companies with State-owned or fully private shareholdings.

In particular, the new regulations governing special powers provides, in the event of an actual threat of a serious damage to the essential interests of the national defence and security, for the Government to be entitled to exercise the three special powers described below:

- a) imposition of specific conditions relating to the security of procurement and information, technology transfers, export control, in the case of the acquisition of stakes in companies that carry out activities of strategic importance for the defence and security sector;
- b) veto on the adoption of resolutions passed by the Shareholders' Meeting or of the governing body of a company that carries out activities of strategic importance for the defence and security sector relating to extraordinary transactions or transactions of particular importance concerning mergers, demergers, transfer of businesses or branches of business or of subsidiaries, transfer of the registered office abroad, change in the corporate purpose, dissolution of the company, amendments to bylaw clauses that may be adopted on limits on voting rights (pursuant to article 2351, paragraph 3, of the Italian Civil Code) and assignments of rights *in rem* or of use in relation to tangible or intangible assets or undertaking of obligations that limit their use;
- c) opposition to the acquisition of stakes in a company that carries out activities of strategic importance for the defence and security sector, on the part of an entity other than the Italian Government, an Italian public body or an entity controlled by the latter, where the buyer holds a stake in the voting capital which is capable of affecting the interests of the national defence and security. For this purpose, the stake held by third parties with which the buyer has entered into a shareholders' agreement is considered to be included.

The new special powers no longer provide for the Government's right to appoint a director with no voting rights: therefore, the Director without voting rights of Finmeccanica as appointed by ministerial decree of 27 April 2011 will cease to hold office at the expiry of the relevant term of office, for any reason whatsoever.

From the entry into force of the abovementioned Decree n. 253 issued by the President of the Council of Ministers on 30 November 2012, the bylaw clauses that are inconsistent with the new regime of special powers cease to be effective. Therefore, Finmeccanica is making steps to formally bring its Bylaws into line with the new regulations of the Government' special powers.

E) EMPLOYEE SHAREHOLDING: VOTING MECHANISM (Art. 123-bis, para. 1, lett. e), Consolidated Law on Financial Intermediation)

No provision is made for any employee shareholding scheme.

F) VOTING RESTRICTIONS (Art. 123-bis, para 1, lett. f), Consolidated Law on Financial Intermediation)

In accordance with the laws on privatisation (Law 474/94 as amended), the Corporate by-laws (Art. 5.1-bis provide that voting rights relating to shares held above the maximum limit of 3% may not be exercised. Article 5.1-bis also provides that "voting rights held by shareholders in excess of the shareholding limit shall be reduced proportionally, unless otherwise previously and jointly indicated by all the shareholders concerned. In case of non-compliance, meeting resolutions may be challenged under Art. 2377 of the Italian Civil Code if the required majority would not have been reached had the votes exceeding the maximum limit not been included.

However, non-voting shares shall be included for the purposes of calculating the meeting quorum.

Note should also be taken of the contents of subsection D.1) above, with reference to the special powers described therein.

G) SHAREHOLDERS' AGREEMENTS (Art. 123-bis, para. 1, lett. g), Consolidated Law on Financial Intermediation)

The Company has no knowledge of any shareholders' agreements as referred to in Art. 122 of the Consolidated Law on Financial Intermediation, regarding the shares.

H) CLAUSES ON CHANGE OF CONTROL (Art. 123-bis, para. 1, lett. h), of the Consolidated Law on Financial Intermediation) AND BYLAW PROVISIONS CONCERNING TAKEOVER BIDS (Arts. 104, para. 1-ter and 104-bis, para. 1, of the Consolidated Law on Financial Intermediation)

Material agreements entered into by Finmeccanica or its subsidiaries and which will become effective, will be amended or extinguished in case of a change of control of the company concerned are listed below with an indication of the corresponding effects.

PARTIES	AGREEMENT	EFFECTS OF THE CHANGE OF CONTROL CLAUSE	
FINMECCANICA	BNPP-BNL, BANCA INTESA SANPAOLO, UNICREDIT, SOCIETE GENERALE, THE BANK OF TOKYO-MITSUBISHI, HSBC BANK PLC, SUMITOMO, ROYAL BANK OF SCOTLAND PLC, BANK OF AMERICA-MERRILL LYNCH, BANCO SANTANDER	AGREEMENT FOR THE GRANTING OF A REVOLVING CREDIT LINE	AFTER AN OPTIONAL 90-DAY REGISTRATION PERIOD, EACH BANK MAY REQUEST THE CANCELLATION OF ITS COMMITMENT AND THE RESTITUTION OF ITS STAKE, TOGETHER WITH ANY INTEREST ACCRUED UNTIL THAT DATE.
FINMECCANICA	ING BANK NV E ING BANK NV, MILAN BRANCH	GUARANTEE AGREEMENTS FOR ANSALDOBREDA	AFTER AN OPTIONAL 90-DAY REGISTRATION PERIOD, THE BANKS MAY CANCEL THE AGREEMENT AND REQUEST A REFUND FOR GUARANTEES ISSUED.
FINMECCANICA	BAE SYSTEMS AND EADS	SHAREHOLDERS' AGREEMENT RELATING TO MBDA SAS, A COMPANY OPERATING IN THE MISSILE SYSTEMS SECTOR	IN CASE OF A CHANGE OF CONTROL OF FINMECCANICA, THE OTHER SHAREHOLDERS - BAE SYSTEMS AND EADS - HAVE THE OPTION OF DECIDING WHETHER TO EXTINGUISH FINMECCANICA'S RIGHT TO APPOINT CERTAIN MANAGERS AND TO OBTAIN CERTAIN INFORMATION ABOUT MBDA. IF THIS IS REQUESTED BY THE SHAREHOLDERS, FINMECCANICA CAN ASK THESE SHAREHOLDERS TO BUY ITS STAKE IN MBDA AT MARKET PRICE.
FINMECCANICA	EUROPEAN INVESTMENT BANK	AGREEMENT FOR THE GRANTING OF A LOAN FOR THE "DEVELOPMENT AND PRODUCTION OF INNOVATIVE AIRCRAFT COMPONENTS" PROJECT OF ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA)	EIB MAY CANCEL THE LOAN AND REQUEST EARLY REIMBURSEMENT IF A PARTY OR GROUP OF PARTIES ACTING IN CONCERT ACQUIRE CONTROL OF FINMECCANICA PURSUANT TO ART. 2359 OF THE ITALIAN CIVIL CODE OR IF THE ITALIAN GOVERNMENT CEASES TO HOLD AT LEAST 30% OF THE SHARE CAPITAL OF FINMECCANICA.

FINMECCANICA	THALES	SHAREHOLDERS' AGREEMENT RELATING TO THALES ALENIA SPACE SAS (TAS - FINMECCANICA 33%), A COMPANY OPERATING IN THE SATELLITE MANUFACTURING SECTOR	IN CASE OF A CHANGE OF CONTROL OF FINMECCANICA TO A COMPETITOR OF THALES, THALES IS ENTITLED TO BUY FINMECCANICA'S SHARES IN TAS AT A PRICE TO BE AGREED BY THE PARTIES.
FINMECCANICA	THALES	SHAREHOLDERS' AGREEMENT RELATING TO TELESPAZIO SPA (FORMERLY TELESPAZIO HOLDING SRL - FINMECCANICA 67%), A COMPANY OPERATING IN THE SATELLITE SERVICES SECTOR	IN CASE OF A CHANGE OF CONTROL OF FINMECCANICA TO A COMPETITOR OF THALES, THALES IS ENTITLED TO SELL ITS STAKE IN TPZH TO FINMECCANICA AT A PRICE TO BE AGREED BY THE PARTIES.
FINMECCANICA	THALES AND BENIGNI	SHAREHOLDERS' AGREEMENT RELATING TO ELETTRONICA SPA (FINMECCANICA 31.33%), A COMPANY OPERATING IN THE DEFENCE ELECTRONICS SECTOR	IN CASE OF A CHANGE OF CONTROL, THE OTHER SHAREHOLDERS HAVE THE RIGHT TO BUY FINMECCANICA'S SHARES IN ELETTRONICA ON A PRO-RATA BASIS AT A PRICE TO BE AGREED BY THE PARTIES.
FINMECCANICA	GROUP OF BANKS INCLUDING: İŞ BANKASI, VAKIFLAR, YAPI KREDİ	GUARANTEE AGREEMENT IN THE INTEREST OF ANSALDO ENERGIA SPA (54.55% FINMECCANICA)	IN CASE OF A CHANGE OF CONTROL OF ANSALDO ENERGIA DURING THE FIRST FIVE YEARS OF THE CONTRACT, THE BANKS MAY ASK FINMECCANICA TO REPAY THEIR LOAN SHARE.
FINMECCANICA	CHARTIS ASSICURAZIONI	AGREEMENT FOR THE GRANTING OF AN INSURANCE CREDIT LINE FOR THE ISSUE OF SIGNATURE LOANS (BID BOND, PERFORMANCE BOND ETC.) IN THE INTERESTS OF THE FINMECCANICA GROUP'S COMPANIES	IN CASE OF A CHANGE OF CONTROL OF FINMECCANICA, THE INSURANCE COMPANY MAY REQUEST AN IMMEDIATE CASH DEPOSIT EQUAL TO THE AMOUNTS OF THE GUARANTEES IN FORCE AND TO CANCEL THE CREDIT LINE.

PARTIES	AGREEMENT	EFFECTS OF THE CHANGE OF CONTROL CLAUSE
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PARTIES SUBSIDIARIES

AGUSTAWESTLAND SPA 100% FINMECCANICA THROUGH AGUSTAWESTLAND NV	GENERAL ELECTRIC COMPANY (THROUGH AVIATION BUSINESS UNIT, MA, USA - "GE")	FRAMEWORK AGREEMENT RELATING TO THE SUPPLY OF HELICOPTER ENGINES	RENEGOTIATION OF THE AGREEMENTS IF CONTROL OF AGUSTAWESTLAND IS ACQUIRED BY A COMPETITOR OF GE; AGUSTA IS LIABLE FOR ANY BREACH OF CONFIDENTIALITY IN RELATION TO THE GE'S PROPRIETARY INFORMATION.
AGUSTAWESTLAND SPA 100% FINMECCANICA THROUGH AGUSTAWESTLAND NV	BELL HELICOPTER TEXTRON	LICENCE FOR THE PRODUCTION AND SALE OF 412, 412SP, 412HP, 412EP-SAR, 212, 206A, 206B HELICOPTERS AND SPARE PARTS	TERMINATION OF THE AGREEMENT IN CASE OF TRANSFER OF OWNERSHIP OF AGUSTAWESTLAND TO A THIRD-PARTY HELICOPTER MANUFACTURER AND SELLER, EXCLUDING INTRA-GROUP TRANSFERS.
AGUSTAWESTLAND SPA 100% FINMECCANICA THROUGH AGUSTAWESTLAND NV	BOEING COMPANY DEFENCE & SPACE GROUP	AGREEMENT FOR THE REVISION AND SALE OF THE CH47C MODEL AND SPARE PARTS	EXPRESS CANCELLATION CLAUSE, EXCLUDING TRANSFER OF CONTROL WITHIN THE FINMECCANICA GROUP.
AGUSTAWESTLAND SPA 100% FINMECCANICA THROUGH AGUSTAWESTLAND NV	OJSC "OPK" OBORONPROM; LLC "INTERNATIONAL HELICOPTER PROGRAMS"; CJSC HELIVERT (THE JVCOMPANY)	AGREEMENT RELATING TO THE JOINT VENTURE FOR PRODUCTION AND SALE OF THE CIVIL HELICOPTER AW139 IN RUSSIA AND IN OTHER CIS COUNTRIES.	TERMINATION OF THE JOINT VENTURE AGREEMENT AND WINDING-UP OF THE J.V. COMPANY ON THE PART OF THE MEMBERS.
AGUSTAWESTLAND TILT-ROTOR COMPANY INC (FORMERLY AGUSTAWESTLAND TILT-ROTOR) 100 % FINMECCANICA THROUGH AGUSTAWESTLAND NV	BELL HELICOPTER TEXTRON INC.	LICENCE AGREEMENT FOR THE TECHNOLOGY OF THE HELICOPTER AW609	THE TRANSFER OF THE LICENCE AGREEMENT, IN THE CASE OF CHANGE OF CONTROL IN AGUSTAWESTLAND TILT-ROTOR COMPANY INC (FORMERLY AGUSTAWESTLAND TILT-ROTOR) OR OF GROUP COMPANIES, IS INEFFECTIVE, EXCEPT WITH THE WRITTEN CONSENT BY BELL HELICOPTER TEXTRON INC.

<p>ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA)</p> <p>100% FINMECCANICA</p>	<p>BOEING COMPANY</p>	<p>GENERAL TERMS AGREEMENT CONCERNING ALENIA AERMACCHI'S STAKE (FORMERLY ALENIA AERONAUTICA) IN THE BOEING 787 PROGRAMME</p>	<p>AUTHORISATION OF BOEING REQUIRED IN THE CASE OF CHANGE OF CONTROL OF ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA) AND BOEING HAS THE RIGHT TO TERMINATE THE CONTRACT IN THE EVENT THIS CLAUSE IS VIOLATED.</p>
<p>ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA)</p> <p>100% FINMECCANICA</p>	<p>ABU DHABI UAV INVESTMENT LLC</p>	<p>JOINT VENTURE AGREEMENT CONCERNING THE FORMATION OF A COMPANY (ADVANCED MALE AIRCRAFT LLC) IN ABU DHABI FOR THE DEVELOPMENT AND PRODUCTION OF A CLASS OF REMOTELY-PILOTED AIRCRAFT</p>	<p>TERMINATION OF THE AGREEMENT AT THE OPTION OF THE PARTY NOT SUBJECT TO A CHANGE IN CONTROL. TERMINATION IS SUBJECT TO THE INITIATION OF A SPECIAL AMICABLE SETTLEMENT PROCESS AND NOT AN ARBITRATION PROCEDURE. IN THE ALTERNATIVE, THE NON-BREACHING PARTY MAY DEMAND THAT THE BREACHING PARTY SELLS ITS SHARES AT MARKET VALUE LESS 20%, OR THAT THE BREACHING PARTY PURCHASES THE SHARES OF THE NON-BREACHING PARTY AT MARKET VALUE PLUS 20%.</p>
<p>ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA)</p> <p>100% FINMECCANICA</p>	<p>LOCKEED MARTIN AERO</p>	<p>STRATEGIC TEAMING AGREEMENT THAT SETS OUT THE GENERAL TERMS OF THE RELATIONSHIPS BETWEEN THE PARTIES UNDER JOINT STRIKE FIRE ("JSF") PROGRAMME TO BUILD A 5TH GENERATION MULTIROLE FIGHTER PLANE</p>	<p>TERMINATION OF THE AGREEMENT AT THE OPTION OF LOCKEED MARTIN IN CASE OF A CHANGE OF OWNERSHIP OR CONTROL OF ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA) OR SALE OF ASSETS THAT WOULD RESULT IN A SIGNIFICANT LOSS OR DECREASE IN EXPERTISE OR FACILITIES ESSENTIAL TO THE PERFORMANCE OF ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA)</p>
<p>WORLD'S WING SA 94.94% FINMECCANICA THROUGH ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA)</p> <p>ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA) 100% FINMECCANICA</p>	<p>OAO SUKHOI COMPANY, OAO SUKHOI DESIGN BUREAU, ZAO SUKHOI CIVIL AIRCRAFT</p>	<p>JOINT VENTURE AGREEMENT CONCERNING SUKHOI CIVIL AIRCRAFT, A RUSSIAN COMPANY THAT PRODUCES THE SUKHOI SUPERJET 100</p>	<p>IN THE EVENT OF A CHANGE OF CONTROL OF ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA), SUKHOI COMPANY HAS THE RIGHT TO EXERCISE A PURCHASE OPTION ON THE SHARES OF SUKHOI CIVIL AIRCRAFT COMPANY, HELD BY ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA) THROUGH</p>

			WORLD'S WING SA, AT A MARKET PRICE, EQUAL TO THE LESSOR OF FAIR MARKET VALUE AND FLOOR VALUE (WHICH CORRESPONDS TO THE TOTAL PURCHASE PRICE OF SHAREHOLDINGS IN SUPERJET INTERNATIONAL AND IN SUKHOI CIVIL AIRCRAFT COMPANY) PLUS THE TOTAL CONTRIBUTIONS PAID BY ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA), UNDER THE FUNDING PLAN, LESS 10%.
ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA) 100% FINMECCANICA	ISRAEL MINISTRY OF DEFENCE	"STRATEGIC PURCHASE CONTRACT" FOR THE SUPPLY OF 30 ADVANCED TRAINING M346 AIRCRAFT AND RELATED SYSTEMS, SERVICES AND TECHNICAL SUPPORT	IN CASE OF A CHANGE OF CONTROL OF ALENIA AERMACCHI (FORMERLY ALENIA AERONAUTICA) THE ISRAEL MINISTRY OF DEFENCE MAY TERMINATE THE CONTRACT IF, AS A RESULT OF THE SAME, THE SAME BECOMES SUBJECT TO THE MANAGEMENT AND CONTROL BY A PARTY LINKED TO A STATE DEFINED AS AN "ENEMY OF THE STATE OF ISRAEL" ACCORDING TO THE ISRAELI LEGISLATION ON "ISRAELI'S TRADING WITH THE ENEMY"
ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA) 100% FINMECCANICA	ELBIT SYSTEMS LIMITED	"CONTRACTOR LOGISTIC SUPPORT CONTRACT" FOR LOGISTIC SUPPORT (SUPPLY, REPAIR AND SERVICE OF SPARE PARTS) TO THE ISRAELI M-346 FLEET	IN CASE OF A CHANGE OF CONTROL OF A PARTY, AS RESULT OF WHICH THE SAME BECOMES SUBJECT TO THE MANAGEMENT AND CONTROL BY A PARTY LINKED TO A STATE THAT DOES NOT HAVE DIPLOMATIC RELATIONS WITH ISRAEL (IN THE EVENT THAT THE TRANSACTION RELATES TO ALENIA AERMACCHI) AND WITH ITALY (IN THE EVENT THAT THE TRANSACTION RELATES TO ELBIT SYSTEMS LIMITED), A PRIOR WRITTEN CONSENT IS REQUIRED FROM THE PARTY THAT IS NOT INVOLVED IN THE CHANGE OF CONTROL.
WING NED BV 100% FINMECCANICA THROUGH ALENIA AERMACCHI SPA (FORMERLY ALENIA	OA0 SUKHOI COMPANY, SUPERJET INTERNATIONAL SPA	J OINT VENTURE AGREEMENT CONCERNING SUPERJET INTERNATIONAL SPA, AN ITALIAN COMPANY THAT	IN CASE OF A CHANGE OF CONTROL OF ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA), SUKHOI COMPANY HAS THE

<p>AERONAUTICA) ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA) 100% FINMECCANICA</p>		<p>MARKETS REGIONAL JETS, INCLUDING THE SUKHOI SUPERJET 100</p>	<p>RIGHT TO EXERCISE A PURCHASE OPTION ON THE SHARES OF SUPERJET INTERNATIONAL, HELD BY ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA) THROUGH WING NED BV, AT A MARKET PRICE, EQUAL TO THE LESSOR OF FAIR MARKET VALUE AND FLOOR VALUE (WHICH CORRESPONDS TO THE TOTAL PURCHASE PRICE OF THE SHAREHOLDINGS IN SUPERJET INTERNATIONAL AND IN SUKHOI CIVIL AIRCRAFT COMPANY) PLUS THE TOTAL CONTRIBUTIONS PAID BY ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA), UNDER THE FUNDING PLAN, LESS 10%.</p>
<p>ALENIA AERMACCHI NORTH AMERICA INC (FORMERLY ALENIA NORTH AMERICA INC.) 100% FINMECCANICA THROUGH ALENIA AERMACCHI SPA (FORMERLY ALENIA AERONAUTICA SPA)</p>	<p>L3 COMMUNICATIONS INTEGRATED SYSTEMS LP</p>	<p>JOINT VENTURE AGREEMENT CONCERNING US COMPANY GLOBAL MILITARY AIRCRAFT SYSTEMS LLC FOR UNDERTAKING ACTIVITY IN RELATION TO THE C-27J AIRCRAFT</p>	<p>IF A STAKE EQUAL TO OR MORE THAN 50% OF THE STAKE OF THE LLC OR ASSETS IS TRANSFERRED TO A COMPETITOR OF THE OTHER PARTY, THE PARTY NOT INVOLVED WILL BE ENTITLED TO A PURCHASE OPTION AT THE MARKET VALUE ON THE SHAREHOLDING OF THE PARTY THAT UNDERWENT THE CHANGE OF CONTROL.</p>
<p>ANSALDOBREDA SPA (100% FINMECCANICA) AS A MEMBER OF THE TREVI CONSORTIUM ALONG WITH:</p> <ul style="list-style-type: none"> - ALSTOM FERROVIARIA SPA - FIREMA TRASPORTI SPA IN A.S. - BOMBARDIER TRANSPORTATION ITALIA SPA 	<p>CONSORZIO TREVI (IN LIQ.), WHICH HAS A LOCOMOTIVE SUPPLY CONTRACT WITH TRENITALIA SPA</p>	<p>BYLAWS OF THE TREVI CONSORTIUM</p>	<p>THE BYLAWS OF THE TREVI CONSORTIUM STIPULATE THAT THE SHAREHOLDERS' MEETING CAN DECIDE, BY UNANIMOUS VOTE EXCEPT FOR THE VOTE OF THE CONSORTIUM MEMBER, TO EXCLUDE A MEMBER OF THE CONSORTIUM IN THE CASE OF THE TRANSFER OF THE CONTROLLING INTEREST OF THE CONSORTIUM MEMBER ITSELF, UNLESS SUCH TRANSFER TAKES PLACE WITHIN SUBSIDIARIES AND/OR ASSOCIATES OR, IN ANY CASE, THE SAME FINANCIAL GROUP TO WHICH THE TRANSFEROR BELONGS.</p>

ANSALDOBREDA SPA 100% FINMECCANICA	BOMBARDIER TRANSPORTATION GMBH	COOPERATION AGREEMENT CONCERNING THE JOINT DEVELOPMENT, MANUFACTURE AND SALE OF THE NEW HIGH- SPEED TRAIN	IN THE CASE IN WHICH MORE THAN 50% OF THE SHARE CAPITAL OF ONE OF THE PARTIES OR ITS PARENT COMPANY IS TRANSFERRED TO A COMPETITOR OF THE PARTIES, OR IN THE CASE OF THE TRANSFER OF THE ASSETS TO A COMPETITOR, THE PARTY NOT INVOLVED WILL BE ENTITLED TO TERMINATE THE COLLABORATION CONTRACT.
ANSALDO ENERGIA SPA (FORMERLY ANSALDO ENERGIA HOLDING) 54.55% FINMECCANICA	GROUP OF BANKS WITH BANCA IMI, BNP PARIBAS AND UNICREDIT AS LEAD MANAGERS	AGREEMENT FOR THE GRANTING OF TWO CREDIT LINES, ONE OF WHICH IS A REVOLVING LINE	THE BANKS MAY REQUEST THE REPAYMENT OF THE LOAN SHOULD FINMECCANICA LOSE CONTROL OVER ANSALDO ENERGIA SPA (FORMERLY ANSALDO ENERGIA HOLDING). FURTHERMORE THE BANKS MAY REQUEST THE REPAYMENT OF THE REVOLVING CREDIT LINE IN THE CASE OF CHANGE OF CONTROL IN FINMECCANICA
ANSALDO STS SPA 40.065% FINMECCANICA	NAPLES CITY COUNCIL	CONCESSION AGREEMENT FOR THE CONSTRUCTION OF LINE 6 OF THE METRO	TERMINATION OF THE CONTRACT IN CASE OF THE INCORPORATION OR MERGER WITH OTHER NON-GROUP COMPANIES.
SELEX ES LTD (FORMERLY SELEX GALILEO LTD) 100% FINMECCANICA THROUGH SELEX ES SPA	NORTHROP GRUMMAN	“MISSILE COUNTER MEASURE (INFRARED)” CONTRACT	TERMINATION OF THE CONTRACT OR ALTERNATIVELY A REQUEST FOR ADDITIONAL PERFORMANCE GUARANTEES, AT THE DISCRETION OF THE PARTY NOT SUBJECT TO A CHANGE IN CONTROL.
SELEX SYSTEMS INTEGRATION LTD 100% FINMECCANICA THROUGH SELEX ELECTRONIC SYSTEMS SPA	LOCKHEED MARTIN IS&GS (CIVIL) UK	TEAMING AGREEMENT FOR PRESENTING A BID FOR THE JOINT MILITARY AIR TRAFFIC SERVICES PROJECT	TERMINATION OF THE CONTRACT AT THE DISCRETION OF THE PARTY NOT SUBJECT TO A CHANGE IN CONTROL.
TELESPAZIO SPA 67% FINMECCANICA	DLR GfR	BYLAWS FOR SPACEOPAL GMBH (50% TELESPAZIO SPA; 50% DLR GfR), A COMPANY OPERATING IN THE FIELD OF SATELLITE SERVICES RELATING TO THE GALILEO PROJECT	RIGHT OF THE SHAREHOLDER NOT SUBJECT TO A CHANGE IN CONTROL, WITH THE PRIOR AUTHORISATION OF THE SHAREHOLDERS’ MEETING, TO SELL ITS SHARES TO A THIRD PARTY OR ANOTHER

			SHAREHOLDER OR TO WITHDRAW IN EXCHANGE FOR A PAYMENT TO BE DETERMINED.
<p>TELESPAZIO SPA</p> <p>67% FINMECCANICA</p>	<p>ITALIAN SPACE AGENCY (ASI)</p>	<p>SHAREHOLDERS' AGREEMENT RELATING TO E-GEOS SPA (TELESPAZIO SPA 80%, ASI 20%), A COMPANY OPERATING IN THE EARTH OBSERVATION SATELLITE FIELD</p>	<p>IN CASE OF MATERIAL CHANGES IN THE SHAREHOLDER STRUCTURE OF TELESPAZIO, ASI IS ENTITLED, AT ITS OPTION:</p> <ul style="list-style-type: none"> - TO REPURCHASE THE PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS CONTRIBUTED BY ASI TO E-GEOS; - TO SELL THE SHARES TO THE SHAREHOLDERS OF E-GEOS IN PROPORTION TO THE STAKES HELD IN THE COMPANY. <p>THE CHANGE IN THE SHAREHOLDER STRUCTURE OF FINMECCANICA SPA OR THALES S.A. IS NOT CONSIDERED TO BE A MATERIAL CHANGE.</p>
<p>DRS SYSTEMS MANAGEMENT LLC</p> <p>100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC.</p>	<p>SUNBURST MANAGEMENT INC.</p>	<p>PARTNERSHIP AGREEMENT CONCERNING SUNBURST MANAGEMENT (FORMERLY LAUREL TECHNOLOGIES), A COMPANY OPERATING IN THE CIRCUIT CARD AND CABLE ASSEMBLY SECTOR</p>	<p>RIGHT OF THE PARTY NOT SUBJECT TO A CHANGE OF CONTROL TO PURCHASE THE OTHER PARTY'S STAKE AT A PRICE EQUAL TO THE BOOK VALUE OF THE STAKE RECORDED BY THE OTHER PARTY.</p>
<p>DRS DEFENSE SOLUTIONS LLC</p> <p>100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC.</p>	<p>THALES USA INC.</p>	<p>JOINT VENTURE AGREEMENT CONCERNING ADVANCED ACOUSTIC CONCEPTS, LLC (FORMERLY DRS SONAR SYSTEMS LLC), A COMPANY OPERATING IN THE SONAR SECTOR</p>	<p>OPTION OF THE PARTY NOT SUBJECT TO A CHANGE OF CONTROL (I) TO PURCHASE THE STAKE OF THE OTHER PARTY AT THE MARKET PRICE AS DETERMINED BY AN EXPERT, OR (II) TO OFFER ITS STAKE AT A REASONABLE PRICE TO THE PARTY SUBJECT TO THE CHANGE OF CONTROL WHICH, IF IT REFUSES THE OFFER, WILL BE REQUIRED TO SELL ITS STAKE AT THE SAME PRICE (IN PROPORTION TO THE PERCENTAGE HELD) TO THE PARTY NOT SUBJECT TO A CHANGE OF CONTROL.</p>
<p>DRS RADAR SYSTEMS LLC</p>	<p>THALES NEDERLAND BV, THALES USA DEFENCE &</p>	<p>TECHNOLOGY TRANSFER AND LICENCE</p>	<p>RIGHT TO TERMINATE THE CONTRACT.</p>

100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC.	SECURITY INC.	AGREEMENT	
DRS DEFENCE SOLUTIONS LLC 100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC.	DRS TECHNOLOGIES INC	LOAN AGREEMENT	IN CASE OF A CHANGE OF CONTROL, OBLIGATION OF DRS DEFENCE SOLUTIONS OF ACCELERATED REPAYMENT OF THE LOAN TO DRS TECHNOLOGIES
FINMECCANICA GROUP REAL ESTATE 100% FINMECCANICA	FINMECCANICA	LOAN AGREEMENT	RIGHT OF TERMINATION IN FAVOUR OF FINMECCANICA IN CASE OF CHANGE IN THE CONTROL STRUCTURES OF FINMECCANICA GROUP REAL ESTATE OR OF ANY TRANSFER OF THE BUSINESS TO THIRD PARTIES OR OF A SIGNIFICANT BRANCH OF BUSINESS OF FINMECCANICA GROUP REAL ESTATE ITSELF
DRS TECHNOLOGIES INC. AND ITS SUBSIDIARIES 100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC.	FINMECCANICA/MECCANICA HOLDINGS USA	LOAN AGREEMENT	IN CASE OF CHANGE OF CONTROL, DRS TECHNOLOGIES IS REQUIRED TO IMMEDIATELY REPAY THE LOAN IN FAVOUR OF FINMECCANICA /MECCANICA HOLDINGS USA.

