



Report on Corporate Governance
and Shareholder Structure

FINANCIAL YEAR 2009

4 March 2010

Disclaimer

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FINMECCANICA – Società per azioni

REPORT ON CORPORATE GOVERNANCE

AND SHAREHOLDER STRUCTURE

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SECTION 1: ISSUER PROFILE 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 section INFORMATION ABOUT THE SHAREHOLDER STRUCTURE was prepared in accordance with paragraph 1 of the aforementioned Art. 123-*bis*.

Concerning the information required by Art. 123-*bis*(2), the section INFORMATION ON CORPORATE GOVERNANCE was prepared based on the Corporate Governance Code for Listed Companies, approved in March 2006 by the *Corporate Governance* Committee and supported by Borsa Italiana SpA. The Company declares that it is compliant with the Code.

The aforementioned Corporate Governance 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.

Share Capital

The share capital of Finmeccanica, totalling €2,543,861,738.00, is represented by 578,150,395 shares and consists solely of ordinary shares with a par value of € 4.40 each.

The State's participation is governed by the terms of the Prime Minister's Decree of 28 September 1999, which states that the publicly owned stake may not fall below a minimum threshold of 30% of the Company's share capital, a requirement confirmed by Art. 59 of Law 133 of 6 August 2008.

The table below shows the Issuer's shareholder structure at the date of approval of this Annual Report, with the relative holdings indicated pursuant to Art. 120 of the Consolidated Law on Financial Intermediation.

SHAREHOLDERS	NUMBER OF ORDINARY SHARES	%
Ministry for the Economy and Finance	174,626,554	30.204%
Capital Research and Management Company * °	28,207,583	4.879%
BlackRock Investment Management (UK) Limited*	12,984,252	2.246%
Minority shareholders	361,187,929	62.473%
Treasury shares	1,144,077	0.198%
TOTAL	578,150,395	100.0000%

* Shares held as a managed investment.

° As manager, among other things, of The Income Fund of America Inc, which already held a significant stake in Finmeccanica and currently holds 2.145% of the share capital.

Special Powers

In accordance with Law 474 of 30 July 1994, as amended by Law 350 of 24 December 2003 (the 2004 Finance Act), the Minister for the Economy and Finance, jointly with the Minister for Productive Activities (now the Minister for Economic Development), holds "special powers" (the so called "golden share") in a number of State-owned companies, including Finmeccanica. Following the changes introduced by the law and in implementation or the provisions of Ministerial Decree no. 3257 of 1 April 2005, the Ministry for the Economy and Finance set out the exact content of the clauses in the Bylaws that attribute special powers in Finmeccanica. This was incorporated in the Company's Bylaws as Article 5.1-ter by resolution of the Board of Directors on 21 April 2005.

Specifically, according to this clause, the "special powers", described in detail in Section 2, letter D.1), include the rights:

- to oppose the acquisition of material shareholdings (at least 3%) in the Company;
- to oppose the signing of agreements or contracts in which at least 3% of the share capital is represented;
- to veto, if duly justified in view of the harm that would be done to State interests, decisions to wind up the Company, sell the business, conduct mergers or demergers,

relocate the Company's registered office to a different country or change its business purpose;

- to appoint a Director without voting rights.

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 Bylaws. The current Board of Directors was appointed by the Shareholders' Meeting on 6 June 2008 for the 2008 - 2010 term.
- BOARD OF STATUTORY AUDITORS, which has the task of monitoring: (a) compliance with the law and Bylaws and observance of the principles of proper business administration; (b) the adequacy of the Company's organisational structure, internal audit system and administrative and accounting system, and also the latter's reliability as a means of accurately reporting business operations; (c) the adequacy of the Company's instructions to subsidiaries with regard to disclosures. The current Board of Statutory Auditors was appointed by the Shareholders' Meeting on 29 April 2009 for the 2009 - 2011 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 Bylaws;
- INDEPENDENT AUDITORS: the Shareholders' Meeting of 23 May 2006 appointed PricewaterhouseCoopers SpA to audit the Company's accounts for the period from 2006 to 2011;
- OFFICER IN CHARGE OF PREPARING THE COMPANY'S ACCOUNTING DOCUMENTS:
On 26 June 2008, pursuant to Art. 154-*bis* of the Consolidated Law on Financial Intermediation, the Board of Directors appointed Alessandro Pansa, Co-General Manager 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.

Objectives and Corporate Mission

Finmeccanica intends to maintain and enhance its role as the leading Italian industry in the high technology field, developing a synergetic and integrated portfolio of activities primarily focused on Aerospace, Defence and Security by means of which it can meet the needs of domestic customers effectively, take part in work on European and international programmes and compete selectively on the global market. To date, the Company operates also in the Energy and Transportation sectors.

Finmeccanica pursues its mission by rigorously pursuing its objective of creating value for its Shareholders and aiming to protect and enhance Italian expertise in its different business areas.

2. INFORMATION ABOUT THE SHAREHOLDER STRUCTURE

A) STRUCTURE OF THE SHARE CAPITAL

The Company's share capital consists exclusively of common shares with a par value of €4.40 each, all accompanied by the same rights and obligations and having the same voting rights at both ordinary and extraordinary Shareholders' Meetings.

B) RESTRICTIONS ON SHARE OWNERSHIP

In accordance with the laws on privatisation, the Company Bylaws (Art. 5.1-*bis*) provide as follows:

“Under Art. 3 of Decree-law 332 of 31 May 1994, converted with amendments into Law 474 of 30 July 1994, 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 Legislative Decree 58 of 24 February 1998. 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 aforesaid Legislative Decree 58 of 24 February 1998, 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.”

C) MATERIAL SHAREHOLDINGS.

Based on information received by the Company pursuant to Art. 120 of the Consolidated Law on Financial Intermediation and other available information, at the date of approval of this Annual Report, the following entities, either directly or indirectly, have a material shareholding (exceeding 2% of the share capital):

- **MINISTRY FOR THE ECONOMY AND FINANCE**
with 174,626,554 shares, equivalent to approximately 30.20% of the ordinary shares;
- **CAPITAL RESEARCH AND MANAGEMENT COMPANY**
with 28,207,583 shares, equivalent to approximately 4.87% of the ordinary shares;
- **BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED**
with 12,984,252 shares, equivalent to approximately 2.24% of the ordinary shares.

D) HOLDERS OF SECURITIES THAT CONFER SPECIAL RIGHTS.

No securities have been issued conferring special rights.

D.1) SPECIAL POWERS OF THE ITALIAN MINISTRY FOR THE ECONOMY AND FINANCE.

The special powers conferred upon the Minister for the Economy and Finance by Art. 5.1-*ter* of the Bylaws provides that Art. 2(1) Decree-law 332 of 31 May 1994,

converted with amendments into Law 474 of 30 July 1994, as replaced by Art. 4(227) of Law 350 of 24 December 2003, the Italian Minister for the Economy and Finance, jointly with the Italian Minister for Productive Activities (now Minister for Economic Development), has the following special rights:

- a) “the right to oppose the acquisition, by parties subject to the shareholding limit, as referred to in Art. 3 of Decree-law 332 of 31 May 1994, converted with amendments into Law 474 of 30 July 1994, of material shareholdings, this being understood to mean shareholdings that – as laid down by Decree of the Italian Minister for the Treasury, Budget and Economic Planning of 8 November 1999 – represent at least 3% of the share capital composed of shares with voting rights at Ordinary Shareholders’ Meetings. The objection shall be raised within 10 days from notification, to be issued by the directors when entry in the shareholders’ register is requested, if the Minister considers that the operation could harm the vital interests of the State. During the period in which the right of opposition may be exercised, the voting right and any other rights not relating to equity pertaining to shares representing the material shareholding shall be suspended. If the right of opposition is exercised, in the form of a ruling duly justified by the actual harm caused by the operation to the vital interests of the State, the shareholder concerned may not exercise the voting rights or rights not relating to equity pertaining to the shares representing the material shareholding and shall transfer these shares within a period of one year. In case of non-compliance, the court, upon the request of the Italian Minister for the Economy and Finance, shall order the sale of the shares representing the material shareholding in accordance with the procedures set out in Art. 2359-ter of the Italian Civil Code. The ruling by which the right of opposition is exercised may be challenged by the shareholder concerned within 60 days before the Regional Administrative Court of Lazio”;
- b) “the right to oppose the signing of pacts or agreements as set out in Art. 122 of the Consolidated Law, Legislative Decree 58 of 24 February 1998, in the event that – as laid down by Decree of the Italian Minister of the Treasury, Budget and Economic Planning of 8 November 1999 – such pacts or agreements represent at least 3% of the share capital composed of shares with voting rights at Ordinary Shareholders’ Meetings. So that the right of opposition may be exercised,

CONSOB shall inform the Italian Minister for the Economy and Finance of any material agreements and contracts within the meaning of the present article of which it has been informed under said Art. 122 of the Consolidated Law, Legislative Decree 58/1998. The right of opposition must be exercised within 10 days from the date of notification by CONSOB. During the period in which the right of opposition may be exercised, the voting right and any other rights not relating to equity of shareholders who signed the agreement shall be suspended. If an opposition ruling is issued, duly justified in view of the actual harm caused by said agreements or contracts to the vital interests of the State, said agreements or contracts shall be invalidated. If the behaviour at meetings of syndicated shareholders suggests that the obligations assumed under the agreements or contracts referred to in Art. 122 of the Consolidated Law, as referred to in Legislative Decree 58/1998, still apply, resolutions adopted with the vote of the shareholders concerned may be challenged. The ruling exercising the right of opposition may be challenged within 60 days by shareholders who signed the agreements or contracts before the Regional Administrative Court of Lazio”;

- c) “the right of veto, duly justified in view of the actual harm caused to the vital interests of the State, resolutions to wind up the Company, transfer the business, proceed with mergers or demergers, relocate the Company’s registered office to a different country, change the corporate purpose or amend the Bylaws, where such resolutions abolish or alter the powers referred to in the present article. The ruling by which the right of veto is exercised may be challenged within 60 days by dissenting shareholders before the Regional Administrative Court of Lazio”;
- d) “the right to appoint a director without voting rights” (see letter “L” below).

E) EMPLOYEE SHAREHOLDINGS: VOTING MECHANISM.

No provision is made for any employee shareholding scheme.

F) VOTING RESTRICTIONS.

In accordance with the laws on privatisation (Law 474/1994), the Corporate Bylaws provide that voting rights relating to shares held above the maximum limit of 3% laid down by Art. 5.1-*bis* of the Bylaws may not be exercised.

Art. 5.1-*bis* also provides that “and 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 Art. 5.1-*ter* of the Bylaws and, specifically, the special powers described therein.

G) AGREEMENTS NOTIFIED TO THE COMPANY PURSUANT TO ART. 122 OF THE 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) CHANGE OF CONTROL CLAUSES

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. These agreements are listed below with an indication of the corresponding effects.

PARTIES	AGREEMENT	EFFECTS OF THE CHANGE OF CONTROL CLAUSE
FINMECCANICA	BANCO BILBAO VIZCAYA ARGENTARIA SA, BANCA INTESA SPA, BANCA NAZIONALE DEL LAVORO SPA, BNP PARIBAS SA, CALYON CORPORATE AND INVESTMENT BANK, CITIGROUP GLOBAL MARKETS LIMITED, HSBC BANK PLC, MCC SPA, SG CORPORATE AND INVESTMENT BANKING, THE ROYAL BANK OF SCOTLAND PLC AND UNICREDIT BANCA	LOAN AUTHORISATION AGREEMENT
		AFTER AN OPTIONAL 90-DAY REGISTRATION PERIOD, BANKS MAY REQUEST THE RESTITUTION OF THEIR STAKE.

	IMMOBILIARE SPA, UNICREDIT BANCA D'IMPRESA SPA		
FINMECCANICA	BANK N.V. ABD ING BANK NV, MILAN BRANCH	GUARANTEE AGREEMENT FOR ANSALDOBREDA.	AFTER AN OPTIONAL 90-DAY REGISTRATION PERIOD, THE BANKS MAY CANCEL THE AGREEMENT AND REQUEST A REFUND FOR GUARANTEES ISSUED.
FINMECCANICA / FINMECCANICA FINANCE SA	BAYERSICHE HYPO- UND VEREINSBANK AG – MILAN BRANCH, GOLDMAN SACHS INTERNATIONAL, INTESA SAN-PAOLO SPA, MEDIOBANCA – BANCA DI CREDITO FINANZIARIO SPA. (ARRANGERS) PLUS ANOTHER 36 BANKS UNDER THE POOL AGREEMENT	FINANCING AGREEMENT SIGNED AS PART OF THE ACQUISITION OF DRS AND THE RELATED POOL AGREEMENT	AFTER A 90-DAY REGISTRATION PERIOD, EACH BANK MAY REQUEST THE RESTITUTION OF AMOUNTS DISBURSED AND STILL TO BE REPAID
FINMECCANICA	BAE SYSTEM AND EADS	SHAREHOLDERS' AGREEMENT RELATING TO MBDA SAS, A COMPANY OPERATING IN THE MISSILE SYSTEMS SECTOR	IN CASE OF 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	LOAN AGREEMENT FOR ALENIA AERONAUTICA	EIB MAY REQUEST EARLY REIMBURSEMENT IF A PARTY OR GROUP OF PARTIES ACTING IN CONCERT, ACQUIRES CONTROL OF FINMECCANICA PURSUANT TO ART. 2359 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%), COMPANY OPERATING IN THE SATELLITE MANUFACTURING SECTOR	IN CASE OF A CHANGE IN 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 HOLDING SRL	IN CASE OF A CHANGE IN CONTROL OF FINMECCANICA TO A COMPETITOR OF

		(TPZH) (FINMECCANICA 67%), COMPANY OPERATING IN THE SATELLITE SERVICES SECTOR	THALES, THALES IS ENTITLED TO BUY FINMECCANICA'S SHARES IN TPZH AT A PRICE TO BE AGREED BY THE PARTIES
FINMECCANICA	THALES AND BENIGNI	SHAREHOLDERS' AGREEMENT RELATING TO ELETTRONICA SPA (FINMECCANICA 31.33%), 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.