As regards takeover bids, it should be pointed out that the Company's by-laws do not provide for exceptions to the provisions on the passivity rule under Art. 104, paragraph 1-ter, of the Consolidated Law on Financial Intermediation, nor any provisions in the application of the neutralisation rules under Art. 104-bis, paragraph 1, of the Consolidated Law on Financial Intermediation.

I) COMPENSATION FOR DIRECTORS IN CASE OF RESIGNATION OR DISMISSAL WITHOUT JUST CAUSE OR TERMINATION OF EMPLOYMENT FOLLOWING A TAKEOVER BID (Art. 123-bis, para. 1, lett. i, Consolidated Law on Financial Intermediation)

The information required by Art. 123-bis, paragraph 1, letter i), of the Consolidated Law on Financial Intermediation is contained in the Report on remuneration published pursuant to Art. 123-ter of the Consolidated Law on Financial Intermediation (point 8 hereof).

L) LAWS GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE BYLAWS (Art. 123-bis, para. 1, lett. l, Consolidated Law on Financial Intermediation)

As regards the appointment and replacement of directors, reference is made to paragraph 4.1. below herein.

As regards any amendments to the Bylaws, it should be noted that, pursuant to Art. 123-bis of the Consolidated Law on Financial Intermediation, they shall be approved by the Shareholders' Meeting pursuant to law.

Under Art. 24.1 of the Bylaws, the Board of Directors has the power to adapt the Bylaws to legislative provisions.

Under Art. 22.3 of the Bylaws, any proposals to amend articles or to adopt new Bylaws are decided by the Board of Directors with the vote in favour of 7/10ths of the Directors in office, excluding the Director without voting rights.

Finally, note the Government's veto power over the adoption of amendments to the by-laws that revoke or modify the Government's special powers referred to in point D.1).

M) AUTHORISATION FOR SHARE CAPITAL INCREASE AND AUTHORISATION TO PURCHASE TREASURY SHARES (Art. 123-bis, para. 1, lett. m, Consolidated Law on Financial Intermediation)

The Board of Directors has no authority to make capital increases under Art. 2443 of the Italian Civil Code, nor do the Directors have the power to issue equity instruments.

With reference to treasury shares, it should be noted that, on 31 December 2011, the time limit for the purchase expired which had been set by the Shareholders' Meeting on 4 May 2011 in relation to the share buy-back programme authorized on the same date. Subsequently, the Shareholders' Meeting of the Company did not resolve any additional authorisations for the purchase of treasury shares. As mentioned above, the Company held 32,450 treasury shares, equal to about 0.0056% of the share capital, at the date of the approval of this Report.

N) DIRECTION AND COORDINATION

Finmeccanica is not subject to direction and coordination pursuant to Art. 2497 *et seq.* of the Italian Civil Code.

3. COMPLIANCE

The Board of Directors of Finmeccanica has long since resolved (at the meeting of 17 October 2006) to bring the Company's Corporate Governance model into line with the application criteria and principles of the Corporate Governance Code of Listed Companies, with which the Company complies. This model has been subject to subsequent amendments aimed at approving the instructions given by the Code from time to time, which are currently incorporated in the document **"RULES OF PROCEDURE OF THE BOARD OF DIRECTORS"** (hereinafter also referred to as **"RULES OF PROCEDURE"**), which was finally approved at the Board's meeting of 19 December 2012, in order to formally bring it into line with the new edition of the Code (December 2011), as well as with the changes made in the organisational structure of the Company.

The text of the Code can be accessed by the public on the website of Borsa Italiana (www.borsaitaliana.it)

The text of the Rules of Procedure may be consulted in the specific Governance section of the Company's website (www.finmeccanica.com).

Neither Finmeccanica nor its subsidiaries with key strategic roles are subject to non-Italian laws affecting the Company's corporate governance structure.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND REPLACEMENT (Art. 123-bis, para. 1, lett. I), Consolidated Law on Financial Intermediation)

The Company is governed by a Board of Directors that is made up between 8 and 12 members who are appointed by the shareholders. The shareholders also establish the number of members and the length of their terms in office. Directors are appointed for a term that does not exceed three financial years and may be re-elected pursuant to Art. 2383 of the Italian Civil Code. In the event that the Meeting has not taken steps to do so, the Board will appoint a Chairman from among its members, excluding the Director without voting right² appointed pursuant to Art. 5.1 *ter* lett. d) of the Company's by-laws.

Regarding the appointment of the Directors, the by-laws (section 18.4) provide for the specific "list voting" mechanism, as described below.

The Directors are appointed by the Shareholders' Meeting on the basis of lists submitted by the shareholders and by the outgoing Board of Directors in which the candidates are to be numbered consecutively. If the outgoing Board of Directors submits a list of its own, this shall be filed with the

² See, in this regard, paragraph 2, point D.1) of the Report.

registered office of the Company at least 25 days before the date of the meeting on first call, and made public by the Company at least 21 days before the date of the meeting, again on first call, according to the procedures provided for by the regulations in force.

Lists submitted by shareholders shall be filed with the registered office at least 25 days before the date of the meeting on first call, and made public by the Company at least 21 days before the date of the meeting, again on first call, according to the procedures provided for by the regulations in force. The time limits and procedures for submitting the lists are specified by the Company in the notice of call of the Shareholders' meeting.

Each shareholder may submit or contribute to the submission of one list only and each candidate may stand in one list only under penalty of being ineligible for election.

Only shareholders who, alone or together with other shareholders, represent at least 1% of the voting shares in the Ordinary Shareholders' Meeting will be entitled to submit lists, or such lesser number as may be laid down by provisions of law or regulations, where applicable.

By Resolution no. 18452 of 30 January 2013, CONSOB identified the shareholding required to submit lists of candidates for the election of governing and control bodies of Finmeccanica to the extent of 1%, equal to the percentage provided for in Art. 18.4 of the Company by-laws.

In order to prove ownership of the number of shares necessary for the submission of lists, shareholders must file appropriate certification, proving ownership of the number of shares represented, with the registered office, within the time limit prescribed for the publication of the lists by the Company.

At least two Directors must meet the independence requirements as laid down for Statutory Auditors pursuant to law. In this regard, in line with the provisions laid down in the Corporate Governance Code, the Company expressly requires, in the notice of call of the Meeting, to specify, in the lists of candidates to the position of Director, their eligibility to be qualified as "independent" directors pursuant to law, as well as pursuant to Art. 3 of the Code. Furthermore, all candidates must meet the honesty requirements laid down by the regulations in force.

Together with each list, and within the time limit prescribed for the filing of such lists, declarations by the individual candidates must also be filed, in which they accept their nominations and certify, under their own responsibility, that there are no grounds for ineligibility for election or incompatibility and that all the requirements prescribed by the regulations in force are met for their respective positions including the independence requirements as required by the by-laws.

The Directors appointed shall notify the Company without delay of any loss of the abovementioned independence requirements and honesty, as well as of the emergence of grounds for ineligibility or incompatibility.

Each party entitled to vote may vote for one list only.

The Directors shall be elected as follows:

a) two thirds of the Directors to be elected, with fractions being rounded down to the nearest whole number, shall be drawn from the list that has obtained the majority of votes cast, in the order in which they appear in the list;

b) the remaining Directors will be drawn from the other lists; for that purpose, the votes obtained by these lists will then be divided by one, two, three and so on, depending on the gradual number of directors to be elected. The scores thus obtained shall be allocated progressively to the candidates of each of the various lists according to the order specified therein. The scores thus allocated to the candidates of the various lists shall be arranged in a single list in descending order. Those who have obtained the highest scores will be elected.

In the event that more than one candidate have obtained the same score, the candidate from the list which has not yet elected any directors or which has elected the lowest number of directors shall be elected.

In the event that none of these lists has elected a Director yet or that they have all elected the same number of Directors, the candidate will be elected whose list has obtained the highest number of votes. In the event of an equal number of list votes and still with the same score, a new vote will be held by the entire meeting and the candidate with a simple majority of votes will be elected;

c) if, following the application of the procedure described above, the minimum number of independent Directors required by the by-laws has not been appointed, the share of votes to be allocated to each candidate in the various lists shall be calculated according to the system indicated in letter b) and the number of candidates necessary to ensure compliance with the provisions of the by-laws, not yet drawn from the lists pursuant to letters a) and b), who meet the independence requirements and who have obtained the highest scores shall be elected. These shall take the place of the non-independent Directors who have been allocated the lowest scores. In the event that the number of candidates does not comply with the minimum of two independent Directors, the Shareholders' Meeting shall resolve, with the majorities provided by law, to replace the candidates who do not meet the independence requirements and who have obtained the lowest scores.

It should be noted that the described terms and procedures for filing and publishing the lists, as well as the related documentation, appear to be adequate, in compliance with the provisions under Art. 147-ter, paragraph 1-bis, of the Consolidated Law on Financial Intermediation, to the amendments introduced by Legislative Decree 27 of 27 January 2010 which transposed the Directive 2007/36/EC on certain rights of shareholders in listed companies. Legislative Decree 27/10 also states that the ordinary "privatisation" rules found in the Consolidated Law on Financial Intermediation and in the enacting laws apply rather than the special rules set out in the so-called "law on privatisation" (Law 474/94).

Section 18.5 of the Company's by-laws also provides that "for the appointment of Directors who are for whatever reason not appointed in accordance with the procedure provided for herein, the Shareholders' Meeting shall resolve with the majorities provided by law. If in the course of the financial year, one or more Directors cease to hold office, measures will be taken pursuant to Art. 2386 of the Italian Civil Code. To replace the Directors who have ceased to hold office, the Shareholders' Meeting shall resolve with the majorities provided by law to appoint replacements from those on the same list as that of the Directors who have ceased to hold office, if previously unelected candidates remain on this list. The Board of Directors carries out the replacement, pursuant to Art. 2386 of the Italian Civil Code, by appointing the replacement Directors on the basis of the same criteria as in the previous period, in the first meeting after the termination".

The Shareholders' Meeting of 16 May 2012 amended, during the extraordinary meeting, the by-laws' provisions related to the election and the composition of the Board of Directors (Arts. 18.4 and 18.5) and of the Board of Statutory Auditors (Arts. 28.3 and 28.3bis) in line with the new provisions introduced by Law no. 120 of 12 July 2011 and by the Consob implementing regulations governing equal access to the governing and control bodies of listed companies.

The new principle provides for the governing and control bodies being elected to be distributed, for three consecutive terms, on the basis of a criterion that ensures gender equality: specifically, for the first term of office, at least 1/5 (at least 1/3 for the two following terms) of the members of the governing and control bodies shall represent the under-represented gender. The new rules will be applied starting from the first renewal of governing and control bodies after 12 August 2012.

With particular regard to the Board of Directors, a mechanism was introduced which is similar to the provisions laid down in Article 18.4 letter c) of the by-laws in order to ensure a minimum number of independent directors.

The new Art. 18.4 letter c-bis), indeed, provides that, in order to comply with the current regulations governing gender equality, the lists for the election of directors that present a number of candidates equal or higher than three should include candidates of different gender. The gender equality shall also be ensured in case of replacement of directors who cease to hold their position during the term of office pursuant to Art. 2386.

Furthermore, Art. 34 was introduced in the Company's by-laws, which, as already specified, provides for the new regulations governing gender equality to be applied starting from the first renewal of the Board of Directors and of the Board of Statutory Auditors after 12 August 2012 and for three consecutive terms of office.

The Directors thus appointed are joined by a Director without voting rights, who is vested with same rights as those granted by the law and/or by the by-laws to the other Directors, but he cannot be granted the right to undertake proxies or special offices, even on a supplementary or temporary basis,

nor can he in any case chair the Board of Directors or act as a legal representative of the Company. As already described in paragraph 2, point D 1), the Director without voting rights of Finmeccanica as appointed by ministerial decree of 27 April 2011 will cease to hold office at the expiry of the relevant term of office, for any reason whatsoever, as the new special powers of the Government no longer include this right of appointment.

Succession plan

The Board of Directors of the Company has so far considered not to adopt a plan for the replacement of the executive Directors of Finmeccanica S.p.a., thus submitting these assessments to the Shareholders; on the other hand, the Board itself reserved the right to carry out another assessment, after having heard the Appointments Committee that will be established, in accordance with the recommendations under the Code, within the time limit of the current mandate.

4.2. COMPOSITION (Art. 123-bis, para. 2, lett. d), Consolidated Law on Financial Intermediation)

The Shareholders' Meeting of 4 May 2011 set the number of the members of the Board of Directors at 11. They will serve until the approval of the financial statements for the 2013 financial year.

In addition to the 11 members of the Board of Directors appointed by the shareholders, in accordance with Art. 5.1-ter(d) of the Bylaws, Carlo Baldocci was appointed as Director without voting rights selected by the Ministry of Economy and Finance, together with the Ministry for Economic Development. He may exercise the "special powers" specified by Law 474/1994 as amended, and he is to remain in office until the end of his term for any reason whatsoever.

Following the resignation of the Director Marco Iansiti on 11 May 2012, the Company's Board of Directors, in the meeting of 16 May 2012, resolved to co-opt Ivanhoe Lo Bello as Director, pursuant to Art. 2386 of the Italian Civil Code and, therefore, up to the next Shareholders' Meeting (his appointment was subsequently confirmed by the Shareholders' Meeting held on 15 April 2013).

The Shareholders' Meeting held on 16 May 2012 took steps to appoint Alessandro Pansa as director (who was already co-opted by the Board of Directors' meeting held on 1 December 2011, pursuant to article 2386 of the Italian Civil Code, as well as Chief Operating Officer from 4 May 2011) as director, who will hold office up to the expiry of the term of office of the current Board of Directors. Starting from 13 February 2013, Alessandro Pansa holds the office of Chief Executive Officer and Chief Operating Officer.

On 21 September 2012 Franco Bonferroni resigned from the office of Director.

In this regard, the Board of Directors, after having acknowledged the difficulties encountered in finding persons of adequate experience and expertise in order to appoint them by co-option to replace Franco Bonferroni, resolved, after having heard the Board of Statutory Auditors, not to

appoint by co-option a new Director pursuant to article 2386 of the Italian Civil Code and to refer the decision on the related replacement to the Shareholders' Meeting.

Following the additional changes that occurred in the composition of the Board of Directors as from the closing date of the 2012 financial year, for the detailed illustration of which reference is made to paragraph 15 below, the **Board of Directors which currently holds office** is made up as follows:

GUIDO VENTURONI (1)	VICE-CHAIRMAN
ALESSANDRO PANSA	CEO AND COO
CARLO BALDOCCI	
PAOLO CANTARELLA (2)	
GIOVANNI CATANZARO (1)	
DARIO GALLI (1)	
IVANHOE LO BELLO	
SILVIA MERLO (2)	
FRANCESCO PARLATO (1)	
CHRISTIAN STREIFF (2)	

(1) Directors appointed from the **majority list** submitted by the Ministry of Economy and Finance, which holds 30.204% of the share capital.

(2) Directors appointed from a **minority list** submitted by a group of asset management companies and institutional investors, which hold an overall stake of about 1.063% of the share capital.

The summary tables annexed to this Report show the structure of the Board of Directors and its committees, specifying the members serving as at the date of approval of this Report, as well as the Directors who ceased to hold office during the 2012 financial year and in the first quarter of 2013.

A brief professional résumé of each member of the present Board of Directors follows, specifying the respective length of service.

GUIDO VENTURONI – VICE-CHAIRMAN

Admiral Venturoni was born in Teramo on 10 April 1934. He has been a Director of Finmeccanica since 12 July 2005 and was re-appointed on 6 June 2008 and on 4 May 2011; he was appointed Vice Chairman of the Board of Directors on 13 February 2013. He attended the Livorno Naval Academy, where he became an officer in 1956. In 1959, he obtained a pilot's licence from the Naval Aviation Branch, which authorised him to operate from aircraft carriers. He was made a Rear Admiral in 1982 and has held positions of increasing responsibility ever since, including Head of Operations at the

Navy and later at the Ministry for the Defence, Commander of the 1st Naval Division, Deputy Chief of Staff for the Navy and Commander in Chief of the Naval Squadron and of the Central Mediterranean. In 1992, he was appointed Navy Chief of Staff and 1994 became Defence Chief of Staff. He was made Chairman of the Military Committee of NATO in 1999. Admiral Venturoni completed his term in Brussels in 2002 and retired from active service after 50 years in the armed forces. He has held numerous important positions and led a number of military operations nationally and internationally, for which he was awarded many Italian and foreign medals. More specifically, he was in charge of the multinational strategic and operational campaign led by Italy in Albania in 1997. From 2002 until November 2005, he served as Chairman of Selenia Communications SpA (formerly Marconi Selenia Communications SpA).

ALESSANDRO PANSA – CEO AND COO

Mr. Pansa was born in Mortara (Pavia) on 22 June 1962. Chief Executive Officer and Chief Operating Officer since 13 February 2013. At Finmeccanica he also held the positions of Director-Chief Operating Officer from 1 December 2011, Chief Operating Officer from 4 May 2011, Chief Financial Officer from 2001 to 2011 and Joint Chief Operating Officer from 2004 to 2011.

He holds a degree in Political Economy from the Bocconi University of Milan, where he specialised in Financial and Monetary Economics. He attended the Business Administration Graduate School at New York University. He started his career at Credito Italiano SpA (1987-1989, Economic Research and Planning Service) and then at Euromobiliare SpA (1989-1992, Investment Banking and M&A Division). He was a Senior Partner at Vitale Borghesi & C. from 1993 and Managing Director of Lazard from 1999. He has overseen numerous extraordinary finance transactions on the stock market on behalf of private companies and public bodies (Ministry of the Treasury, ENEL, Finmeccanica, Ferrovie dello Stato, Wind, AEM in Turin, Mondadori). He is a Member of the Board of Directors of Feltrinelli Editore SpA and of Fondo Strategico Italiano SpA, a Member of the Council for Relations between Italy and the USA and a member of the Aspen Institute. In 2006, he became Professor of Finance at the LUISS University of Rome. In 2007, he published the book “La Difesa Europea” (European Defence) published by Il Melangolo. Furthermore, he has published articles and essays in specialist publications and written books on the subjects of economics, finance and history.

CARLO BALDOCCI – DIRECTOR (3)

Mr Baldocci was born in Rome on 22 November 1966. He has been a Director of Finmeccanica since 4 May 2011, he holds a law degree from the La Sapienza University of Rome and he graduated from the School of Business of Georgetown University of Washington. He entered the diplomatic

⁽³⁾ Director without voting rights pursuant to article 5.1-*ter*, letter d), of the By-Laws.

service after being successful in a competition. At the Ministry of Foreign Affairs he served in the Head Office of political affairs and in the General Secretariat; he served abroad in the Italian embassies in Tehran and Washington. He is a Diplomatic Advisor – a role he has held since 2003 – and an Advisor to the Minister for Economy and Finance on international economic affairs. At the moment, he is, among other things, a member of the strategic committee for the development and safeguarding of national economic interests abroad. Within the EU, he is the Italian representative in the Tax Policy Group and he was a member of the Lisbon Committee for the re-launch of competitiveness in Europe.

PAOLO CANTARELLA – DIRECTOR

Mr Cantarella was born in Varallo Sesia (Vercelli) on 4 December 1944. He has been a Director of Finmeccanica since 4 May 2011, he has a degree in Mechanical Engineering from the Politecnico University in Turin. He started his career in Turin companies operating in the automobile components industry and in 1977 he joined Fiat in the Automobile Components division. From 1980 to 1983 he was assistant to the Chief Executive Officer of Fiat SpA as well as head of the Interdivision Industrial Coordination of the Group. From 1983 to 1989 he was Chief Executive Officer of Comau, a company in the Fiat Group operating in the production resources and systems division. In 1989, he joined Fiat Auto where he was responsible for Purchasing and Logistics and in the same year he was appointed, first, General Manager of Fiat Auto, and then, Chief Executive Officer and manager of the Automobile Division of the Fiat Group. From 1996 to 2002, he held the position of Chief Executive Officer of Fiat S.p.a. and Chairman of Fiat Auto S.p.a. From 2000 to 2001, he was Chairman of ACEA (European Automobile Manufacturers' Association). He was a member of the Managing Committee of Confindustria and a Member of the Board of Directors of Mediobanca, HdP (holding company of Partecipazioni Industriali SpA), Alcatel, CNH, Polaroid, Terna and TOROC (Turin Olympics 2006). He was also Co-Chairman of the European Union - Russia Industrialists' Round Table. He is Knight of Labour (*Cavaliere del Lavoro*). He is a member of the Board of Directors of Iren S.p.a. as well as a member of the Advisory Board of Mandarin Capital Partners and Operating Partner of Advent International.

GIOVANNI CATANZARO – DIRECTOR

Mr Catanzaro was born in Mazzarino (Caltanissetta) on 23 October 1944. He has been a Director of Finmeccanica since 4 May 2011, from 1968 to 1979 he was a Director of large commercial companies and from 1979 to 1992 a Director of S.A.I. Assicurazioni S.p.a. in Turin. From 1980 to 1992 he held various positions in the Pozzi Ginori/Richard-Ginori Group in Milan, eventually holding the office of Chief Executive Officer. He was Chairman of Tecnoceram s.r.l. (from 1988 to 1998) and then Director (from 2004) and Chairman (from 2006 to 2008) of Lombardia Call S.p.a.,

Member of the Board of Directors of Lombardia-Servizi S.p.a. (from 2004 to 2007), Chairman of the Supervisory Body of Sicilia e Sanità S.p.a. (2005-2007) and Member of the Advisory Board of Lombardia Integrata (from 2002 to 2011, where he has held the office of Sole Director.

From 1995 to the present day, he has been Chairman of A.Y.C. Immobiliare SpA, where he initially held the role of Managing Director from 1980. He has been the Managing Director of Lombardia Informatica SpA since 1999 and since 2005 he has been part of Consip SpA, where he has held the positions of Director and Deputy Chairman and then (from 2008 to 2011) of Chairman. From 2007 to 2010 he was Chairman of Gelsia Energia SpA.

Finally, he is Chairman of the Auto Yachting Club in Catania.

DARIO GALLI – DIRECTOR

Mr Galli was born in Tradate (Varese) on 25 June 1957. He has been a Director of Finmeccanica since 6 June 2008 and his mandate was renewed by the Shareholders' Meeting of 4 May 2011. He has a degree in Mechanical Plant Engineering at Politecnico of Milan, and since April 2008 he is Provincial President of Varese. He has been Member of Parliament in the Chamber of Deputies (1997-2006) and Senator (2006-2008); between 1993 and 2002 he was Mayor of Tradate. Between 2009 and December 2012 he has held the position of Vice President of the Union of Italian Provinces and, since September of 2009, has been a director of Financière Fideuram S.A. He was assistant to General Administrative Office of the company FAST in Tradate, Responsible Manager manufacturing system at the Aermacchi in Varese and Head of production and logistics at the Replastic in Milan. He is currently a mechanical contractor. Furthermore, he has been professor at postgraduate course of the Chamber of Commerce of Varese.

IVANHOE LO BELLO - DIRECTOR

He was born in Catania on 21 January 1963. He has been a Director of Finmeccanica since 16 May 2012. He has been a member of the Board of Directors of CRIAS (Cassa Regionale per il credito alle imprese artigiane) since 1996.

He was a member of the Board of Directors of Banco di Sicilia from 1998 to 2001.

He was the President of the Association of Manufacturers of the Province of Siracusa from 1999 to 2005.

He has been a member of the Council of Confindustria since May 2005.

He was a Director of the Siracusa Branch of the Bank of Italy from April 2004 to January 2008.

He has been a member of the Board of Directors and of the Chairmanship Committee of CIVITA, a leading non-profit organisation in the management and enhancement of cultural heritage, since 1999.

He has been the Chairman of the Chamber of Commerce of Siracusa since July 2005.

He was a member of the Board of Directors of ASAC, the sole shareholder of SAC SpA (the company that manages the Catania airport) from January 2006 to January 2007.

He has been a member of the Chairmanship Committee and Vice-Chairman of Unioncamere since September 2006.

He was the Chairman of Confindustria Sicilia from October 2006 to March 2012.

He was the Vice-Chairman of Banco di Sicilia SpA (Unicredit Group) from January to April 2008.

He was the Chairman of Banco di Sicilia SpA (Unicredit Group) from April 2008 to November 2010.

He has been a member of the Steering Committee of Confindustria since June 2008.

He was a lead Independent Director of Luxottica Group SpA from April 2009 to April 2012.

He has been a member of the Board of Directors of Fondazione Rosselli since July 2009.

He has been a member of the Scientific Committee of the Centro per la Cultura di Impresa since December 2009.

He has been a member of the Board of Directors of Fondazione CENSIS since September 2010.

He has been the Chairman of Unicredit Leasing SpA, a member of the Board of Statutory Auditors of Infocamere since December 2010; he has been a member of the Advisory Committee of Infocamere since 2011.

He has been the Chairman of the Sicily Region's Local council of of Unicredit SpA since March 2011.

He has been the designated Vice-Chairman of Confindustria with delegated powers for education since April 2012.

SILVIA MERLO – DIRECTOR

Ms Merlo was born in Cuneo on 28 July 1968. He has been a Director of Finmeccanica since 4 May 2011, she holds a degree in Business Economics from the Carlo Cattaneo (LIUC) University in Castellanza (Varese). She is Chief Executive Officer of Merlo SpA Industria Metalmeccanica and Tecnoindustrie Merlo SpA. She holds positions on the Boards of Directors of all the companies belonging to the Merlo group. She has been a member of the Board of Directors and of the Executive Committee of Banca Cassa di Risparmio di Savigliano SpA since 2006.

FRANCESCO PARLATO – DIRECTOR

Mr Parlato was born in Rome on 17 April 1961. He has been a Director of Finmeccanica since 12 September 2007, and was re-appointed on 6 June 2008 and on 4 May 2011. He holds an Economics and Business degree from LUISS University in Rome, and since 2007 has been the Director of the General Finance and Privatisation Section of the Treasury Department, where he has led the office

responsible for the privatisation of groups and companies owned by the Ministry for the Economy and Finance since January 2003. For many years prior to that, he held management positions in the IRI Finance Department. He is currently a member of the Policy Committee of Cassa Depositi e Prestiti.

He has also been a director of Gestore dei Servizi Elettrici - GSE SpA, Fincantieri SpA, Tirrenia di Navigazione SpA and Mediocredito del Friuli Venezia Giulia SpA.

CHRISTIAN STREIFF – DIRECTOR

Mr Streiff was born in Sarrebourg (France) on 21 September 1954. He has been a Director of Finmeccanica since 4 May 2011. He graduated with a degree in Engineering from the École des Mines in Paris.

He worked for the Saint-Gobain group from 1979 to 2005 and he started his career as a development engineer and plant manager at the Halberghutte site in Germany (1979-1982). He held the role of Corporate Planning Vice Chairman for the “Reinforcement Fibre” division located at the Chambéry site (France) from 1982 to 1984. He was director of the Gevetex Plant from 1985 to 1988 and from 1988 to 1990 he was General Manager of Gevetex GmbH. He was also General Manager of Vetriere Italiana SpA (1991-1993) and General Manager of Saint-Gobain Emballage (1994-1996). From 1997 to 2000, he then held the position of Chairman of the Pont-à-Mousson group and from 2001 to 2003 Chairman of the High Performance Materials division. In 2004, he was appointed Deputy Chairman of the Saint-Gobain group, where he remained until 2005.

In 2006, he was appointed Chairman and General Manager of Airbus and from 2006 to 2009 Chairman and General Manager of the car maker PSA Peugeot Citroen. He is also a Director of ThyssenKrupp, Crédit Agricole, TI-Automotive and Bridgepoint, as well as the Chairman of “CS Conseils”.

The Directors of Finmeccanica accept their appointments and remain in office because they believe that they can dedicate the necessary time to the diligent performance of their duties, taking into consideration the commitment connected to their working and professional activities, as well as the overall number of the positions that they hold in the governing and control bodies of other companies listed on regulated markets (including foreign markets), of finance, banking or insurance companies or of other major companies and of the related commitment, also in the light of their participation in the Committees of the Board.

In this respect, the Finmeccanica Board of Directors has expressed an opinion regarding the maximum number of positions as director or auditor that is compatible with the efficient performance of the duties involved in a directorship with the Company, deeming that this number

should be no higher than five (5) positions in companies listed on regulated markets, including foreign markets, or in finance, banking or insurance companies or of other major companies (article 1 of the Rules of Procedure). Any positions held by Finmeccanica Directors in companies either directly or indirectly controlled by Finmeccanica Spa, or in which it holds an equity interest, should not count for the purposes of the calculation of the number of directorships.