PARTIES	AGREEMENT	EFFECTS OF THE CHANGE OF CONTROL CLAUSE
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SUBSIDIARY

AGUSTA SPA 100% FINMECCANICA THROUGH AGUSTAWESTLAND NV	GENERAL ELECTRIC COMPANY (THROUGH THE AVIATION BUSINESS UNIT, MA, USA – “GE”)	FRAMEWORK AGREEMENT RELATING TO THE SUPPLY OF HELICOPTER ENGINES	RENEGOTIATION OF AGREEMENTS IF CONTROL OF AGUSTA IS ACQUIRED BY A COMPETITOR OF GE; AGUSTA LIABLE FOR ANY BREACH OF CONFIDENTIALITY IN RELATION TO GE'S PROPRIETARY INFORMATION.
AGUSTA SPA 100% FINMECCANICA THROUGH AGUSTAWESTLAND NV	BELL HELICOPETR TEXTRON	LICENSE 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 AGUSTA TO A THIRD-PARTY HELICOPTER MANUFACTURER AND SELLER, EXCLUDING INTRA-GROUP TRANSFERS.
AGUSTA SPA 100% FINMECCANICA THROUGH AGUSTAWESTLAND NV	BOEING COMPANY DEFENCE & SPACE GROUP	AGREEMENT FOR THE REVISION AND SALE OF THE CH47C AND SPARE PARTS	EXPRESS CANCELLATION CLAUSE, EXCLUDING TRANSFER OF CONTROL WITHIN THE FINMECCANICA GROUP.
AGUSTA SPA AGUSTA US INC AGUSTAWESTLAND N.V. 100% FINMECCANICA THROUGH AGUSTAWESTLAND N.V.	BELL HELICOPTER TEXTRON INC	JV BELL/AGUSTA AEROSPACE COMPANY LLC FOR THE DEVELOPMENT OF THE TILTROTOR PROJECT, ALSO KNOW AS BA609	IN CASE OF DE FACTO OR DE JURE TRANSFER OF CONTROL TO A COMPETITOR OF BELL OR ANY THIRD PARTY, BELL MAY WIND UP THE LLC; IF BELL DECIDES TO NOT WIND UP THE LLC, IT MAY STIPULATE THAT CERTAIN RESEARCH PROJECTS AND CONFIDENTIAL INFORMATION/TECHNIQUES CANNOT BE TRANSFERRED TO THIRD PARTIES.
ALENIA AERONAUTICA	BOEING COMPANY	GENERAL TERMS	AUTHORISATION OF BOEING

100% FINMECCANICA		AGREEMENT CONCERNING ALENIA AERONAUTICA'S STAKE IN THE BOEING 787 PROGRAMME	REQUIRED IN THE CASE OF CHANGE OF CONTROL OF ALENIA AERONAUTICA. BOEING HAS THE RIGHT TO TERMINATE THE CONTRACT IN THE EVENT THIS CLAUSE IS VIOLATED.
ALENIA AERONAUTICA 100% FINMECCANICA	ABU DHABI UAV INVESTMENT LLC	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	TERMINATION OF THE AGREEMENT AT THE OPTION OF THE PARTY NOT SUBJECT TO A CHANGE IN CONTROL. TERMINATION 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 SELL ITS SHARES AT MARKET VALUE LESS 20%, OR THAT THE BREACHING PARTY PURCHASE THE SHARES OF THE NON-BREACHING PARTY AT MARKET VALUE PLUS 20%.
WORD'S WING SA 94.94% ALENIA AERONAUTICA ALENIA AERONAUTICA 100% FINMECCANICA	OAO SUKHOI COMPANY, OAO SUKHOI DESIGN BUREAU ZAO SUKHOI CIVIL AIRCRAFT	JOINT VENTURE AGREEMENT CONCERNING SUKHOI CIVIL AIRCRAFT, A RUSSIAN COMPANY THAT PRODUCES THE SUKHOI SUPERJET 100 REGIONAL AIRCRAFT	IN THE EVENT OF CHANGE OF CONTROL OF ALENIA AERONAUTICA, SUKHOI COMPANY HAS THE RIGHT TO EXERCISE A PURCHASE OPTION ON THE SHARES OF SUKHOI CIVIL AIRCRAFT COMPANY, HELD BY ALENIA AERONAUTICA THROUGH WORLD'S WING SA, AT 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 UNDER THE FUNDING PLAN, LESS 10%.
WING NED BV 100% ALENIA AERONAUTICA ALENIA AERONAUTICA 100% FINMECCANICA	SUKHOI COMPANY SUPERJET INTERNATIONAL SPA	JOINT VENTURE AGREEMENT CONCERNING USA SUPERJET INTERNATIONAL SPA, AN ITALIAN COMPANY THAT MARKETS REGIONAL JETS, INCLUDING THE SUKHOI SUPERJET 100	IN THE EVENT OF CHANGE OF CONTROL OF ALENIA AERONAUTICA, SUKHOI COMPANY HAS THE RIGHT TO EXERCISE A PURCHASE OPTION ON THE SHARES OF SUPERJET INTERNATIONAL, HELD BY 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 SHAREHOLDINGS IN SUPERJET INTERNATIONAL AND IN SUKHOI CIVIL AIRCRAFT COMPANY) PLUS THE TOTAL CONTRIBUTIONS PAID BY ALENIA AERONAUTICA UNDER THE FUNDING PLAN, LESS 10%.
ALENIA NORTH AMERICA INC 100% FINMECCANICA THROUGH ALENIA AERONAUTICA SPA	L3 COMMUNICATIONS INTEGRATED SYSTEMS L.P.	JOINT VENTURE AGREEMENT CONCERNING US COMPANY "GLOBAL MILITARY AIRCRAFT SYSTEMS" LLC, FOR UNDERTAKING ACTIVITY RELATION TO THE C27J AIRCRAFT	IF A STAKE EQUAL TO OR MORE THAN 50% OF THE STAKE OF THE LLC OR ASSETS ARE 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.
DOBREDA FINMECCANICA) AS A MEMBER OF THE TREVI CONSORTIUM ALONG WITH : TOM FERROVIARIA SPA MA TRASPORTI SPA BOMBARDIER TRANSPORTATION ITALIA SPA	TREVI CONSORTIUM, WHICH HAS A LOCOMOTIVE SUPPLY CONTRACT WITH TRENITALIA SPA	BYLAWS OF THE TREVI CONSORTIUM	THE BYLAWS OF THE TREVI CONSORTIUM STIPULATE THAT THE SHAREHOLDERS' MEETING CAN DECIDE TO EXCLUDE A MEMBER OF THE CONSORTIUM.
ANSALDO BREDA (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 MERGER OF ONE OF THE PARTIES WITH A COMPETITOR OR IN THE CASE OF THE TRANSFER OF THE ASSETS TO A COMPETITOR, THE PARTY NOT INVOLVED WILL BE ENTITLED TO TERMINATE THE CONTRACT WITHIN 6 MONTHS OF THE EVENT
ANSALDO ENERGIA SPA 100% FINMECCANICA	SIEMENS AKTIENGESELLSCHAFT	SUPPLY CONTRACT FOR TURBINE BLADES	EXPRESS CANCELLATION CLAUSE
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 GALILEO LTD	NORTHROP GRUMMAN	"MISSILE COUNTER MEASURE (INFRARED)"	TERMINATION OF THE CONTRACT OR

100% FINMECCANICA		CONTRACT	ALTERNATIVELY A REQUEST FOR ADDITIONAL PERFORMANCE GUARANTEES, AT THE DISCRETION OF THE PARTY NOT SUBJECT TO A CHANGE IN CONTROL.
SELEX SYSTEMS INTEGRATION LIMITED 100% FINMECCANICA THROUGH SELEX SISTEMI IN TEGRATI 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 100% THROUGH TELESPAZIO HOLDING SRL (FINMECCANICA 67%)	DLR DfR	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
TELESPAZIO SPA 100% THROUGH TELESPAZIO HOLDING SRL (FINMECCANICA 67%)	ITALIAN SPACE AGENCY (ASI)	SHAREHOLDERS' AGREEMENT RELATING TO E-GEOS SPA (TELESPAZIO SPA 80%, ASI 20%), A COMPANY OPERATING IN THE EARTH OBSERVATION SATELLITE FIELD	RIGHT OF ASI TO, AT ITS OPTION: - REPURCHASE THE PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS CONTRIBUTED BY ASI TO E-GEOS - SALE OF SHARES TO THE SHAREHOLDERS OF E-GEOS IN PROPORTION TO THE STAKES HELD IN THE COMPANY
DRS SYSTEMS MANAGEMENT LLC 100% FINMECCANICA THROUGH DRS TECHNOLOGIES INC	SUNBURST MANAGEMENT INC.	PARTNERSHIP AGREEMENT CONCERNING LAUREL TECHNOLOGIES, A COMPANY OPERATING IN THE CIRCUIT CARD AND CABLE ASSEMBLY SECTOR	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.
DRS C3 SYSTEMS LLC 100% FINMECCANICA THROUGH DRS TECHNOLOGIES INC	THALES NORTH AMERICA INC.	JOINT VENTURE AGREEMENT CONCERNING DRS SONAR SYSTEMS LLC, A COMPANY OPERATING IN THE SONAR SECTOR	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
DRS POWER & CONTROL TECHNOLOGIES INC 100% FINMECCANICA THROUGH DRS TECHNOLOGIES INC	ELLIOT COMPANY	JOINT VENTURE AGREEMENT CONCERNING CANOPY TECHNOLOGIES LLC, A COMPANY OPERATING IN THE MAGNET MACHINERY SECTOR	RIGHT OF THE PARTY NOT SUBJECT TO A CHANGE OF CONTROL TO PURCHASE THE STAKE OF THE OTHER PARTY AT A PRICE EQUAL TO THE SHAREHOLDERS' EQUITY.
DRS RADAR SYSTEMS LLC 100% FINMECCANICA THROUGH DRS TECHNOLOGIES	THALES NEDERLAND BV THALES USA DEFENCE & SECURITY, INC	TECHNOLOGY TRANSFER AND LICENCE AGREEMENT	RIGHT TO TERMINATE THE CONTRACT
DRS TECHNOLOGIES INC AND IS SUBSIDIARIES 100% FINMECCANICA	FINMECCANICA SPA	LOAN AGREEMENT	IN CASE OF CHANGE OF CONTROL OF DRS TECHNOLOGIES, ACCELERATED REPAYMENT OF THE LOAN TO FINMECCANICA
DRS DEFENCE SOLUTION LLC (100% DRS TECHNOLOGIES)	DRS TECHNOLOGIES INC	LOAN AGREEMENT	IN CASE OF CHANGE OF CONTROL OF DRS DEFENCE SOLUTION, ACCELERATED REPAYMENT OF THE LOAN TO DRS TECHNOLOGIES

I) COMPENSATION FOR DIRECTORS IN CASE OF DISMISSAL OR REDUNDANCY WITHOUT JUST CAUSE OR TERMINATION OF EMPLOYMENT FOLLOWING A TAKEOVER BID.

No compensation is proposed for directors in the case of termination following a takeover bid.

As to the Chairman and Chief Executive Officer, Pier Francesco Guarguaglini, in the event his mandate is terminated early for any reason (except for voluntary resignation), he will be paid a scaled severance indemnity, equal to, respectively, 36, 24 and 12 twelfths of his annual compensation based on whether the termination occurs during the first, second or third year of his mandate.

For this purpose, annual compensation consists of a fixed portion (paid pursuant to Art. 2389 of the Italian Civil Code) and a variable portion comprised of the MBO and the incentive plans, taking as reference, for the measurement of the variable portion, the average of the compensation effectively received or accrued for the last two years.

In addition, in the event of early termination of his position on the Board for reasons other than voluntary resignation without cause, the Chairman and Chief Executive Officer will

receive an amount equal to 60% of the fixed component of his gross compensation that he had the right to receive at the end of the first and the second year of his mandate and had not yet received at the date of early termination of the relationship.

L) LAWS GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE BYLAWS.

APPOINTMENT OF DIRECTORS

- The directors are appointed as provided by Art. 18.4 of the Company's Bylaws: "Directors shall be appointed by Shareholders' Meetings based on lists submitted by shareholders and by the retiring Board of Directors in which the candidates are numbered consecutively.

If the retiring Board of Directors submits its own list, this must be deposited at the registered office and published in at least three Italian national daily newspapers, two of which must be financial, at least 20 days prior to the date set for the first calling of the meeting.

The lists submitted by shareholders must be deposited at the registered office and published in the same manner as above at least 10 days prior to the date set for the first calling of the meeting.

Each shareholder may submit or take part in the submission of only one list and each candidate may appear on only one list, failing which he or she shall be disqualified.

Only those shareholders who, either alone or together with other shareholders, represent at least 1% of the shares with voting rights at Ordinary Shareholders' Meetings shall be entitled to submit lists, or such lesser number as might be provided by legal or regulatory provisions, where applicable.

In order to prove possession of the number of shares necessary for the submission of lists, shareholders must submit and/or send to the registered office, at least five days prior to the date scheduled for the first calling of the meeting, a copy of the documentation proving that they are eligible to take part in the meeting.

At least two directors must satisfy the independence criteria as laid down for statutory auditors by law. Candidates on the lists who satisfy the independence criteria must be expressly indicated.

All candidates must also satisfy the requirements for good repute laid down by the applicable legislation.

Declarations must be deposited with each list, within the aforesaid time limit, in which each candidate accepts his or her candidacy and attests, under his or her own responsibility, that there are no reasons for ineligibility and that the requirements laid down by the applicable legislation for the office in question have been met, including satisfying the independence criteria, as required by these Bylaws.

Directors nominated shall immediately inform the Company if they no longer satisfy the aforesaid independence criteria and requirements for good repute and if any reasons for ineligibility have arisen.

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

Directors shall be elected as follows:

- a) two thirds of the directors to be elected shall be taken from the list that receives the most votes from shareholders, according to the order in which they appear on the list, rounded down to the nearest whole number where necessary;
- b) the remaining directors shall be taken from the other lists; for this purpose, the votes received by the lists shall be divided once, twice, three times and so on, according to the numbering of the directors to be elected. The ratios thus obtained shall be assigned in consecutive order to the candidates on each list, based on the order shown in the list. The ratios thus allocated to the candidates on the various lists shall be arranged in decreasing order in a single list. Those candidates who have obtained the highest ratios shall be elected.

If several candidates obtain the same ratio, the director shall be chosen from the list which has not yet elected a director or which has elected the fewest directors.

If none of these lists has elected a director, or if all of them have elected the same number of directors, the candidate on the list with the highest number of votes shall be elected. In case of a tied vote, where the same ratios are obtained, the entire meeting shall hold another vote and the candidate that receives the simple majority of votes shall be elected.

- c) if, following the application of the aforesaid procedure, the minimum number of independent directors required by the Bylaws has not been appointed, the ratio of votes to be allocated to each candidate on the various lists will be calculated according to the method described in subparagraph b); candidates not yet elected from the lists pursuant to subparagraphs a) and b) and who satisfy the independence criteria and who have obtained the highest ratios shall be elected. They shall be sufficient in number to ensure compliance with the Bylaws and shall

replace non-independent directors who have been allocated the lowest ratios. If there are insufficient candidates to fulfil the required minimum of two independent directors, the Meeting shall adopt a resolution based on the statutory majority to replace those candidates who do not satisfy the independence criteria and who have obtained the lowest ratios”.

Article 18.5 of the Bylaws also provides that “for directors not appointed in accordance with the aforesaid procedure for any reason, the meeting shall adopt a resolution based on the statutory majority. If during the financial year one or more directors should be absent, the procedure laid down by Art. 2386 of the Italian Civil Code shall be adopted, without prejudice to the powers of appointment referred to in Art. 5.1-*ter*(d). To replace directors who have left office, the meeting shall adopt resolutions based on the statutory majority by selecting replacements from the same list as that to which the departed directors belonged, provided that candidates not previously elected remain on this list. The Board of Directors shall proceed with the replacement pursuant to Art. 2386 of the Italian Civil Code by selecting replacements based on the same criteria as set out in the preceding subparagraph at the next suitable meeting after the withdrawal from office is announced”.

Art. 5.1-*ter* of the Bylaws provides, pursuant to Art. 2(1) of Decree-law 332 of 31 May 1994, converted with amendments into Law 474 of 30 July 1994, as replaced by Art. 4(227) of Law 350 of 24 December 2003, that the Minister for the Economy and Finance, jointly with the Italian Minister for Productive Activities (now the Minister for Economic Development), has the special right to appoint a director without a voting right (see subsection D.1 of section D above). Should the director thus appointed leave office, the Minister for the Economy and Finance, jointly with the Minister for Economic Development, shall appoint a replacement.

AMENDMENTS TO THE BYLAWS

Amendments to the Bylaws are ratified by the shareholders' meeting in accordance with the law.

However, 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, appointed in accordance with Art. 5.1-*ter*, letter d) of the Bylaws.

Finally, as illustrated in subsection D.1 of section D, the Minister for the Economy and Finance, jointly with the Minister for Productive Activities (now the Minister for Economic Development), has a veto over the adoption of amendments to the Bylaws that revoke or modify the powers referred to in Art. 5.1-*ter* of the Bylaws or that alter the object of the company.

M) AUTHORISATION FOR CAPITAL INCREASES AND AUTHORISATION TO PURCHASE OWN SHARES

Directors have no authority to increase the share capital under Art. 2443 of the Italian Civil Code, nor do they have the power to issue equity instruments.

It should be reported that the Finmeccanica Shareholders' Meeting of 16 January 2008 ratified the share buy-back programme proposed by the Board of Directors on 21 November 2007 for up to approximately 8% of the Company's share capital (a maximum of 34 million common shares), distributed as follows:

- approximately 2.6% for stock incentive plans (a maximum of 11.1 million common shares, 7.5 million of which are intended to be assigned over the next few years), subject to the withdrawal of any unused purchase authorisations and the availability of treasury shares allocated to service the plans, and without prejudice to existing resolutions of Shareholders' Meetings concerning the ratification of these stock incentive plans;
- approximately 5.4% (22.9 million common shares) to create maximum shareholder value.

The programme provides that the shares purchased will remain available to be used to service the stock incentive plans and as part of industrial projects or extraordinary financial operations. The Shareholders' Meeting determined that the share-buy back programmes were to be implemented within 18 months, that is by 16 July 2009, and in accordance with standard market practice for this kind of operation, taking into account the Company's performance. The programme was to be financed primarily using cash flow from operations generated by the Group.

Shares to service the programme were to have been purchased, at suitable intervals, at a maximum and minimum unit price equivalent to the reference price on the Italian Electronic Stock Exchange (MTA) on the day before the purchase (plus or minus 5% for the maximum and minimum price respectively), either on the market or by buying and selling derivatives traded on regulated markets.

In 2009, and by 16 July 2009, as authorised by the Shareholders' Meeting, the Board purchased an additional 1,348,000 treasury shares to add to the 447,209 shares already held to service existing stock incentive plans. The Board limited its action to purchasing these shares as the conditions for a broader buy-back programme were not met.

During this 18-month period, Finmeccanica purchased a total of 2,573,000 shares (equal to roughly 0.4450% of the share capital), all of which will go to service the existing stock incentive plans.

As of the date of this report, Finmeccanica holds 1,144,077 treasury shares, equivalent to 0.198% of the share capital.

SECTION 2: CORPORATE GOVERNANCE AND IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

3. COMPLIANCE

At its 17 October 2006 Meeting, Finmeccanica's Board of Directors resolved to bring the Company's corporate governance model into compliance with the standards and application principles found in the new Corporate Governance Code for Listed Companies (March 2006). The model, which was in any event already substantially in line with the recommendations of the previous Code, adopted the changes introduced by the new Code, incorporating them into the document entitled "**RULES OF PROCEDURE OF THE BOARD OF DIRECTORS – ROLE, ORGANISATION AND OPERATING PROCEDURES**" (the "**Rules of Procedure**"). The text of the Rules of Procedure may be consulted on the Company's website (Investor Relations/Corporate Documents section).

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

4. DIRECTION AND COORDINATION

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

5. BOARD OF DIRECTORS

5.1. APPOINTMENT AND COMPOSITION

The Company's administrative body is a board of directors comprised of 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.

Article 18.4 of the Bylaws calls for the appointment of Directors via the submission of lists of candidates, as described in Section 2(L) above.

In addition to the elected Directors, there is to be one Director without voting rights appointed (in accordance with Arts. 5.1-*ter* and 18.1 of the Bylaws) by the Ministry for the Economy and Finance, together with the Ministry for Economic Development (formerly the Ministry for Productive Activities), pursuant to Law 474 of 30 July 1994 (as amended by Law 350 of 24 December 2003).

The Bylaws (Article 5.1) also expressly define the rights and obligations of this ministry-appointed Director, i.e. the same rights granted to the other Directors by law and by the Bylaws, with the exception of the right to be granted proxy or other particular positions, including on a replacement or interim basis, and this Director may not act as chairman of the Board of Directors or as a Company representative for legal purposes.

The Bylaws – which continue to govern this specific issue as a result of the provisions of privatisation legislation (Law 474/1994) – state that the list of candidates presented by shareholders, together with related supporting documentation, must be deposited at the Company's registered office at least ten days prior to the date set for the first call of the Shareholders' Meeting and must be published in at least three Italian nationally distributed newspapers, two of which must be financial periodicals.

In compliance with the recommendation in the Corporate Governance Code, however, the Board of Directors expressly suggests that Shareholders deposit lists at least fifteen days prior to the day of the Shareholders' Meeting that is to elect candidates to the Board.

Moreover, when Shareholders' Meetings are called, the Shareholders are expressly requested to deposit résumés with exhaustive personal and professional information on each candidate (specifying whether he satisfies the requirements to qualify as independent) when they deposit the lists, so that up-to-date information can be published on the Company's website in good time.

The Shareholders' Meeting of 6 June 2008 set the number of the members of the new Board of Directors at 11. They will serve until the approval of the financial statements for the 2010 financial year.

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

The shareholders have also appointed Pier Francesco Guarguaglini as Chairman of the Board of Directors, and the Board, in its first meeting, appointed Chairman Guarguaglini to be the Company's Chief Executive Officer, granting him powers that are in line with those granted during the previous term.

The **Board of Directors** serving at 31 December 2009 is, therefore, composed as follows:

PIER FRANCESCO GUARGUAGLINI (1) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PIERGIORGIO ALBERTI (2)

ANDREA BOLTHO VON HOHENBACH (2)

FRANCO BONFERRONI (1)

GIOVANNI CASTELLANETA

MAURIZIO DE TILLA (2)

DARIO GALLI (1)

RICHARD GRECO (2)

FRANCESCO PARLATO (1)

NICOLA SQUILLACE (1)

RICCARDO VARALDO (1)

GUIDO VENTURONI (1)

(1) Directors appointed from the **majority list** submitted by the Ministry for the Economy and Finance, which holds 33.71% of the share capital.

(2) Directors appointed from the **minority list** submitted by Mediobanca SpA, which holds 1.002% of the share capital.

The summary table annexed to this Report shows the structure of the Board of Directors and its committees, specifying the members serving at 31 December 2009.

No changes in the composition of the Board of Directors have taken place since the end of the 2009 financial year.

A brief professional résumé of each member of the present Board of Directors follows.

PIER FRANCESCO GUARGUAGLINI – CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Chairman Guarguaglini was born in Castagneto Carducci (Livorno) on 25 February 1937. He has been the Chairman and Chief Executive Officer of Finmeccanica since 24 April 2002, having been re-appointed by the Shareholders' Meetings three times, on 16 May 2003, 12 July 2005 and 6 June 2008. He received a degree in electronic engineering from the University of Pisa and a Ph.D. in electrical engineering from the University of Pennsylvania. Mr. Guarguaglini is a Lecturer at the University of Rome, a member of the General Council and Executive Committee of Confindustria; a member of the General Council and Executive Committee of Assonime; Honorary Chairman of A.I.A.D. (Italian Industries Federation for Aerospace, Defence and Security); a member of the Board of Directors of the Council for the United States and Italy; a member of the Committee for the Italian Fulbright Commission;

and a member of the Advisory Board of LUISS Business School. He has held a number of positions, including General Manager and later Chief Executive Officer of Officine Galileo (1984-1994), Chief Executive Officer of Oto Melara and Breda Meccanica Bresciana (1994-1996), Head of Finmeccanica's Defence Business Sector (1996-1999), Chairman of the Board of Directors of Alenia Marconi Systems (1998-2000) and Chief Executive Officer of Fincantieri Cantieri Navali Italiani (1999-2002).

PIERGIORGIO ALBERTI – DIRECTOR

Mr. Alberti was born in Sanremo on 28 March 1943. He has been a Director of Finmeccanica since 12 July 2005 and his term of office was renewed by the Shareholders' Meeting of 6 June 2008. He is a Lecturer in Administrative Law at the University of Genoa and has authored a number of monographs and articles in Italian and foreign technical journals. He has been admitted to the bar of Italy's Supreme Court through the Senior Council of Magistrates. He is an auditor of account and is currently a director of Banca Carige SpA, Parmalat SpA, Galliera Hospital in Genoa and the Ansaldo Foundation. Mr. Alberti has served as a director of Locat SpA, Mediocredito Ligure, Sina SpA, AISCAT (Association of Italian Highway and Tunnel Concession-holders), as well as Vice-Chairman of Autostrada dei Fiori SpA, Autostrada Ligure Toscana SpA and Finligure SpA. He has also been a member of the Technical and Scientific Committee set up by the government for the application of Section V of the Constitution. He is a member of various associations (including IISA – the Italian Institute of Administrative Sciences, AIDU – the Italian Association of Town Planning Law, and AIPDA – the Italian Association of Lecturers in Administrative Law). He is joint editor of *Economia e Diritto del Terziario*.

ANDREA BOLTHO VON HOHENBACH – DIRECTOR

Professor von Hohenbach was born in Berlin on 13 October 1939. He was a Fellow and Tutor in Economics at Magdalen College of Oxford University (1977-2007), subsequently becoming an Emeritus Fellow. He has received degrees from the London School of Economics, the University of Paris and Oxford University. In 1966 he began a professional collaboration with the Economics and Statistics Department of the OECD. He has been a visiting professor at the Collège d'Europe at Bruges, the Universities of Paris, Venice, Turin, Siena as well as at the University of Rome "Tor Vergata". He also taught at the Bologna Center of Johns Hopkins University and the International University of Japan. Prof. von Hohenbach has served as a consultant to the World Bank and has collaborated with some

prominent international groups such as the ABB, Arthur Andersen, Ericsson, FIAT, Generali, IBM, KPGM, Pirelli and Siemens. He has authored numerous publications on economics.

FRANCO BONFERRONI – DIRECTOR

Senator Bonferroni was born in Reggio Emilia on 10 October 1938. He has been a director of Finmeccanica since 12 July 2005 and was re-elected on 6 June 2008. He is a chartered accountant and statutory auditor of accounts. He was a Member of Parliament in the Chamber of Deputies (1979-1992) and the Senate (1992-1994). A freelance practitioner since 1976, he was a member of the Council of the Chamber of Commerce of Reggio Emilia (1966-1974), of which he was later Chairman (1974-1979). He has served as director of a number of companies, including Autostrada del Brennero SpA (1966-1974), Fidenza Vetraria SpA and Montedil SpA (Montedison Group) (1977-1979), Centro Banca SpA (2007-2008), Aedes SpA (2009). Sen. Bonferroni currently sits of the boards of Alerion CleanPower SpA and Cassa di Risparmio di Bra and Cassa di Risparmio di Savigliano. From 1975 to 1989 he was the Chairman of IFOA (training and consulting centre of the chambers of commerce) and from 1989 to 1992 he held the position of Deputy Secretary of the Ministry for Industry and Commerce and of the Ministry for Foreign Trade.

GIOVANNI CASTELLANETA – DIRECTOR¹

Ambassador Castellaneta was born in Gravina di Puglia (Bari) on 11 September 1942. He received a law degree from the University of Rome “La Sapienza” and embarked upon a diplomatic career in 1967. He has held numerous posts both in Italy and abroad. He has been, *inter alia*, Secretary-General with the Ministry for Foreign Affairs, the Press and Cultural Attaché in Paris, the Deputy Permanent Representative for Geneva-based international organisations, Head of the Press and Information Service at the Ministry for Foreign Affairs and Ambassador to Iran and Australia. He has held the post of Diplomatic Advisor to the Italian Prime Minister and has acted as the Prime Minister’s Personal Representative for G7/G8 summits. He currently serves as Chairman of SACE.

MAURIZIO DE TILLA – DIRECTOR

Mr. De Tilla was born in Naples on 6 April 1941. He has been a director of Finmeccanica since 25 October 2000 and has been re-appointed three times (16 May 2003, 12 July 2005 and 6 June 2008). He is a civil law attorney admitted to practice before Italy’s Supreme Court and

¹ Director without voting rights pursuant to Art. 5.1-*ter*, letter d), of Bylaws.

has served as Chairman of the Cassa Nazionale di Previdenza e Assistenza Forense (national pension and welfare fund for the legal profession). He is chairman of the Organismo Unitario dell'Avvocatura (advocacy organisation for the legal profession), the Associazione degli Enti Previdenziali Privati (advocacy group for private pension funds), the Istituto Italiano di Cultura Forense (Italian legal culture institute) and Eurelpro (European Association of Retirement Associations). He has also chaired the Council of the Association of Solicitors of Naples (1993-1994) and is a former Chairman of the European Court of Arbitration for Southern Italy and current Chairman of the Naples Interdisciplinary Consultancy Board and Board of Arbiters of the Italy-USA Association of Solicitors. He has served as Chairman of Lextel and is a director of Alleanza Assicurazioni. He is a member of the General Council of Assicurazioni Generali. Mr. De Tilla contributes to a number of legal publications and newspapers and is the author of numerous publications (including *Trattato di Diritto Immobiliare*). He is the co-editor of *Immobili e Diritto* (published by *Il Sole 24 Ore*). As a journalist, he is a member of the Council of Journalists of Campania.

DARIO GALLI – DIRECTOR

Born in Tradate (VA) on 25.06.1957. He has a degree in Mechanical Plant Engineering at Politecnico of Milan, since April 2008 he is Provincial President of Varese. He has been Member of Parliament at the Chamber of Deputies (1997-2006) and Senator (2006-2008); between 1993 and 2002 he was Mayor of Tradate. 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, Milan. He is currently mechanical contractor. Furthermore, he has been professor at postgraduate course of the Chamber of Commerce of Varese.

RICHARD GRECO – DIRECTOR

Mr. Greco was born in New York on 5 March 1969. He has a degree in chemistry from Fordham University and earned an MBA in finance from the University of Chicago and a Masters degree in American Foreign Policy from Johns Hopkins University. He is the founder and Chairman of the Filangieri Advisory Corp, as well as a director of Mediware Information Systems, Boliven LLC and Performance Metals, Inc. He was an associate of The Scowcroft Group (Washington, DC, 1996-1997) and practiced corporate finance at Stern Stewart & Co (1997-2002). In 2002, he was appointed by the President of the United States as a White House Fellow and was assigned to the Office of the Secretary of Defence as a special

assistant. He served as Assistant Secretary of the Navy as chief financial officer. Mr. Greco has authored numerous articles on finance, education and foreign policy and was elected a lifetime member of the Council on Foreign Relations.

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. 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 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

NICOLA SQUILLACE – DIRECTOR

Mr. Squillace was born in Crotone on 6 August 1964. He holds a law degree from the University of Rome “La Sapienza” and is admitted to practice before the bar of Milan. He currently practices at the Libonati – Jaeger Law Firm in Milan in the areas of corporate finance and acquisitions. He previously worked for the law firms of Schlesinger – Lombardi and Brosio, Casati and Associates. He has been a director of Unicredit Banca per la Casa SpA, as well as a director and member of the executive committee of Milano Assicurazioni SpA. He is currently a director of Mediocredito Italiano (formerly Banca Intesa Mediocredito). Mr. Squillace has authored numerous articles on corporate and financial law and has also worked with the Corporate Law Department of the University of Milan.