Each year, the Board reviews and provides observations on the abovementioned positions in this Report.

The positions as director or auditor held by the current Board of Directors in companies not belonging to the Finmeccanica Group are shown below:

- **ALESSANDRO PANSA**
Director of Fondo Strategico Italiano SpA

- **SILVIA MERLO**
Director of Banca CRS S.p.A.
Director of BNL S.p.A.
Chief Executive Officer of Merlo S.p.A. Industria Metalmeccanica

- **CHRISTIAN STREIFF**
Director of ThyssenKrupp AG
Director of Crédit Agricole S.A.
Director of Ti-Automotive Ltd

4.3. ROLE OF THE BOARD OF DIRECTORS (Art. 123-bis, para 2, lett. d) Consolidated Law on Financial Intermediation)

The Board of Directors is vested with the fullest powers for the management of the Company, with the authority to perform any act it considers appropriate for achieving the Company's business purpose, except for the acts reserved to the Shareholders' Meeting by law or the by-laws.

The Board is also entitled, as required by section 24.1 of the Bylaws, to resolve on:

- a) the merger and demerger in the cases envisaged by law;
- b) the establishment or closure of sub-offices;
- c) capital decreases in the case of withdrawal of one or more shareholders;
- d) bringing the Bylaws into line with regulatory provisions;
- e) the transfer of the registered office in the national territory.

Without prejudice to the issues that cannot be delegated pursuant to law (article 2381 of the Italian Civil Code) and the Bylaws (section 22.3), the Board reserved the following issues for its exclusive competence:

1. setting corporate strategy and organisation guidelines (including plans, programmes and budgets);
2. key strategic agreements, going beyond normal operations, with Italian or foreign operators in the sector or other companies or groups;
3. capital increases, incorporation, transformation, listing, mergers, demergers, winding up or the execution of shareholders' agreements with regard to direct subsidiaries;
4. designation of new Directors with powers, or of Directors, statutory auditors or independent auditors in direct subsidiaries;
5. the purchase, exchange or sale of real estate and leases with a duration of more than nine years;
6. medium- and long-term credit and debt financial transactions for amounts in excess of €mil. 25 per transaction;
7. issuance of guarantees for amounts in excess of €mil. 50 per transaction;
8. the engagement, appointment and dismissal of executives responsible for head office functions as defined in the organisational chart; appointing consultants on a continuous basis for a duration of more than a year involving expenditure in excess of €th. 250;
9. the acquisition of equity investments, also by exercising option rights;
10. transfers, contributions, leases and usufruct and all other acts of disposal, including those carried out in the framework of joint ventures or as a result of compliance with corporate restrictions or business segments thereof;
11. transfers, contributions, licences and all other acts of disposal, including those carried out within the framework of joint ventures or as a result of compliance with technology, production process, know-how, patent, industrial project and all other intellectual property restrictions connected with work related to defence;
12. moving research and development work related to defence outside Italy;
13. transfer of equity investments in companies, also by means of the exercise or the waiver of option rights, contributions, usufruct, pledges and all other acts of disposal, including those carried out within the framework of joint ventures or as a result of compliance with restrictions arising from the investments themselves;
14. vote in the shareholders' meetings of subsidiaries, associates or companies in which an equity investment is held (the notions of control and association are meant as understood by Art. 2359

of the Italian Civil Code) that conduct business related to defence with regard to the subject matter referred to in the preceding points 10, 11, 12 and 13).

The Board has also reserved, for its exclusive competence, the execution of acts and agreements for amounts in excess of €mil. 150 per transaction, as well as the settlement of any dispute for amounts exceeding €mil. 25.

Resolutions on matters for which the Board of Directors is solely responsible under the Bylaws (Article 22.3) are valid if they are adopted by the favourable vote of seven-tenths of the serving Directors (rounded off to the next lowest whole number if this ratio results in fraction).

The Board's meeting is convened by the Chairman, by a notice specifying the issues on the agenda to be discussed and resolved, within the annual planning of the board's meetings or in any case whenever the same deems it necessary or it is so requested, in writing, by the majority of its members or by the Board of Statutory Auditors.

The individual directors may ask the Chairman to insert issues on the agenda. Where the Chairman deems it appropriate not to grant the request, he/she shall promptly inform the director concerned.

The notice of call is usually served on each member of the Board and of the Board of Statutory Auditors at least three days before that set for the meeting pursuant to section 20.2 of the Bylaws, as well as according to procedures that are suitable to ensure confidentiality and timeliness of the call and that allow to verify that the notice has been received; in cases of urgency, at the discretion of the Chairman, the notice will be sent as promptly as possible, according to the specific circumstances.

As required by the Bylaws, the Board's meetings may be also attended by tele-conference or video-conference, provided that a prior notice thereof is given to the Secretary to the Board, that all the participants may be identified and that the same are able to follow the discussion and at the same time to take part in the discussion of the issues, as well as to peruse, in real time, such documentation as may be distributed in the course of the meeting.

At the request of one or more directors, the Chairman may invite executives from the Company or from Group companies to participate in the individual board's meeting, as well as any other persons or external consultants, whose presence is deemed useful in relation to the issues on the agenda. In any case, these persons will be required to comply with the same confidentiality obligations as those laid down for directors and statutory auditors.

The operational practice that has been followed by the Company for some time ensures that Board meetings are held regularly, at least once a month. The annual calendar of the meetings of the Board relating to corporate events is approved and communicated by the Company in the month of January of the related financial year.

In the course of the 2012 financial year, the Board met 13 times for an average of 2 hours and 30 minutes per meeting. In the course of the 2013 financial year, no. 7 board's meetings have already been held.

The following are the Directors' attendance records for the meetings that took place during 2012:

GUIDO VENTURONI	13 out of 13 meetings
ALESSANDRO PANSÀ	13 out of 13 meetings
CARLO BALDOCCI	12 out of 13 meetings
PAOLO CANTARELLA	11 out of 13 meetings
GIOVANNI CATANZARO	12 out of 13 meetings
DARIO GALLI	13 out of 13 meetings
IVANHOE LO BELLO (°)	7 out of 7 meetings
SILVIA MERLO	12 out of 13 meetings
FRANCESCO PARLATO	13 out of 13 meetings
CHRISTIAN STREIFF	11 out of 13 meetings

(°) In office from 16 May 2012

DIRECTORS WHO HAVE CEASED TO HOLD OFFICE

<i>GIUSEPPE ORSI (1)</i>	<i>13 out of 13 meetings</i>
<i>FRANCO BONFERRONI (2)</i>	<i>10 out of 10 meetings</i>
<i>MARCO IANSITI (3)</i>	<i>4 out of 5 meetings</i>

(1) Outgoing director on 15 February 2013

(2) Outgoing director on 21 September 2012

(3) Outgoing director on 11 May 2012

All absences were excused.

As envisaged in the Rules, the Board of Directors:

- a) examines and approves the Company's strategic, industrial and financial plans and those of the Group that it leads, monitoring its implementation periodically; defines its corporate governance system and the Group structure;
- b) defines the nature and level of risk compatible with the strategic objectives of the Company;
- c) evaluates the adequacy of the general organisational, administrative and accounting structure of the Company as well as of its key subsidiaries, paying particular attention to the internal audit system and of the system for risk managing;
- d) grants and revokes powers delegated to directors, except for those reserved solely to the Board, establishing the limitations on and manner of exercising these powers and determining

- the frequency with which the delegated bodies must report to the Board on the actions that have been taken pursuant to the delegation, provided that this will be made at least on a quarterly basis pursuant to section 24.2, last paragraph, of the Bylaws;
- e) defines the Company's policy governing the fees due to directors and executives with strategic responsibilities, in accordance with the regulations in force and with the Code;
 - f) decides, through the Remuneration Committee that has been appointed for this purposes, the remuneration and conditions of service of the directors provided with delegated powers and those of the other directors holding special positions (in consultation with the Board of Statutory Auditors and in accordance with Art. 2389 (3) of the Italian Civil Code);
 - g) assesses general performance, particularly taking into account the information received from the delegated bodies, and periodically comparing the results attained with those envisaged;
 - h) resolves as to the transactions that are reserved for the same by the law and the Bylaws, as well as to any additional transactions of the Company and subsidiaries, when they are of significant strategic or financial importance or if they are materially important in terms of the Company's assets and financial position, which the Board reserves for itself on the occasion of the granting of delegated powers;
 - i) at least once a year, appraises the functioning of the Board itself and of its Committees;
 - j) in order to ensure the correct management of corporate information, adopts, as proposed by the Chief Executive Officer, a procedure for the internal management and external communication of documents and information concerning the Company, with specific regard to the treatment of inside information;
 - k) provides information, in the Corporate Governance Report and Shareholder Structure, on the procedures for the performance of its duties.

Subject to the opinion of the Control and Risk Committee, the Board of Directors has laid down guidelines for the internal control and risk management system, so that the main risks involving the Company and its subsidiaries are correctly identified and satisfactorily measured, managed and monitored, also defining the degree of compatibility of these risks with the management of the enterprise that is consistent with the defined strategic objectives. In this regard, when preparing the 2013-2017 Budget, the Board defined the nature and level of risk compatible with the Company's strategic objectives.

As illustrated more in detail in paragraph 10 below, to which reference is made for the specific activities and assessments carried out by the Board, the Board of Directors, on the basis of the opinion given by the Control and Risk Committee, has found the organisational, administrative and

accounting structure of the Company and of its key subsidiaries adequate, efficient and actually functioning, with specific regard to the internal control and risk management system.

The Board has defined as key subsidiaries those that it directly controls and that are responsible for managing the Group's areas of business – Helicopters, Defence and Security Electronics, Aeronautics, Space, Defence Systems, Energy and Transportation – having regard to all the activities these companies perform either directly or through other subsidiaries.

In assessing general management performance, the Board periodically compared the results attained with those envisaged in the Budget approved by the Board and any subsequent changes.

With regard to the criteria for the identification of the transactions of significant importance, it should be noted that these transactions coincide with those that are already reserved for the Board pursuant to the Bylaws or on the occasion of the resolutions granting delegated powers.

Assessment of the functioning of the Board of Directors

As called for in the Corporate Governance Code and its own Rules of Procedure, the Board of Directors of Finmeccanica conducts annual assessments of the functioning of the Board itself and of its Committees, the compliance with its corporate governance model, as well as of the related size and composition, also taking account of the professional, experience and gender characteristics of its members, as well as of their length of service.

The Rules of Procedure also provide for the Board to be entitled to possibly express to the shareholders, at the end of this assessment and before the appointment of the new governing body, opinions concerning the professional qualifications sought in Board members.

In the early part of 2013, this (self-)evaluation was repeated for the second time for the Board currently sitting and was done, with reference to the 2012 financial year, with the support of the independent expert SpencerStuart who was selected by the Board itself.

For the selection of this consultant, the Board adopts the principle of continuity within each three-year mandate and, in the period between two 3-year terms, the principle of turnover between consultants of primary standing with expertise in the specific sector. SpencerStuart also provides additional services to Finmeccanica and to the Group companies, in areas that are not attributable to the Board's activity, and mainly in the selection of personnel and key resources (executive search).

As in previous years, in addition to assessing the degree to which the Board follows the principles and conducts defined in the Rules of Procedure and in the Corporate Governance Code, the latest (self-)evaluation of the Company used benchmarking to compare the Group's practices with the best practices seen in the Italian and foreign marketplace, paying particular attention to the identification of the most appropriate actions to improve its functioning, as well as to the assessment of the

effectiveness of the recommended actions at the end of the previous assessment and implemented in the course of the 2012 financial year.

The procedure followed for the (self-)evaluation, according to a well-established practice, was fundamentally based on obtaining the different individual opinions by means of interviews and through open discussions with each of the Board Members, the Chairman of the Board of Statutory Auditors and the Secretary of the Board, which were then processed by the consultant.

The interviews also focused on giving those interviewed ample room for reflection and stimulating discussion regarding aspects of the structure and functioning of the Board and of the Committees. The appointed consultant also perused the minutes of the meetings of the Board and of the Committees in order to gather further analysis information.

The process conducted with reference to the 2012 financial year highlighted the efficacy of the work carried out, in a particularly complex period, by the Board of Directors, which was engaged in a restructuring and reorganisation plan, as well as in the review of the rules of operation of the Company and of the Group.

At the end of this process, a favourable opinion was expressed as to the efficacy of the activities envisaged in the working programme prepared after the previous evaluation, which were aimed at improving those areas that had been specified as mostly sensitive, as well as additional indications on possible actions to be implemented for improving some specific areas.

The main issues emerged in the course of the (self-)evaluation described above will be the object of specific discussions with the Directors in the course of the current financial year.

As required by the Rules of Procedure of the Board, the Chairman encourages participation of Directors and Statutory Auditors in actions aimed at providing adequate knowledge of the business area in which the Company operates, of the corporate dynamics and their evolution, as well as of the relevant regulatory framework.

In this regard, induction initiatives were taken during the financial year, for a total number of 6 meetings dedicated to an in-depth analysis of specific issues on the part of the Directors and of the Statutory Auditors. Therefore, the recently-appointed Directors and Statutory Auditors had the opportunity to deepen their knowledge as to the Group's activities and in particular on issues such as the management and development of human resources, the industrial structure, the relevant technology and markets, including in-depth analyses on the sectors of Space, Helicopters, Defence and Security Electronics. Furthermore, two meetings were held with the managers, which were dedicated to the examination of the Budget which was then submitted for the approval of the Board.

Finally, the Shareholders' Meeting has not given general prior permission for any exceptions to the non-competition provision in Art. 2390 of the Italian Civil Code.

In accepting his position, therefore, each Director has stated that he does not perform any activity in competition with Finmeccanica, undertaking to inform the Board promptly of any changes to the contents of the statement that he made at the time of his appointment.

4.4. DELEGATED BODIES

Chief Executive Officer and Chief Operating Officer

Without prejudice to the duties reserved to the Board of Directors, the Chief Executive Officer and Chief Operating Officer, as well as being the legal representative of the Company, in accordance with the law and the by-laws, having signatory powers on behalf of the Company and having the power to implement the resolutions of the governing body, has been granted all the powers necessary to jointly manage the Company, its branches of business and its subsidiary, associate and investee companies, consistently with the strategic guidelines identified by him and approved by the Board of Directors.

The Chief Executive Officer and Chief Operating Officer has been granted the powers required to perform these duties, with some limits on their exercise, including: €mil. 150 as the maximum value of contracts that can be signed on behalf of the Company, €mil. 50 limit on the issue of guarantees, €mil. 25 limit on medium and long-term credit and debt financial transactions, and €mil. 25 limit on settlement of agreements relating to each individual transaction.

Information to the Board of Directors

The Chairman of the Board of Directors, or, in case of absence or impediment, the Vice Chairman, calls Board meetings, coordinates their work and directs the proceedings at meetings, ensuring that the Directors are given satisfactory information in good time so that the Board can express itself in a properly informed manner regarding the matters submitted for its attention.

The Board of Directors of the Company, in its Rules, specifies the methods whereby the members of this body are assured that the utmost fairness is observed both in the phase in which prior information is supplied regarding the items on the agenda and in the procedures for conducting the meetings.

Specifically, for the discussion of the items on the agenda, the Directors and Statutory Auditors are provided with the supporting documentation, which is prepared by the Secretary's Office of the Board and which provides the necessary information to allow them to express themselves in a properly informed manner regarding the matters being resolved on.

The supporting documentation is made available in such a way as to ensure the necessary confidentiality and well in advance of the date of the board's meeting, which is usually by the third day prior to that set for the meeting, except in urgent cases when the documentation is made available in due time and subject to prior notice within the same time limit.

However, the Directors and the Statutory Auditors may access the aforesaid information documentation at the registered office in the days immediately prior to that of the meeting.

The Chairman shall verify that the aforesaid information has been duly made available to the Directors and to the Statutory Auditors at the offices.

Moreover, the Chairman, on his own initiative or at the request of the Board members, may set up special meetings in preparation for the Board meeting to explain in greater depth the documentation prepared by the Company's management when particularly complex issues are to be put forth to the Board.

The Chief Executive Officer is also expected to provide the Board of Directors, at least on a quarterly basis, with full information regarding the main activities he has performed in the exercise of his delegated powers, as well as with periodic disclosures in relation to the implementation of the resolutions passed by the Board.

This information is provided at the same time as the periodic accounts (annual, half-year and interim financial statements and management reports) are submitted for the approval of the Board of Directors.

4.5. OTHER EXECUTIVE DIRECTORS

The Board of Directors is made up exclusively of non-executive Directors (i.e. without delegated operational powers and/or management duties within the Company), with the exception of the Chief Executive Officer and of the Chief Operating Officer Alessandro Pansa. In fact, the Board of Directors' meeting of 13 February 2013 resolved to grant the latter the authority, responsibility and power previously granted to him on 26 May 2011 and on 16 May 2012 as Chief Operating Officer, as well as the authority and power previously granted to Giuseppe Orsi as CEO for the joint management of the Company and of the Group, as reported in paragraph 15 below.

4.6. INDEPENDENT DIRECTORS

In accordance with the Company's corporate governance model, which, as mentioned earlier, has been aligned with the recommendations of the new Corporate Governance Code, Finmeccanica's Board of Directors assesses the degree of independence of its non-executive members at the first possible meeting after their appointment. Their independence is reassessed annually in the course of

preparing this Report, as well as upon the occurrence of any circumstances that are relevant for independence purposes.

In assessing independence, the Board considers the information given by the individuals concerned regarding circumstances relevant to the assessment. To this end, the Board has defined, after having heard the Board of Statutory Auditors, the contents and procedures according to which the individual Directors provide information under their responsibility, as well as the application criteria relating to the Company, as reported in the Rules of Procedure (section 4).

The Board then submits its assessment of the independence of its members to the Board of Statutory Auditors, which verifies that the assessment criteria and procedures have been correctly applied.

In the meeting of 23 April 2013 the Board of Directors assessed the independence of its own members on the basis of the information gathered from the Directors themselves.

At the end of the checks carried out with regard to the current 8 non-executive Directors, following the appointment by the Shareholders' Meeting of 4 May 2011, as well as of the subsequent additions on 1 December 2011, 16 May 2012 and 13 February 2013 (and therefore excluding Carlo Baldocci, who is a Director with no voting right and the Chief Executive Officer and Chief Executive Officer Alessandro Pansa), the Board has assessed and confirmed the existence of the "independence" requirement for the 7 Directors who have declared that they meet such requirement and therefore with the sole exception of Francesco Parlato, by virtue of his employment relationship with the Ministry for the Economy and Finance, which holds a stake equal to about 30.20% of the share capital.

Therefore, the Company is largely in line with the instruction laid down in the Code (as expressly approved by the Board's Rules of Procedure) which requires the issuers belonging to the FTSE-Mib index to appoint at least one third of independent Directors.

It should be noted that, at the time of the filing of the lists of candidates for the appointment of the Board of Directors on the part of the Shareholders' Meeting of 4 May 2011, the candidate Directors also declared that they met the independence requirements set out by law (Art. 148, paragraph 3, of the Consolidated Law on Financial Intermediation).

In its assessment pursuant to the Corporate Governance Code, the Board of Directors has adopted the same application principles and criteria specified in the abovementioned Code.

As usually, the Board has submitted the independence assessment of its members to the Board of Statutory Auditors, which has positively verified the correct application of the assessment criteria and procedures defined in the Rules of Procedure, without making objections.

It should be noted that none of the serving non-executive Directors has any substantial direct or indirect commercial, financial or professional relationship with the Company and/or its subsidiaries.

The Board of Directors has specified additional factors, set out below, in the assessment of independence, in the framework of the appraisal criteria specified in the Code and adopted in the Board's Rules of Procedure.

Persons in a position to "significantly influence" over Finmeccanica are shareholders holding 10%, even indirectly, of its equity and, in any event, the Ministry for the Economy and Finance and the Ministry for Economic Development, inasmuch as they have the "special powers" pursuant to the regulations in force.

As regards professional collaboration or consultancy, the Board has stated that it will set quantitative reference parameters for assessment in these cases, while it will use its discretion in evaluating specific situations in the light of the Company's best interests, the significance of the relationship and the likelihood of its affecting the Director's independence. The Board, however, set a limit to Directors' emoluments (currently equal to €60,000), the maximum amount allowed for any professional assignments, which, in any event, must first be authorised by the Board.

Additionally, again for the purposes of independence assessment, with regard to persons who are or were in the service of the Italian central government, which is a shareholder of Finmeccanica through the Ministry for the Economy and Finance, the Board of Directors appraises Directors' past or present employment by the Office of the Prime Minister, the Ministry for the Economy and Finance, the Ministry for Economic Development and the Ministry of Defence and any past or present positions held by such persons involving influence over authorities' policies or their manner of execution.

Without prejudice to all the above rules, the principle remains that each Director acts fully in conformity to his obligation to the Company to attend to his duties with the diligence called for by the nature of the position and by his specific expertise.

Independent Directors meet at least once a year, in the absence of the other Directors. Meetings are convened at the request of the independent Directors or by the Lead Independent Director.

In 2012, the independent Directors met 3 times, in all cases as requested by the Lead Independent Director and without the presence of the Chairman and Chief Executive Officer, the Board Member - Chief Operating Officer or the non-executive and non-independent Directors.

During these meetings, the independent Directors selected the topics of greatest interest in enhancing their knowledge of the Group and the context in which it operates.

Specifically, in the course of the 2012 financial year, the independent Directors submitted to the Chairman some initiatives to improve the knowledge of the Company's and Group's activities and actively participated in the consultations connected with the definition of structure of the proxies.

The independent Directors also defined an action plan aimed at improving their knowledge of the Company, of the Group and of the related business dynamics.

In addition, the Company's various internal committees, where appropriate and including matters assigned to them and in the event of particularly important issues, consult with the other independent Directors in order to obtain their opinions.

At the end of the 2012 financial year, the independent Directors, also in support of the activities carried out by the Control and Risk Committee in its capacity as Committee for Transactions with Related Parties, finally selected a financial advisor to assist them in such valuations as may be required within disposal processes.

4.7. LEAD INDEPENDENT DIRECTOR

On 26 May 2011, the Board of Directors, with the abstention of the executive and non-independent Directors, confirmed the Director Admiral Guido Venturoni – the current Vice Chairman of the Company - as Lead Independent Director, with the task of coordinating the requests and contributions from non-executive Directors and in particular from independent directors. In fact, the Rules of Procedure provide for the Board to take steps, in any case, to make this appointment in the event that the Chairman has been granted operating proxies.

Specifically, the Lead Independent Director:

- assists the Chairman in ensuring that Directors receive full and prompt information and in taking appropriate actions to allow Directors and Statutory Auditors to enhance their knowledge of the Company, of the Group and of the corporate dynamics;
- convenes, independently or at the request of other Board members, special meetings of independent Directors to discuss issues relevant to the functioning of the Board or the Company's operations;
- contributes to the process of the assessment of the members of the Board;
- collaborates with the Chairman in the annual planning of the Board's works;
- informs the Chairman of any matters to be submitted to the Board for scrutiny and appraisal.

The Lead Independent Director will serve throughout the term of office of the Board of Directors, that is, until the Shareholders' Meeting when the 2013 financial statements are approved.

The Lead Independent Director met with the Chairman several times throughout the year to explain the requirements of the non-executive Directors, particularly the need to enhance their knowledge of the strategic context of the specific sector in which the Group operates, in order for them to be in a better position to evaluate the transactions that are submitted for the Board's attention.

Again in 2012, the Lead Independent Director coordinated the continuation of the activities that had been already started and that were aimed at improving the knowledge by the Directors and Statutory Auditors of the Group business sectors, as well as of the corporate structures and dynamics.

Specifically, specific meetings were organised with the management of the subsidiaries operating in the Helicopters and Space sectors or at the premises of the companies themselves, which were followed by visits at their production plants. Furthermore, a visit was carried out at an important domestic Customer of the Group companies which operate in the Defence and Security Electronics sector, thus giving the possibility of becoming aware of and actually appreciating the operations of a specific system implemented by these companies.

4.8. HANDLING OF CORPORATE INFORMATION

Inside information

In order to ensure the proper management of corporate information, the Board of Directors' Rules of Procedure provide for the adoption, by the Board and on the proposal of the Chief Executive Officer, of a procedure for the internal management and the external transmission of documents and information concerning the Company, with specific regard to inside information.

For some time now, the Company adopted specific internal procedures to coordinate, the management and transmission of this information within the Group, in order to ensure compliance with the special restrictions and disclosure obligations imposed on listed issuers at every structural level, including subsidiaries.

These procedures were updated, in more organic terms during 2007, by means of a specific directive regarding relations with the media and handling of inside and confidential information about Finmeccanica and the Group companies, which was then updated – during 2010 – in the light of subsequent regulatory changes, as well as of subsequent changes in the organisational structure of the Company and of the Group.

Subsequently, the Company started – in the last months of the 2012 financial year – a process of internal redefinition of roles, responsibilities and operating procedures which had been already regulated and the consequent updating of the abovementioned Directive. Therefore, the updating process was started once again at the beginning of the current 2013 financial year, as results of the further changes occurred after the closing of the 2012 financial year and of the new organisational structure of Finmeccanica Spa proposed by the Chief Executive Officer and Chief Operating Officer and shared by the Board of Directors on 21 February 2013.

The above process was completed on 26 March 2013, with the adoption by the Board of Directors, on the proposal of the Chief Executive Officer, of the new **PROCEDURE ON INSIDE AND CONFIDENTIAL INFORMATION**, whose text can be found in the specific Governance section of the website of the Company (www.finmeccanica.com).

As a result of this approval, the Company then issued (on 27 March 2013) a specific Directive aimed at regulating the issue within the Group.⁴

The abovementioned procedure defines principles, obligations of conduct, roles and responsibilities as to inside and confidential information concerning Finmeccanica Spa and its subsidiaries, with specific regard to the related external communication.

The persons involved, through specific roles and responsibilities, in the management and dissemination of said corporate information are: the Chief Executive Officer and Chief Operating Officer, the organisational Units of External Relations and Communication (REC) or Investor Relations (RIN), in agreement with the Chief Financial Officer (CFO)/Officer in charge of preparing the Company's accounting documents, as well as the Legal and Corporate Affairs (LCA) organisational Unit. Specifically, the external disclosure of inside and confidential information concerning Finmeccanica and its subsidiaries (in particular through press releases and presentations to the market), which must be approved by the Chief Executive Officer and Chief Operating Officer in advance, shall be carried out exclusively through the abovementioned REC or RIN Units, for the aspects under their responsibility, in agreement with the CFO/Officer in Charge and with the LCA Unit.

The Procedure also includes specific provisions as to the confidentiality obligations placed on the members of the Corporate Bodies, the Company's employees and external consultants.

Internal Dealing Code

Within the scope of the procedures in force the management and communication of information pertaining to the Company, it should also be noted that the Board of Directors of Finmeccanica passed a resolution some time ago (on 28 March 2006) to adopt an **INTERNAL DEALING CODE** (in order to replace the Code of Conduct), in the implementation of regulatory provisions on Internal Dealing, as well as in compliance with the implementing regulations imposed by CONSOB for the adoption of the provisions of the European Market Abuse Directive.

The Code, which governs the flow of information to the market about transactions involving shares issued by Finmeccanica or other financial instruments connected to these and initiated, also through a third party, by "Key Persons" in the Company or by persons "closely connected" to them, was subject to a specific update with a resolution passed by the Board of Directors on 14 November 2011.

On this occasion, the provisions concerning periods during which transactions cannot be carried out (blackout periods) by Key Persons (or by persons closely connected to them), were significantly

⁴ At Finmeccanica the "Procedure" contains the internal rules adopted by Finmeccanica Spa to regulate its activities; "Group Directive" means the rules issued by the Parent Company to its subsidiaries, so that they can approve them through the adoption of their own internal implementing procedures.

extended, in the light of best practice as well as the guidance and requirements of foreign institutional investors in relation to practices adopted in their respective markets.

Compared to the “period of prohibition”, which was initially set out for all the “Key Persons” (Directors, Statutory Auditors, Chief Operating Officer as well as persons holding the office of Joint Chief Operating Officer), for the fifteen days preceding the date of approval of the mandatory periodical reports by the Board of Directors, a distinct blackout period was introduced for executive Directors and for the Chief Operating Officer (as well as for persons closely connected to them), starting from the fourteenth day before the close of each accounting period and ending on the day following the issue of the press release announcing the results achieved in the period; for other Key Persons (non-executive Directors, Statutory Auditors and persons closely connected to them) the blackout period was extended to start from the closing date of the relevant accounting period and end on the day after the issue of the press release announcing the relevant results.

The quantitative threshold identified by the Code for transactions subject to disclosure provides – in compliance with the regulatory provisions – that only transactions with a total value that does not reach € 5,000 by the end of the same calendar year are excluded from the obligation.

As regards the deadline for disclosure to CONSOB and to the public, “Key Persons” are required to ensure that their notification reaches the Company within 4 trading days after the transaction, and the Company must inform CONSOB, Borsa Italiana SpA and the press agencies before the end of the trading day after receiving the information.