RICCARDO VARALDO – DIRECTOR

Professor Varaldo was born in Savona on 17 June 1935. He has been a director of Finmeccanica since 12 July 2005 and was re-appointed on June 2008. He holds an economics degree from the University of Pisa and has been a professor of Business and Corporate Management since 1972. In 1987 he became a member of the staff of Scuola Superiore Sant'Anna for university and postgraduate studies. He is currently chairman of that

organisation, after previously acting as Rector from 1993 to 2004. He is an honorary professor of Chongqing University, China. He has been a member of the board of the Japan Business Group since 2004, as well as the Scientific Committee of the Lucchini Foundation and the Unioncamere Think Tank. Prof. Varaldo is currently a director of Piaggio SpA (since 2006) and a member of the Supervisory Board of Intesa San Paolo SpA (since 30 April 2008). He has also been a director of Cassa di Risparmio di Firenze (until March 2008), Targetti Sankey (until April 2006), Oto Melara (2003-2005), Alleanza Assicurazioni, Gruppo Generali (1990-1993) and Nuovo Pignone (1989-1992). He is a member of the Society of Italian Economists and the Italian Academy of Corporate Economics. He has served in numerous capacities in government ministries and public bodies and currently sits on the committee of the Ministry for Education and Research that selects research programmes. He has authored a number of monographs and articles in Italian and foreign publications. He recently published several occasional papers with A. Di Minin for Finmeccanica's series entitled "The new entrepreneurial capitalism of research in Italy".

GUIDO VENTURONI –DIRECTOR

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. 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).

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 both of the number and type of the positions that they hold in the governing and control bodies other companies listed on regulated markets (including foreign markets), of finance, banking or insurance companies or of other major companies.

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 not be higher than five (5) positions in companies listed on regulated markets, including foreign markets (Art. 2 of the Rules of Procedures of the Board of Directors Regulations). The Board deems that 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. The members of the present Board of Directors comply with the aforesaid restrictions.

The Board of Directors, however, feels that given the current laws, the Shareholders' Meeting should, in appointing directors, consider whether to impose limitations, in the manner it deems fit, on the number of positions that a Director can hold.

Each year, the Board reviews and provides in observations in the Corporate Governance Report on the positions the Company's Directors hold as directors or auditors of other companies listed on regulated markets (including foreign markets), or in finance, banking or insurance companies or major companies.

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

- **PIERGIORGIO ALBERTI:**
Director of Parmalat SpA

Director of Banca Carige SpA
- **ANDREA BOLTHO VON HOHENBACH**
Director of Oxford Economics Limited
- **FRANCO BONFERRONI:**
Director of Alerion Cleanpower SpA

Director of Cassa di Risparmio di Brà SpA

Director of Cassa di Risparmio di Savigliano

– **GIOVANNI CASTELLANETA:**

Chairman of SACE SpA

– **MAURIZIO DE TILLA:**

Director of Alleanza Assicurazioni SpA²

– **RICHARD GRECO**

Director of Mediware Information Systems, Boliven LLC

– **RICCARDO VARALDO:**

Director of Piaggio SpA

Member of the Supervisory Body of IntesaSanPaolo SpA

5.2. ROLE OF THE BOARD OF DIRECTORS

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 for the Bylaws.

The Board of Directors are solely responsible (obviously in addition to those matters provided by Art. 2381 of the Italian Civil Code), for the following matters, including with regard to the provisions of Art. 22.3 of the Bylaws:

1. proposals for the voluntary winding-up of the Company;
2. approving mergers or demergers involving the Company;
3. proposals to amend any clause in the Bylaws or the adoption of new Bylaws;
4. the Issuer's notice concerning takeover or share-exchange bids pursuant to Art. 39 of Resolution no. 11971 of 14 May 1999;
5. setting corporate strategy and organisation guidelines (including plans, programmes and budgets);

² Position held until October 2009

6. key strategic agreements, going beyond normal operations, with Italian or foreign operators in the sector or other companies or groups;
7. capital increases, incorporation, transformation, listing, mergers, demergers, winding up or the execution of shareholders' agreements with regard to direct subsidiaries;
8. designation of new Directors with powers, or of directors, statutory auditors or independent auditors in direct subsidiaries;
9. the purchase, exchange or sale of real estate and leases with a duration of more than nine years;
10. medium- and long-term credit and debt financial transactions for amounts in excess of €mil. 25 per transaction;
11. issuance of guarantees for amounts in excess of €mil. 50 per transaction;
12. 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;
13. the acquisition of equity investments, also by exercising option rights;
14. 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;
15. 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;
16. moving research and development work related to defence outside Italy;
17. 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;
18. 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 14, 15, 16 and 17).

Also falling within the sphere of responsibilities of the Board is the execution of acts and agreements for amounts in excess of €mil. 150 per transaction (the power vested in the

Chairman and Chief Executive Officer for this purpose, in fact, is limited to amounts not exceeding €mil. 150 per transaction).

Resolutions on matters for which the Board of Directors is solely responsible under the Bylaws (Article 22.3), which are, in any event, included in the above list, 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).

With regard to the resolutions previously adopted regarding matters reserved to the Board, the Board of Directors approved a specific document entitled “**GUIDELINES AND CRITERIA FOR IDENTIFY SIGNIFICANT TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES**” which can be found on the Company’s website (Investor Relations/Corporate Governance section).

Significant transactions, which are included among those for which the Board of Directors has sole responsibility, are identified by using both quantitative and qualitative criteria in light of the type of activity performed by Finmeccanica.

No special level of materiality is assigned to transactions with related parties, as it was thought that the criteria adopted to identify transactions for which the Board of Directors has sole responsibility already provides sufficient safeguards.

Under Art. 20 of the Bylaws, the Board of Directors meets whenever the Chairman deems it necessary, or at the written request of the majority of its members or of the Board of Statutory Auditors.

The Rules of Procedure state that executives of the Company or other persons who are believed to be able to provide a deeper understanding of the items on the agenda may attend Board meetings at the invitation of the Chairman.

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 calendar for the following year’s Board meetings is usually set in December. The schedule for 2010 calls for 11 meetings, of which 3 have already been held.

In 2009, the Board met 10 times for an average of 2 hours per meeting.

The following are the Directors' attendance records for the meetings that took place during the 2009 financial year:

PIER FRANCESCO GUARGUAGLINI	10 out of 10 meetings
PIERGIORGIO ALBERTI	10 out of 10 meetings
ANDREA BOLTHO VON HOHENBACH	10 out of 10 meetings
FRANCO BONFERRONI	10 out of 10 meetings
GIOVANNI CASTELLANETA	10 out of 10 meetings
MAURIZIO DE TILLA	10 out of 10 meetings
DARIO GALLI	10 out of 10 meetings
RICHARD GRECO	9 out of 10 meetings
FRANCESCO PARLATO	9 out of 10 meetings
NICOLA SQUILLACE	10 out of 10 meetings
RICCARDO VARALDO	10 out of 10 meetings
GUIDO VENTURONI	10 out of 10 meetings

All absences were excused.

As envisaged in the aforementioned Rules of Procedure, the Board of Directors:

- a. (examines and approves the Company's strategic, industrial and financial plans and those of the Group that it leads, its corporate governance system and the Group structure;
- b. evaluates the adequacy of the general organisational, administrative and accounting structure of the Company and of its key subsidiaries as established by the Chairman and Chief Executive Officer, paying particular attention each year to the adequacy, efficacy and effective functioning of the internal audit system and of the system for managing conflicts of interests;
- c. grants and revokes powers delegated to the Chairman and Chief Executive Officer, except for those reserved solely to the Board under Art. 2381 of the Italian Civil Code, as well as Art. 22.3 of the Bylaws, establishing the limitations on and manner of exercising these powers and determining the frequency with which the Chairman and Chief Executive Officer must report to the Board on the actions that have been taken pursuant to the delegation;

- d. decides the remuneration and conditions of service of the Chairman and Chief Executive Officer through the Remuneration Committee, which has been specifically delegated to do so, and those of the other Directors holding special positions, including membership in the Committees formed by the Board of Directors, in consultation with the Board of Statutory Auditors and in accordance with Art. 2389(2) of the Italian Civil Code;
- e. assesses general performance, particularly taking into account the information received from the delegated bodies, and periodically comparing the results attained with those envisaged;
- f. examines and approves the transactions of the Company and of its subsidiaries in advance 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, paying particular attention to situations in which one or more Directors have interests of their own or on behalf of third parties, and, more generally, to transactions with related parties;
- g. at least once a year, appraises the size, composition and functioning of the Board itself and of its Committees.

With the help of the Internal Audit Committee, the Board of Directors lays down guidelines for the internal audit system so that the main risks involving the Company and its subsidiaries are correctly identified and also satisfactorily measured, managed and monitored, also defining criteria for the compatibility of these risks with the sound and correct management of the enterprise.

Every year the Board, on the basis of reports from the Chairman of the Internal Audit Committee, appraises the adequacy, efficacy and effective functioning of the organisation, administrative and accounting structure of the Company and of its key subsidiaries.

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 Electronics and Security, Aeronautics, Space, Defence Systems, Energy and Transportation - having regard to all the activities these companies perform either directly or through other subsidiaries.

The Board of Directors deems that the control structure adopted by Finmeccanica is able to protect the Company from the risks typical of the activities that it carries out and to guard against them effectively, and is also able to monitor them in order to protect the Company and the Group's income statement, balance sheet and cash flow statement.

The Board has delegated the question of its administrative dealings with the Chairman and Chief Executive Officer to the Remuneration Committee, which takes the appropriate decisions in consultation with the Board of Statutory Auditors, keeping the Board fully informed.

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.

As called for in the Corporate Governance Code and its own Rules of Procedure, the Board of Directors conducts annual assessments of the size, composition and functioning of the Board itself and of its committees, and may express opinions concerning the professional qualifications sought in Board members.

In the early part of 2010, this (self-)evaluation was repeated for the fifth consecutive time and was done, for 2009, with the help of an independent expert selected and hired by the Board and who does not have other responsibilities within the Group.

The process focused on giving the Board and its members room to reflect and on stimulating discussion of the actions that were taken during the year – with the help of Board's Secretary and the coordination of the Lead Independent Director – in order to follow up on the previous (self-)evaluation regarding the need for the members of the Board to better understand the diverse complexities of the various Finmeccanica businesses and the further improvement that can be made in a number of areas of the function of the Board.

The process calls for both structured interviews and open discussions, both individually with each Director, with the Chairman of the Board of Statutory Auditors and with the Secretary of the Board of Directors and then, during the year, with the entire Board and with the Independent Directors alone.

As mentioned, the latest (self-)evaluation concerned the degree to which the Board follows the practices outlined in the Rules of Procedure and in the Corporate Governance Code, as well as the best practices seen in the marketplace.

This (self-)evaluation confirmed both the size and the composition of the Board, both in terms of the scope of competencies – including particular excellence in business judgement, finance and economics, and effective decision-making – and for the high number of independent directors, both foreign and Italian.

The Board also confirmed its positive assessment of the dual role as both Chairman and Chief Executive Officer played by Pier Francesco Guarguaglini, in consideration of his credibility, reputation and performance as perceived in the international marketplace. Given this dual role, the Board also continues to support the solution of introducing the Lead Independent Director.

The functioning of the Board, which also features the much appreciated involvement of the Directors, General Manager and Co-General Manager, has once again been assessed positively, as well, with the underlying processes and conduct of the Board being seen as among the most significant in Italian corporate governance, while expressing widespread satisfaction with the performance of the Board, of management, and of the Group as a whole. The functioning of the Internal Audit and Remunerations Committees was similarly appreciated.

As concerns the functioning of the committees, the process of improving the growing information exchange with the Board during the year is also seen positively.

As mentioned, the Board placed the greatest emphasis of this fifth (self-)evaluation on discussing and evaluating the actions taken in response to the previous assessment.

The actions taken engaged the Board for at least as much time as for the meetings of the Board and included: the presentation of the structure and functioning of Group governance; the assessment of Finmeccanica's internal audit system and meetings held to enhance knowledge of the Group's main businesses; the strategic scenarios possible in the various business segments; and meetings with the management of the subsidiaries that hosted meetings of the Board.

A number of changes were also made in order to improve the speed and quality of information provided to the Board, not only in terms of the issues presented, but also so as to enhance the Directors' knowledge of the Group.

This set of actions taken over the last year has been evaluated very positively by the Board, both in terms of the benefits provided, despite the high cost of the time everyone spent, and for the ability to pursue new opportunities to increase knowledge and understanding of the Group's complexities. In particular, the Board feels that these efforts have increased both its ability to understand, discuss and better assess strategic complexities and its ability to approve and monitor plans, budgets and main transactions of the Group as proposed by management, as well as its involvement as a member of the team of Finmeccanica's senior management.

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/her appointment.

5.3 DELEGATED BODIES

The Chairman and Chief Executive Officer, who is the Company's authorised representative and signatory in accordance with the law and the Bylaws, has been delegated the following responsibilities:

- directing and running the Company, its offices and representations, resolving and performing all the acts falling within the sphere of the Company's day-to-day management;
- identifying the Company and the Group's strategy and the alliances, acquisitions and disposals policy to submit to the Board of Directors, entering into the necessary contacts with subsidiaries, associates and companies in which it holds an investment;
- executing Board of Directors' resolutions, performing the acts, including the acts of extraordinary management, authorised by the Board.

The Chairman and Chief Executive Officer have 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 agreements relating to each individual transaction.

The concentration of the positions of Chairman and Chief Executive Officer in a single person answers the need to provide strong leadership, so that the complex relations with international partners are managed in the best possible way. This approach also has the agreement of the majority Shareholder and is supported by a wide range of other Shareholders.

The Chairman and Chief Executive Officer is in any case assisted by a management structure that focuses on specific business areas with a high degree of professionalism, coordinated at corporate level by the General Manager, Co-General Manager and the Central Manager for External Relations, who, with the Chairman and Chief Executive Officer, make up the MANAGEMENT COMMITTEE.

The Chairman of the Board of Directors 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.

In this respect, the specific rules governing the procedures involved in the functioning of these meetings, set out in the Rules of Procedure of the Board of Directors, specify 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 methods of conducting the meetings.

Specifically, each Director and Statutory Auditor will be sent supporting documentation containing the primary information needed to understand and assess the issues on the agenda on the same day as the meeting is called, where possible, or in any case at least 3 days prior to the date set for the Board meeting (except in urgent cases).

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 Chairman and Chief Executive Officer is also expected to provide the Board of Directors with full information regarding the main activities he has performed in the exercise of his delegated powers and regarding any atypical or unusual transactions or transactions with related parties for which the Board of Directors does not have sole responsibility. In this respect, Section 13 below should be referred to for the specific principles of conduct involved, especially as regards transactions with related parties.

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.

5.4. OTHER EXECUTIVE DIRECTORS

The Board of Directors is exclusively composed of NON-EXECUTIVE DIRECTORS (namely Directors without delegated operational and/or functional powers in the Company), except for the Chairman and Chief Executive Officer.

The different Company departments have arranged for sessions at which specific themes are discussed in detail in order to provide the Directors and Statutory Auditors with better knowledge of the Company, of the Group and of corporate affairs. This measure was adopted at the initiative of the Chairman and Chief Executive Officer and in consultation with the Lead Independent Director.

In addition to this, during each financial year some Board meetings are held in Group companies, also selected in consultation with the Lead Independent Director, to give the Directors the opportunity to become acquainted with these other companies' programmes, management and activities.

5.5. 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 re-assessed annually in the course of preparing the Corporate Governance Report. In assessing independence, the Board considers the information given by the individuals concerned regarding circumstances relevant to the assessment, as envisaged in the Board's Rules of Procedure.

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.