In order to ensure that the rules are correctly applied, the Company has laid down specific operating procedures to ensure that “Key Persons” are made aware of their obligations and are provided with the help necessary to fulfil them.

The Company promptly publishes the information transmitted on its website, in the specific Governance section (www.finmeccanica.com), where the abovementioned Internal Dealing Code is also made available.

Register of persons who have access to inside information

Finally, pursuant to Art. 115-bis of the Consolidated Law on Financial Intermediation, the Company has created a special Register of persons who have regular or occasional access to inside information owing to their work or profession or by virtue of the functions that they perform. The Register is kept up to date in compliance with current regulations. In this regard, the Company has also issued a specific **PROCEDURE (“KEEPING AND UPDATING OF THE REGISTER OF PERSONS WHO HAVE ACCESS TO INSIDE INFORMATION AT FINMECCANICA”)** concerning the management of the

Register, which can be found in the Governance section of the website, as well as a Directive aimed at regulating the issues within the Group.⁵

4.9. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

With regard to transactions with related parties, provisions shall apply which are laid down under the specific "Regulation concerning transactions with related parties" (hereinafter referred to as "the Procedure"), as approved by the Board of Directors pursuant to Art. 4 of the Consob Regulation no. 17221 of 12 March 2010 (as amended by Resolution no. 17389 of 23 June 2010).

At the meeting of 26 November 2010, the Procedure was unanimously approved by the Board of Directors, after having reviewed the favourable opinion supported by the Procedures Committee (as specially established by and composed of independent Directors) and also underwent further revision on 13 December 2011 in order to take account of certain formal adjustments due to the changed organisational structure of the Company.

At the same time, the previous "Guidelines and criteria for identifying significant transactions with related parties" were repealed, which the Company had adopted pursuant to Art. 2391-bis of the Italian Civil Code, as well as on the basis of the previous recommendations made in the Corporate Governance Code.

The Board also assigned the Control and Risk Committee the task of also serving as the Committee for Transactions with Related Parties.

The Procedures aim to define, based on the principles outlined in the Regulation, rules for ensuring transparency and substantive and procedural fairness in transactions with related parties entered into by the Company, directly or through its subsidiaries. To that end, the Procedures establish the criteria and methods for identifying parties related to the Company (identified in accordance with Annex 1 of the Regulation), as well as the quantitative criteria for identifying transactions of greater or lesser importance entered into by the Company; establishes the procedures for examining and approving transactions with related parties, identifying specific rules for cases in which the Company examines or approves transactions entered into by its subsidiaries; establishes the procedures for meeting the disclosure requirements related to the regime.

The Procedures also set out the types of transactions exempt from the procedural rules as provided for under the Regulation, subject to the regulatory plan concerning disclosure requirements.

It also established the quantitative criteria for identifying so-called "minor" transactions not subject to the Procedures, i.e. transactions for amounts of not more than €mil. 3, or €th. 250 (per year) for on-going consulting work and other professional services, as well as awarding remuneration and

⁵ At Finmeccanica the "Procedure" contains the internal rules adopted by Finmeccanica Spa to regulate its activities; "Group Directive" means the rules issued by the Parent Company to its subsidiaries, so that they can approve them through the adoption of their own internal implementing procedures.

financial benefits to members of the administration and control bodies or executives with strategic responsibilities.

The Surveillance Body monitors whether the procedures adopted comply with the principles set out in the Regulation, as well as whether they have been followed and reports its findings to the Shareholders' Meeting.

The Procedures Committee assesses the adequacy of the Procedures and the need to amend them at least once every three years in light of any legislative or regulatory changes and future application practices.

The full text of the Procedures is available in the specific Governance section of the Company's website (www.finmeccanica.com).

Finally, with specific reference to the situations in which a Director has an interest in the transaction subject to the examination of the Board, on his own behalf or on behalf of third parties, the Rules of the Board provide for the Directors to promptly and exhaustively inform the Board itself of the existence of this interest and of the related circumstances. Furthermore, the Directors themselves will abstain from the related resolutions.

5. INTERNAL BOARD COMMITTEES (Art. 123-bis, para. 2, lett. d), Consolidated Law on Financial Intermediation)

The Board of Directors has formed Committees from among its members, composed of Directors in accordance with the Corporate Governance Code and as laid down in its own Rules of Procedure. Among these Committees are the Control and Risk Committee and the Remuneration Committee, whose functions, work and composition are described in detail below.

The Board also formed the Strategy Committee, which met 3 times in 2012.

The Committee is currently made up of the following members:

<u>STRATEGY COMMITTEE</u>	ATTENDANCE
CARLO BALDOCCI	3 out of 3 meeting
PAOLO CANTARELLA	3 out of 3 meeting
DARIO GALLI	3 out of 3 meeting
IVANHOE LO BELLO (1)	2 out of 2 meeting
FRANCESCO PARLATO	3 out of 3 meeting
(1) Holding office from 14 June 2012	
GIUSEPPE ORSI (2)	3 out of 3 meeting
MARCO IANSITI (3)	0 out of 1 meeting

(2) Holding office up to 15 February 2013

(3) Holding office up to 11 May 2012

This Committee is responsible for assessing the strategy options for the Group's advancement and the relative business plans drawn up by the Chairman and Chief Executive Officer for submission to the Board of Directors.

During the abovementioned meetings, the Committee specifically examined the strategic guidelines of the Finmeccanica Group, as well as the development of the disposal programme set out in the plan for the operational and financial strengthening of the Company.

6. APPOINTMENTS COMMITTEE

The Company's Board of Directors, by making use of the specific transitional regime envisaged in the Code, considered the opportunity for the Company to take steps to formally set up the Appointments Committee at a later time, in order to ensure the operation of the new Committee by the date of expiry of the current term of office of the Board of Directors, as contemplated by the Code itself.

7. REMUNERATION COMMITTEE

The Board of Directors has established an internal REMUNERATION COMMITTEE, which met 4 times in the course of the 2012, as well as 3 times in the current 2013. The average duration of the meetings was about one hour and thirty minutes.

REMUNERATION COMMITTEE

DARIO GALLI- Chairman

ATTENDANCE

4 out of 4 meetings

FRANCESCO PARLATO

3 out of 4 meetings

CHRISTIAN STREIFF

2 out of 4 meetings

FRANCO BONFERRONI (1)

4 out of 4 meetings

(1) Holding office up to 21 September 2012

The composition of the Committee is in line with the provisions of the Code. Also following the subsequent resignation of Franco Bonferroni, the members are all non-executive Directors, most of which are "independent" Directors, including the Chairman. Furthermore, the composition of the Committee is consistent with the recommendation, made by the Code, as to the presence of at least

one member in possession of an adequate knowledge and experience in financial or remuneration policy issues.

The duties of this Committee are:

- Submitting proposals to the Board of Directors as to the definition of the Company's policy as to the fees due to directors and managers with strategic responsibilities, in accordance with the current regulations and with the Code;
- determining, under powers delegated by the Board and in the implementation of the remuneration policy set out by the same:
 - the compensation and conditions of service of the Directors provided with delegated powers and of the other Directors who hold specific positions (in consultation with the Board of Statutory Auditors where required by Art. 2389 of the Italian Civil Code);
 - the performance targets correlated to the variable component of the remuneration due to Directors provided with delegated powers and of the other Directors who hold specific positions, monitoring the application of any decisions adopted and verifying, in particular, the actual achievement of performance targets;
- assisting the Company in deciding on the best policies for the handling of the Group's management employees, as well as the plans and mechanisms in place for developing the management skills of the Group's key employees;
- preparing, for the approval by the Board, remuneration plans based on the assignment of shares or options for the purchase of the Company's shares to the benefit of Directors and executives of the Company and of the Group companies, to be submitted for the subsequent approval of the Shareholders' Meeting pursuant to the regulations in force, as well as defining their implementing regulations;
- assessing, on a periodic basis, the adequacy, the overall consistency and the actual application of the remuneration policy for directors and managers with strategic responsibilities.

The activities of the Committee are regulated by appropriate **RULES**, which were finally updated during the Board of Directors' meeting of 19 December 2012 in order to approve the principles and application criteria recommended in the new edition of the Code.

The Rules (available in the specific Governance section of the Company's website, www.finmeccanica.com) provide, *inter alia*, that the Directors provided with delegated powers are not invited to participate in the meetings in which proposals are submitted in relation to their own remuneration.

Since it was firstly formed in December 2000, the Remuneration Committee has played a role in support of the Company's top management with regard to some of the primary issues related to the strategic management of the Group's human resources and its salary and retention policies.

In this respect, incentive plans have been implemented based on performance and growth targets set for the Group's share price and value.

Furthermore, in line with the strategic objective of refocusing on management development and planning as one of the key priorities of Finmeccanica, the Committee has supported the creation of a qualified, structured and periodic Management Appraisal process, designed to select the beneficiaries of the long-term incentive programmes objectively and impartially.

In 2012, the Committee:

- determined, by virtue of the proxies granted by the Board of Directors on 1 December 2011 and 16 May 2012, the economic and regulatory treatment of the Directors provided with delegated powers granted by the Company – the Chairman and Chief Executive Officer, Giuseppe Orsi, and the Director – Chief Operating Officer (currently Chief Executive Officer and Chief Operating Officer), Alessandro Pansa – as illustrated in the Report on remuneration, to which reference is made;
- approved, in the light of the results of the 2011 financial year, the final amount of fees due to the Chairman and Chief Executive Officer Giuseppe Orsi and to the Director- Chief Operating Officer Alessandro Pansa (currently Chief Executive Officer and Chief Operating Officer) within the framework of the management of short-term (MBO) and medium/long-term (Long Term Incentive Plan "LTIP") incentive plans and for the Group's management;
- preliminarily examined the Report on remuneration (prepared pursuant to article 123-ter of the Consolidated Law on Financial Intermediation and pursuant to article 84-*quater* of the Issuers' Regulation of Consob), which was approved by the Board of Directors' meeting of 27 March 2012 and which was submitted for approval of the Shareholders' Meeting on 16 May 2012;
- continued to perform its institutional function of supporting top management in priority areas related to the strategic management of the Group's Human Resources, as well as to its compensation and retention policies. It also pursued actions authorised in previous financial years;
- examined the report prepared by the Human Resources organisational Unit on the assessment and selection of the Strategic Resources in light of the need for an adequate planning of succession in the various corporate roles, an essential task to ensure the management's continuity and growth.

In the first months of the current financial year, the Committee met 3 times and, specifically:

- examined the Operating Plan of the Human Resources organisational Unit focused on the management of processes concerning staff efficiency-improvement and reduction and on the motivation and enhancement of the Human Resources;
- examined the effects of the resolutions passed by the Board of Directors' meeting held on 13 February 2013 concerning the on-going relationship with the Chairman and Chief Executive Officer G. Orsi;
- preliminarily examined the Report on remuneration to be submitted for approval of the Board of Directors in relation to the 2013 Shareholders' Meeting.

To carry out its activities the Committee makes use of the support from the suitable units of the Company and in particular from the Human Resources organisational Unit, as well as of the help of external professionals. No specific budget has been prepared for the Committee's activity, without prejudice to the abovementioned right to make use of external professionals, which the Board has not yet exercised.

Committee meetings are duly minuted. The Manager responsible for the Human Resources organisational Unit is regularly invited to participate in the Committee meetings; on the invitation of the Committee through the Chairman and in relation to the issues being discussed, the meetings may be attended by other persons, including the non-executive members of the Board of Directors and the employees of the Company or of Group Companies, as well as the Chairman of the Board of Statutory Auditors or any other Statutory Auditor designated by the latter. The Chairman of the Board of Statutory Auditors regularly participates in the Committee meetings.

8. REMUNERATION OF THE DIRECTORS AND OF THE MANAGERS WITH STRATEGIC RESPONSIBILITIES

General remuneration policy

In accordance with the regulations on the transparency of remuneration under Art. 123-*ter* of the Consolidated Law on Financial Intermediation, as well as in compliance with Art. 6 of the Corporate Governance Code, the Board of Directors took steps, in the meeting of 23 April 2013, following the valuations made and the proposals put forward by the Remuneration Committee, to approve, with reference to the 2013 and subsequent financial years, the Company's policy on the remuneration of the members of governing bodies, general managers and of the other managers with strategic responsibilities envisaged in paragraph 3, letter a) of the abovementioned Art. 123-*ter*.

The first section of the abovementioned Report, containing the Company's remuneration policy, as well as the procedures used for the related adoption and implementation, will be submitted (pursuant to Art. 123-*ter*, paragraph 6, of the Consolidated Law on Financial Intermediation) to the

consultative voting at the next Shareholders' Meeting called to approve the 2012 Financial Statements.

The policy adopted – which is summarised in the following points – is the object of an analytical description, in compliance with the information criteria and elements envisaged in the provisions of laws and regulations referred to above, in the abovementioned Report to which reference is made in full.

For detailed information as to the remuneration paid out in the 2012 financial year, for any reason and in any form, including that paid by subsidiary and associated companies, to the individual members of the Board of Directors, as well as to the Statutory Auditors, the General Managers and any other managers with strategic responsibilities, reference is made to the second section of the Report on Remuneration, which has been prepared pursuant to Art. 123-ter, paragraph 4, of the Consolidated Law on Financial Intermediation.

The full text of the Report on Remuneration is made available according to the procedures set out by law, also through the publication in the specific Governance section of the Company's website (www.finmeccanica.com), within the time limit of 21 days prior to the date of the Shareholders' Meeting called to approve the financial statements.

Share-based remuneration plans

At the date of this Report, the Company had no incentive plans based on financial instruments.

Remuneration of executive Directors

In order to ensure a correct balancing of the Company's interests, aimed at retaining and motivating managers with the necessary skills for managing the Company and business development and at ensuring an alignment of the management's objectives with the creation of value for shareholders in the medium/long term, the remuneration of the executive Directors is determined by ensuring a balanced pay-mix between the fixed component and the variable one, in relation to the strategic objectives set by the Board of Directors.

In particular, the variable remuneration is structured into a short-term component (which is typically annual) and a medium/long-term component.

The short-term variable remuneration for executive Directors is mainly conditional on the achievement of predetermined performance objectives of an economic and operational nature, in line with the strategic guidelines determined by the Board of Directors, whose results can be objectively measured and verified.

The medium/long-term variable remuneration is structured into two 3-year monetary incentive plans (Performance Cash Plan and Long Term Incentive Plan) and is subject to the achievement of predetermined performance objectives of an economic and operational nature only.

The performance indicators, which can be objectively measured and verified, are identified among those that mostly represent the Company's ability to create value on multi-year plans and are aligned with the strategic guidelines determined by the Board of Directors.

For more details, reference is made to the specific information provided in the Report on Remuneration.

Remuneration of managers with strategic responsibilities

The remuneration of managers with strategic responsibilities is made up, in line with the practices applied at Group level for management staff, of a fixed component and a variable component, in relation to the strategic objectives set out by the Board of Directors and is commensurate, as a whole, with the specific responsibilities assigned. Consistently with the guidelines of the Remuneration Policy adopted by the Company, in accordance with the criteria laid down in the Code, the variable part of the remuneration is linked to the achievement of predetermined and measurable performance targets.

For more information, reference is made to the Report on Remuneration.

Remuneration of non-executive Directors

The remuneration of non-executive Directors is limited only to the fixed component, which is subject to the decision of the Shareholders' Meeting, and is not linked in any way to the achievement of performance objectives. Therefore, non-executive Directors do not participate in any incentive plan.

Indemnity due to Directors in case of resignation, dismissal without cause or termination of the employment relationship following a takeover bid (pursuant to Art. 123-bis, paragraph 1, letter i), Consolidated Law on Financial Intermediation)

There are no agreements previously entered into between the Company and Directors which provide for indemnities for Directors in the event of resignation or dismissal without cause or the termination of the employment relationship as a result of a takeover bid.

Instead, with reference to the provisions concerning executive Directors, as to treatments in case of ceasing to hold office or the early termination of the employment relationship, reference is made to the specific information provided in the Report on Remuneration.

9. CONTROL AND RISK COMMITTEE

The Board of Directors has set up a Control and Risk Committee (previously named Internal Audit Committee) which, in the course of the financial year, met 11 times; from January 2013 until today, the Committee met 2 times. The Internal Audit Committee was set up by a resolution passed by the Board on 6 December 2000 and the name of the same was changed to the current one following the resolution passed by the Board of Directors' meeting held on 19 December 2012. The average duration of the meetings was about one hour and forty minutes.

The Committee is made up as follows:

<u>CONTROL AND RISK COMMITTEE</u>	ATTENDANCE
PAOLO CANTARELLA - Chairman	10 out of 11 meetings
GIOVANNI CATANZARO	11 out of 11 meetings
SILVIA MERLO	10 out of 11 meetings
GUIDO VENTURONI	10 out of 11 meetings

The composition of the Committee – all “independent” Directors – is in line with the provisions of the Corporate Governance Code; furthermore, this composition is consistent with the recommendation, made by the Code, as to the presence of at least one member who must have an adequate experience in accounting and financial or risk management issues. The activities of the Control and Risk Committee are regulated by Rules approved by the Board of Directors, whose text has been updated in light of the amendments made to the Code in the updated version of December 2011.

The text of the Rules of the Committee is available in the specific Governance section of the Company's website (www.finmeccanica.com).

The Board of Statutory Auditors and the Internal Audit Manager are constantly involved in the Committee's work; the Chairman and Chief Executive Officer may also take part. If appropriate, depending on the items on the agenda, the Committee meetings may also be attended by other persons, including the members of the Board of Directors and the employees of the Company or of Group companies. During the 2012 financial year, on the invitation of the Committee in relation to the issues being discussed, some meetings of the same were attended by the Chairman and Chief Executive Officer, the Director – Chief Operating Officer (who is currently Chief Executive Officer and Chief Operating Officer) and some employees, both of Finmeccanica and of Group companies.

The Committee supports, with an adequate preliminary investigation activity, the assessments and decisions made by the Board of Directors in relation to the internal control and risk management

system, as well as those relating to the approval of the periodic financial reports. In particular, as regards the activities carried out by the Committee as to the assessment of the adequacy of the internal control and risk management system with respect to the characteristics of the company and to its risk profile, as well as of its effectiveness, reference is made to paragraph 10 below. The Committee, within the framework of its activity of assistance and support to the Board of Directors, specifically performs the following duties:

- a) together with the Officer in charge of preparing the Company's accounting documents and after having heard the Independent Auditors and the Board of Statutory Auditors, assessing the correct use of the accounting standards, as well as their uniformity in preparing consolidated financial statements;
- b) expressing opinions on specific issues pertaining to the identification of the main business risks;
- c) examining the periodic reports concerning the assessment of the internal control and risk management system, as well as any reports of particular importance prepared by the Internal Audit organisational Unit;
- d) monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit organisational Unit; the Committee itself oversees its activities should operating powers be granted to the Chairman of the Board;
- e) being entitled to ask the same organisational Unit to carry out checks on specific operating areas, giving notice thereof, at the same time, to the Chairman of the Board of Statutory Auditors;
- f) reporting on the activity carried out to the Board of Directors at least on a six-monthly basis and, in any case, on the occasion of the approval of the draft separate financial statements and of the half-year financial report, as well as on the adequacy of the internal control and risk management system;
- g) performing such additional duties as may be assigned to it by the Board of Directors.

The Control and Risk Committee also performs functions as Committee for Transactions with Related Parties, referred to in the Procedure for Transactions with Related Parties adopted by Finmeccanica Spa pursuant to Art. 4 of CONSOB Regulation 17221 of 12 March 2010, as amended and supplemented, by a resolution passed by the Company's Board of Directors on 26 November 2010.

Committee meetings, constantly attended by the members of the Board of Statutory Auditors, are duly minuted.

In performing its duties, the Committee may seek assistance from the outside professionals, provided they are contractually bound by specific confidentiality agreements and are not in such a situation as to impair their independence of judgment.

In carrying out its work the Committee is entitled to access any necessary information to perform its duties and makes use of the Company's organisational Units. Consequently, while it retains the right, mentioned above, to avail itself of the services of outside professionals, it has not been necessary to arrange for a special budget for the Committee's activities.

In 2012 and from January 2013 to the date of publication of this Report, the Control and Risk Committee has discussed the main following issues.

For a full description of the activities carried out by the Committee within the framework of the new internal control and risk management system, reference is made to paragraph 10 below.

Specifically, in the course of the mentioned period the Committee:

- continued the process to check the operations of the internal control and risks management system of Finmeccanica and of the main subsidiaries and of the degree of adoption, on the part of the same, of the Directives of Finmeccanica Spa;
- held specific meetings with the subsidiaries for the purpose of examining in detail together with the management the functioning of their respective internal audit systems and the underlying controls set to support the development of the business;
- examined the Report of the Internal Audit Organisational Unit on the work carried out in the course of 2011 and all the audit reports, including those concerning the cross-section audits conducted on the Finmeccanica Group and issued in the course of such financial year;
- discussed the obligations of Italian publicly listed companies that have controlling interests in companies based in non-EU countries (Art. 36 of CONSOB's Market Regulation no. 16191/2007, as amended and supplemented) and noted that the administration and accounting system responsible for the financial reporting process functions effectively and that it essentially meets the requirements of Art. 36 36, and therefore no special plan to bring it into compliance is needed;
- performed any additional duties described in paragraph 10 below.

The Committee also reviewed the preparation of the half-year report and the annual financial statements, meeting with the auditing firm to discuss the matter, and issued special reports to the Board of Directors on its conclusions.

Finally, on the basis of reports from the Internal Audit Manager and from the auditing firm, the Committee assessed the adequacy of the accounting principles used and their uniformity for the purposes of preparing annual and half-year financial statements.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In the course of the 2012 financial year, the Rules of Procedure of the Board of Directors and of the Control and Risk Committee were amended in order to approve the provisions laid down in the Code in relation to the internal control and risk management system, taken as the combination of rules, procedures and organisational structures whose purpose is the identification, measurement, management and monitoring of the main risks.

The system outlined in this manner provides, in short, for the Board of Directors to play a general role of guidance and assessment of the adequacy of said system; specifically, subject to the opinion of the Control and Risk Committee, the Board of Directors:

- a) defines the guidelines for the internal control and risk management system, so that the main risks involving the Company and its subsidiaries are correctly identified, as well as satisfactorily measured, managed and monitored, also defining the degree of compatibility of these risks with a management of the enterprise consistent with the identified strategic objectives;
- b) assesses, at least on an annual basis, the adequacy of the internal control and risk management system with respect to the characteristics of the enterprise and to the assumed risk profile, as well as its efficiency; the results of this assessment are disclosed in the Corporate Governance Report on an annual basis;
- c) approves, at least on an annual basis, the work plan prepared by the Internal Audit Manager, after having heard the Board of Statutory Auditors and the Director in charge of the internal control and risk management system;
- d) assesses, after having heard the Board of Statutory Auditors, the results presented by the independent auditor in the letter of recommendations (if any) and in the report on the main issues that arose at the time of the statutory audit of accounts.

In this regard, the Board of Directors, with reference to the activities referred to in the aforesaid points a), b) and c) and subject to the favourable opinion of the Control and Risk Committee issued on 11 April 2013, took steps - in its meeting of 23 April 2013 – to define the guidelines of the new internal control and risk management system, to assess the adequacy of the same with respect to the characteristics of the enterprise and to the risk profile, as well as to approve the Work Plan of the Internal Audit Unit, after having heard the Board of Statutory Auditors and the Director in charge of the internal control and risk management system.

In addition to the Board of Directors and to the Control and Risk Committee, for the purposes of the assessment of the effectiveness of Finmeccanica Spa's internal control and risk management systems, the following persons intervene:

- Director in charge of the internal control and risk management systems;
- Internal Audit Manager;
- Officer in charge of preparing the Company's accounting documents pursuant to Law 262/05;
- Surveillance Body formed pursuant to Legislative Decree 231 of 8 June 2001;
- Board of Statutory Auditors.

In the course of 2012, a more thorough assessment of the efficacy and adequacy of the internal audit system was also performed with regard to widespread news reports about the investigation of Group companies being conducted by judicial authorities.

Again in 2012 investigations were continued and started which involved Finmeccanica Spa itself, some subsidiaries and some managers of the Group; in this regard, full cooperation has been provided to the investigating authorities.

To that end, the Control and Risk Committee and the Surveillance Body, together with the Board of Statutory Auditors and with the help of the competent Organisational Units of Finmeccanica, performed their own investigation into some of these matters through meetings with the top management of Finmeccanica and the Group companies involved and with representatives of the independent auditors. The Board of Statutory Auditors also carried out an independent audit through meetings with the Boards of Statutory Auditors of the Group companies involved.

As already pointed out, with regard to the activities carried out, as presented by the Chairman of the Control and Risk Committee, the Board of Directors confirmed the evaluation of the suitability of the organisational, administrative and accounting structure of the Company, as well as of any subsidiaries having strategic importance, with specific reference to the internal control and risk management system.

The Corporate Governance Report and Shareholder Structure relating to the 2011 financial year and the disclosures additional to the Annual Financial Report provided on the occasion of the Shareholders' Meeting of 16 May 2012 also reported information on the identification of certain areas of improvement and implementation of the Internal Control System of the Group, with respect to which the Group already put in place specific initiatives during 2011 and has more planned for 2012.

In this regard, it should be pointed out that the activities planned for 2012 were actually carried out.

In particular, in 2012 Finmeccanica issued the following Group Directives⁶, Company Procedures⁷, Guidelines and manuals, aimed at regulating sensitive activities in terms of Control Systems:

- Guidelines “Consultants and Business Promoters” issued on 11 January 2012 in the implementation of Directive 17 of 8 February 2011 on the “Execution and management of contracts in support of commercial activities with public administrations, institutional clients and state-owned companies.”

These Guidelines, drawn up on the basis of national and international regulations as well as best practice (e.g. OECD reports, ASD principles), regulate the following aspects:

- Definition of consultancy and business promotion; definition of institutional clients.
- Implementation procedures: only very limited possibilities for companies to deviate from the Directive and from the Guidelines issued by Finmeccanica.
- Base version of contract: a list of basic elements to be verified in contracts has been drawn up, as has a standard contract.
- Red Flags: identification of the main risk factors for which evaluation and traceability are obligatory (e.g. personal or family relationships, countries with a high risk of corruption).
- Countries with favourable tax systems: reference to the black list of national systems and definition of general rules of conduct with a ban on executing a contract if the Consultant or Business Promoter is resident in a tax haven country other than the country of the job order.
- Record card: a document which summarises the relationship is required, with detailed instructions concerning the restrictions and requirements in executing the contract.
- Legal opinion with two levels of verification: a database of general opinions regarding the operating conditions in the various countries which is managed by the Compliance Organisational Unit of Finmeccanica and an evaluation of the specific task which is carried out by the companies.
- Questionnaire: standard form to ensure that the companies acquire the key information about the Consultant/Business Promoter;

- Directive no. 20 on the “enhancement, management and protection of the intellectual property of the Finmeccanica Group”, issued on 15 February 2012, with the objective of adopting a combined and coordinated system for the enhancement, management and protection of the intellectual property of Finmeccanica and its operating companies;

- Directive no. 21, “Trade Compliance”, issued on 9 March 2012. The Directive covers two particularly important areas: (i) the import/export of equipment for military, dual or commercial use which is subject to specific regulatory requirements (with particular regard to ITAR, EAR, OFAC, EU Council and applicable laws in the UK and Italy); (ii) programmes of sanctions or other

⁶ In Finmeccanica, “Group Directive” means the regulations issued by the Parent Company to the subsidiaries so that they approve them through the adoption of their own internal procedures.