After the assessment involving the 10 active non-executive directors appointed by the shareholders (and therefore excluding Amb. Castellaneta, the director without voting rights designated by Ministry Decree in accordance with Article 5.1-*ter*(d) of the Bylaws), the Board confirmed that the independence requirements were satisfied in the cases of all of the Directors, with the sole exception of Francesco Parlato, by virtue of his working relationship with the Ministry for the Economy and Finance, which has a shareholding of about 30.20% in the Company's share capital.

With regard to the position of Mr. de Tilla, a Director of the Company since 25 October 2000 and, therefore, for a period of more than nine years (a situation theoretically given by the Corporate Governance Code – although not in mandatory manner – as a potential cause of “non-independence”), given the profession performed and the roles held by Mr. de Tilla, the Board of Directors has decided that this period of service has in no way altered his independence or the objectivity of his views and that, conversely, it has given him a wealth of knowledge and the ability to understand and assess the challenges and any critical issues faced by the Company and by the Group.

Therefore, and given the ability – granted by the Corporate Governance Code – to make such determinations based more on substance than on form, the Board has determined that Mr. de Tilla continues to meet the requirements of an independent director.

Also on this occasion, the Board of Statutory Auditors verified that the criteria and procedures had been correctly applied by the Board of Directors.

Upon depositing the lists of candidates for positions as Directors, the candidates themselves also declared that they satisfied the independence requirements prescribed by law (Art. 148(3) of the Consolidated Law on Financial Intermediation).

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” Finmeccanica are shareholders holding 10%, even indirectly, of its equity and, in any event, the Ministry of the Economy and Finance and the Ministry for Economic Development, inasmuch as they have the “special powers” envisaged in the Bylaws.
- 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 (€th. 60), the maximum amount allowed for any professional assignments, which, in any event, must first be authorised by the Board.

- Additionally, 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 of 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 2009, 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 or the non-independent director.

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. These topics were then discussed in the meetings of the Board or on other occasions, such as during visits to the various Group companies.

As mentioned above, the independent directors also contributed to defining the programme for improving the functioning of the Board, which, as specified, was prepared based on the final observations of the (self-)evaluation process.

Also in 2009, the independent directors continued to receive information on specific topics from the various departments of the Company. These topics included the organisation and functioning of the corporate governance of the subsidiaries, the functioning of the internal audit system, the organisation and functioning of legal and corporate affairs, and the management of human resources throughout the Group.

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

5.6. LEAD INDEPENDENT DIRECTOR

On 26 June 2008, the Board of Directors, with the Chairman and Chief Executive Officer abstaining in accordance with the Rules of Procedure of the Board, appointed Adm. Guido Venturoni as Lead Independent Director. His task is to lead and coordinate the requests and contributions of the non-executive board members, specifically:

- assisting the Chairman and Chief Executive Officer in ensuring that Directors receive full and prompt information;
- convening, 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;
- facilitating the process of the assessment of the members of the Board;
- working with the Chairman and Chief Executive Officer in drawing up the annual calendar of Board meetings;
- informing the Chairman and Chief Executive Officer of any matters to be submitted to the Board for scrutiny and appraisal.

The Lead Independent Director serves throughout the term of office of the Board of Directors, that is, until the Shareholders' Meeting held to approve the 2010 financial statements.

The Lead Independent Director meets with the Chairman and Chief Executive Officer 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.

Apart from deciding the contents of the independent Directors' meetings referred to above, and chairing them, the Lead Independent Director worked with the Chairman and Chief Executive Officer in defining the measures to take in order to give Directors and Statutory Auditors a better knowledge of the Company, the Group and their performance.

6. HANDLING OF CORPORATE INFORMATION

Particular care has been taken within the Company concerning the management and handling of confidential information and the methods whereby it was transmitted externally, with special regard to inside information.

For some time now, specific internal procedures have been adopted 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 addressed to Company executives and employees, Directors, Auditors and external advisors regarding relations with the media and, more generally, the handling of inside and confidential information.

This directive was also distributed to the subsidiaries of Finmeccanica, which must also abide by and implement its provisions.

The Company's Public Relations Department is responsible for the management of the process of announcing corporate information to the outside world.

Within the framework of the procedures for the management and announcement of corporate information and in accordance with the Internal Dealing Regulations, at its meeting on 28 March 2006 the Board of Directors resolved to adopt a CODE OF CONDUCT FOR INTERNAL DEALING, to replace the previous Code of Ethics. The new Code, which complies with the implementation regulations issued by CONSOB in adopting the provisions of the European

Directive on Market Abuse, may be consulted on the Company's website (Internal Dealing area, accessible through the Investor Relations/Corporate Governance section).

The Code of Conduct for Internal Dealing, which became effective on 1 April 2006, regulates the flows of information on any transactions relating to shares issued by Finmeccanica and other "related financial instruments" as described by CONSOB, that may have been executed, even through a third party, by "Key Persons" of the Company and parties "closely related" to them.

For the purposes of the Code, the notion of 'Key Persons' includes the Directors, Auditors and General Manager and all persons acting as Co-General Managers. The disclosure requirements laid down in the Code also extend to transactions carried out by "Parties closely related to Key Persons", as defined by CONSOB.

The Code sets a value threshold for transactions entered into on or after 1 April 2006 that have to be disclosed: under the new rules, only transactions with a total value of less than €th. 5 are exempt 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 four 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.

The Company also promptly publishes the information transmitted on its website, in the Internal Dealing area, which is accessible through the Investor Relations/Corporate Governance section.

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

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.

7. BOARD OF DIRECTORS' INTERNAL COMMITTEES

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 Internal Audit Committee and the Remuneration Committee, whose functions, work and composition are described in detail below.

The Board also formed the Strategy Committee, which met twice in 2009 and two times so far in 2010, with all committee members present at each meeting.

The Committee is made up of the following members:

STRATEGY COMMITTEE

PIER FRANCESCO GUARGUAGLINI – Chairman.	2 out of 2 meetings
ANDREA BOLTHO VON HOHENBACH	2 out of 2 meetings
GIOVANNI CASTELLANETA	2 out of 2 meetings
DARIO GALLI	2 out of 2 meetings
RICHARD GRECO	2 out of 2 meetings
FRANCESCO PARLATO	2 out of 2 meetings
NICOLA SQUILLACE	2 out of 2 meetings
GUIDO VENTURONI	2 out of 2 meetings

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 these meetings the Committee examined the structure and trends in the defence electronics and security market and the related positioning of the Finmeccanica Group, as well as the role played by the Mediterranean and the Middle East in the Group's internationalisation process.

In January 2007, in order to gain the full support of experts and others in the international aerospace and defence industry so as to aid the Board of Directors and senior management in

defining and assessing strategy for the industry, the Board approved the creation of the **SENIOR DEFENCE ADVISORY COMMITTEE (SDAC)**, which is comprised of Prof. Christian de Boissieu (France), Sir Brian Burrige (UK), Adm. Gregory G. Johnson (USA), Sir Kevin Tebbit (UK), Gen. Peter Pace (USA), and board member Adm. Guido Venturoni (Chairman).

The chairman of the SDAC reports periodically on the committee’s activities and on the main observations and recommendations arising from committee meetings.

In 2009, the SDAC met with the members of the Board of Directors and Board of Statutory Auditors in order to present their observations regarding trends in the global aerospace and defence industry and the international political and economic landscape.

8. APPOINTMENTS COMMITTEE

The Board of Directors has taken the decision not to form a Board committee to propose candidates for positions as Directors or to exercise its right to present its own list of candidates as to date it has not found that the Shareholders have any difficulty in submitting lists of candidates on the basis of the list voting mechanism.

With regard to the methods and procedures for the appointment of Directors, please refer to the Section 5.1 above, as well as the information on the shareholder structure covered in Section 2 of this Report.

9. REMUNERATION COMMITTEE

The Remuneration Committee met 6 times in 2009 and once in 2010; it is composed of the following persons:

<u>MEMBERS OF THE REMUNERATION COMMITTEE</u>	ATTENDANCE
RICCARDO VARALDO – Chairman	6 out of 6 meetings
PIERGIORGIO ALBERTI	5 out of 6 meetings
FRANCO BONFERRONI	6 out of 6 meetings

DARIO GALLI

6 out of 6 meetings

FRANCESCO PARLATO

5 out of 6 meetings

The duties of this Committee, composed of 5 non-executive Directors, 4 of whom are independent, are:

- determining the compensation and conditions of service of the Chairman and Chief Executive Officer, in consultation with the Board of Statutory Auditors where required by Article 2389 of the Italian Civil Code, based on the terms of his employment contract with the Company;
- assessing the proposals of the Chairman and Chief Executive Officer of the Company in relation to the general criteria for remuneration and incentives and considering the plans and mechanisms in place for developing the management skills of the Group's key employees and the executive Directors of Group companies;
- assisting the Company's top management in deciding on the best policies for the handling of the Group's management employees;
- assessing top management proposals for the introduction of and changes to share-based incentive or stock option plans for Directors and executives of the Company and Group companies for submission to the Board of Directors;
- performing the functions for which it is responsible in relation to the management of the long-term incentive plan as prescribed in the appropriate Regulations.

The Committee's work is subject to specific RULES OF PROCEDURE, the text of which may be consulted on the Company's website (Investor Relations section in the Corporate Documents area).

Since it was 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.

More specifically, in 2009 the Committee:

- examined the 2009 Human Resources Plan prepared by the Company's Human Resources Unit and provided their observations and recommendations regarding the planned actions;
- assessed, in regard to management incentive systems, the impact of the increase in Finmeccanica capital (completed in November 2008) and the acquisition of DRS Technologies Inc and adapted the related performance targets. As concerns the Performance Share Plan (PSP) 2008- 2010, and taking account of the dilution effect of the value of the shares granted, the Committee also adjusted the number shares granted to each plan participant, in accordance with the related clauses of the Plan Regulations;
- with regard to the short-term and medium/long-term incentives plan for Group management, and in line with performance for 2008, saw to the settlement of amounts payable to the Chairman and Chief Executive Officer. Regarding the PSP 2008-2010 , the Committee authorized the delivery of the Company's shares to Plan participants, which also includes the Chairman and Chief Executive Officer;
- expressed favour, regarding the existing short-term and medium/long-term incentives plans, with granting the incentives of the 2009 MBO and of the 2009-2011 incentive plan to Group management and set the related performance targets, expressly approving those granted to the Chairman and Chief Executive Officer.

The Committee also examined the Group's human resources management and development policies, particularly in regard to the key positions and the succession plans, and assessed the status of labour relations and relations with the trade unions.

Finally, the Committee examined the guidelines for preparing the 2010 Human Resources Plan, focusing on managing integration of the recently acquired companies, on the internationalisation of the workforce, and on evaluating and promoting management in order

to face the generational change within the new framework of international growth and consolidation.

In carrying out its activities, the Committee has the support of the appropriate units within the Company, particularly the Human Resources Unit, as well as of external consultants. As a result, beyond this option to make use of external consultants, it has not been necessary to prepare a specific budget for the Committee's activities.

Committee meetings are duly minuted.

The Co-General Manager, the Director of Human Resources and the Chairman of the Board of Statutory Auditors are always asked to attend Remuneration Committee meetings.

10. DIRECTORS' REMUNERATION

The Board of Directors formed a special Remuneration Committee, as described in Section 9 above. This Committee is responsible, *inter alia*, for determining the salary and conditions of service of the Chairman and Chief Executive Officer of the Company, in consultation with the Board of Statutory Auditors, where required by Art. 2389 of the Italian Civil Code, based on the terms of his employment contract with the Company. The Committee makes timely reports of its determinations to the Board.

Like all the Group's key employees, the Chairman and Chief Executive Officer receives two kinds of variable payments in addition to his base salary, including the pay resolved by the Shareholders' Meeting:

1. an annual MBO and additional payments (Long-Term Incentive Plan) in respect of the three-year rolling incentive plans, all of which are linked to quantitative targets related to the Group's achieving certain performance and financial results as laid down with the approval of the Remuneration Committee;
2. the free allocation of shares, as provided for in the stock-based Long-Term Incentive Plan and approved by the Shareholders' Meeting, also linked to the attainment of Group

performance and financial results as laid down with the approval of the Remuneration Committee.

These forms of variable remuneration are also paid to key executives in the Company and the Group.

As has already been pointed out, no other Director has executive duties in the Company or the Group. Non-executive Directors' remuneration is set by the Shareholders' Meeting, and is therefore not linked to the Company's results.

Furthermore, non-executive Directors are not beneficiaries of share-based incentive plans.

In consultation with the Board of Statutory Auditors, the Board of Directors has set a special fixed annual payment of €th. 2.5 for attendance at Internal Committee meetings, together with an attendance fee of €th. 2 per meeting. The Chairman of the Internal Audit Committee and the Chairman of the Remuneration Committee also receive an additional sum of €th. 5 per year.

The independent Director that acts as Chairman of the Supervisory Body is paid a special additional sum of €th. 7.5 per year in addition to an attendance fee of €th. 2 per meeting.

Adm. Guido Venturoni, who also acts as the Chairman of the Senior Defence Advisory Committee (SDAC), is paid a special fixed sum of €th. 5 per year in addition to an attendance fee of €th. 2 per meeting.

In compliance with disclosure obligations for listed issuers, it should be noted that Finmeccanica prepares a detailed report each year on the remuneration paid for any reason and in any form, including sums paid by subsidiaries, to individual Directors and Auditors, to the General Manager and to key executives.

A table showing this information may be consulted in the notes to the financial statements.

11. INTERNAL AUDIT COMMITTEE

An Internal Audit Committee has been established within the Board of Directors. During 2009, this Committee met 8 times, and from January 2010 to today, the committee has met twice.

The Committee was composed as follows during 2009:

INTERNAL AUDIT COMMITTEE

ATTENDANCE

PIERGIORGIO ALBERTI – Chairman	8 out of 8 meetings
FRANCO BONFERRONI	8 out of 8 meetings
MAURIZIO DE TILLA	7 out of 8 meetings
NICOLA SQUILLACE	6 out of 8 meetings

The Committee is comprised of 4 non-executive directors, all of whom are “independent”. The composition of the Committee is also in line with the recommendation, found in the Corporate Governance Code, that there be at least one member with adequate experience in accounting and finance.

The work of the Internal Audit Committee is governed by specific Rules of Procedure approved by the Board of Directors, the text of which has been revised in light of the changes made to the Corporate Governance Code and the introduction of the new position of Officer in charge of preparing the Company’s accounting documents .

The Rules of Procedure may be found on the Company’s website (Investor Relations/Corporate Documents section).

The Board of Statutory Auditors and the Internal Audit Manager are constantly involved in the Committee’s work, and the Chairman and Chief Executive Officer may also take part. If appropriate, depending on the items on the agenda, Company and Group executives and employees may also be asked to attend meetings of this Committee as well as third parties who are not members.

The Committee advises and puts forward proposals to the Board of Directors within the course of its work.

The Committee is, in particular, responsible for verifying the functioning and adequacy of the internal audit system and observance of internal procedures, so as to ensure both the sound, effective management of various risks and their prevention as far as is possible.

The following are mentioned from among the Committee’s specific duties:

- a) assist the Board of Directors in setting the policies for the internal audit system, including the financial reporting process, and in assessing the adequacy, efficacy and actual functioning of the system at least once per year;
- b) together with the Officer in charge of preparing the Company's accounting documents and the independent auditing firm, assess the adequacy and uniformity of the accounting principles adopted in preparing consolidated financial statements;
- c) express opinions, at the request of the Executive director in charge of the internal audit system, on specific issues pertaining to the identification of the main business risks and the design, creation and management of the internal audit system;
- d) examine the working plan drawn up by the Internal Audit Manager and his periodic reports;
- e) consider the proposals made by the auditing firm in applying for appointment and the working plan drawn up for the audit, and the results set out in the report and in the letter of recommendations, if any;
- f) supervise the efficacy of the accounts audit process;
- g) report on the work done and on the adequacy of the internal audit system to the Board of Directors at least every six months during the meetings held to approve the annual and half-year financial statements;
- h) perform any additional duties assigned to it by the Board of Directors.

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 Internal Audit Manager and both internal employees and outside professionals, provided they are contractually bound to protect confidentiality and to abide by the Company's ethical principles.

In carrying out its work the Committee also makes use of the appropriate Company structures, from which it receives the necessary information. 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 2009 and from January 2010 to the date of publication of this report, the Internal Audit Committee has discussed the following issues and consequently conducted periodic audits of

the adequacy and functioning of the internal audit system and the Company's underlying organisation.

Specifically, during this period, the committee:

- continued the process of verifying the level of implementation of Finmeccanica SpA directives by the subsidiaries;
- examined the report of the Audit Unit on the activities carried out in 2009, as well as all of the audit reports issued during the year;
- examined Finmeccanica SpA's procedures for managing civil and administrative disputes;
- assessed the adequacy of the organisation and the administrative and accounting functions of Finmeccanica SpA;
- analysed Finmeccanica's system of training and development as a support to business and to Group governance;
- examined the results of the group-wide audit of the Finmeccanica Group regarding the investment-approval process;
- assessed the governance of ongoing services provided by Finmeccanica SpA to the various subsidiaries;
- discussed the issue of obligations of Italian publicly listed companies that have controlling interests in companies based in non-EU countries (Art. 36 of CONSOB's Market Regulations);
- analysed the content and related implications of Auditing Standard no. 2, as approved by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian board of accountants);
- examined the content and results of the assessment of Finmeccanica SpA financial risk management.

With the help of the Audit Unit, the Committee carried out activities that enabled the Board of Directors to assess the adequacy of the organisation and administration and accounting functions of the Company and of its subsidiaries of strategic importance.

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.

The Committee was also periodically updated on the activities related to compliance with Law 262/05.

Finally, on the basis of reports from the Internal Audit Manager and 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

12. INTERNAL AUDIT SYSTEM

The Board of Directors, with the support of the Internal Audit Committee, and also by means of the work of the executive Director responsible, defines the guidelines for the internal audit system so that the main risks relating to the Company and its subsidiaries can be correctly identified and properly measured, managed and monitored. It also determines the criteria for assessing whether these risks are compatible with the sound management of the Company.

The Internal Audit Committee Rules of Procedure adopt the internal audit principles laid down in the Corporate Governance Code, taken as the combination of rules, procedures and organisational structures whose purpose is, by means of an appropriate process of identification, measurement, management and monitoring of the main risks, to allow the enterprise to be managed on a sound and proper basis, consistent with the targets that it sets itself.

The following persons play a role in the operation and in the assessment of the effectiveness of Finmeccanica's internal audit system:

- Board of Directors;
- Executive director in charge of the internal audit system;
- Internal Audit Committee;
- Internal Audit Manager;
- Administrative body to which powers have been delegated pursuant to Law 262/05;
- Officer in charge of preparing the Company's accounting documents pursuant to Law 262/05;
- Supervisory body formed pursuant to Legislative Decree 231 of 8 June 2001;
- Board of Statutory Auditors.

After this assessment, the Internal Audit Committee informed the Board of Directors of the special meetings that had taken place with the subsidiaries for the purpose of examining the functioning of their respective internal audit systems. Meetings were held under the aegis of the Committee at which the procedures adopted by the subsidiaries were examined in detail together with the management of the subsidiaries concerned in order to verify that they are complete and respond to the need for the correct management of corporate activities and processes and that they conform to the Group's guidelines, after preparatory work had been done in the form of appropriate research and investigation on the part of the Internal Audit Manager.

With regard to the work performed as reported by the Chairman of the Internal Audit Committee, the Board of Directors assessed the effectiveness of the organisational, administrative and accounting structure of the Company and its main subsidiaries, determining that the control structure adopted by Finmeccanica SpA is capable of effectively protecting against and preventing the risks associated with its primary businesses as well as monitoring them to protect the Company's and the Group's financial position and performance.

12.1. RISK MANAGEMENT SYSTEM AND INTERNAL CONTROLS 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. This system is designed to ensure that the administrative and accounting procedures adopted are applied appropriately and that they guarantee, with a reasonable degree of certainty, the reliability, accuracy and timeliness of the financial information reported, in accordance with related accounting standards.

The ICFR system 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).

The responsibilities for establishing and maintaining the ICFR system 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 Chairman and Chief Executive Officer.

- ***Officer in Charge of Preparing the Company's accounting documents***

In accordance with Article 154-*bis* of the Consolidated Law on Financial Intermediation, the Company's incoming Board of Directors appointed Alessandro Pansa, Co-General Manager 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 Bylaws, 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 section (a) above; 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 Bylaws, 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, Alessandro Pansa has been formally vested, in addition to the powers already conferred on him as Co-General Manager, with all the powers necessary for the correct performance of the duties for which he is responsible by law.

For this purpose, Mr. Pansa has the express right to have access to and request all information that he considers relevant both within the Company itself and within its subsidiaries and associates; the right to avail himself, in the performance of the work assigned to him, of the services of other Company and Group departments/units and their respective staff; the right to urge the adoption of corporate procedures or directives, also by Group companies, that are helpful or necessary for the correct reporting of the Company and the Group's income, statement, balance sheet and cash flow statement.

Finally, the Company has taken further steps to implement activities with the purpose of ensuring compliance with the relative legislation by defining in greater detail the administrative and accounting procedures for the preparation of the statutory and consolidated financial statements and of the interim reports.

- ***Financial reporting managers***

Within the main companies³ of the Group, the boards of directors 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 by defining, within each company, the administrative and accounting procedures needed to ensure the appropriateness and reliability of annual and interim consolidated financial reporting information.

As such, the FRMs have the following responsibilities:

³ The parameters have been established based on the specifications provided in Auditing Standard no. 2 of the Public Company Accounting Oversight Board (PCAOB). This includes both quantitative (effects on the consolidated financial statements) and qualitative aspects.

- ensuring that the administrative and accounting procedures underlying the financial reporting process are suited to achieving the control objectives defined by the Group Parent and are in line with the actual operations of the company concerned;
- defining and implementing any plans for improvement.

- *Audit Unit*

Finmeccanica has entrusted the Audit Unit with responsibility for “independently” assessing the functioning of the internal controls over financial reporting.

Based on indications provided by the Officer in charge of preparing the Company’s accounting documents, the Audit Unit 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 Audit Unit is assisted by the internal auditing departments of the various Group companies, which work to ensure the actual application of existing procedures.

The heads of the various internal auditing departments share the results of the tests and any actions for improvement defined with the FRMs, so as to define the appropriate action plans in a timely manner.

The overall results of these tests are submitted to the Audit Unit, which then 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 abbreviated half-year financial statements, and the consolidated financial statements.

12.1.1 CURRENT RISK MANAGEMENT AND INTERNAL CONTROLS AS RELATED TO THE PROCESS OF FINANCIAL REPORTING

The administrative and accounting procedures entail an analysis of the risk of errors, intentional or otherwise, in financial reporting processes.

As such, when defining the ICFR system, a risk assessment was conducted in order to identify and evaluate the areas of risk in which events could arise to compromise the reliability of the financial information reported.

Based on this risk assessment, the components of the ICFR system were analysed by way of:

- a summary analysis of each individual company, with a specific focus on controls related to the reliability of financial information;
- an analysis of each operating process related to significant financial statement items by way of a matrix correlating the identified risks in the processes and their related controls.

The ICFR system features the following general stages for the main companies of the Group:

- risk identification and assessment;
- assessment of the adequacy of related controls;
- testing the functioning of the system of controls;
- monitoring and improving the system of controls.

Risk identification and assessment

Risks are identified by considering the likelihood that an event will occur and its potential impact on the financial statement items, without taking account of the existence or functioning of controls aimed at eliminating the risk or reducing it to acceptable levels.

Assessment of the adequacy of related controls

Based on the risk assessment, specific controls are identified, which fall under two main categories:

- entity-level controls which, as controls that apply to the entire organisation (Group/company), are structural elements of the ICFR system;
- process-level controls.⁴

Entity-level controls include controls that characterise the entire company, such as: assigning responsibilities, powers and tasks; general controls of information systems; segregating incompatible tasks; etc.

⁴ The parameters have been established based on the specifications provided in Auditing Standard no. 2 of the Public Company Accounting Oversight Board (PCAOB). This includes both quantitative (significance in relation to the consolidated financial statements) and qualitative aspects.

At the process level, more specific controls have been defined, such as: verifications of recognition and measurement based on supporting documentation; issuing proper authorisations; preparing reconciliations; verifying consistency.

Process-level controls (numbering some 3,200) may be classified as either manual (2,400) or automatic (800) and as “preventive” or “after-the-fact”, depending on their specific characteristics.

Testing the functioning of the system of controls

In order to verify and ensure the functioning of the ICFR system, specific monitoring activities have been defined for both the process owners and for parties outside the process itself (internal auditing department).

Monitoring and improving the system of controls

In order to properly monitor the ICFR system, the design of the system itself is systematically assessed, in addition to being evaluated when significant events occur.

The functioning of the controls defined by administrative and accounting procedures is tested twice each year.

The Officer in charge of preparing the Company’s accounting documents, together with the Chairman and Chief Executive Officer, provides the certifications required by Article 154-*bis*(5) of the Consolidated Law on Financial Intermediation.

12.2. EXECUTIVE DIRECTOR IN CHARGE OF THE INTERNAL AUDIT SYSTEM

The Chairman and Chief Executive Officer, Pier Francesco Guarguaglini, was chosen to oversee the internal audit system. His role is to follow the policies set by the Board in designing, implementing and managing the internal audit system.

Chairman Guarguaglini, with the support of the Internal Audit Committee and the Internal Audit Manager:

- ensured that the main corporate risks (strategic, operational, financial and compliance) were identified 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;
- supervised the planning, creation and management of the internal audit system, constantly verifying its overall adequacy, efficacy and efficiency;
- saw that the system was adjusted in response to changes in operational conditions and the legislative and regulatory framework.

The Board of Directors appointed Giuseppe Bargiacchi, the director of the Audit Department, as the Internal Audit Manager. His compensation is consistent with the corporate policies applicable to such as position.

12.3. INTERNAL AUDIT MANAGER

By resolution dated 15 May 2002, the Board appointed Giuseppe Bargiacchi as Internal Audit Manager, responsible for verifying that the Internal Audit System remains suitable for the task and is operating to the full extent. Mr. Bargiacchi also holds the position of director of the Audit Department.

The Internal Audit Manager, who reports to the Chairman and Chief Executive Officer, is not accountable to the managers of the operational areas, including the administration and finance area, has direct access to all the information he needs in order to perform his duties and periodically reports on his work to the Internal Audit Committee, the Board of Statutory Auditors and to the Executive Director in charge of the internal audit system.

In 2009, 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 Supervisory Body pursuant to Legislative Decree 231/2001, including updating the Company's Organisational, Management and Control Model.

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

The Internal Audit Manager reported to the Internal Audit Committee on the work done by the main Group companies with regard to Legislative Decree 231/2001. The Manager stated 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 Supervisory Body by their respective Boards of Directors. In connection with this, the companies (and Finmeccanica SpA) are engaged in reviewing their Organisational, Management and Control Models as a result of the recent changes in 2009 to the text of Legislative Decree 231/2001.

The Internal Audit Manager has financial resources included in the Audit Department budget in order to carry out his duties. This Department's activities have not been outsourced.

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

With the entry into force of Legislative Decree 231/2001 as amended, which introduces specific corporate liability for certain types of criminal offences, the Company has adopted appropriate measures to prevent it from incurring any criminal liability in accordance with the provisions of this law. Special supervisory systems have been put in place aimed at preventing the offences contemplated by this Decree, which could potentially be committed by directors, auditors, management, employees or any other party having contractual/financial/commercial relations with Finmeccanica SpA.

To that end, the Finmeccanica Board of Directors, in its meeting of 25 June 2009, approved the new Organisational, Management and Control Model as per Legislative Decree 231/2001 (the "Model"), which includes the legislative changes regarding workplace safety (Law 123/2007), money laundering (Legislative Decree 231/2007), and computer crime (Law 48/2008), which the Company adopted, by resolution of the Board, on 12 November 2003 and subsequently updated on 26 July 2007. At the same time, the Board of Directors approved the

new bylaws for the Supervisory Body and took note of the changes to the content of the rules of this body.

The Model is based on the guidelines issued by Confindustria (updated in 2008).

The prevailing Model, which is also a point of reference for other Group companies in the preparation of their own protocols, is composed of:

- a “general section”, essentially dealing with:

1) the Supervisory 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 Model within and outside the Company;

3) the disciplinary measures applicable in the event of failure to comply with the requirements in the Model;

- a “special section A”, which covers offences against public authorities, listing areas of the Company potentially at risk from these types of crime, establishing the rules of conduct for individuals working in these areas and defining monitoring procedures;

- a “special section B”, which covers corporate crimes, structured as per section A above;

- a “special section C”, which covers violations of occupational health and safety laws;

- a “special section D”, which covers crimes of receiving, laundering or using illegal monies or goods;

- a “special section E”, which covers computer crimes and illicit data processing.

The following annexes are integral parts of Finmeccanica SpA’s Model:

- The Code of Ethics;
- The Finmeccanica SpA. organisational structure;
- The system of power delegation;
- The report file for meetings with members and/or representatives of government bodies;
- The list of “Key Persons” in accordance with the Code of Conduct for Internal Dealing;
- The legislative framework;
- The clause that the Company includes in commercial, financial and consulting contracts;

- The list of nations with favourable tax regimes in accordance with Italian ministerial decrees of 21 November 2001 and 23 January 2002.

This Model can be found on the Company's website, in the Investor Relations/Corporate Governance section. In addition, it should be noted that all the Italian subsidiaries have adopted similar Models of Organisation, Management and Control pursuant to Legislative Decree 231/2001, which can also be consulted on their respective web sites, and that the companies have appointed related Supervisory Bodies.

In 2009, the process of revising the Model of the Italian subsidiaries, regarding the organisational and legislative changes introduced as of 2008, was nearly completed.

With regard to the legislative framework, it should be noted that, following the Finmeccanica Board of Directors Resolution of 25 June 2009, additional types of criminal offences for which the entity concerned may be answerable were introduced, by virtue of the following articles affecting Legislative Decree 231/2001:

- Art. 24-ter, regarding organised crime;
- Art. 25-bis(1), regarding commercial and industrial crime;
- Art. 25-novies, regarding copyright infringement;
- Art. 25-novies, regarding the solicitation not to testify or to provide false testimony to legal authorities;

and Art. 25-bis was also amended, extending the existing crimes (i.e. the counterfeiting of money, credit cards or other means of payment) to the falsification of identification devices or markings.

Therefore, in regard to these changes in legislation, Finmeccanica SpA. has begun a new process of analysing the potential risk and consequent revision of the Model. The following processes have begun:

- updating the corporate risk map in light of the new criminal offences introduced into Legislative Decree 231/2001 and identifying the related control points;
- identifying those responsible for the activities at risk;

- relating the different types of criminal offence to the possible methods of implementation.

These activities, which have also begun within the Group companies concerned, should be completed by the end of 2010 with the approval of the new Model by the Company's Board of Directors, unless further changes are made to applicable legislation.