⁷ In Finmeccanica, “Company Procedure” means the internal rules adopted by each subsidiary in an independent manner or in the application of a Group directive; the term “Procedure” itself also means the internal rules adopted by Finmeccanica SpA to regulate its own activities.

restrictive measures which affect countries or persons considered sensitive (above all by the competent authorities of the USA, the EU, the UK and Italy, as well as pursuant to the Resolutions of the UNO Security Council). The objective of the directive in question is to establish a system of compliance at Group level, with which the companies of the Group that carry out export activities, which even only potentially fall into the scope of application of the abovementioned regulations and programmes implemented the Directive through a structured system which envisages the issue of specific procedures on the part of the company;

- Directive no. 22 “Commissioning and management of professional services” issued on 30 June 2012. The Directive has the objective to define the guidelines, the scope of application, the roles and responsibilities connected with the commissioning and management of professional services, other than the business activities that are regulated by Directive no. 17. This Directive was implemented by each subsidiary by issuing or changing its own implementing procedure. The adoption of this Directive also entailed a review of the existing consultancy agreements in order to bring them into line with the new provisions;

- Directive no. 23 “Gifts, hospitality and entertainment expenses” issued on 30 June 2012. The Directive has the objective to define the general principles, the scope of application, the roles and responsibilities connected with the management of gifts, hospitality and entertainment expenses. The implementation of this Directive required each subsidiary to issue or change its own implementing procedure;

- Directive no. 24 “Sponsorships and advertising initiatives and donations to associations and entities” issued on 30 June 2012. The Directive has the objective to define the guidelines, the scope of application, the roles and responsibilities connected with the management of sponsorships and advertising initiatives and of grants to associations and entities. Rules are laid down for the identification and formalization of said initiatives, which take account of the party for which they are intended, also with regard to their traceability. The implementation of this Directive required each subsidiary to issue or change its own implementing procedure. The adoption of this Directive also entailed a review of the existing sponsorship and consultancy agreements in order to bring them into line with the new provisions;

- Directive no. 25 “M&A Transactions” issued on 30 June 2012. The Directive has the objective to define the scope of application, the guidelines, roles and responsibilities connected with the management of Merger & Acquisition (M&A) transactions, in order to ensure their transparency and consistency with the Group strategies. All the M&A initiatives, even if included in the strategic plan, are subject to an analysis and authorization process, which is carried out in predefined phases, with detailed duties that must be performed by the responsible organisational units of Finmeccanica and

of the Group company involved in the transaction. The abovementioned Directive also constitutes an internal Procedure for Finmeccanica Spa;

- Procedure no. 18 “Purchases of goods and services and commissioning of professional services” of Finmeccanica Spa issued on 30 June 2012. The procedure is structured into two parts: part A) which regulates the purchases made by Finmeccanica, both directly and through Finmeccanica Group Services SpA and Finmeccanica Group Real Estate SpA and part B), which regulates the commissioning and management of professional services. Rules have been laid down, both for suppliers and for professionals, to regulate the selection, the formalisation of the relationship, the monitoring of the performance and traceability;

- Procedure no. 1 “Search for, selection and recruitment of the personnel of Finmeccanica S.p.a.” issued on 12 December 2012, which sets out the criteria used by the Company for the purposes of the management of these activities and which is applicable to the personnel to be hired with any title; this Procedure cancels and supersedes the similar document issued in 2007;

- Manual for the management of compliance with Law 262/05, which was prepared with the objective to describe the Finmeccanica model relating to the system of Internal Control over Financial Reporting and any activities that the companies falling within the scope of application of Law 262/05, including the Parent Company, must carry out to ensure its correct adoption and implementation.

From an organisational point of view, it should be noted that, with the issue of the Service Order no. 25 of 15 June 2012 relating to the “Legal and Corporate Affairs” organisational unit of Finmeccanica (which was then renamed “Legal, Corporate and Compliance Affairs” by a subsequent Service Order no. 5 on 22 February 2013), the specific Compliance organisational unit was set up, under the responsibility of the new position of the Senior Compliance Officer (SCO), with the task and duty:

to ensure the knowledge, implementation and monitoring of the regulations applicable to the corporate activities, through the dissemination of tools for the management of legal risks in the main business areas of the Group;

to ensure, in coordination with the competent Organisational units of Finmeccanica and of the Group companies, the identification, preparation and updating of the necessary directives and procedures to ensure adequate monitoring of legal risks, in order to prevent any corporate behaviours that do not comply with the rules;

to control any mechanisms of communication and reporting on the part of the compliance officers of the Group companies, operating as a point of reference for any critical issues relating to the application of regulations or to the adequacy of any protocols with respect to the guidance policies of the Parent Company;

- to ensure adequate information flows concerning compliance issues to the benefit of the Corporate Bodies and of the managers responsible for the Company's Organisational units and to report, on a periodical basis, to the Control and Risk Committee and to the Board of Statutory Auditors;
- to ensure controls over trade compliance (exports and programmes of sanctions), providing the necessary legal advice in any proceedings and in any activities under the responsibility of the Parent Company;
- to represent the Parent Company in the ethical committees and in the initiatives that promote the adoption of principles and codes governing business ethics either at national or international level and to provide legal advice in any projects connected with the promotion of sustainability.

In the performance of the provisions under the abovementioned Directive 21 governing Trade Compliance, the Group companies took steps to identify and appoint a Trade Compliance Officer from among their staff, who shall ensure compliance, at the company, with any national and international regulations governing imports/exports, as well as help promote and implement a compliance system at Group level.

Again from an organisational point of view, it should be noted that on 23 July 2012 the "Directives and Procedures" Unit was established within the Human Resources Organisational Unit, which will be responsible for coordinating the preparation, approval and issue of the Group Directives, the Company Procedures and the Policies/Guidelines.

Within the context of the activities undertaken for the improvement and implementation of the internal control and risk management system, as more specifically reported below, in 2012 and in 2013 the Company's Organisational, Management and Control Model pursuant to Legislative Decree 231/01 was brought into line with the provisions of Legislative Decree 121/11 on the subject of environmental crimes, of Legislative Decree 109/12 as to the "Employment of illegally-staying third-country citizens" and of Law no. 190 of 6 November 2012 concerning the "Provisions for the prevention and repression of bribery and illegality in Public Administrations." The current Organisational Model was approved by the Board of Directors at the meeting of 15 April 2013.

The initiatives undertaken and the measures adopted by the Company in the first months of the current 2013 financial year for the improvement and implementation of its own internal control and risk management system, as well as for the achievement of the objective to continue the process for consolidating any procedures of control over the Group's activities and for strengthening the role of direction and coordination towards the operating Companies included the following activities.

- The implementation of the new organisational structure of Finmeccanica Spa, as proposed by the Chief Executive Officer and Chief Operating Officer and shared by the Board of Directors on 21 February 2013, aimed at streamlining decision-making processes, as well as at achieving the best operating efficiency. In fact, the new structure provides for a significant reduction in

first-level positions and for the definition of Corporate functions, as well as of functions for the coordination of staff presence abroad and market coordination.

- The establishment of a Management Committee, chaired by the Chief Executive Officer and Chief Operating Officer and made up of the Managers responsible for the Organisational Units of Internal Audit, external relations and Communication, Human Resources, Strategies, Business Development and Innovation, as well as by the CFO and by the Group General Counsel. This Committee is responsible for the direction and coordination of the Group's governance activities. Furthermore, in relation to the issues dealt with, the Managers responsible for other Organisational Units of Finmeccanica may be specifically involved.
- The establishment of a Group Management Committee (made up of the Chief executive Officers of the main subsidiaries, as well as, for Finmeccanica Spa, by the CFO and by the two Managers responsible for the organisational units of Human Resource and Strategies, Business Development and Innovation), with the task of consultation and support in assessments and operational decisions for the sharing of business critical issues, as well as of important programs and initiatives. This establishment, which is part of the new organisational structure of Finmeccanica Spa, responds to the need to involve the managers of the Companies in the Group's issues, as well as in the analysis and definition of those projects that are more directly relevant to the achievement of the Group's results.
- During the meeting held on 21 February 2013, the approval by the Company's Board of Directors of the project to centralise the Group's Internal Audit activities at the Holding Company, with the objective to strengthen its role of control over the Group, as well as to increase efficiency of the activities themselves. This project is expected to be completed by the end of the current financial year; in full operation, the resources operating at the Group companies will be hired by Finmeccanica S.p.a., while adopting a structured organisation by business segments with staff turnover. The objectives of the abovementioned project consist of:
 - i)* increasing effectiveness of actions and improving operating cost efficiency through a single Audit unit; *ii)* increasing control over the Group's operating companies; *iii)* optimising the exchange of knowledge within the working groups, through a more transparent dialogue, the cooperation of all players involved and the sharing of objectives with a single central unit; *iv)* improving the mix of skills through job rotation mechanisms and structured career paths that allow to realise the importance of control in management activities.

For the purposes of implementing the project, the Company appointed a third-party independent expert to provide consultancy and assistance services in order to define the mission, mandate, roles and related information flows of the new Internal Audit Function. In the performance of these services, the following documents were drawn up:

- centralised Internal Audit organisational structure;
- interfunctional organisational model (*modello organizzativo interfunzionale*, MOI), which defines the relationships that are maintained between the Group Internal Audit Organisational Unit of Finmeccanica S.p.a. and the Control and Supervisory Bodies of both Finmeccanica S.p.a. and the Group Companies, and outlines both the operational powers granted to the Organisational Units within the same, and the methods/flows of interaction between the different players during the entire process relating to operating activities (governance, planning, implementation and reporting);
- service order of the abovementioned structure.

The next steps provide for the formalisation of the Internal Audit organisational unit, through a special Service order, and the transmission of the MOI to the Top Management of the Group companies that fall within the scope of application of the project itself. Subsequently, it is expected that about 70 resources, who currently work for the Internal Audit function of the operating companies, will gradually be transferred to Finmeccanica S.p.a..

The project was shared and positively valued by both the Control and Risk Committee and by the Board of Statutory Auditors.

- The verification of the adequacy, operation and effectiveness, with the support of an independent third-party (according to what was provided for by the Company's Board of Directors in the meetings held on 7 March and 15 April 2013), as to any existing contracts concluded by the operating Companies in the three-year period 2010/2012 for the purchase of intangible assets, such as engineering, software and consultancy services.

In particular, within the process of purchasing services from third-party counterparties, the cost items involved in the investigation relate to the following:

- consultancy services,
- engineering;
- software/IT;
- commercial brokerage and services of agents.

It should be noted that the cost items related to commercial brokerage and services of agents (also in consideration of the strengthening of the group's internal rules in terms of identification and execution of contracts for relationships with intermediaries and business promoters and given the nature of the services in question) will be subject to separate identification and management.

The investigation has been extended to the years 2010 to 2012 and will involve the following business areas:

- aeronautics (Alenia Aermacchi Group);

- space (Telespazio Group);
- defence systems (Oto Melara and WASS Group);
- helicopters (AgustaWestland Group);
- defence and security electronics (Selex ES Group);
- transportation (AnsaldoBreda and BredaMenarinibus Group).

The extension of the investigation to the energy sector (Ansaldo Energia) will take place at the end of the first phase of activity. The investigation will be extended both to the Italian companies and to the foreign companies of the Group, with specific regard to Europe.

The investigation shall provide, at the time of its completion, reasonable certainty about:

- the correctness of the implementing procedures of purchase transactions examined in terms of compliance with the procedures in force;
- the inherence and effectiveness of services rendered by counterparties;
- the possibility of supplying evidence and traceability of transactions;
- the counterparties' honesty;
- the fairness (where the type of service so permits) of any transaction values.

The investigation shall be structured into at least three operating phases:

- 1) preliminary phase – definition of the scope of investigation and selection of individual transactions to be analysed;
- 2) analysis phase – detailed examination of identified transactions;
- 3) phase of representation of results – periodical and interim presentations and preparation of the final, fact-gathering and descriptive Report.

Given the complexity of the investigation activity and the extent of its scope (both in terms of time horizon and corporate areas involved), the investigation is structured, from an operating point of view, into two separate modules:

- 1) pilot module, the activity of which will be carried out in the 12 months after the appointment (and in any case by the expected date for the approval of the Financial Statements relating to the 2013 financial year) and which provides for the implementation of verification activities with reference to the following three business sectors: aeronautics (Alenia Aermacchi Group), space (Telespazio Group) and defence systems (OtoMelara and WASS Group). The definition of the pilot module takes account of both the companies that fall within the scope of the Group's core business and the need to involve, but only at a later time, some companies/business sectors that at present are affected by reorganization/restructuring/merger processes;
- 2) second module, for which it is expected that verification activities will be carried out with reference to the following business sectors:

- helicopters (AgustaWestland Group);
 - defence and security electronics (Selex ES Group);
 - transportation (AnsaldoBreda and BredaMenarinibus Group).
- In terms of timing, it is expected that this module may be extended to the second year of verification.
 - The additional implementation and the strengthening of the Group's internal regulations governing the identification and execution of contracts for the relationships that the operating Companies maintain with consultants and business promoters, which are based on criteria of transparency, traceability and verification of the subjective requirements of professionalism and honesty.
 - The review of Directive no. 17/2011 and of the related Guidelines, which are currently being applied, with the objective of strengthening the control measures implemented by the Parent Company as to the contracts entered into by the subsidiaries with agents and business promoters.
 - On 12 March 2013, the establishment of a specific function within the Internal Audit unit responsible for monitoring and strengthening the audit activities concerning any contracts entered into in support of the business activities of the Group companies, in order to ensure compliance with the group's Directive and Policies/Guidelines.
 - The identification of new rules as to the composition and requirements for appointments within the Corporate Bodies of the operating Companies, including – in particular – a limited number of the members of the Boards of Directors, the change in the composition of the Surveillance Bodies (whose members are mostly from outside of the Companies and the Group), the obligation of all members of the Corporate Bodies to meet specific requirements of honesty, as well as the expectation of specific events (some of which are connected with judicial investigations), whose occurrence will result in the suspension or removal from the office. In this regard, also note the on-going review of Directive no. 18/2011 (“Formation and operation of the Boards of Directors and of the Boards of Statutory Auditors of Subsidiaries”).
 - On 7 March 2013, the establishment of a “Committee of Corporate Bodies” (coordinated by the Group General Counsel and made up of the Managers responsible for the Organisational Units of “External Relations and Communication”, “Human Resources”, “Strategies, Business Development and Innovation”, as well as, limited to the appointments to the Boards of Statutory Auditors, of the CFO), with the task of proposing the appointments to the offices of Director, Statutory Auditor or member of the Surveillance Body in first-level or “strategic” subsidiary or investee companies, as well as of selecting – for any other subsidiaries – the proposed appointments submitted by the CEOs of the lead Companies of each sector.

- On 15 March 2013, the issue of Directive (no. 1/2013) on the composition and appointment of the members of the Surveillance Bodies pursuant to Legislative Decree no. 231/01 of the Group's subsidiary companies incorporated under Italian law, which provides for their respective Bodies to be made up of more than one member. In particular, these Bodies will usually be made up of three members: the Manager responsible for the Legal and Corporate Affairs Organisational Unit of the Company involved and two external members (including the Chairman), identified from among university teachers and professionals with proven expertise and experience in legal, financial and internal audit issues, as well as, in particular, with adequate experience in the application of Legislative Decree no. 231/01. Furthermore, the external members shall meet specific requirements in terms of autonomy and independence, as well as specific cases will be envisaged for the suspension and removal from the office.
- An increased number of the members of the Surveillance Body of the Company, as illustrated on paragraph 10.4 below.
- The expected establishment, as resolved by the Board of Directors' meeting held on 7 March 2013, of a new Organisational Unit named Risk Management, which shall report to the CFO within the Administration, Finance and Control Unit, in order to improve the Group's Governance within the management of operating and financial risks.
- On 28 March 2013 the issue of Directive (no. 3/2013) on Environmental Protection, which defines – also from the point of view of Legislative Decree no. 231/01 – principles and obligations aimed at environmental protection, pollution prevention and the improvement of environmental performance at the Group Companies, in accordance with the provisions under the Group's Environmental Policy.
- On 28 March 2013, the issue of Directive (no. 4/2013) on the legal aid in support of commercial contracts, which defines the guidelines relating to the conclusion by the group Companies of commercial cooperation contracts and agreements of strategic importance or of significance in economic, equity or financial terms for Finmeccanica and the Companies, with specific reference to any contracts concerning supplies intended for countries that are considered to be “sensitive”.
- The establishment, as resolved by the Board of Directors on 15 April 2013, of a new Committee that will be responsible for identifying criteria and behaviours with which a Group of global size and presence, operating in the Sector of Aerospace and Defense, must comply in order to conform to new and more important best practices. The Committee will focus its analysis – at the end of which it will formulate the necessary recommendations – on the following aspects:
 - identification of measures and actions capable of further increase the principles and standards of conduct which must be complied with in the business operations;

- identification of additional actions aimed at ensuring the actual implementation of these new principles and standards, with the utmost possible efficacy.

This Committee will report to the Board of Directors and will be made up of external professionals of recognised independence, authority and competence: Giovanni Maria Flick (who will act as Chairman), Alberto Alessandri, Vittorio Mincato, Giorgio Sacerdoti and Angelo Tantazzi.

Finally, the Company will appoint an independent third-party to assess the application of any recommendations formulated by the Committee within the Group.

As more specifically described in paragraph 10.1 below, as regards the internal control system for financial reporting (ICFR)⁸, this provides, among other things, for administrative and accounting procedures (narratives) which describe the activities, checks, roles and responsibilities, as well as the information and document flows to support the process of drawing up financial reports.

A specific component to manage the risks of fraud has been integrated into this system, as commented more in detail in paragraph 10.1 below.

Below is a summary of the investigations which are being currently conducted in relation to Finmeccanica Spa or which have come to its attention as they relate to Group companies, with specific reference to the events that occurred in 2012 and in early 2013.

Finmeccanica Spa - within the criminal proceedings brought by the Public Prosecutor's Office at the Court of Naples in relation to the supply contracts concluded in 2010 by AgustaWestland, Selex Sistemi Integrati and Telespazio Argentina with the Government of Panama - in the execution of an order for the production of documents, which must be added to those issued in the course of 11, delivered, on 9 September 2012, the minutes of the meetings of the Board of Statutory Auditors and Surveillance Body of Finmeccanica and of AgustaWestland and Selex Sistemi Integrati, as well as updated information on the state of progress of the contracts concluded by the involved companies with AGAFIA to the Public Prosecutor's Office.

Within this investigation, on 23 October 2012 the former Sales Manager of the Company was served with a warrant for remand in custody (*ordinanza di custodia cautelare in carcere*) for the offence under article 322-*bis* of the Italian Criminal Code. On the same date, a search warrant was executed at the office of Finmeccanica which is used by the former Sales Manager in order to gather the necessary documents for the reconstruction of the relationships maintained by the latter with other persons with whom he maintained the relationships being investigated.

⁸ ICFR - Internal Control Financial Reporting.

In mid-November 2012 the investigations relating to the contracts concluded between the Group Companies with the Government of Panama in 2010 were transferred to the Public Prosecutor's Office at the Court of Rome.

On 23 January 2013 the warrant for remand in custody issued to the former Sales Manager of Finmeccanica ceased to be applied due to the running of time.

On 28 June 2012 Finmeccanica Spa – within the criminal proceedings relating to the supply by AgustaWestland International Ltd of 12 helicopters to the Indian Government, which were started by the Public Prosecutor's Office at the Court of Naples and which was transferred to the Public Prosecutor's Office at the Court of Busto Arsizio at the end of July 2012 – delivered, in the execution of an order for the production of documents, the documentation relating to: *i*) the findings of the Internal Audit activity carried out by AgustaWestland in relation to the contract for the supply of 12 helicopters in India; *ii*) the international competitive tender for the supply of the abovementioned helicopters; *iii*) any ancillary contracts that are functional to the aforesaid supply, in which an advisor to AgustaWestland took part, either personally or through companies attributable to him.

In relation to this investigation, on 20 September 2012 Finmeccanica was served with a notice of investigation (*informazione di garanzia*) as to the unlawful administrative act referred to in article 25 of Legislative Decree no. 231/01, in relation to the offences under articles 110, 319 and 322-*bis* of the Italian Criminal Code that were allegedly committed by, among others, the former Chairman and Chief Executive Officer of the Company, who ceased to hold the office of Chief Executive Officer on 13 February 2013 and the office of Chairman on 15 February 2013 and who was previously responsible for the AgustaWestland Group.

On 12 February 2013 a warrant for remand in custody was executed, which had been issued by the Judge for Preliminary Investigations (GIP, *Giudice delle Indagini Preliminari*) of the Court of Busto Arsizio against the then Chairman and Chief Executive Officer of Finmeccanica; on the same date, search and seizure activities were carried out at the Finmeccanica offices used by the top management and by some executives of the Company, which were aimed at gathering the necessary administrative, accounting, non-accounting, contractual and banking documentation, both in paper and in electronic format, attributable to the aforesaid contract of supply to the Indian Government. The order for search and seizure issued against the former Manager responsible for the Finmeccanica office in India was also served on the latter by way of notice of investigation for the offences under articles 110, 319 and 322-*bis* of the Italian Criminal Code.

On 26 March 2013 Finmeccanica was served, among others, a notice of request for extension of the time limit of the preliminary investigations for the unlawful act under article 25 of Legislative Decree no. 231/01.

In relation to this affair, it results that at the end of February 2013 the Indian Judicial Authority also started criminal investigations that were to involve eleven individuals and four companies. In this context, on 13 March 2013 search activities were carried out at the Finmeccanica offices in New Delhi.

On 7 March 2013 Finmeccanica Spa – within the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Rome in relation to the supply of 45 trolley buses made by BredaMenarinibus within the competitive tender launched by Roma Metropolitane S.p.A. (see what is stated below in relation to BredaMenarinibus) – was served with an order for search and seizure aimed at gathering the documentation relating to the internal procedures of authorization for the execution of said supply.

On 27 March 2013 Finmeccanica S.p.a. – within the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Naples – delivered, in the execution of an order for the production of documents, the administrative, accounting and contractual documentation relating to the relationships maintained by AgustaWestland and by Alenia Aermacchi with a Nigerian company.

Finmeccanica Spa – with reference to the criminal proceedings conducted by the Public Prosecutor's Office of the Court of Rome for the offences referred to in articles 2 and 8 of Legislative Decree no. 74/2000, which are still being conducted against the former Director of External Relations (for the description, reference is made to the 2011 Report on Corporate Governance) – has been informed that the case concerning the position of the former Chairman of Finmeccanica – who ceased to hold office on 1 December 2011 - was dismissed at the end of 2012.

On 23 April, 15 and 25 May 2012, **AgustaWestland SpA** – within the criminal proceedings started by the Public Prosecutor's Office at the Court of Naples, which was transferred to the Public Prosecutor's Office of Busto Arsizio at the end of July 2012 – provided information and produced documents in relation to: *i*) the organisational structure of the company; *ii*) the corporate procedures; *iii*) some foreign orders, including the contract for the supply of 12 helicopters in India; *iv*) the relationships maintained with foreign suppliers and intermediaries.

On 24 July 2012, following the ruling by the Public Prosecutor's Office at the Supreme Court, the investigation file relating to the supply by AgustaWestland International Ltd of 12 helicopters to the Indian Government was transferred to the competent Public Prosecutor's Office of Busto Arsizio.

On 27 August 2012 AgustaWestland SpA was served with a notice of investigation as to the unlawful administrative act under article 25 of Legislative Decree no. 231/01, in relation to the offences under articles 110, 319 and 322-*bis* of the Italian Criminal Code, which were allegedly

committed by the then manager responsible for the AgustaWestland Group and by the then Chief Executive Officer of the Company, who ceased to hold office on 28 February 2013.

On 12 February 2013, in relation to this investigation, a warrant for remand in custody under house arrest (*ordinanza di custodia cautelare agli arresti domiciliari*) was executed, which had been issued by the Judge of Preliminary Investigations of the Court of Busto Arsizio against the Chief Executive Officer of AgustaWestland SpA who held office at the time of the events.

On the same date, search and seizure activities were also carried out at the offices of AgustaWestland used by the Chief Executive Officer and by some executives, which were aimed at gathering administrative, accounting, non-accounting and contractual documentation, as well as minutes and documents relating to the Surveillance Body's meetings, both in paper and in electronic format, relating to the aforesaid supply relationship. From these orders for search it results that the former Managing Director, the Administrative officer and two executives of the company are under investigation for various reasons.

This investigation also involves the former Sales Manager of AgustaWestland, against which an order for search and seizure has been executed, which has been aimed at gathering the administrative, accounting, non-accounting, contractual and banking documentation, both in paper and electronic format, attributable to the aforesaid supply contract.

On 28 March 2013 AgustaWestland SpA was served, among others, with the notice of request for extension of the time limit of the preliminary investigations for the unlawful act referred to in article 25 of Legislative Decree no. 231/01. This measure was also served on AgustaWestland Ltd..

On 13 March 2013, in relation to the recent criminal investigation started by the Indian Judicial Authority, search activities were carried out at the offices of AgustaWestland India in New Delhi.

On 14 March 2013 AgustaWestland SpA – within the criminal proceedings started by the Public Prosecutor's Office at the Court of Busto Arsizio in relation to tax offences – was served with an order for search aimed at gathering the administrative, accounting, non-accounting, contractual and banking documentation, both in paper and in electronic format, referable to the financial and commercial relationships maintained by the company – for the period 2007/2012 – with some suppliers. This order was also served by way of notice of investigation against the Administrative officer of the company for the offences under articles 2 and 4 of Legislative Decree no. 74/2000.

On 1 February 2012 **Ansaldo Energia SpA** - in relation to the judgment issued by the Court of Milan on 20 September 2011, by which the company was sentenced to an administrative pecuniary penalty of €150,000.00 for the unlawful administrative act under Art. 25, paragraph 3 of Legislative Decree 231/2001 and to the confiscation of the equivalent of €98,700,000.00 – filed an appeal

against this judgment. The hearing before the Court of Appeal of Milan will be held on 3 October 2013.

Although confident that the ruling will be revised, the company has allocated a provision for risk for an amount equal to the entire sum (€86,548,000) as discounted; in its turn, Finmeccanica has allocated an amount equal to 45% of this sum, against the guarantees issued to the minority shareholder at the time of the transfer of the shareholding.

On 16 March 2012 Ansaldo Energia SpA - within the context of proceedings conducted by the Public Prosecutor's Office of the Court of Milan in relation to the Zubair project in Iraq – was served with a request for extension of the duration of the preliminary investigations into the alleged offence under Art. 25 of Legislative Decree 231/01 in relation to Art. 322-bis, paragraph 2, no. 2 of the Italian Criminal Code, which was allegedly committed in the first half of 2011 in Milan.

Ansaldo STS - in relation to the collapse of a building that occurred in Naples on 4 March 2013 – saw the involvement of its Chief Executive Officer and of two employees of the company in a notice of investigation served by the Public Prosecutor's Office at the Court of Naples on 7 March 2013, as to the offences under articles 434 and 449 of the Italian Criminal Code.

On 11 October 2012 **AnsaldoBreda SpA** – within the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Naples – was served with an order for the production of documents aimed at gathering the documentation relating to the relationships maintained with GADIT A.G.

On 25 March 2013 AnsaldoBreda SpA – within the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Rome in relation to the supply of 45 trolley buses by BredaMenarinibus in the competitive tender launched by Roma Metropolitane S.p.A. – was served with an order for search at the offices used by the company's CFO, who was the CFO of BredaMenarinibus at the time of the events, aimed at gathering the documentation proving the role played by the latter in the events under investigation.

On 26 September 2012 **BredaMenarinibus SpA** – within the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Rome in relation to the supply of 45 trolley buses in the competitive tender launched by Roma Metropolitane SpA and awarded to a Temporary Business Partnership (ATI, *Associazione Temporanea di Impresa*) made up of companies that do not belong to the Finmeccanica Group – was served with an order for search and seizure aimed at gathering the documentation relating to the aforesaid tender and to the award of the sub-supply contract to the company, as well as copy of the Organisational Model and of the minutes of the Surveillance Body's meetings. The order was also served by way of notice of investigation against, among others, the

former Chief Executive Officer of the company, who ceased to hold office on 1 January 2012, for the offence under articles 110, 319, 321 of the Italian Criminal Code and for the offence under article 2 of Legislative Decree no. 74/2000, and the company for the unlawful administrative act under article 25, paragraph 2, of Legislative Decree no. 231/2001.

On 17 October 2012 the company was served with another order for seizure aimed at gathering, *inter alia*, the documentation relating to all the consultancy services connected with the supply of the 45 trolley buses.

On 2 November 2012 the company was served with the notice of request for extension of the time limit of the preliminary investigations. From the latter order it results that the former Director of External Relations of Finmeccanica and the former Chief Executive Officer of Electron Italia S.r.l. are also under investigation.

On 23 January 2013 the former Chief Executive Officer of the company was served with a warrant for remand in custody, which was then converted into an order for house arrest.

On 7 February 2013 the company was served with an order for search and seizure aimed at gathering the accounting and contractual documentation relating to the relationships maintained with Italian Trade Center SRO, as well as a copy of the tax returns relating to the years in which the debt invoices of the aforesaid company were recorded.

On 25 March 2013 the former CFO of the company, which is currently the CFO of AnsaldoBreda, was served with a notice of investigation for the offence under article 8 of Legislative Decree no. 74/2000.

Electron Italia Srl, 80% owned by SELEX Elsag SpA (now Selex ES SpA) was subject, in 2011, within the context of criminal proceedings conducted by the Public Prosecutor's Office of the Court of Rome, to a search order in relation to a consultancy contract entered into in 2009 with the limited liability company Soluzioni di Business. Notification of the abovementioned measure was also provided by way of notice of investigation to the then Chairman of Electron Italia Srl, who ceased to hold office on 27 July 2011, for the offences under Art. 8 of Legislative Decree 74/2000 and Art. 110 of the Italian Criminal Code.

On 8 January 2013 Electron Italia Srl - within the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Naples in relation to three contracts awarded to the company for the supply of video-surveillance systems for some municipalities of the province of Naples - was served with an order issued by the Judge for Preliminary Investigations of the Court of Naples concerning the preventive seizure of the amount of €6,250,000.00 pursuant to articles 19 and 53 of Legislative Decree no. 231/01 for the unlawful administrative act under article 24-*ter* of Legislative Decree no. 231/01.

The order issued by the Judge for Preliminary Investigations of the Court of Naples also provided for the application of personal provisional remedies against, among others, the former Chief Executive Officer, who ceased to hold office on 12 March 2013, as to the offences under articles 110, 81-paragraph 2, 326, 353 and 416 of the Italian Criminal Code and an employee of the company as to the offences under articles 110, 81-paragraph 2, 326 and 353 of the Italian Criminal Code.

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

On 19 February 2013 the company was served with the notice of conclusion of preliminary investigations for the unlawful act under article 24-*ter*, paragraph 2, of Legislative Decree no. 231/2001.

On 4 April 2013 the former Chief Executive Officer of the company was served with the notice providing for the immediate trial (*giudizio immediato*). The hearing for discussion before the Court of Naples will be held on 23 May 2013.

On 10 April 2013 the company was served with the notice notifying that a pre-trial examination hearing was to be held on 24 May 2013, in relation to the request for committal for trial filed by the Public Prosecutor for the offence under article 24-*ter*, paragraph 2, of Legislative Decree no. 231/01. This order was also served on an employee of the company for the crimes under articles 353 and 326 of the Italian Criminal Code.

On 8 January 2013 **Elsag Datamat SpA** (then Selex Elsag SpA, now Selex ES SpA) – within the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Naples in relation to the contract for the supply of a centralised management system of video-surveillance systems at the CEN in Naples and the contract for the construction of the integrated traffic monitoring system of the city of Naples (for which the company was involved, as early as 2010, in some orders for search and seizure) – was served with an order issued by the Judge for Preliminary Investigations of the Court of Naples concerning the preventive seizure of the sum of €47,255,649.82 pursuant to articles 19 and 53 of Legislative Decree no. 231/01 for the unlawful administrative act under article 24-*ter* of Legislative Decree no. 231/01.

The order issued by the Judge for Preliminary Investigations of the Court of Naples also provided for the application of personal precautionary measures against, among others, the former Chief Executive Officer of the then Elsag Datamat, who ceased to hold office on 30 June 2010 and an employee of the company in relation to the offences under articles 110, 81-paragraph 2, 326, 353 and 416 of the Italian Criminal Code and another employee of the company in relation to the offences under articles 110, 81-paragraph 2, 326 and 353 of the Italian Criminal Code.

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

On 19 February 2013 the company was served with the notice of conclusion of the preliminary investigations for the unlawful act under article 24-ter, paragraph 2, of Legislative Decree no. 231/2001.

From the abovementioned order it results that the investigations involve the persons subject to the precautionary measures, as well as other two employees of the company.

On 4 April 2013 the former Chief Executive Officer and an employee of the then Elag Datamat were served with the notice providing for the immediate trial. The hearing for discussion before the Court of Naples will be held on 23 May 2013.

On 10 April 2013 the company was served with the notice notifying that a pre-trial examination hearing was to be held on 24 May 2013, in relation to the request for committal for trial filed by the Public Prosecutor for the offence under article 24-ter, paragraph 2, of Legislative Decree no. 231/01. This order was also served on an employee of the company for the crimes under articles 353 and 326 of the Italian Criminal Code.

Elsag Datamat SpA (then Selex Elsag SpA, now Selex ES SpA) – within the framework of the investigations started by the Judicial Authority in relation to three tenders launched by the Municipality of Barletta, the Municipality of Lucera and the Municipality of Maiori for the construction of access control systems for the limited traffic area – saw one of its employees receive three notices of investigation for offences linked to supplies that did not conform to the requirements of the contracting authority (articles 353 and 356 of the Italian Criminal Code).

On 30 November 2011, with reference to the criminal proceedings concerning the construction of the system in the area of the Municipality of Barletta conducted by the Public Prosecutor's Office of Trani, the employee was served with a notice notifying that the pre-trial examination hearing was to be held on 9 February 2012.

On 12 July 2012 the Court of Trani, at the pre-trial examination hearing, provided for the employee to be committed for trial for offences linked to supplies that did not conform to the requirements of the contracting authority (articles 353, 356 and 483 of the Italian Criminal Code). The first hearing before the competent Court was held on 22 October 2012 and the proceedings is now in the discussion phase.

Elsag Datamat SpA (then Selex Elsag SpA, now Selex ES SpA) saw one of its former employees, who at the time of the events was the "General Site Services" Manager, who now works for another Group company, receive a notice of investigation issued by the Public Prosecutor's Office of the Court of Genoa for offences under articles 426 and 449 of the Italian Criminal Code, in relation to the overflow of the Chiaravagna river which took place in Genoa on 5 October 2010.

On 5 October 2012 the former employee was served with the notice of conclusion of the preliminary investigations for the offences under articles 426 and 449 of the Italian Criminal Code, while on 8 March 2013 here was served with the notice notifying that the pre-trial examination hearing was to be held on 16 May 2013.

On 26 and 30 November 2012, **Selex Elsag SpA** (now Selex ES SpA) – within the criminal proceedings conducted by the Public Prosecutor’s Office at the Court of Florence as to the offence under article 16, paragraph 1, of Legislative Decree no. 96/03 – was served with two orders for search aimed at gathering the contractual, administrative and accounting documentation relating to the activity carried out by the abovementioned company in Syria with reference to the construction of the technological communication network named “Tetra”.

On 6 March 2013 Selex ES was served, at the Florence office, with an order for the request to deliver the server containing a specific software, from which it results that the former Chairman, who ceased to hold office on 31 December 2012, and the former Chief Executive Officer of the then Selex Elsag, who ceased to hold office on 30 September 2012, and two employees of the company are under investigation.

Selex Galileo SpA (now Selex ES SpA) - within the context of criminal proceedings conducted by the Public Prosecutor’s Office of the Court of Palermo, which was then transferred to the Public Prosecutor’s Office of Milan, was subject, in 2011, to search measures aimed at obtaining administrative/accounting, corporate and non-accounting documentation connected with the public financing that the company requested under the integrated package of concessions for innovation (“P.I.A. Innovazione”).

Notification of the measure in question was also provided, by way of notice of investigation in connection with offences under articles 81-paragraph 2, 640-*bis*, 483, 56 and 640 of the Italian Criminal Code, to two former Chief Executive Officers of the then Selex Galileo, who ceased to hold office on 16 February 2009 and 31 December 2012, respectively, and two employees of the company.

On 5 March and 25 September 2012, the involved persons were served with the requests for extension of the time limit of the preliminary investigations.

On 26 April 2012 **Selex Service Management SpA** - within the context of criminal proceedings conducted by the Public Prosecutor’s Office of the Court of Naples concerning the awarding of the construction and management of the Control System for Waste Tracking, SISTRI, for which the company, as early as 2011, was subject to two orders for search and seizure – was served with an additional order for search aimed at gathering the documentation filed with the Ministry for the Environment, Land and Sea in relation to the Project starting from 2006.

This investigation involves, among others, the former Chief Executive Officer of the company, who ceased to hold office on 28 September 2011, for offences under articles 416, 110, 640, 323 of the Italian Criminal Code and articles 2 and 8 of Legislative Decree no. 74/2000.

On 17 April 2013 Selex Service Management S.p.A. was served with an order issued by the Judge for Preliminary Investigations of the Court of Naples, which provided, among others, for the application of the warrant for remand in custody against the former Chief Executive Officer of the company for the offences under articles 416, 319, 320, 321 and 640-*bis* of the Italian Criminal Code and articles 2 and 8 of Legislative Decree 74/2000, as well as the preventive seizure of the sum deposited in the company's accounts that the investigated person allegedly subtracted to the Tax Office or unlawfully collected for undue reimbursements, equal to €6,955,791.

From this order it results that the company's Director of Operations is also under investigations for the offence under article 648-*bis* of the Italian Criminal Code.

On 13 January 2012 Selex Service Management SpA - within the context of criminal proceedings conducted by the Public Prosecutor's Office of the Court of L'Aquila, which was then transferred to the Public Prosecutor's office of Rome, concerning a number of contracts in place between the company and Abruzzo Engineering SCpA in liquidation (30% owned by Selex Sema), - was subject to an order for the production of documents, which must be added to those already issued in 2011, aimed at gathering the documentation relating to the checking work carried out by the Surveillance Body.

In relation to this affair are under investigation the Director of Operations, for the offences under articles 110 and 319 of the Italian Criminal Code, the CFO and two employees of the company.

On 24 May 2012 **Selex Sistemi Integrati SpA** – within the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Rome in relation to alleged tax offences in the award of works contracts on the part of ENAV S.p.A. – was served, as victim, with a notice notifying that the pre-trial examination hearing was to be held on 22 June 2012, in relation to the request for committal for trial for the offences under article 8 of Legislative Decree no. 74/2000 and articles 110 and 646 of the Italian Criminal Code against, among others, the former Chief Executive Officer, who ceased to hold office on 14 December 2011, and the former Sales Manager of the company.

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

By an order of 9 November 2012, the Judge for the Pre-trial examination hearing at the Court of Rome allowed the company to appear as an aggrieved party in criminal proceedings to recover damages against the accused persons, while by a decree of 23 November 2012 he provided for the

former Chief Executive Officer and the former Sales Manager to be committed for trial. The hearing for discussion will be held on 22 November 2013.

On 4 October 2012 Selex Sistemi Integrati SpA - in relation to the criminal proceedings conducted by the Public Prosecutor's Office at the Court of Rome in relation to cases of bribery in the award of works contracts on the part of the ENAV, for which the company has been under investigation for the unlawful act under article 25, paragraph 2, of Legislative Decree no. 231/01 (for the description, reference is made to the Report on Corporate Governance relating to the 2011 financial year) – submitted a request for plea bargain in order to define all the positions concerned with trials that had been contested pursuant to article 25, paragraph 2, of Legislative Decree no. 231/01. By a judgment of 7 December 2012, the company negotiated the application of the pecuniary penalty of €150,000 and the confiscation of the sum of €1,000,000, acknowledging an amount of €1,000,000 to ENAV by way of compensation for damage.

In relation to the critical issues that arose as to the correct performance of some supplies concerning the contracts entered into by Selex Sistemi Integrati with the customer ENAV, below are summarized the actions brought after the Report on Corporate Governance relating to the 2011 financial year:

- , in relation to the appointment, in February 2012, of an independent third-party, RINA SERVICES S.p.A., for the analysis of the fairness of the value and works implemented within the sub-contracts awarded to Arc Trade Srl, Print Sistem Srl, Techno Sky S.p.A. and Renco S.p.A. (for a total value of about €138 million) in the period from 1 January 2008 to 30 November 2011, on 31 May 2012 RINA delivered the “Final Report” to the company in relation to the Phase 1 of the assignment. This Report pointed out that orders had been checked for €127 million, with respect to the scope of activities awarded, while other orders of about €11 million could not be quantified in economic terms and thus could not be checked (as they were lump-sum orders that were not quantified in detail or because they dealt with supplies that could be procured from a single supplier at worldwide level, which did not reply to the requests for quotation).

As to the orders that were checked, it was found that orders or a portion of orders of €32 million (equal to about 23% of the total) could not be quantified, while it was found that a portion of orders totalling about €16 million could not be checked (for the reasons reported above). According to the findings of Phase 1, the company took steps to replenish the provisions allocated in the 2011 financial statements for an amount of €6 million. After having acknowledged the Final Report of Phase 1, the Board of Directors of Selex Sistemi Integrati deemed it appropriate to immediately start the Phase 2 of the assignment, which was completed

on 15 November 2012, with the delivery of the “Final Report”. On the basis of the results of the Phase 2 of the assignment and without prejudice to the scope of activities already awarded for the Phase 1, Selex Sistemi Integrati allocated an additional provision of €15.7 million.

- On 6 July 2012, the Board of Directors of Selex Sistemi Integrati approved an updated version of the Organisational, Management and Control Model as per Legislative Decree 231/2001. This updating, which had been preceded by an important Risk Assessment activity which was also carried out in cooperation with external consultants, involved not only the introduction of environmental crimes in the regulations under examination, but also and above all the adoption of any and all proposed amendments and additions to the Model, which have been submitted, both for its general part and for its special part, in the light of the well-known legal proceedings that have involved the company. Considerable emphasis has been given to the updating of the Special Part relating to the Crimes against Public Administrations; in particular, a targeted in-depth analysis was carried out on the following areas which were considered to be the most critical areas: (i) management of sub-contracts; (ii) acquisition of contracts with public bodies through the participation in negotiated procedures, as well as in public tenders; (iii) financial flows;
- as regards the possible action against directors towards the previous Chief Executive Officer, Selex Sistemi Integrati appeared in court as an aggrieved party in criminal proceedings to recover damages in the abovementioned criminal proceedings relating to alleged tax offences. In any case, also in the light of the results of the existing criminal proceedings, the company will remain entitled to bring, in the future, any action against directors, which becomes statute-barred in five years from the date when the director ceases to hold office.

As regards the above, it should be noted that:

- in relation to these pending criminal proceedings - with the exception of the ruling at first instance against Ansaldo Energia SpA and for the plea bargain of Selex Sistemi Integrati - no rulings have been issued against the Group companies, their directors or managers in relation to such matters and no motions for committal for trial have been filed against the companies involved pursuant to Legislative Decree no. 231/01;
- as regards the orders for acquisition issued by the Judicial Authority with regard to a number of Group company contracts, it should be explained that (except for the contract entered into between AgustaWestland International Ltd and the Indian Ministry of Defence in relation to the supply of 12 AW101 helicopters, for which the Indian Government has notified the company of the suspension of any payments) these are being duly performed and to date no objections in this

regard have been filed by the counterparties, nor have any actions been brought by third parties before the Judicial Authority aimed at nullifying their validity or effectiveness.

The Board of Directors, the Board of Statutory Auditors, the Control and Risk Committee and the Surveillance Body of Finmeccanica were kept duly informed about the foregoing events.

In particular, as regards the events concerning the supply of helicopters in India and the subsidiary Bredamenarinibus S.p.A., the following checks were carried out.

In relation to the first event, the Control and Risk Committee, together with the Board of Statutory Auditors, and the Surveillance Body of Finmeccanica held a meeting with both the Chief Executive Officer of AgustaWestland and the former Chairman and Chief Executive Officer of Finmeccanica; they also carried out additional in-depth analyses, examining, *inter alia*, all the reports prepared by the Internal Audit unit of AgustaWestland and a summarized report prepared by an independent English law firm, which illustrates the results of the in-depth analyses carried out on the contract for the sale of 12 AW101 helicopters in India, the agreements entered into by AgustaWestland for the repurchase of the WG30 helicopters that were sold in India in 1987 and on the services rendered by Global Services FZE (a company established by Christian Michel in Dubai) in the performance of the Post Contract Services agreement entered into following the acquisition by AW of the abovementioned contract for the sale of 12 AW101 helicopters in India. Furthermore, in order to complete the assessments carried out as to this affair, the Control and Risk Committee, in agreement with the Board of Statutory Auditors, asked: *i*) to appoint an independent third-party, RINA SERVICES S.p.A., to assess the fairness of any prices applied by IDS Infotech (India) and IDS Tunisia and the amount of services actually rendered by the abovementioned companies; *ii*) to update any relationships maintained by the group companies with Mr. Haschke and with companies that can be associated with the same.

The results of the activities carried out are reported below.

RINA Services SpA completed its activities on the contracts awarded by AgustaWestland SpA to IDS Infotech (India) and to IDS Tunisia from 2007 to 2012; the relevant report points out that the abovementioned suppliers have actually carried out their activity in favour of AgustaWestland SpA, that the supply activities under examination have substantially covered the period of execution of the works and that AgustaWestland SpA has used in these years, or is about to use, the technical papers (both in paper and in electronic format) that have been the object of the activity of the aforesaid suppliers. Additional in-depth analyses have been required of RINA Services SpA about the value of the abovementioned papers.

As regards the relationships between Mr. Haschke and any companies that can be associated with him and the Group companies, we only confirm the existence of relationships - as already pointed out in the additional information required by Consob on 9 May 2012 and made public on 16 May

2012 – with Alenia Aeronautica SpA, OtoMelara SpA, AgustaWestland SpA, Ansaldo Energia SpA and AnsaldoBreda SpA, while it results that from 1 January 2010 there were no relationship between Mr. Guido Gerosa – and any companies attributable to him – and any companies in the Finmeccanica Group.

The Surveillance Body also held a meeting with the former Manager responsible for the Sales Department of Finmeccanica in India.

In addition to any activities jointly carried out with the Control and Risk Committee, the Board of Statutory Auditors of Finmeccanica held a meeting with the Board of Statutory Auditors of AgustaWestland and also asked the Chairman of the Board of Statutory Auditors of the same to provide updated information on the initiatives and the audits undertaken by the Board of Statutory Auditors, the governing bodies and the Surveillance Body of AgustaWestland as to the investigations being conducted. On the basis of what has been communicated by the Board of Statutory Auditors of AgustaWestland, according to what it learned during the relevant hearings and the results of the assessments and audits carried out by the responsible Bodies, there are no cases of possible commission of crimes, nor any significantly critical issues concerning the internal control system, nor any irregularities concerning the adequacy of, and compliance with, corporate procedures. Also following the request submitted by the Board of Statutory Auditors of AgustaWestland, the company took steps to appoint the abovementioned independent third-party to assess the fairness of the prices applied by IDS Infotech (India) and IDS Tunisia and the amount of services actually rendered by the aforesaid companies; it also provided for an audit to be started, aimed at establishing whether: *i*) AgustaWestland complied with the corporate procedures and whether the same conformed to the Directives of Finmeccanica; *ii*) the corporate procedures concerning purchases of services can be considered to be reliable and adequate, or whether there are deficiencies in the internal control system.

In particular, the audit on the “Purchase of services”, which started on 15 March 2013 and which is expected to be completed by the end of May 2013, will assess:

- the compliance of the process with the new AW procedures, issued at the end of 2012, within the Purchasing Cycle (Purchase Order Acknowledgement Process, Purchase Order Approval Process, Purchase Order Creation Process, Sourcing Process, Supplier Initial Approval Process);
- the adequacy in terms of organisation, system of proxies and segregation of duties;
- compliance with signatory powers;
- the adequacy of monitoring checks.

In relation to the affair concerning Bredamenarinibus S.p.A., the Control and Risk Committee, together with the Board of Statutory Auditors, held a meeting with the Chairman of Bredamenarinibus S.p.A.; subsequently, it examined a report containing the results of the audit carried out by the latter company on the consultancy and intermediation relationships subject to the investigations conducted by the judiciary, from which it results that “the current top management has full confidence in the judiciary and has confirmed that it believes that the investigations being conducted will demonstrate that the company is fully unrelated to the facts which involve the previous top management; at the end of the investigations under way, the current management will consider the commencement of actions (if any) to protect the company and to be compensated for any damage suffered and being suffered”. In this report, the top management also acknowledges that a critical issue has been solved, which was linked to the pre-existing lack of independence of the Internal Audit manager with respect to the executive Chairman of the company and to any other corporate operating function.

In addition to the activities jointly carried out with the Control and Risk Committee, the Board of Statutory Auditors of Finmeccanica held a meeting with the Board of Statutory Auditors of Bredamenarinibus S.p.A. within the framework of the periodic meetings with the corresponding supervisory bodies of first-level/strategic companies. Subsequently the Chairman of the Board of Statutory Auditors of Finmeccanica also held a meeting with the Chairman of the Board of Statutory Auditors of the subsidiary as to the consultancy and intermediation relationships subject to the investigations conducted by the judiciary.

10.1. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AS RELATED TO THE PROCESS OF FINANCIAL REPORTING

The Internal Control over Financial Reporting (ICFR) system is defined as the set of activities aimed at identifying and evaluating the actions or events that, when occurring or failing to occur, could compromise, in whole or in part, the achievement of the objectives of reliability, accuracy and timeliness of financial reporting.

Within Finmeccanica, there is such an internal audit system governing the financial reporting process that has been defined in accordance with the generally accepted frameworks issued by the Committee of Sponsoring Organisations (CoSO) of the Treadway Commission, as well as the Control Objectives for Information and related Technology (COBIT).

Specifically, in 2012, on the basis of the Fraud Risk Assessment carried out in the previous financial year in relation to the cases of fraud defined in the Group Fraud Library, the administrative and accounting procedures were integrated with a set of additional checks with respect to those existing for the prevention of risks of fraud, in accordance with the provisions under Auditing Standard 5 “An

Audit of Internal Control Over Financial Reporting That is Integrated With An Audit of Financial Statements”, issued by the Public Company Account Oversight Board (PCAOB). It puts, among the other things, particular emphasis on the checks related to the prevention, identification and detection of fraudulent activities, to be intended as acts capable of generating misrepresentation from a financial, capital and economic point of view in the financial statements or of misappropriating the corporate assets. These checks are tested within the framework of usual monitoring activities according to the plan defined by the Officer in Charge. In addition, the Officer in Charge started specific monitoring on purchasing cycle processes aimed at reporting fraudulent acts or significant deficiencies in the ICFR system, which have been already completed on the Parent Company and on AgustaWestland.

As to the results of the antifraud monitoring activities carried out on the 2012 Financial Statements, with reference both to the testing of controls that mitigate fraud risks and to the Detection Audit activity on the purchasing cycle management process, the following observations should be noted.

Within the antifraud monitoring plan on the 2012 Financial Statements, Finmeccanica carried out activities, with reference to the Group companies that fall within the scope of application of law no. 262/2005, of both testing of antifraud controls for the purposes of the compliance with the abovementioned law (periodical monitoring), and of verification of the purchasing cycle management process, which were aimed at detecting frauds (if any) perpetrated to the detriment of the company and/or deficiencies in the internal control system (specific monitoring) – the so-called Detection Audit.

Within the Test Programme on the 2012 Financial Statements defined by the Officer in Charge for the purposes of the application to Law no. 262/2005, within the Group, tests were conducted – on the Half-Year Financial Statements at 30 June and on the Financial Statements at 31 December – on about 2,300 antifraud controls, divided among the following components of the internal control system for financial reporting (ICFR) adopted by Finmeccanica:

- no. 1,530 Controls at “Process” level defined by the corporate procedures (the so-called Process Level Control), about 280 of which were tested for the purposes of the Half-Year Financial Statements;
- no. 490 Controls relating to the operation and management of IT systems (the so-called IT General Control);
- no. 280 Controls at “Entity” level in relation to the structure and organisation of the individual Companies (the so-called Entity Level Control).

From the analysis of the findings of the Test Programme on the 2012 Financial Statements, it results that, in consideration of ineffective controls, the related compensating controls and/or material tests

carried out by the Internal Audit function allowed to confirm the overall efficiency of the existing procedures monitoring the risk areas being examined.

Furthermore, consistently with the 2012 Programme, specific monitoring activities (the so-called Detection Audit) were started in the second half of 2012, which were aimed at detecting any fraudulent conduct or any deficiencies in the ICFR system in relation to the process of “Procurement of goods and services” and which provide for the following macro-phases:

- a. Mapping: this phase consists of the identification of information flows and systems in support of the processes of Procurement of goods and services of the Group companies, in order to identify the information set (cut-off date 31.10.2012) in relation to which the subsequent analyses must be carried out.
- b. Scoping: this phase provides for:
 - the application of specific indicators (Key Fraud Indicators), which have been developed on the basis of the fraud patterns identified in the Fraud Risk Assessment, to the database identified during the mapping phase, made up of the purchasing cycle transactions recorded in the systems in the three-year period 01/01/2010 – 31/10/2012;
 - the definition of analyses and correlations to be used for processing data and for extrapolating inconsistencies/potential anomalies (if any).
- c. Test: this phase provides for:
 - the analysis of any anomalies identified after the scoping phase, in order to identify the so-called “False Positives” (justified exceptions) and/or evident errors;
 - performance of tests for any anomalies in relation to which additional analyses are necessary.

To date, the Mapping and Scoping activities have been completed on all the Companies that fall within the scope. The test activities have been completed for Finmeccanica S.p.a. and for AgustaWestland S.p.a. and AgustaWestland Ltd, while they are still being conducted for the other companies within the scope; the related completion is expected to take place at the end of the first half of 2013.

With reference to Finmeccanica S.p.a., 9,300 suppliers were examined. In particular, the following was analysed for each of them:

- Personal data
- Requests for Purchase
- Purchase Orders
- Incoming goods
- Invoices

□ Payments.

On the basis of the defined correlations and of fraud patterns, extrapolations were carried out in order to identify inconsistencies/potential anomalies (if any) and to eliminate any cases of false positives (justified exceptions) and/or immaterial errors. A documentary analysis was carried out in relation to about 155 supplier codes in order to verify the causes that generated inconsistencies.

With reference to AgustaWestland S.p.a., about 25,300 suppliers were analysed using the same method as that used for Finmeccanica S.p.a.. A documentary analysis was carried out in relation to about 27 supplier codes in order to verify the causes that generated inconsistencies. With reference to AgustaWestland Ltd, about 9,900 supplies were analysed. A documentary analysis was carried out in relation to about 6 supplier codes in order to verify the causes that generated inconsistencies.

From the analyses carried out for Finmeccanica S.p.a. and AgustaWestland S.p.a. and AgustaWestland Ltd, it results that the anomalies reported by the Key Fraud Indicators and by the subsequent checks, are due to opportunities to improve the internal control system that are attributable to misalignment of procedures which, however, do not impair the purchasing cycle process.

Furthermore, in relation to the provisions under the 2012 Action Plan, a Manual was issued for the management of compliance with Law 262/05, including the component related to the management of risks of fraud; its objective is to strengthen the internal control model on financial reporting within the Group and to ensure it is managed with development in mind.

The responsibilities for establishing and maintaining the ICFR system, on the whole, are governed and distributed throughout the organisation.

In particular, Finmeccanica's model currently calls for the involvement of:

- **Administrative body to which authority has been delegated**

This refers to the Chief Executive Officer.

- **Officer in charge of preparing the Company's accounting documents**

Reference is made to paragraph 10.6 below.

- **Financial reporting managers**

To comply with Law 262/2005, within the major companies of the Group, the boards of directors, after having heard the opinion of the Officer in Charge and of the Board of Statutory Auditors of the Company, have appointed financial reporting managers (FRMs) responsible for the financial information provided to the Group Parent and for supporting the Officer in charge of preparing the Company's accounting documents.

As such, the FRMs have the following responsibilities:

- developing for each Group company administrative and accounting procedures underlying the financial reporting process that ensure that the financial reporting process is suited to the

- preparation of reliable consolidated annual and interim financial statements and is in line with the actual operations of the company concerned based on the instructions received from the Officer in charge of preparing the Company's accounting documents;
- defining and implementing any plans for improvement;
 - attesting, with respect to the Officer in charge of preparing the Company's accounting documents of Finmeccanica, together with the Delegated Governing Body of the company, to what is requested by the Parent Company in relation to the internal control system for the governance of the financial reporting process and the preparation of accounting documents.

- **Internal Audit Organisational Unit of Finmeccanica Spa**

The Officer in charge of preparing the Company's accounting document has entrusted the Internal Audit Organisational Unit with responsibility for "independently" assessing the functioning of the internal controls over financial reporting.

The Internal Audit Organisational Unit, assisted by the internal audit organisational units of the various Group companies and based on indications provided by the Officer in charge, conducts tests of the actual application of the administrative and accounting procedures defined by the Group Parent and other Group companies and coordinates activities within these companies, by means of a specific plan of operations, which defines the methods for verifying the implementation of controls.

The results of the tests conducted for each company are submitted to its management, which determines what improvements should be made so that a suitable, up-to-date action plan can be prepared.

On the basis of the overall results of these tests, the Internal Audit Organisational Unit of Finmeccanica prepares an executive summary that enables the Officer in charge of preparing the Company's accounting documents and the Delegated Administrative Body to assess the adequacy and actual application of the administrative and accounting procedures followed in preparing the individual financial statements, the condensed half-year financial statements, and the consolidated financial statements, for the purposes of the issue of the certifications envisaged in the relevant regulations.

The management of the ICFR system developed by Finmeccanica features the following general stages:

- risk identification and assessment (Financial and Fraud Risk Assessment);
- assessment of the adequacy of related controls;
- testing the functioning of the system of controls.

Risk identification and assessment (Financial and Fraud Risk Assessment)

The risk assessment (Financial Risk Assessment) is the set of activities aimed at identifying and assessing any actions or events, whose occurrence or absence may compromise, in whole or in part, the achievement of the ICFR objectives: specifically, the reliability of financial reporting. Within the framework of risk assessment, particular attention is paid to the Fraud Risk Assessment, identifying and assessing any conditions (risk factors) that could increase the risk of frauds within the Company. Risks identification and assessment are identified by considering the likelihood that an event will occur and its potential impact on the financial statement items, without taking account, from a prudential perspective, of the existence of controls aimed at reducing the risk to acceptable levels.

Assessment of the adequacy of related controls

On the basis of analyses of potential (Financial and Fraud) risks, control measures have been identified which are aimed at mitigating the same. The adequacy of the control measures is assessed on the basis of their ability to reduce risks, with reasonable certainty, to acceptable levels.

The defined controls are attributable to the following macro-types:

- Process Level Controls;
- entity-level controls which, as controls that apply to the entire organisation since they are common and cut across it, are structural elements of the ICFR system;
- IT General Controls (ITGC).

In 2012, as already mentioned, additional controls were formalised and implemented with respect to those already in place, in order to strengthen fraud risk management on the basis of the results from the Fraud Risk Assessments carried out in 2011.

Furthermore, the Group issued the Manual for the management of compliance with Law 262/05, including the component related to the management of fraud risks; its objective is to strengthen the internal control model on financial reporting within the Group and to ensure it is managed with development in mind.

In 2013 usual maintenance and development activities are expected to carry out on the ICFR system's components.