Finmeccanica SpA's Supervisory Body is composed of an independent, non-executive director acting as Chairman, Mr. Maurizio de Tilla, and the current heads of the Audits and Legal & Corporate Affairs Units. The Board of Directors has decided that the supervisory bodies of the first-level subsidiaries should be composed in the same way; in cases where there is no independent director, a member of the board of statutory auditors has been appointed as chairman of the supervisory body. In some companies, in view of the complexity of the Company's business and its organisation, consideration has been given to the consequent implications with regard to Legislative Decree 231/2001, and the Board of Directors has provided for the inclusion of an outside professional as the fourth member of the supervisory body.

The duties and functioning of this body are governed by specific bylaws approved by the Finmeccanica Board of Directors on 15 December 2005 and updated on 25 June 2009. The main changes from the previous version concern the broader duties assigned to the body in monitoring the validity and efficacy of the Model. At the same time, the Board of Directors took note of the new rules for the Supervisory Body. A similar procedure was followed by the subsidiaries' boards of directors.

12.5 INDEPENDENT AUDITORS

On 23 May 2006 the Shareholders' Meeting appointed PricewaterhouseCoopers SpA to audit the accounts during the period 2006 to 2011.

The firm's appointment, therefore, will terminate at the time of the approval of the financial statements for 2011.

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

1. auditing of the individual financial statements of Finmeccanica pursuant to Arts. 155 et seq. of the Consolidated Law on Financial Intermediation, prepared in accordance with IAS/IFRS;
2. auditing of the consolidated financial statements of the Finmeccanica Group pursuant to Arts. 155 et seq. of the Consolidated Law on Financial Intermediation, prepared in accordance with IAS/IFRS;
3. verifying, during the financial period, that the accounts are properly kept in accordance with Arts. 155 et seq. of the Consolidated Law on Financial Intermediation;
4. limited review of the interim consolidated financial statements pursuant to CONSOB Resolution no. 10867 of 31 July 1997, prepared in accordance with IAS/IFRS;
5. an audit of the Company's reporting package, prepared on the basis of the IAS/IFRS adopted by the Finmeccanica Group, on 31 December each year;
6. a limited review of the Company's half-year reporting package, prepared on the basis of the IAS/IFRS adopted by the Finmeccanica Group, on 30 June each year.

13. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors has specifically approved the document that has already been mentioned, **GUIDELINES AND CRITERIA FOR IDENTIFYING SIGNIFICANT TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES**, which may be consulted on the Company's website, in the Investor Relations/Corporate Governance section.

Significant transactions, which are included among those for which the Board of Directors has sole responsibility, are identified by using both quantitative and qualitative criteria in light of the type of activity performed by Finmeccanica.

No special level of materiality is assigned to transactions with related parties, as it was thought that the criteria adopted to identify transactions for which the Board of Directors has sole responsibility already provides sufficient safeguards.

The Board of Directors pays close attention to any potential conflicts of interests and to transactions with related parties not already included among those for which the Board has sole responsibility, as previously specified. At least once each quarter, the Board of Statutory

Auditors makes a disclosure of these situations, including those affecting subsidiaries in accordance with Legislative Decree 58/1998 and with Art. 24.2 of the Company's Bylaws.

In order to ensure that there is openness and fairness in connection with transactions with related parties, Finmeccanica's Board of Directors has also formally approved, together with the above guidelines, the adoption of specific principles of conduct whose purpose is to regulate the main substantive and procedural aspects of the management of such transactions, also applicable to those not falling within the sphere of the sole responsibility of the Board of Directors, in the terms set out below.

The principles that have been adopted will be included in any adjustments that may become necessary in the light of the general principles that CONSOB is called upon to hand down in accordance with Article 2391-bis of the Italian Civil Code.

STANDARDS OF CONDUCT FOR TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are managed abiding by special standards of substantive and procedural fairness.

For the definition of Related Parties, please refer to the definition contained in IAS 24, adopted by EU Commission Regulation (EC) no. 2238/2004 of 29 December 2004, as provided in the Issuers' Regulations amended by CONSOB Resolution no. 14990 of 14 April 2005.

For the purposes of the application of the principles of conduct, typical or usual transactions, or transactions to be concluded on market conditions, are not considered to be transactions with related parties.

Typical or usual transactions are those which, by their subject or nature, are not outside the Company's normal course of business, and transactions that do not present any particular problems given the details of the transaction, the accompanying counterparty risk or the time required to complete the transaction.

Transactions carried out at arms' length are transaction carried out under conditions that do not significantly differ from that apply to dealings with unrelated parties.

- TRANSACTIONS WITH RELATED PARTIES RESERVED SOLELY TO THE BOARD OF DIRECTORS

The Board of Directors must be provided sufficient information concerning the nature of the relationship, the manner in which the transaction is conducted, the time needed to complete the transaction and the financial terms of the transaction, the assessment process followed, the reasons for the transaction and any accompanying risks to the Company.

Each Director must give the Company all information needed to for it to determine whether the standards of conduct have been followed.

Specifically, Directors having an interest, including a potential or indirect interest, in the transaction must notify the Board of this fact promptly and provide exhaustive information on the interest and the circumstances involved.

Such interested Director must absent themselves from the Board meeting when a resolution is to be taken, unless their absence threatens the continuance of the quorum required for the Board to validly meet.

If the nature, amount or other features of the transaction so require, in order to prevent the transaction from being completed on terms that differ from those that would probably have been negotiated between unrelated parties, the Board of Directors may require the assistance of one or more independent experts in valuing the assets concerned and/or to provide the necessary financial, legal or technical support.

In selecting these experts (banks, auditing firms, law firms or other experts whose professionalism is recognised and who have specific expertise), the Board will carefully evaluate their independence, possibly using different experts for each related party in the most important cases.

- TRANSACTIONS WITH RELATED PARTIES NOT SUBJECT TO PRIOR BOARD APPROVAL

Expect for those reserved exclusively to the Board of Directors, transactions with related parties are reported by the Chairman and Chief Executive Officer in his periodic report to the Board of Directors on how he has exercised the powers delegated to him, as well as to the

Board of Statutory Auditors on the most significant transactions entered into by the Company and its subsidiaries, pursuant to Art. 150(1) of Legislative Decree 58/1998.

In making these periodic reports on such transactions, the Chairman and Chief Executive Officer will explain the nature of the relationships involved, the manner in which the transaction is conducted, the time needed to complete the transaction and the financial terms of the transaction, the assessment process followed, the reasons for the transaction and any accompanying risks to the Company.

14. 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. Furthermore, Art. 28.3 of the Bylaws, which continues to remain in effect under Law 474/1994 concerning privatisations, requires that the lists submitted by the Shareholders, along with the supporting documentation, be placed on file at the Company's registered office and published in at least three national daily publications, of which two must be targeted at the business community, at least 10 days prior to the date set for the Shareholders' Meeting in first calling.

The Board of Directors, however, abiding by a recommendation in the Corporate Governance Code, expressly recommends that the Shareholders deposit these lists at least fifteen days prior to the date of the meeting that is to decide on the appointment of the Board of Statutory Auditors.

In the notice announcing the relative Shareholders' Meeting, Shareholders are also expressly asked to deposit the résumés of the candidates at the same time as the lists so that they can be published on the Company's website in good time.

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, as already mentioned with reference to the appointment of Directors, holding lower percentages if envisaged by applicable laws or regulations. The Bylaws also require two Regular and one Alternate Auditor to be taken from the minority list and that the

Chairman of the Board of Statutory Auditors be chosen from among the Auditors elected from the minority list.

In the event of the replacement of a Regular Auditor elected from the majority list during the three-year period, 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.

Article 28.1 of the Bylaws 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 for at least three years. Auditors that do not satisfy this requirement must have at least three years experience:

- a) 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) 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.

Apart from the situations of incompatibility and ineligibility provided by law, Art. 28.3 of the Bylaws also states 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 provide by current law, may not be chosen as Regular Auditors.

Finally, as also mentioned in Section 6 above, the confidentiality obligations binding Auditors - as well as Directors - of the Company are expressly governed by the specific procedures for the handling of inside and confidential information.

15. STATUTORY AUDITORS

The Board of Statutory Auditors, consisting of five Regular and two Alternate Statutory Auditors, was appointed by the Shareholders' Meeting of 29 May 2009 for the 2009-2011 term. The Board will, therefore, stand down at the next Shareholders' Meeting, held to approve the financial statements for the period ended 31 December 2011.

The Chairman of the Board of Auditors was appointed by the same meeting from the two Auditors elected by the minority.

The **Board of Statutory Auditors** serving at 31 December 2009 was composed as follows:

LUIGI GASPARI (2) CHAIRMAN

GIORGIO CUMIN (1)

MAURILIO FRATINO (3)

SILVANO MONTALDO (1)

ANTONIO TAMBORRINO (1)

- (1) Auditors appointed from the majority list submitted by the Ministry for the Economy and Finance, which had a shareholding of 30.2% of the share capital.
- (2) Auditor appointed from the minority list submitted by Arca SGR SpA, Fideuram Investimenti SGR SpA, Fideuram Gestions SA, Interfund Sicav, Monte Paschi Asset Management SGR SpA, Stichting Pensioenfonds Abp, Pioneer Asset Management SA, Pioneer Investment Management Sgrpa, Ubi Pramerica SGR SpA, Bnp Paribas Asset Management SGR SpA, which had a shareholding of 1.152% of the share capital.
- (3) Auditor appointed from the minority list submitted by Mediobanca SpA, which had a shareholding of 1.003% of the share capital.

Two Alternate Statutory Auditors appointed by the Shareholders' Meeting on 29 April 2009:

MAURIZIO DATTILO (2)

PIERO SANTONI (1)

- (1) Auditor appointed from the **majority list** submitted by the Ministry for the Economy and Finance, which had a shareholding of 30.2% of the share capital.
- (2) Auditor appointed from the **minority list** submitted by Mediobanca SpA, which had a shareholding of 1.003% of the share capital

The table annexed to this Report summarises the structure of the Board of Statutory Auditors, showing the Auditors serving at 31 December 2009 and those that left office during 2009.

No changes in the composition of the Board of Statutory Auditors have taken place since the end of the 2009 financial year.

In 2009, the Board of Statutory Auditors met 22 times, while 5 meetings have been held in 2010 to date.

The following table shows the attendance records of the individual Statutory Auditors at the meetings of the Board of Statutory Auditors, as well as the 10 meetings of the Board of Directors held in 2009:

	Bd of St Aud	Bd of Dir	
Luigi Gaspari	22 out of 22	10 out of 10	meetings
Giorgio Cumin	20 out of 22	10 out of 10	meetings
<i>Francesco Forchielli*</i>	7 out of 7	2 out of 4	meetings
Maurilio Fratino**	15 out of 15	6 out of 6	meetings
Silvano Montaldo	20 out of 22	10 out of 10	meetings
Antonio Tamborrino	20 out of 22	9 out of 10	meetings

* In office until 29 April 2009.

** In office from 29 April 2009.

All absences were excused.

Brief résumés of the careers of the members of the Board of Statutory Auditors are given below.

LUIGI GASPARI – CHAIRMAN

Chairman Gaspari was born in Rome on 14 September 1956. He has been a Statutory Auditor of Finmeccanica since 16 May 2003, having been reappointed on 23 May 2006 and 29 April 2009. He has been Chairman of the Board of Statutory Auditors since 23 May 2006 and has been a practising Chartered Accountant since 1985. He is entered in the Italian Register of Auditors and has held numerous positions including as head of operations for RIA Società Nazionale di Certificazione (1980-1985) and as a consultant to Assogestioni (1985-2000). In 2001, he was a member of the steering committee for the establishment of the Organismo Italiano di Contabilità (Italian accounting body) and is currently a member of its management board. He has held and continues to hold a number of posts on boards of directors, liquidation commissions, boards of auditors and supervisory committees, and acts as a corporate

consultant, company appraiser and technical consultant to legal authorities and independent parties.

GIORGIO CUMIN – REGULAR STATUTORY AUDITOR

Mr. Cumin was born in Milan on 7 October 1937. He has been a Statutory Auditor of Finmeccanica since 10 May 2000, having been reappointed on 16 May 2003, 23 May 2006 and 29 April 2009. He holds a degree in Economics and Business from Bocconi University of Milan. He is a member of the Order of Chartered Accountants of the Courts of Milan and Lodi, and is entered in the Italian Register of Auditors. As a freelance practitioner, he has occupied a number of directorship and auditing positions in other companies, some as chairman, and has acted as liquidator and sole commissioner of companies in liquidation and extraordinary administration. He currently serves as auditor to a number of industrial companies and liquidating commissioner to companies in extraordinary administration.

MAURILIO FRATINO – REGULAR STATUTORY AUDITOR

Mr. Fratino was born in Alba (Cuneo) on 15 September 1952. He has been a Regular Statutory Auditor of Finmeccanica since 29 April 2009. He holds a law degree and practices in the areas of civil, commercial and corporate law. He has been entered in the Italian Register of Auditors in 1995. 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 (1989-1992); statutory auditor (1986-1989) and director (1989-1992) of Autostrade SpA; Deputy Executive Chairman of Autostrada Torino Savona SpA (1989-1993); and managing director of Riccadonna International BV (1996-2004). Current positions include member of the board of directors of Campari Italia SpA and of Banca Regionale Europea SpA. (UBI Group), chairman of the board of auditors of Federvini, auditor of accounts for Federalimentare, and member of the tax and trademark protection committees of Confindustria.

SILVANO MONTALDO – REGULAR STATUTORY AUDITOR

Mr. Montaldo was born Laigueglia (Savona) on 25 May 1957. He has been a Regular Statutory Auditor of Finmeccanica SpA since 23 May 2006, having been reappointed on 29 April 2009.

Has worked as a chartered accountant since 1981 and has been entered in the Italian Register of Auditors since 1995.

He has or currently does serve as statutory auditor to numerous corporations, as well as an auditor of public entities, is a member of the supervisory bodies and is a commissioner of major firms in the process of bankruptcy.

ANTONIO TAMBORRINO – REGULAR STATUTORY AUDITOR

He was born in Torre del Greco (Naples) on 23 September 1939. He has been a Statutory Auditor of Finmeccanica since 16 May 2003, having been reappointed on 23 May 2006 and 29 April 2009. He is a chartered accountant and is entered in the Italian Register of Auditors. He is a freelance practitioner, a professor of insurance company economics at the University of Lecce and has taught Masters and specialisation courses at the University of Lecce, the University of Bari and at CECCAR in Bucharest. He is a former chairman of the Order of Chartered Accountants for the Province of Lecce (1993-1996), and chairman of the National Council of Chartered Accountants from 2002 until 31 December 2007. He has occupied a number of positions as director, auditor, chairman of boards of auditors and auditors of accounts and liquidator to bodies and companies, as well as court-appointed positions (bankruptcy receiver, legal commissioner and official court consultant).

MAURIZIO DATTILO – ALTERNATE STATUTORY AUDITOR

Mr. Dattilo was born in Milan on 19 March 1963. He holds a degree in Economics and Business from Bocconi University in Milan. He has been a member of the Order of Chartered Accountants since 1990 and entered in the Italian Register of Auditors since 1995. He works as a chartered accountant at the firm of Dattilo Commercialisti Associati, which provides tax consultancy services for Mediobanca and other group companies such as Compass, Selma BPM Leasing, Compag and Spafid, as well as Banca Esperia, Banca Profilo, Banca IMI, IW-Bank, Distillerie F.lli Ramazzotti, Eurofly SpA and the European Oncology Institute.

PIERO SANTONI – ALTERNATE STATUTORY AUDITOR

Mr. Santoni was born in Rome on 3 November 1936. A graduate in Economics and Commerce, he is entered in the Italian Register of Auditors. He worked at IRI until 1987 as vice-director of the Planning and Management Control Department, then moved on to Urban Systems, where he worked as joint general manager until 1993. He has served as director and

auditor for a number of IRI Group companies and is currently a statutory auditor for Isotta Fraschini Motori and Cetena, and is chairman of the board of auditors of Finsider in liquidation.

In compliance with the Corporate Governance Code, the Board of Statutory Auditors has regularly confirmed the requirements of independence for Regular Auditors, both as soon after appointment as possible (in 2009) and during the current financial year (2010).

In that regard, the Board of Statutory Auditors followed the indications of the Code regarding the concept of independence for Statutory Auditors and applied the principle of substance over form, as required by said Code.

In particular, in regard to application criterion 3.C.1(e) of the Code – based on which those serving as a Statutory Auditor for more than nine of the last twelve years are no longer considered independent – the Board of Statutory Auditors nonetheless confirmed the independence of Mr. Cumin, who began his tenth year of service in 2009. This decision was made in consideration of his ethics and professionalism, as well as of the actual manner in which he carries out his functions, as these factors enable him to perform his duties autonomously and in an unbiased manner.

With the exception of the Chairman, Luigi Gaspari (regular auditor for Banca Italease SpA) and Alternate Auditor Maurizio Dattilo (regular auditor for Gemina SpA), the members of the Board of Statutory Auditors are not members of the boards of directors or statutory auditors of other companies that are publicly listed on regulated markets in Italy.

The table provided in the annexes below also shows the total number of positions held by Regular Auditors in companies specified under Book V, Title V, Chapters V, VI and VII of the Italian Civil Code. A detailed list of such positions is, in accordance with Article 144-quinquiesdecies of CONSOB's Issuers' Regulations, included with the Board of Statutory Auditors' report on supervisory activities in accordance with Art. 153(1) of the Consolidated Law on Financial Intermediation.

Any Auditor who has an interest, either on his own account or on behalf of a third party, in a certain transaction to be carried out by the Issuer must promptly give the other Auditors and the Chairman of the Board of Directors full information concerning the nature, terms, origin and scope of the interest.

The Board of Statutory Auditors supervises the independence of the auditing firm, verifying compliance with provisions of law governing the matter and the nature and the extent of the services, other than auditing services, provided to the Issuer and its subsidiaries by the firm in question and by the other entities belonging to its network.

In performing its work, the Board of Statutory Auditors liaises constantly with the Company's Audit Unit and the Internal Audit Committee. Specifically, the Board of Statutory Auditors receives the necessary operational assistance for the performance of its own auditing work from the Audit Manager, obtains all the audit reports and examines the Annual Audit Plan. As already stated, the Board of Statutory Auditors also attends all the Internal Audit Committee meetings.

16. SHAREHOLDERS' RELATIONS

In view of the importance, emphasised by the Code, of establishing an ongoing professional relationship with the general body of Shareholders and institutional investors, a special Investor Relations Unit has been set up to conduct this activity.

The Investor Relations Unit also provides all the key information required for the financial markets to be able to gain a picture of the Company that reflects the intrinsic value of the Group's activities.

The goal, pursued in keeping not just with regulatory provisions but also with Italian and international best practice, is to develop a transparent, ongoing dialogue with the Italian and international financial community, rooted in a clear strategic view of Finmeccanica's business and prospects.

The Investor Relations Unit is in constant contact with institutional and retail investors and financial analysts, relaying information about the Group's income, financial position, assets and liabilities and its commercial performance and also providing guidance documents and carefully monitoring market consensus.

In addition to this, information regarding the composition of the Company's management bodies, résumés of their members' careers, internal dealing information and the Corporate Bylaws, the Company's Annual Corporate Governance Report, may easily be found on the Company's website in the Investors Relations/Corporate Governance section. This information is always kept up to date.

The Board of Directors' reports, minutes of Shareholders' Meetings and other important corporate documents are also published in the Corporate Documents area, and a review of the press releases issued by the Company may be found in the Legal Notices area.

The Investor Relations section also publishes the Company's financial statements and presentations with the relevant broadcasts. The same section also provides a range of other data related to the retail market (the Company calendar, dividends, share capital, share price performance and shareholding structure).

In order to provide more timely, easily accessible information to the Shareholders concerning the Issuer, the Company is in the process of reviewing and optimising the structure and content of its website. The work should be completed by the end of 2010.

The Investor Relations Unit arranges for the presentation of the financial statements data at Shareholders' Meeting, ensuring that the information provided corresponds to the disclosures conveyed through the other channels that the Unit utilises for its financial announcements.

During the year events are organised with the purpose of better acquainting the financial market with the Group and of presenting the Company's income performance and financial position and outlook (economic and financial guidance).

This is done firstly, by arranging two institutional roadshows with the Group's top management, preferably when the results for the year and the half year are published, in line with the best practices adopted by listed companies.

The roadshows are held mainly in Europe and North America. Traditionally, they open in London, with stops in the leading European markets such as Paris, Milan and Frankfurt. Then, the roadshows cross the Atlantic to North America, usually to New York, Boston and other US markets (California, Chicago, etc.) and to Canada.

Among the other events organised by the Investor Relations Unit is Investor Day, which takes place once a year and is deemed the ideal platform for presenting the top management of Finmeccanica and of the other Group companies to the financial community. 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 make direct contact with its top managers.

There are also conference calls with the financial markets when quarterly results are published and/or following significant extraordinary transactions; visits to Group plants (so far visits have been made to Aeronautics, Helicopters, Defence Electronics and Security sites), normally preceded by a presentation on the Company given by its top management; and the chance to take part in a number of sector financial conferences, especially abroad, also attended by the Investor Relations Units and the heads of some of Group companies.

Finally, during the annual International Airshow (which alternates between Farnborough in England and Le Bourget in France), meetings are arranged between the financial community and the top management of Finmeccanica and of the Group's main companies, with special presentations and one-to-one or small group meetings.

The Director of the Investor Relations Unit is John Douglas Stewart, who reports directly to the Co-General Manager (currently Alessandro Pansa). A Financial Disclosures Department has been created within the Investor Relations Unit, headed by Raffaella Luglini.

Contacts:

Tel +39 06 32473.290/066.

Fax: +39 06 32473.514

You can also contact the Unit via the following email address:

investor_relations@finmeccanica.com

17. SHAREHOLDERS' MEETINGS

Shareholders' Meetings are convened by means of a notice published in the Italian Gazzetta Ufficiale, by an announcement in a national daily and a message published promptly on the Company's website and through Borsa Italiana's NIS service.

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 to ensuring that Shareholders are provided with the highest quality information, subject to the restrictions on the methods of disclosure of price sensitive information.

Therefore, documents regarding the items on the agenda of the Shareholders' Meetings are promptly made available to Shareholders through the Company's website and are simultaneously filed at Company's registered office and with Borsa Italiana.

Specifically, the Company's website has a special section dedicated to Shareholders' Meetings, containing the documents and information pertaining each specific meeting, with a direct link from the home page to make it even easier for Shareholders to obtain access to this section.

Under Art. 13 of the Bylaws, shareholders eligible to attend the meeting must send the Issuer notice of intention to participate in the meeting (as per Art. 2370(2) of the Italian Civil Code) through a legally authorized intermediary no later than two days prior to the date set for the meeting in question.

The aforementioned section of the Bylaws also requires that the shares for which such notification is required not be withdrawn prior to the Shareholders' Meeting.

Shareholders may pass resolutions on all issues reserved to them by applicable laws.

The Bylaws (Article 24.1) also give the administrative body, by way of the right granted under Article 2365(2) of the Italian Civil Code, the power to make decisions on the following matters:

- mergers and spin-offs, in the cases specified by law;
- the creation or elimination of branch offices;

- reductions in share capital in the event of withdrawals;
- adaptation of the Bylaws to regulatory changes;
- transfer of the Company's registered office within Italy.

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

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

Finmeccanica 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, approved by the Shareholders' Meeting itself on 10 May 2000, are always distributed to all Shareholders whenever a meeting is held, and may be viewed on the Company's website (Investor Relations/Corporate Documents section).

The Company's Board of Directors and top management report on the business conducted during the year and on the Issuer's future plans at Shareholders' Meeting called to approve the annual financial statements.

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

It should be noted that the percentages regarding the exercise of shares and the prerogatives safeguarding minority shareholders – particularly the requirement of ownership of a 1% stake with voting rights in Ordinary Shareholders' Meetings (or a lesser amount as established by applicable law or regulations) for the presentation of lists of candidates for the Board of Directors or Board of Statutory Auditors – are established by the Bylaws (Arts. 18.4 and 28.3) based on Art. 4 of Law 474/1994 (regarding privatisation).

The Bylaws, moreover, as already stated in this Report, contain special procedures within the list voting mechanism to ensure that some Directors and Auditors are appointed from lists presented by minority Shareholders.

TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES

Board of Directors appointed by the Shareholders' Meeting on 6 June 2008 (°) for the 2008 - 2010 term								Internal Audit Committee		Remuneration Committee		Strategy Committee	
Position	Members *	Executive	Non- executive	Independ- ent (Civil Code)	Independ- ent (Corp Gov Code)	Attendance BoD meetings **	Other positions ***	Comp	Attend- ence **	Comp	Attend- ence **	Comp	Attend- ence **
Chairman and Chief Executive Officer	Pier Francesco GUARGUAGLINI	X		==	==	10/10	=					X	2/2
Director	Piergiorgio ALBERTI *		X	X	X	10/10	2	X	8/8	X	5/6		
Director	Andrea BOLTHO VON HOHENBACH *		X	X	X	10/10	1					X	2/2
Director	Franco BONFERRONI		X	X	X	10/10	3	X	8/8	X	6/6		
Director	Giovanni Castellaneta		(°)	(°)	(°)	10/10	1					X	2/2
Director	Maurizio DE TILLA *		X	X	X	10/10	1	X	7/8				
Director	Dario GALLI		X	X	X	10/10	=			X	6/6	X	2/2
Director	Richard GRECO *		X	X	X	9/10	1					X	2/2
Director	Francesco PARLATO		X	==	==	9/10	=			X	5/6	X	2/2
Director	Nicola SQUILLACE		X	X	X	10/10	=	X	6/8			X	2/2
Director	Riccardo VARALDO		X	X	X	10/10	2			X	6/6		
Director	Guido Venturoni		X	X	X	10/10	=					X	2/2
Number of meetings held during 2009:		BoD: 10		Internal Audit Committee: 8		Remuneration Committee: 6		Strategy committee: 2		Appointments Committee: not envisaged			
Quorum for presentation of minority lists: 1% of share capital with voting rights at Ordinary Shareholders' Meetings (unless provision is made for a lower percentage by laws or regulation, or by Art. 18.4 of the Bylaws, where applicable).													

NOTES

* Asterisk indicates a Director appointed from a minority list.

** All absences from BoD or ICC meetings excused.

*** This column contains the number of positions as Director or Auditor held by the persons serving at present 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.

(°) Giovanni Castellaneta was appointed a Director without voting rights by Ministerial Decree pursuant to Law 474/94 and Art. 5.1-ter(d) of the Bylaws.

TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors				
appointed by the Shareholders' Meeting of 29 April 2009 for the 2009-2011 term				
Position	Members *	Independent (Civil Code)	Attendance at BoSA Meetings (°)	Number of other positions held **
Chairman	Luigi GASPARI *	X	22/22	12
Regular Auditor	Giorgio CUMIN	X	20/22	17
Regular Auditor	Maurilio FRATINO *	X	15/15	22
Regular Auditor	Silvano MONTALDO	X	20/22	14
Regular Auditor	Antonio TAMBORRINO	X	20/22	18
Alternate Auditor	Maurizio DATTILO *	==	=	2
Alternate Auditor	Piero SANTONI	==	=	=
Number of meetings held during 2009: 22				
Quorum for presentation of minority lists for the election of two Regular and one Alternate Auditors:				
1% of share capital with voting rights at Ordinary Shareholders' Meetings (unless provision is made for a lower percentage by laws or regulation, or by Art. 28.3 of the Bylaws, where applicable).				

NOTES

* Asterisk indicates an Auditor appointed from a minority list.

** This column indicated the total number of positions held by the Regular Auditors in companies specified in Book V, Title V, Parts V, VI and VII of the Italian Civil Code., and positions as directors or auditors held by the Alternate Statutory Auditors in other companies listed on regulated markets in Italy. The positions held in other companies listed on Italian regulated markets are described in full in the Report. Pursuant to Art. 144-*quinquiesdecies* of the Issuers' Regulation, the detailed list of positions held by Regular Statutory Auditors is attached to the Report of the Board of Statutory Auditors prepared in accordance with Art. 153(1) of the Consolidated Law on Financial Intermediation.

(°) All absences from Board of Statutory Auditors' meetings excused.

TABLE 3: AUDITORS WHO STEPPED DOWN DURING THE 2009 FINANCIAL YEAR

Position	Member	Independent (Civil Code)	Attendance at BoSA Meetings	Number of other positions held *
Regular Auditor	Francesco FORCHIELLI (°)	X	7/7	18

NOTES

(°) **In office until 29 April 2009.**

Auditor appointed from minority list.

* The total number of positions held at the companies referred to in Book V, Title V, Chapters V, VI and VII of the Civil Code up to date as of April 2009.

TABLE 4: OTHER PROVISIONS OF THE CORPORATE GOVERNANCE CODE

	Yes	No	Brief account of the justification for any departures from the recommendations in the Code
System of delegated powers and transactions with related parties			
Has the BoD conferred powers specifying their:			
(a) restrictions	X		
(b) method of exercising them	X		
(c) and reporting intervals?	X		
Has the BoD reserved its responsibility for the scrutiny and approval of transactions significantly impacting on profitability, assets and liabilities and financial position (including transactions with related parties)?	X		
Has the BoD laid down guidelines and criteria for the definition of “significant” transactions?	X		
Are the above guidelines and criteria set out in the report?	X		
Has the BoD laid down special procedures for the scrutiny and approval of transactions with related parties?	X		
Are the procedures for the approval of transactions with related parties set out in the report?	X		
Procedures adopted in the latest appointments of Directors and Auditors			
Were the names of the candidates for positions as Directors deposited at least ten days in advance?	X		
Were the names of the candidates for positions as Directors supported by full information?	X		
Were the names of the candidates for positions as Directors accompanied by a specification of whether they qualified as independent?	X		
Were the names of the candidates for positions as Auditors deposited at least ten days in advance?	X		
Were the names of the candidates for positions as Auditors supported by full information?	X		
Shareholders’ Meetings			
Has the company approved Rules of Procedure for Shareholders’ Meeting?	X		
Are the Rules of Procedure annexed to the report (or does the report state where they can be obtained/downloaded)?	X		
Internal control			
Has the company appointed internal control managers?	X		
Are the internal control managers not accountable to managers of operating areas?	X		
Organisational unit responsible for internal control	Audit Department		
Investor relations			
Has the company appointed an Investor Relations Manager?	X		
Name of the organisational unit and contacts (address, telephone, fax, e-mail of the Investor Relations Manager)	INVESTOR RELATIONS UNIT – Head of IR Unit: John Douglas Stewart – Head of Financial Communications Service: Raffaella Luglini. P.zza Monte Grappa, 4-00195 Rome – Tel. +39 06 32473.290/066. Fax: +39 06 32473514 – e-mail: investor_relations@finmeccanica.com		