Check the operations of the internal control system and specific monitoring

In order to check and ensure the operations of the system for internal control on financial reporting, specific testing and monitoring activities are expected to be carried out by independent third parties (Internal Audit).

The test plan defined by the Officer in Charge provides for checks to be carried out, on a turnover basis, on all the control components of the ICFR system of Finmeccanica; specifically:

- any controls that are considered to be “key” tests as defined in the descriptions are tested on an annual basis;
- the correct segregation of incompatible roles is tested on an annual basis;
- ITGC components that are considered to be necessary to ensure adequate control over applications and the infrastructure are tested on an annual basis; ITGC components that are not subject to systematic changes, as they pertain to structural aspects of the company (e.g. organisation, policy, etc.), are tested on a quarterly basis, on a turnover basis, and in any case, on the occasion of significant changes;
- Entity Level Controls are tested on a quarterly basis and, in any case, on the occasion of significant changes.

Furthermore, to integrate the control model, specific monitoring activities are envisaged which are aimed at reporting the existence of possible fraudulent acts and/or significant deficiencies in the ICFR system (so-called Detection Audit). This activity is carried out on a turnover basis according to a “Top-down-risk based” approach, which allows the application of controls starting from any areas at highest risk; furthermore, the activity is carried out in relation to specific events, including, but not limited to, organisational changes or reports, such as to presuppose the presence of fraudulent acts or significant deficiencies.

10.2. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

As required by the Rules of Procedure of the Board of Directors, the Chief Executive Officer also holds the position of Director in charge of the internal control and risk management system, which is responsible for the implementation and maintenance of an effective System.

In particular, the same Director:

- a) identifies the main corporate risks, in light of the features of the activities carried out by the Company and its subsidiaries, periodically submitting them to the scrutiny of the Board;
- b) implements the guidelines defined by the Board and takes care of the planning, creation and management of the internal control and risk management system, constantly verifying its overall adequacy, efficacy and efficiency;
- c) sees that the system is adjusted in response to changes in operational conditions and the legislative and regulatory framework;
- d) may ask the Internal Audit Organisational Unit to carry out controls on specific operating areas and to check for compliance with internal rules and procedures in performing business operations, at the same time giving notice thereof to the Chairman of the Board, the Chairman of the Control and Risk Committee and to the Chairman of the Board of Statutory Auditors;

- e) promptly reports to the Control and Risk Committee or to the entire Board as to problems and critical issues arisen in performing his duties or of which he has become aware, so that the Committee or the Board may take any appropriate actions.

The Director in charge of the internal control and risk management systems (SCIGR) of Finmeccanica Spa, in particular, has prepared the document named “Guidelines for the internal control and risk management systems”.

This document identifies, in an analytical and detailed manner, the following aspects of the SCIGR:

- i) the methodological tools used for the identification, measurement, management and monitoring of the main risks;
- ii) the agents, showing their respective roles in the light of the current Corporate Governance structure of Finmeccanica, which, in turn, reflects the provisions under the Code of listed companies;
- iii) the process aimed at identifying, assessing and managing the Finmeccanica Group’s risks, divided based on their related type as follows:
 - 1) Compliance risks: arising from the performance of ordinary business operations, which relate to the failure by the business activities to comply with the relevant contractual clauses, laws, regulations and rules; this non-compliance may cause the company to incur administrative and criminal sanctions, as well as to affect the company’s image and the its operations themselves;
 - 2) Strategic risks: affecting the degree of success of the Company’s strategies, the processes’ ability to achieve the objectives defined by Top Management and the Company’s image;
 - 3) Operating risks: concerning ordinary business operations, which affect the efficacy and efficiency of the various corporate areas / processes;
 - 4) Financial risks: arising from the performance of ordinary business operations, which affect economic and financial figures within the management of accounting and reporting, taxation, cash and credit.

The Finmeccanica Group manages 125 macro-risks broken down by category, applied to the different business segments, as follows:

- 16 compliance risks;
- 25 financial risks;
- 46 operating risks;
- 38 strategic risks.

The Management of the Finmeccanica Group’s Companies, within the related Risk Assessments, assesses the macro-risks and the related control system to monitor the same.

Specifically, risks are assessed considering the impact and the probability of their occurrence, at an inherent (net of on-going controls) and residual (in consideration of the efficiency of the existing controls) level. The risk and control system assessment is carried out with quantitative, qualitative techniques, or with their combination.

10.3. INTERNAL AUDIT MANAGER

The Board of Directors' Meeting of 19 December 2012 appointed Giuseppe Bargiacchi, in his capacity as the Internal Audit Manager, to verify that the internal control and risk management system was operational and adequate.

The Board of Directors ensures that the Internal Audit Manager is provided with adequate resources to fulfil his responsibilities and defines his fees, in accordance with the Company's policies, as well as with the duties assigned to the same, as specified in the Rules of Procedure of the Board itself and as listed below:

- a) checking, both on an on-going basis and in relation to specific needs and in accordance with international standards, the operations and suitability of the internal control and risk management system, through an Audit plan approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks;
- b) he is not responsible for any operating area and reports to the Board of Directors and, through the same, to the Chairman, or, should the latter be granted delegated operating powers, to the Control and Risk Committee and, through it, to its Chairman;
- c) he has direct access to all useful information to perform his duties;
- d) he prepares any periodic reports containing adequate information on his activity, on the procedures according to which the risk management is carried out, as well as on the compliance with any plans defined to limit them; the periodical reports contain an assessment of the suitability of the internal control and risk management system;
- e) he promptly prepares reports on events of particular importance;
- f) he forwards the reports referred to in points d) and e) to the Chairmen of the Board of Statutory Auditors, of the Control and Risk Committee and of the Board of Directors, as well as to the Director in charge of the internal control and risk management system;
- g) he checks, within the framework of the Audit plan, for the reliability of the IT systems, including accounting systems.

In 2012, the Internal Audit Manager performed the following main activities:

- performed audits;
- managed and updated the Register of natural and legal persons that have access to inside information;

- coordinated the Internal Audit Managers of the companies involved in implementing Law 262/05 with regard to verifying that the proper procedures have been followed;
- provided technical support for the Surveillance Body pursuant to Legislative Decree 231/01, including updating the Company's Organisational, Management and Control Model.

As to the Group companies, the Internal Audit Manager reported to the Control and Risk Committee that their three-year plans for risk-based audits and monitoring of activities have been coordinated.

With regard to the profile under Legislative Decree 231/01 and the related activities carried out by the main Group companies, it should be noted that the requirements of this law were being successfully and generally fulfilled, with the adoption by said companies of the Organisational, Management and Control Model and of the Code of Ethics and the appointment of a Surveillance Body by their respective Boards of Directors. For information on updates made to the Model by Finmeccanica Spa and its subsidiaries, please refer to Section 10.4.

The abovementioned Manager has financial resources included in the Internal Audit Organisational Unit's budget, in order to carry out his duties. This Department's activities have not been outsourced. As already reported, the Control and Risk Committee is also responsible for supervising and monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit Organisational Unit; the Committee itself oversees the latter's activities should the Chairman of the Board be granted delegated operating powers.

Finally, as previously reported, note the recent establishment of a specific function within the Internal Audit unit, which directly reports to the Internal Audit Manager and which is responsible for monitoring and strengthening the Audit activities with regard to any contracts supporting the Group Companies' business operations.

10.4. ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL AS PER LEGISLATIVE DECREE 231/2001

The Legislative Decree 231/01 introduced, into the Italian legal system, a regime of administrative liability against Entities, for certain types of offences committed in the interests or to the benefit of the same. The Company has adopted appropriate measures to prevent it from incurring any criminal liability through the establishment of specific regulatory systems aimed at preventing the commission of any offences contemplated by this Decree on the part of Directors, Auditors, management, employees or any other party having contractual/financial/commercial relations with Finmeccanica Spa.

To this end, on 12 November 2003, the Board of Directors of Finmeccanica Spa adopted an Organisational, Management and Control Model as per Legislative Decree 231/01, as updated by resolutions of 26 July 2007, 25 June 2009 and 16 December 2010. In the meeting held on 31 July

2012, the Board updated the Organisational, Management and Control Model as per Legislative Decree no. 231/01, as reviewed following the entry into force of Legislative Decree 121/11, which introduced article 25-*undecies* in Legislative Decree 231/01, concerning various types of “environmental crimes” including:

- ✓ destruction or deterioration of the habitat within a protected site;
- ✓ spills that cause pollution of soils, sub-soils, surface waters and underground waters and the overcoming of the risk threshold concentrations;
- ✓ unauthorized waste management;
- ✓ breach of the obligations concerning disclosures and the keeping of statutory books and forms;
- ✓ unlawful waste traffic;
- ✓ breach of the emission limit values or of the rules laid down in the authorisation for operation of plants.

In the light of the additional regulatory amendments to Legislative Decree no. 231/01 – as introduced by Legislative Decree 109/12 as to the “Employment of illegally-staying third-country citizens” and by Law no. 190/12 bearing “Provisions for the prevention and repression of bribery and illegality in Public Administrations”, the Surveillance Body and the Board of Directors gave their favourable opinion, in the meetings of 4 October and of 8 November 2012, respectively, to set up a working group made up of internal resources and external consultants with an activity programme aimed at reviewing and updating the Organisational Model, also taking account of the evolution of organisational structure of Finmeccanica Spa.

Furthermore, with a view to expressing the Finmeccanica Group’s values, as formalised in the Charter of Values, the review in question makes the Code of Ethics of Finmeccanica Spa independent from the Organisational Model, as an independent control tool of ethical governance.

The review and updating process in question was completed with the approval of the current version of the Organisational Model on the part of the Company’s Board of Directors on 15 April 2013.

The same procedure is being carried out by the Finmeccanica group companies and is expected to be completed during the current financial year.

It should be noted that the Organisational Model is based on the guidelines issued by Confindustria (latest update in 2008).

The current Organisational Model is composed of:

- a “General Section” essentially dealing with:
 - 1) the Surveillance Body, the information that has to be sent to it, and its reports on the work it has done with respect to corporate bodies;

- 2) staff training and the circulation of the Organisational, Management and Control Model within and outside the Company;
- 3) the disciplinary measures applicable in the event of failure to comply with the requirements in the Model;
- “Special Section A” which covers offences against Public Authorities;
 - “Special Section B” which covers corporate crimes;
 - “Special Section B1” which covers crimes of bribery between individuals;
 - “Special Section C” which covers violations of occupational health and safety laws;
 - “Special Section D” which covers crimes of receiving, laundering or using illegal monies or goods;
 - “Special Section E” which covers computer crimes and illicit data processing;
 - “Special Section F”, which covers criminal enterprise;
 - “Special Section G”, which covers environmental crimes.

The documents supporting the Finmeccanica Spa’s Model:

- o the Code of Ethics;
- o the Finmeccanica Spa’s organisational structure;
- o the system of power delegation;
- o the report file, a document to be drawn up by first-tier managers, as well as by collaborators (if any), to report regularly to the Surveillance Body for meetings with members and/or representatives of government bodies, including any information on restrictions contained in the Organisational Model pursuant to Legislative Decree 231/01, which can be referred to the other Special Sections of the document referred to by the report file itself;
- o the list of “Key Persons” in accordance with the Code of Conduct for Internal Dealing;
- o the legislative framework of Finmeccanica Spa;
- o the clause that the Company includes in commercial, financial and consulting contracts.

This Model can be found in the specific Governance section of the Company’s website (www.finmeccanica.com). In addition, it should be noted that all the Italian subsidiaries have adopted similar Organisational, Management and Control Models pursuant to Legislative Decree 231/01, which can also be consulted on their respective websites, and that the companies have appointed related Surveillance Bodies.

In this regard, on 21 February 2013 the Board of Directors’ meeting, while resolving on the appointment of the new members of the Surveillance Body of Finmeccanica Spa following the resignation of the external members Giuseppe Grechi (Chairman) and Manuela Romei Pasetti, took steps to amend the related by-laws by extending the number of the related members up to a maximum number of five members.

The Surveillance Body of Finmeccanica Spa is currently made up of three external professionals, Enrico Laghi (who holds the position of Chairman), Angelo Piazza and Angelo Carmona, and by the Company's Group General Counsel, Mario Orlando (the sole internal member pursuant to the by-laws).

Multi-person compositions of the Surveillance Bodies have been resolved by the Board of Directors of some first-level subsidiaries, while other companies have appointed a member of the Board of Statutory Auditors as Chairman of the Surveillance Body, in any case ensuring a multi-person composition, with the participation, as members, of the managers responsible for the organisational units of Legal and Corporate Affairs and Compliance and, in some cases, of Internal Audit.

Furthermore, with regard to the composition and appointment of the Surveillance Bodies of subsidiaries incorporated under Italian law, reference is made to what has been already reported above as to the recently-issued Directive no. 1/2013.

The duties and functioning of this Body are governed by specific by-laws approved by the Finmeccanica Board of Directors on 15 December 2005 and updated on 25 June 2009, 16 December 2010, 21 September 2011, on 21 February 2013 and on 15 April 2013. The by-laws entrust the Surveillance Body with wide-ranging tasks for the purposes of monitoring the validity and effectiveness of the Organisational Unit. Within these tasks, among other things, the Surveillance Body receives reports (if any) on the part of company representatives or third parties, holds periodical hearings to hear the managers responsible for potential areas at risk of offences pursuant to Legislative Decree 231/01, examines reports and disclosures prepared by the corporate units and provides recommendations or instructions to the top management and to the corporate bodies, also with respect to appropriate actions for improving or changing checks. The Surveillance Body has also adopted internal rules, which have been communicated to the Board of Directors. Similar rules have been adopted by the respective Boards of Directors of the subsidiaries.

10.5 INDEPENDENT AUDITORS

On 16 May 2012 the Shareholders' Meeting appointed KPMG SpA to audit the accounts during the period from 2012 to 2020.

The firm's appointment, therefore, will terminate at the time of the approval of the financial statements for 2020.

The appointment envisages the auditing firm carrying out the following activities:

- auditing of the separated financial statements of Finmeccanica S.p.a.;
- statutory audit of the consolidated financial statements of Finmeccanica S.p.a.;
- limited audit of the condensed consolidated half-year financial report of Finmeccanica S.p.a.;
- period review of regular book-keeping.

10.6 OFFICER IN CHARGE OF PREPARING THE COMPANY'S ACCOUNTING DOCUMENTS AND OTHER CORPORATE ROLES AND ORGANISATIONAL UNITS

Officer in charge of preparing the Company's accounting documents

In accordance with Art. 154-bis of the Consolidated Law on Financial Intermediation, on 14 June 2012, the Company's Board of Directors appointed Gianpiero Cutillo, Chief Financial Officer of the Company, as the Officer in charge of preparing the Company's accounting documents until the expiry of the term of office of the Board of Directors.

In fact, under Art. 25 of the by-laws, the Board of Directors, having previously obtained the mandatory opinion of the Board of Statutory Auditors, appoints a person to this position, whose mandate expires at the same time as the term of office of the Board of Directors that has designated him.

The choice of an executive for this position is made from among persons who, for a period of at least three years:

- a) have performed duties of governance and control or management in companies listed on regulated markets in Italy, in other EU Member States or in OECD countries with a share capital of not less than €mil. 2; or
- b) have had legal powers of control over the accounts of companies such as those specified in letter a), or
- c) have been professionals or full university professors in financial or accounting matters; or
- d) have performed functions as executives in public or private bodies with expertise in finance, accounting or control sectors.

Also in accordance with the by-laws, the Executive in question must satisfy the requirements of good repute laid down for the members of the Board of Directors.

In connection with his appointment by the Board of Directors, Gianpiero Cutillo has been formally vested, in addition to the powers already conferred on him as Chief Financial Officer, with all the powers necessary for the correct performance of the duties for which he is responsible by law.

The Officer in charge of preparing the Company's accounting documents releases the certification required by Art. 154-bis, paragraph 2 of the Consolidated Law on Financial Intermediation and, together with the Chief Executive Officer, the attestation under Art. 154-bis, paragraph 5 of the Consolidated Law on Financial Intermediation.

As previously reported as to the actions taken by the Company for the implementation of the internal control and risk management system, the **corporate roles and organisational units** which are specifically involved in the system include, in particular:

- the Compliance Organisational Unit, which is led by the new Senior Compliance Officer (SCO) and which is responsible, *inter alia*, for monitoring the regulations applicable to the Company's activities and for disseminating legal risk management tools in the main sectors in which the Group operates;
- the Risk Management Organisational Unit, which is currently being established, which reports to the CFO and which operates within the Administration, Finance and Control Unit, with the objective to improve the Group's Governance in the management of operating and financial risks, as well as with the specific mission to support the Company's top management in monitoring activities concerning risk identification, assessment and management;
- the specific function established within the Internal Audit Unit, which directly reports to its Manager and which is responsible for monitoring and strengthening the Audit activities in relation to any contracts supporting the Group Companies' business operations.

10.7 COORDINATION BETWEEN PERSONS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In order to maximise efficiency of the internal control and risk management System and to reduce any duplication of activity, specific procedures have been set out for the coordination between the various persons involved.

In particular, it should be noted that:

- as previously specified, the Board of Statutory Auditors and the Internal Audit Manager regularly participate in the Control and Risk Committee's meetings; joint meetings of these bodies were also held during the financial year;
- the Control and Risk Committee reports to the Board of Directors at least on a six-monthly basis – in any case, on the occasion of the approval of the draft separate financial statements and of the half-year financial report – on the activity carried out, as well as on the adequacy of the internal control and risk management system;
- the Chairman of the Board of Statutory Auditors or any other Statutory Auditor designated by the same regularly participates in the Surveillance Body's meetings;
- the Board of Statutory Auditors holds periodic meetings, in particular with the Officer in charge of preparing the Company's accounting documents, the Internal Audit Manager and any other corporate functions with specific duties concerning the internal control and risk management System.

11. APPOINTMENT OF STATUTORY AUDITORS

As with the appointment of the members of the Board of Directors, the list voting system has also been adopted for choosing Statutory Auditors. The provisions of the by-laws governing the election of the Board of Statutory Auditors (Art. 28.3) provides for the deadlines and methods for filing and publishing lists, as well as the related documentation, in compliance with the requirements of Arts. 147-ter(1-bis) and 148(2) of the Consolidated Law on Financial Intermediation (in the text amended by Legislative Decree 27 of 27 January 2010 during the transposition of Directive 2007/36/EC on the rights of shareholders of listed companies).

As explained earlier regarding the appointment of Directors, Legislative Decree 27/10 provided that “privatised companies” are also subject to the ordinary rules found in the Consolidated Law on Financial Intermediation, as well as the implementing provisions, in place of the special rules contained in Law 474/94 (so-called “privatisation law”).

Therefore Art. 28.3 of the by-laws currently requires that the list of candidates presented by shareholders, together with related supporting documentation, be deposited at the Company’s registered office at least 25 days prior to the date set for the first convocation of the Shareholders’ Meeting and must be published by the Company at least 21 days prior to the Meeting, in accordance with applicable law (it must be made available to the public at the Company’s registered office, at the market management company’s office and on the Issuer’s website).

In order to be able to provide up-to-date information on its website, the Company expressly requests that, when Shareholders’ Meetings are called, shareholders deposit résumés of each candidate with exhaustive personal and professional information when they file the lists.

Lists may only be submitted by Shareholders holding, either alone or jointly with other Shareholders, at least 1% of the share capital with voting rights at Ordinary Shareholders’ Meetings, or holding lower percentages if envisaged by applicable laws or regulations.

It should be noted that with regard to the election of the Board of Directors, the minimum shareholding required to present a list of candidates for the election of Finmeccanica’s administration and control bodies was set by CONSOB (with Resolution no. 18452 of 30 January 2013) at 1%, percentage envisaged in section 28.3 of the Company’s by-laws.

The Board of Statutory Auditors is appointed based on lists submitted by the shareholders in compliance with the procedures described below, in order to ensure the election of two regular members and one alternate member on the part of the minority list. The Chairman of the Board of Statutory Auditors is appointed by the Meetings from among the Auditors elected from the minority list pursuant to Art. 148, para. 2-*bis*, of Legislative Decree no. 58/98, as well as to Art. 28.3, second-last paragraph, of the Company’s by-laws.

Each list, in which candidates are listed in consecutive order, is divided into two sub-lists: one list for candidates to the position of regular Auditor and the other list for candidates to the position of alternate Auditor. At least the first candidate in each sub-list must be registered with the Register of Auditors and must have been performing statutory audits of accounts for a period of no less than three years.

The members of the Board of Statutory Auditors shall be appointed as follows:

- a) three regular Auditors and one alternate Auditor will be taken from the list that receives the majority of votes cast, in the consecutive order in which they appear in the list;
- b) two regular Auditors and one alternate Auditor will be taken from minority lists; to this end, votes obtained by the lists are subsequently divided by one and by two according to the consecutive order in which the candidates were listed.

The scores thus obtained shall be allocated to the candidates of each of said lists, according to the order of the lists as respectively envisaged. The scores thus assigned to the candidates of the various lists are reported in a single decreasing order. Those who have obtained the highest scores will be elected.

In the event that more than one candidate has obtained the same score, the candidate from the list which has not yet elected any regular Auditor shall be elected.

In the event of an equal number of list votes and still with the same score, a new vote will be held by the entire Meeting and the candidate with the majority of votes will be elected.

In the event of the replacement of a regular Auditor elected from the majority list, the alternate Auditor elected from the same majority list takes his place, while in the event of the replacement of the regular Auditor elected from the minority list, the alternate Auditor elected from the same minority list takes his place.

The new members of the Board, pursuant to Art. 2401 of the Italian Civil Code, shall be appointed by the Meeting from among the candidates in the same list of the Auditor who has ceased to hold office.

In the event that, for whatever reason, the appointment of one or more regular Auditors or alternate Auditors or the integration of the Board of Statutory Auditors cannot be made as required above, the Meeting shall resolve with the majorities prescribed by law, in compliance with the principle of the representation of minorities.

Article 28.1 of the Company's by-laws also requires at least two of the regular Auditors and at least one of the alternate Auditors to be chosen from Registered Auditors of Accounts with at least three years of auditing experience. Auditors that do not satisfy this requirement must have at least three-year experience:

- a) in performing duties of governance and control or management in stock companies with a share capital of not less than €mil. 2; or
- b) as professionals or full university professors in legal, economic, financial or technical and scientific matters closely connected with the Company's activities; or
- c) in performing functions as executives in public or private bodies in the banking, finance and insurance sectors, or in sectors closely connected with the Company's activities, intended as those that are useful for achieving the Company's business purpose.

Furthermore, it is envisaged that persons who serve as auditors for five or more issuers, or who perform governance and control functions for a number of other companies in excess of the limit provided by current law, may not be chosen as regular Auditors.

Furthermore, all the members of the Board of Statutory Auditors must meet the independence requirements laid down for Statutory Auditors in the current regulations. In this regard, the Company (as also reported in relation to the appointment of the Directors) expressly requires, in the notice of call of the Meeting, to specify, in the lists of candidates, their eligibility to be qualified as "independent" directors, on the basis of the criteria laid down for Directors in Art. 3 of the Code.

As already reported as to the appointment of Directors, the Shareholders' Meeting of 16 May 2012 took steps to update the Company's by-laws provisions related to the election and composition of the Board of Statutory Auditors (Arts. 28.3 and 28.3*bis*) in order to ensure gender equality as required by the new provisions under Law no. 120/2011, according to which at least 1/5 of the members in the first term of office (at least 1/3 in the following terms) shall represent the under-represented gender.

Therefore, (on the basis of the new Arts. 28.3 and 28.3*bis* of the by-laws) any lists that, considering both the sub-list of regular Auditors and that of alternate members, present a number of candidates equal or higher than three, must include, in the sub-list of regular Auditors, candidates of different gender so as to ensure a composition of the Board of Statutory Auditors in compliance with the current regulations governing gender equality. In the event that the sub-list of alternate Auditors from said lists indicates two candidates, they must belong to different genders.

Furthermore, the new Art. 34 of the Company's by-laws states that the provisions described above shall apply starting from the first renewal of the Board of Statutory Auditors after 12 August 2012 and for three consecutive terms of office.

12. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (Art. 123-bis, para. 2, lett. d), the Consolidated Law on Financial Intermediation)

The Board of Statutory Auditors, consisting of five Regular and two Alternate Statutory Auditors, was appointed by the Shareholders' Meeting of 16 May 2012 for the 2012-2014 term. The Board will, therefore, stand down at the next Shareholders' Meeting, held to approve the financial statements for the period ended 31 December 2014.

The **Board of Statutory Auditors** serving at 31 December 2012 was composed as follows:

RICCARDO RAUL BAUER (2)	CHAIRMAN
NICCOLO' ABRIANI (2)	REGULAR AUDITOR
MAURILIO FRATINO (1)	REGULAR AUDITOR
SILVANO MONTALDO (1)	REGULAR AUDITOR
EUGENIO PINTO (1)	REGULAR AUDITOR
VINCENZO LIMONE (1)	ALTERNATE AUDITOR
STEFANO FIORINI (2)	ALTERNATE AUDITOR

(1) Auditors appointed from the **majority list** submitted by the Ministry of the Economy and Finance, which had a shareholding of 30.20% of the share capital.

(2) Auditors appointed from the **minority list** submitted by a group of asset management companies and institutional investors, which hold an overall stake of about 1.03% of the share capital of Finmeccanica.

The tables annexed to this Report summarise the structure of the Board of Statutory Auditors, showing the Auditors serving at 31 December 2012, their respective positions of regular Auditor held in other issuers (in observance of the restrictions pursuant to Art. 144-terdecies, comma 1, of the Issuers' Regulation⁹), as well as of the Statutory Auditors who ceased to hold office in the course of the 2012 financial year.

No changes in the composition of the Board of Statutory Auditors have taken place since the end of the 2011 financial year.

Brief résumés of the careers of the members of the Board of Statutory Auditors are given below, specifying their respective length of service.

⁹ The full list of the offices of administration and control held (at the companies referred to in Volume V, Title V, Chapters V, VI and VII of the Italian Civil Code) pursuant to article 144-terdecies, paragraph 2, of the Issuers' Regulation, is published by Consob on its website, as required by article 144-quinquiesdecies, paragraph 2, of the same Regulation.

RICCARDO RAUL BAUER - CHAIRMAN

Mr. Bauer was born in Milan in 1951. He has been the Chairman of the Board of Statutory Auditors of Finmeccanica since 16 May 2012. He holds an Economics and Business degree and is a Certified Public and Professional Accountant. He is a Contract Professor for Company Audit and Control at the Sacro Cuore University in Milan. He has carried out statutory audit and professional training activities at PRICEWATERHOUSECOOPERS SpA (1968-1998). He has provided consultancy and assistance services to leading Italian companies. Currently, he is, *inter alia*, the Chairman of the Board of Statutory Auditors of the Union of Italian Jewish Communities and a member of the Board of Statutory Auditors of the Museum of Jewish Heritage and Shoah. He is enrolled in the Register of Intermediaries at the Ministry of Justice. He is the author of various editions of the “Civil Code” and of the “Tax Code” and of numerous publications concerning audits and contracts.

NICCOLO' ABRIANI - REGULAR STATUTORY AUDITOR

Mr. Abriani was born in Turin in 1966. He has been a regular Statutory Auditor of Finmeccanica since 16 May 2012. He is a lawyer and a Professor of Commercial Law at the University of Florence; Lecturer for the Post-graduate course for Business Lawyers at the “Luiss Guido Carli” University in Rome. He was an Independent Director of Apulia Prontoprestito S.p.A. (2005-2011); Member of the Surveillance Board of Ligabue Holding SpA (2006-2010); Chairman of the Surveillance Body of Ama SpA (2006-2009). He has held many academic positions, including: Dean of the Faculty of Economics at the University of Foggia and Director of the Department of Economics and Law at the University of Foggia. Currently, he is a Member of the Steering Committee of the Faculty of Economics at the University of Florence and a Member of various arbitration boards.

MAURILIO FRATINO – REGULAR STATUTORY AUDITOR

Mr. Fratino was born in Alba (Cuneo) in 1952. He has been a regular Statutory Auditor of Finmeccanica since 2009; his term of office was renewed by the Shareholders' Meeting on 16 May 2012. He is a lawyer and practices in the areas of civil, commercial and corporate law. He is a certified public accountant. An instructor of food and wine law at the University of Turin. He has held numerous positions, including: member of the Committee of Experts for the Creation of the Single Market for the Prime Minister; Statutory Auditor and Director of Autostrade SpA; Deputy Executive Chairman of Autostrada Torino Savona SpA; Managing Director of Riccadonna International BV. Current positions include: Vice-Chairman of Banca Regionale Europea SpA (UBI group), Chairman of the Board of Auditors of Federvini, Auditor of Accounts for Federalimentare, Statutory Auditor of Il Sole 24ore SpA,

Chairman of the Cassa Rischio Vita of the Food Industry and member of the Tax and Corporate Governance Committee of Confindustria.

SILVANO MONTALDO - REGULAR STATUTORY AUDITOR

Mr. Montaldo was born in Laigueglia (Savona) in 1957. He has been a regular Statutory Auditor of Finmeccanica Spa since 2006, having been reappointed on 16 May 2012. He is a Certified Public and Professional Accountant. He has served or currently does serve as statutory auditor to numerous corporations, as well as an auditor of public entities, is a member of the Surveillance Bodies and is a commissioner of firms in the process of bankruptcy. Currently, he is a member of the Board of Statutory Auditors of various companies, including: Aeroporti di Roma SpA, Carige Assicurazioni SpA, Carige Vita Nuova SpA, Autostrade dei Fiori SpA, GSE SpA.; member of the Surveillance Board of Autostrada dei Fiori SpA; extraordinary commissioner of Antonio Merloni SpA, IAR Siltal SpA. and Olcese S.p.A..

EUGENIO PINTO - REGULAR STATUTORY AUDITOR

Mr. Pinto was born in Taranto in 1959. He has been a regular Statutory Auditor of Finmeccanica since 16 May 2012. He graduated *cum laude* in Economics and Business. He is a Certified Public Accountant. Currently, he is, *inter alia*, a Permanent Professor of the Business Economics department at the “Luiss Guido Carli” University in Rome. He has held numerous positions as director and statutory auditor in many Italian industrial and financial groups. He holds numerous positions, is currently: Chairman of the Board of Statutory Auditors of Eni Adfin SpA, Stogit SpA and Snam Rete Gas SpA (Snam Group); independent director and member of the Internal Audit Committee and of the Remuneration Committee of Astaldi SpA, Chairman of the Board of Auditors at Assomine, the Italian association of joint-stock companies.

STEFANO FIORINI – ALTERNATE STATUTORY AUDITOR

Mr. Fiorini was born in Genoa in 1969. He graduated in Economics and Business. He is a Certified Public Accountant. He has gained significant experience in the main sectors of industrial activities and services. He has worked in the auditing sector at KPMG SpA and Arthur Andersen SpA. He has held the position of Investment Director at PM & PARTNERS and ABN Amro Capital Investments NV. Currently he provides consultancy services in civil and criminal proceedings concerning disputes relating to economics, business and financial issues in the capacity as court-appointed expert (CTU, *Consulente Tecnico d’Ufficio*) or consultant to the Public Prosecutor. He is a regular statutory auditor of Iacobucci HF Electronics SpA, Albany International Italia Srl and alternate auditor of Utilitas – Servizi per il territorio Srl.

VINCENZO LIMONE - ALTERNATE STATUTORY AUDITOR

Mr. Limone was born in Taranto in 1950. He graduated in Economics and Business. He is a Certified Public Accountant. He is a contract Professor of Securities Market Economics at the University of L'Aquila and Contract Professor of Economics applied to Engineering at the "Tor Vergata" University in Rome. He is currently a General Manager at the General Accounting Office (*Ragioneria Generale dello Stato*).

In compliance with the Corporate Governance Code, the Board of Statutory Auditors assessed, in the first meeting after the appointment (which was held on 14 June 2012), as well as in the current 2013 financial year (in the meeting held on 4 April 2013), the requirements of independence for Regular Auditors. In that regard, the Board of Statutory Auditors followed the indications of the Code regarding the concept of independence for Statutory Auditors.

In addition to the supervisory functions (pursuant to article 149 of the TUF) already listed in paragraph 1 of this Report, the Board of Statutory Auditors performs the duties attributed to it (pursuant to article 19 of Legislative Decree no. 39/2010) in the capacity as "Internal Control and Auditing Committee". In this capacity, the Board supervises: a) the financial reporting process; b) the effectiveness of the internal control and risk management systems; c) the statutory audit of annual and consolidated accounts; d) the Independent Auditors' autonomy, with specific regard to the performance of services other than the audit of accounts provided to the Company and to its subsidiaries on the part of the Independent Auditors and of the entities belonging to its network.

Furthermore, the Board of Statutory Auditors: submits the reasoned proposal to the Shareholders' Meeting as to the appointment of the independent auditors for the statutory audit of accounts and the determination of the relevant fees; verifies the correct application of the assessment procedures and of the criteria adopted by the Board of Directors to assess the independence of its members.

The Statutory Auditors take part in the meetings of the Board of Directors; in this regard, they are provided, at the same time as the Directors, with the documentation on the issues on the agenda of the Board, as well as with periodic information on the legislative and regulatory developments regarding the Company and its corporate bodies.

In performing its work, the Board of Statutory Auditors liaises with the Company's Internal Control Organisational Unit, the Independent Auditors, the Control and Risk Committee (formerly Internal Control Committee), the Surveillance Body referred to in legislative Decree no. 231/2001 and with the Officer in Charge referred to in law no. 262/05. Specifically, the Board of Statutory Auditors receives the necessary operational assistance for the performance of its own auditing work from the Internal Control Manager, obtains all the Audit Reports and examines the Annual Control Plan.

In the course of the financial year, the Board of Statutory Auditors plans meetings with the Boards of Statutory Auditors of the companies that are directly owned or “strategic”, in order to allow a profitable exchange of information with specific regard to the corporate operations, the characteristics of the internal control and risk management system and the corporate organisation.

The Board of Statutory Auditors also takes part in the meetings of the Control and Risk Committee and, in the person of its Chairman or any other Auditor designated by the same, in the meetings of the Surveillance Body under Legislative Decree no. 231/2001.

The Board (pursuant to article 2404 of the Italian Civil Code) must meet at least every ninety days. The Board of Statutory Auditors’ meetings may be held by tele-conference or video-conference, provided that all the participants may be identified and are able to follow the discussion, to simultaneously intervene in the discussion of the issues dealt with, as well as to peruse the documents in real time.

During the 2012 financial year, the Board of Statutory Auditors held no. 35 meetings, with an average duration of the meetings equal to about 2.5 hours; as a result of the renewal of the Board of Statutory Auditors (on 16 May 2012), the first 23 meetings were attended by the outgoing members and the subsequent meetings were attended by the newly-appointed members. Furthermore (as already illustrated in paragraph 4.3 above), during the financial year the Statutory Auditors took part, together with the Directors, in specific induction actions aimed at encouraging a deeper knowledge of the activities and of specific issues concerning the Group.

In the 2013 financial year, as at the date of approval of this Report, no. 9 meetings had already been held.

Below are reported the data concerning the presence of the Statutory Auditors in the meetings of the Board of Statutory Auditors, as well as in the meetings of the Board of Directors, which were held in the course of the 2012 financial year:

	<u>Board of Statutory Auditors</u>	<u>Board of Directors</u>	
RICCARDO RAUL BAUER °	12/12	7/7	meetings
NICCOLO’ ABRIANI °	11/12	7/7	meetings
MAURILIO FRATINO	33/35	13/13	meetings
SILVANO MONTALDO	33/35	12/13	meetings
EUGENIO PINTO °	12/12	7/7	MEETINGS

° holding office from 16 May 2012

	<i>Board of Statutory Auditors</i>	<i>Board of Directors</i>
LUIGI GASPARI *	<i>23/23</i>	<i>6/6 meetings</i>
GIORGIO CUMIN *	<i>22/23</i>	<i>6/6 meetings</i>
ANTONIO TAMBORRINO *	<i>20/23</i>	<i>6/6 MEETINGS</i>

** holding office up to 16 May 2012*

All absences were excused.

13. SHAREHOLDERS RELATIONS

In view of the importance, emphasised by the Code, of establishing an on-going professional relationship with the general body of Shareholders and institutional investors, a special Investor Relations Department is set up to conduct this activity.

The Investor Relations department provides the qualitative and quantitative elements about the expected financial and economic performance and the business performance of the Group; furthermore, the Investor Relations supports the financial markets in preparing a perception and valuation of Finmeccanica on the stock exchange which is consistent with the intrinsic value of the Group, as well as through communication of Guidance and monitoring of the market consensus on the Group' expected results.

Information regarding the composition of the Company's management bodies, résumés of their members' careers, internal dealing information and the Corporate by-laws, as well as the Company's Annual Corporate Governance Report, may be found on the Finmeccanica's website in the specific Governance section.

The Board of Directors' reports, minutes of Shareholders' Meetings and other important corporate documents are also published in the same section of the site, as well as a review of the press releases issued by the Company.

In the same Governance section, an interactive platform ("Governance System") is available, which makes it possible to "surf" through the various functions in charge of the management of the Company.

This instrument allows the identification of the role, responsibilities and related composition of each body, as well as access to the résumés of each member.

The Investor Relations section publishes the Company's financial statements and presentations to the financial market with the relevant web-casting, video and audio broadcasts, as well as some information of most interest, such as data related to dividends, shareholding structures and credit rating.

Furthermore, further expansion is expected to be implemented in 2013 in the structure and contents of the Company's website.

In occasion of the Shareholders' Meeting, Investor Relations arranges, in collaboration with the Legal and Corporate Affairs organisational Unit, a large section on the Finmeccanica website, reporting all the necessary documentation for the participation in the Meeting itself; in view of the latter, the Investor Relations promotes some initiatives aimed at encouraging active participation from institutional investors (Shareholder Engagement).

During the financial year, Investor Relations organises numerous events aimed at improving the financial community's knowledge of Finmeccanica and at analysing specific issues of common interest. In this context, particular importance is attached to the conference calls on the occasion of the publication of the results of the first and third quarter and on the occasion of the announcement of important transactions, the institutional Roadshows with the Group's Top Management on the occasion of annual and six-monthly results, the Deal Roadshows on the occasion of extraordinary transactions and the Investor Day that is usually organised once a year: the latter sees the participation of the Top Management of Finmeccanica supported by the CEOs of the Companies. This is an opportunity for financial analysts and institutional investors to find out more about the Group's operations and to gain an understanding of its performance and its commercial, industrial, income and financial prospects, as well as to directly access to the company Top Management.

Finally, during the annual International Airshow (which alternates between Farnborough in England and Le Bourget in France), Investor Relations organises individual/private meetings, between the financial community and the Top Management of Finmeccanica and of the Group's main companies. As required by investors, the above meetings are accompanied by specific presentations of the main products and systems of the companies, which are reported in a dedicated section.

With regard to the relationship with socially responsible funds, the Investor Relations started communication initiatives with the related corporate governance teams, including the organisation of a focused roadshow in London with the participation of Alessandro Pansa, CEO – Chief Executive Officer and Chief Operating Officer, as well as a specific telepresence on the functioning of the Board of Directors with the participation of the Vice-Chairman of Finmeccanica, Admiral Guido Venturoni.

These communication activities are being expanded and consolidated, considering the growing number of investment funds that adopt ESG (environmental, social, governance) criteria in their investment policies.

In support of the above, Investor Relations strictly follows the inclusion of the Group in the Dow Jones Sustainability Index, which confirmed Finmeccanica's presence in the prestigious World and Europe indices in 2012 and for the third consecutive year.

Established in 1999, the Dow Jones Sustainability Indexes are the first and most important stock exchange indexes to assess, on an annual basis, the performance of companies and the maintenance of commitments undertaken in the field of economic, social and environmental sustainability. They are looked after by the rating company SAM - Sustainable Asset Management in Zurich, in cooperation with Dow Jones Indexes in New York.

The Investor Relations Manager is Raffaella Luglini. The Investor Relations unit depends directly from the CEO – Chief Executive Officer and Chief Operating Officer Alessandro Pansa.

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14. SHAREHOLDERS' MEETINGS (Art. 123-bis, para. 2, lett. c), the Consolidated Law on Financial Intermediation)

Significant changes were introduced by Legislative Decree 27 of 27 January 2010 (transposing Directive 2007/36/EC) affecting some of the rights of shareholders of listed companies and how Shareholders' Meeting are to be conducted, which led to important changes for the Company. These regulations have been subsequently subject to amendments and additions (by Legislative Decree no. 91 of 18 June 2012), which will be applied starting from the next Shareholders' Meetings called in the current 2013 financial year.

The alignment to such law and the CONSOB implementing regulations required that a series of adjustments be made to the Company's by-laws, both mandatory changes and others left to the discretion of the Shareholders' Meeting.

Notice of call and disclosures to shareholders

As required by section 12.2 of the Company's by-laws, the Shareholders' Meeting is called at least once a year to approve the financial statements within 180 days of the close of the fiscal year.

Shareholders' Meetings are called by means of a notice published on the Company's website (as well as in at least one national daily newspaper), containing the information required by Art. 125-bis of the Consolidated Law on Financial Intermediation, at least 30 days prior to the date set for the Shareholders' Meeting on first call, except for any Shareholders' Meetings called: i) to appoint the members of the corporate bodies through the list voting (for which the time limit is of 40 days); ii) to resolve on defence measures in the case of a take-over bid (for which the time limit is of 15 days)

and iii) to resolve on capital decreases and the appointment and dismissal of liquidators (for which the time limit is 21 days).

The shareholders who represent, even together with other shareholders, at least a fortieth of the share capital may make, within the time limits and according to the procedures set out in article 126-*bis* of the Consolidated Law on Financial Intermediation in the Company's notice of call, additions to the list of issues to be discussed at the Shareholders' Meeting or submit proposed resolutions on any issues that are already on the agenda of the Shareholders' Meeting, specifying the related reasons. In any case, the shareholders will be entitled to submit, regardless of the shareholding held by each of them, proposed resolutions in the course of the Shareholders' Meeting.

In the calling, planning and management of these events, the focus has always been on encouraging as many Shareholders as possible to attend Shareholders' Meetings and on ensuring that Shareholders are provided with the highest quality information, subject to the restrictions on the methods of disclosure of price sensitive information.

Therefore, as already reported in paragraph 13 above, all the relevant documents regarding the items on the agenda and any information concerning the specific Shareholders' Meeting are promptly made available to Shareholders through the Company's website and are simultaneously filed at the Company's registered office and with Borsa Italiana. In particular, the Company takes steps to promptly publish - in an appropriate section that can also be accessed directly from the website's home page - the explanatory Reports of the Meeting's agenda and any other documents to be submitted to the Shareholders' Meeting, proxy forms and information on the amount and composition of its share capital, as required by law or regulations.

As already reported, during 2013 the structure and contents of the institutional site are expected to be expanded, also for the purposes of optimising the procedures and quality of access by the shareholders to any information disseminated before the meeting and, more in general, to all the relevant corporate documentation.

The Board of Directors also sees that shareholders are given accurate and timely information regarding the items on the agenda so that all shareholders are in a position to be well informed and have full knowledge of the facts involved in making the decisions for which the Shareholders' Meeting is responsible.

The Board of Directors and the Company's top management participate in the Shareholders' Meetings and regularly report on the activity carried out during the financial year and on the Issuer's future plans at Shareholders' Meeting called to approve the annual financial statements.

Right of attendance at the Shareholders' Meeting

Based on the record date mechanism, the right to attend Shareholders' Meeting and vote is held by those who communicate via an authorised financial broker that they hold shares of the Company seven trading days prior to the date set for the Shareholders' Meeting in first convocation.

The Art. 14.1 of the by-laws provides for the entitled persons to be represented by written proxy, which may be notified to the Company by electronic means (via certified electronic mail or uploading in a special section of the Company's website) as indicated in the notice calling the Shareholders' Meeting. The Company provides the entitled persons with a proxy form for the participation in the individual Shareholders' Meetings.

The Art. 14 of the by-laws also provides for the Company to be entitled to designate a common representative for each Shareholders' Meeting, i.e. a person to which the shareholders may grant a proxy with instructions on how to vote (which the common representative shall comply with) on all or certain of the items on the agenda. Such proxy must be given by the end of the second trading day prior to the date set for the Shareholders' Meeting on first call.

Finally, as required by article 127-ter of the Consolidated Law on Financial Intermediation, the shareholders may also submit questions on the issues on the agenda before the Shareholders' Meeting, within the time limit (so-called cut-off date) and according to the procedures specified by the Company in the notice of call.

Operations and Competences

Shareholders may pass resolutions on all issues reserved to them by applicable laws, except for the Board's right to resolve (pursuant to article 2365, paragraph 2, of the Italian Civil Code and section 24.1 of the Company's by-laws) on the issues specified in paragraph 4.3 above.

During Ordinary Shareholders' Meetings, resolutions are passed by an absolute majority of those in attendance, with the exception of the matters specified under Art. 22.3 of the by-laws, for which the favourable vote equal to at least three-fourths of the capital represented at the Meeting is required (Art. 16.5 of the by-laws).

Extraordinary Shareholders' Meetings also require the favourable vote of at least three-fourths of the capital represented in order for resolutions to pass (Art. 16.4 of the by-laws).

The Company adopted **SHAREHOLDERS' MEETING RULES** some time ago, with the purpose of setting out the appropriate procedures for ensuring meetings are conducted in an orderly and constructive fashion, laying down rules for main aspects (such as the right to take part in meetings or to be present at them, rules for debate, voting methods, arrangements for voting operations, etc.) so that the proceedings are properly conducted and shareholders are assured of the right to speak on the items on the agenda.

In order to ensure that all Shareholders are able to exercise this right correctly, the Rules contain special provisions concerning the manner in which requests to speak on the individual items on the agenda should be presented, the maximum time shareholders are allowed to speak and the possibility of asking to be allowed to speak again and to state how they will vote if they wish to do so.

The Rules also contain provisions for special powers held by the Chairman that enable him to settle conflicts among the persons attending the meeting or to prevent them from arising and to repress abuse of any kind.

These Rules are always distributed to all shareholders whenever a meeting is held, and may be viewed in the specific Governance area of the Company's website (www.finmeccanica.com) and were updated in 2010, also for the purposes of incorporating certain provisions under the abovementioned Legislative Decree no. 27/10.

Specifically, the Rules exactly define procedures for admittance to Shareholders' Meeting locations by those entitled to attend (Art. 4) and expressly provide for procedures for addressing shareholders' concerns prior to the Meeting (Art. 10) in keeping with the law in force. The time limits related to the exercise of the right to submit questions before the Shareholders' Meeting are set out, as required by the regulations in force (articles 125-ter and 127-ter of the Consolidated Law on Financial Intermediation), in the related notice of call.

During the 2012, in the context of the general crisis of the economic conditions and of the financial markets, significant changes were recorded in the market capitalisation of the Company's shares.

It should be remembered that, as already reported in this Report, the percentages envisaged in the by-laws as to the exercise of the rights protecting minority shareholders, in particular the ownership of 1% of the voting share capital required for the submission of lists of candidates for the position of Director or Statutory Auditor of the Company (sections 18.4 and 28.3 of the Company's by-laws), are actually corresponding to (and, in the course of the 2012 financial year, were lower than) the minimum share identified by CONSOB.

The abovementioned Bylaws provisions also set down, as previously illustrated, specific procedures aimed at ensuring, within the described "list voting" mechanism, the appointment of Directors and Statutory Auditors drawn from minority lists.

15. CHANGES OCCURRED FROM THE CLOSING OF THE RELEVANT FINANCIAL YEAR

Following the judicial measures that involved Giuseppe Orsi on 12 February 2013, the Company Board of Directors' meeting – which was held on 13 February 2013 – resolved, in order to ensure the full functioning and continuity of the company's operations, to also grant the Director-Chief

Operating Officer, Alessandro Pansa, the authority and powers that had been previously granted to the Chief Executive Officer Orsi, for the single management of the Company and of the Group.

Therefore, starting from 13 February 2013, Pansa also holds the position of Chief Executive Officer and Chief Operating Officer.

At the same meeting, the Board of Directors also resolved to appoint the Admiral Guido Venturoni (senior Director and Lead Independent Director) as Vice-Chairman.

On 15 February 2013, Giuseppe Orsi resigned from the office of Director and, accordingly, from the office of Chairman of the Board of Directors.

At the meeting held on 21 February 2013, the Board of Directors, after having acknowledged the resignation of Orsi, deemed it appropriate not to proceed with the co-option pursuant to article 2386 of the Italian Civil Code and section 18.5 of the Company's Bylaws and to refer the decision as to the related replacement to the Shareholders' Meeting.

Furthermore, the Board of Directors had previously resolved (in the meeting held on 13 February 2013), following the resignation of the Director Franco Bonferroni on 21 September 2012, not to proceed with the appointment by co-option of a new Director pursuant to article 2386 of the Italian Civil Code and to refer the decision as to the related replacement to a special Shareholders' Meeting.

On 15 April 2013 the Ordinary Shareholders' Meeting, which had been called to resolve on the new members of the Board of Directors, resolved to refer any decision as to the replacement of the outgoing Directors to the Shareholders' Meeting being called for the approval of the 2012 financial statements.

The same Shareholders' Meeting also confirmed the appointment of Ivanhoe Lo Bello as Director, as resolved by the Board of Directors on 16 May 2012, pursuant to article 2386 of the Italian Civil Code, following the resignation of Prof. Marco Iansiti on 11 May 2012.

16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (article 123-bis, paragraph 2, letter a), the Consolidated Law on Financial Intermediation)

The Company's Board of Directors adopted some important decisions aimed at giving a further boost to the ongoing reorganisation process, ensuring the coordination of operations and strengthening control activities. In particular, specific measures were adopted with the objective of continuing the consolidation of the system of control over the Group's activities and strengthening the direction and coordination functions towards the operating Companies.

In particular, the main actions implemented by the Company to strengthen the Group's Corporate Governance included the setup of the following additional Committees with respect to those

identified by the Code: a Management Committee (chaired by the Chief Executive Officer and Chief Operating Officer and made up of the Managers responsible for the Organisational Units of Internal Audit, External Relations and Communication, Human Resources, Strategies, Business Development and Innovation, as well as by the CFO and by the Group General Counsel; a Group Management Committee (made up of the Chief Executive Officers of the main subsidiaries, as well as, for Finmeccanica Spa, by the CFO and by the two Managers responsible for the organisational units of Human Resource and Strategies, Business Development and Innovation); a “Committee of Corporate Bodies” (coordinated by the Group General Counsel and made up of the Managers responsible for the Organisational Units of “External Relations and Communication”, “Human Resources”, “Strategies, Business Development and Innovation”, as well as, limited to the appointments to the Boards of Statutory Auditors, of the CFO); finally, a new Committee, whose setup was resolved by the Board of Directors on 15 April 2013, made up exclusively of external professionals.

For a more detailed illustration of the duties of the aforesaid Committees, as well as of the additional actions taken in the first months of the current 2013 financial year (at the end of the board’s meetings held on 21 February 2013, 7 March 2013 and 15 April 2013), reference is made to paragraph 10 above, within the framework of the measures adopted as to the improvement and implementation of the internal control and risk management system.

TABLE 1: INFORMATION ON SHAREHOLDER STRUCTURE*Significant stakes in the share capital*

SHAREHOLDERS	Ownership % of the ordinary capital and voting capital
Ministry of the Economy and Finance	30,204
Tradewinds Global Investors, LLC (1)	4,976
Deutsche Bank Trust Company Americas (2)	3,600
Grantham, Mayo, Van Otterloo & Co. LLC (3)	2,045
Libyan Investment Authority (Arab Bkg Corp / Libyan Inves, Man) (4)	2,010

- (1) Notice pursuant to Art. 120 of the Consolidated Law on Financial Intermediation: an equity investment held by way of "Discretionary Asset Management".
- (2) Intermediary's notice for the payment of dividends for the 2010 financial year.
- (3) Notice pursuant to Art. 120 of the Consolidated Law on Financial Intermediation: an equity investment held by way of "Non-Discretionary Asset Management".
- (4) Notice of 8 April 2013 from the Arab Banking Corporation (depository of the equity investment), which confirmed that the Libyan Investment Authority holds the equity investment already specified by Euroclear Bank (as an intermediary participating in the Monte Titoli system) in the name of "Arab Bkg Corp / Libyan Inves, Man" on the occasion of the payment of dividends for the 2010 financial year.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES

Board of Directors (triennium 2011-2013) appointed by the Shareholders' Meeting on 4 May 2011, as integrated on 1 December 2011, 16 May 2012 and 13 February 2013								Control and Risk Committee		Remuneration Committee		Strategy Committee		
Position	Members	Executive	Non-executive	Independent Corp. Gov. Code	Independent Cons. Law on Fin. Intermed.	Attendance BoD meetings*	Other positions **	Comp.	Attendance ***	Comp.	Attendance ***	Comp.	Attendance ***	
Vice-Chairman	Guido VENTURONI (°)		X	X	X	13/13	=	X	10/11					
Chief Executive Officer and Chief Operating Officer	Alessandro PANSA (°°)	X		=	=	13/13	1							
Director	Carlo BALDOCCI (°°°)		(°°°)	(°°°)	(°°°)	12/13	=					X	3/3	
Director	Paolo CANTARELLA ***		X	X	X	11/13	=	X	10/11			X	3/3	
Director	Giovanni CATANZARO		X	X	X	12/13	=	X	11/11					
Director	Dario GALLI		X	X	X	13/13	=			X	4/4	X	3/3	
Director	Ivanhoe LO BELLO(°°°°)		X	X	X	7/7	=					X (°°°°°)	2/2	
Director	Silvia MERLO ***		X	X	X	12/13	3	X	10/11					
Director	Francesco PARLATO		X	=	=	13/13	=			X	3/4	X	3/3	
Director	Christian STREIFF ***		X	X	X	11/13	3			X	2/4			
Number of meetings held during 2012:		BoD: 13		Control and Risk Committee: 11			Remuneration Committee: 4			Strategy Committee: 3			Appointments Committee (°°°°°°)	

Quorum for presentation of lists for the appointment of the BoD: 1% of share capital with voting rights at Ordinary Shareholders' Meetings

NOTES

* All absences from BoD or Committees meetings are excused.

** This column contains the number of positions as Director or Auditor held by the persons serving in other companies listed on regulated markets, in Italy and abroad, and in finance houses, banks, insurance companies or major companies. The positions are described in full in the Report.

*** Asterisk indicates a Director appointed from a minority list.

(°) Appointed Vice Chairman by the BoD of 13 February 2013.

(°°) Chief Operating Officer from 4 May 2011, Director- Chief Operating Officer from 1 December 2011, appointed Chief Executive Officer and Chief Operating Officer by the BoD of 13 February 2013.

(°°°) Carlo Baldocci was appointed as a Director without voting rights by Ministerial Decree of 27 April 2011, pursuant to Art. 5.1. ter, letter d), of the by-laws, with effect starting from the date of appointment of the current BoD by the Shareholders' Meeting.

(°°°°) Director from 16 May 2012.

(°°°°°) Member of the Committee from 14 June 2012.

(°°°°°°) Reference is made to paragraph 6.

TABLE 3: OUTGOING DIRECTORS IN 2012 AND THE FIRST QUARTER OF 2013

Outgoing Directors							Control and Risk Committee (formerly Internal Audit Committee)		Remuneration Committee		Strategy Committee	
Position	Members	Executive	Non-executive	Independent Corp. Gov. Code	Independent Cons. Law on Fin. Intermed	Attendance BoD meetings **	Comp.	Attendance **	Comp.	Attendance **	Comp.	Attendance **
Chairman and Chief Executive Officer	Giuseppe ORSI (°)	X		==	==	13/13					X (°)	3/3
Director	Franco BONFERRONI (°°)		X	X	X	10/10			X (°°)	4/4		
Director	Marco IANSITI * (°°°)		X	X	X	4/5					X (°°°)	0/1

NOTES

- * Asterisk indicates a Director appointed from a minority list.
- ** All absences from BoD or Committees meetings are excused.
- (°) Outgoing Director on 15 February 2013.
- (°°) Outgoing Director on 21 September 2012.
- (°°°) Outgoing Director on 11 May 2012.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors (three-year period 2012-2014)				
appointed by the Shareholders' Meeting of 16 May 2012				
Position	Members	Independent (Corp. Gov. Code)	Attendance at BoSA Meetings (**)	Number of other positions held (***)
Chairman	Riccardo Raul BAUER *	X	12/12	=
Regular Auditor	Niccolò ABRIANI *	X	11/12	=
Regular Auditor	Maurilio FRATINO	X	33/35	1
Regular Auditor	Silvano MONTALDO	X	33/35	=
Regular Auditor	Eugenio PINTO	X	12/12	=
Alternate Auditor	Stefano FIORINI *	--	--	=
Alternate Auditor	Vincenzo LIMONE	--	--	..
Number of meetings held during 2012: 35				
Quorum for presentation of lists for the appointment of the current Board of Statutory Auditors: 1% of share capital with voting rights at Ordinary Shareholders' Meetings				

NOTES

* Asterisk indicates an Auditor appointed from a minority list.

** All absences from Board of Statutory Auditors' meetings are excused.

*** This column indicates the positions as auditor (Art. 144-terdecies, para. 1, Issuers' Regulations) held in other issuers. The full list of governing and control positions (Art. 144-terdecies, para. 2, Issuers' Regulations) is published by Consob on its website pursuant to Art. 144-quinquiesdecies Issuers' Regulations.

TABLE 5: OUTGOING AUDITORS IN 2012

Outgoing auditors in 2012				
Position	Members	Independent (Corp. Gov. Code)	Attendance at BoSA Meetings (**)	
Chairman	Luigi GASPARI *	X	23/23	
Regular Auditor	Giorgio CUMIN	X	22/23	
Regular Auditor	Antonio TAMBORRINO	X	20/23	
Alternate Auditor	Maurizio DATTILO *	==	--	
Alternate Auditor	Piero SANTONI	==	--	

NOTES

* Asterisk indicates an Auditor appointed from a minority list.

** All absences from Board of Statutory Auditors' meetings are excused.