

Corporate
Governance
Report

2015

REPORT ON CORPORATE GOVERNANCE AND SHAREHOLDER STRUCTURE

2014 FINANCIAL YEAR

18 MARCH 2015

FINMECCANICA – Società per azioni

Registered office in Rome, Piazza Monte Grappa no. 4

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Fully paid-up share capital of Euro 2,543,861,738.00

Registered in Rome, Register no. and Tax Ref. 00401990585

VAT no. 00881841001

Disclaimer

This Report has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the Report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

www.finmeccanica.com

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REPORT ON CORPORATE GOVERNANCE AND SHAREHOLDER STRUCTURE

INTRODUCTION

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

Specifically, the disclosure contained herein is prepared in compliance with the provisions on the contents under paragraphs 1 and 2 of the abovementioned Art. 123-bis and on the basis of the articles of the current Corporate Governance Code (hereinafter also referred to as "the Code"). The Company complies with this Code, which was approved in March 2006 by the Corporate Governance Committee and finally updated in July 2014.

The Corporate Governance Code can be found on the Corporate Governance Committee website (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014cleaneng.en.pdf>).

The relevant documentation that is made available to the public and is referred to herein can be found on the Company's website (www.finmeccanica.com) in the areas that are specifically indicated.

1. ISSUER PROFILE

The following is a brief Company profile; the subsequent paragraphs of this Report should be referred to for a more detailed view of Finmeccanica's corporate governance structure, the main changes that occurred during the 2014 financial year and the action and measures taken to ensure the closest adherence to the Corporate Governance Code.

Company Organisation

The term "Corporate Governance" stands for the set of rules and, from a more general point of view, the corporate governance system that regulate the management and control of the Company.

Finmeccanica's Corporate Governance model is in line with the principles and criteria of application laid down in the Corporate Governance Code and is directed at the maximisation of value for shareholders, control of business risk and the utmost transparency with respect to the market; it also seeks to ensure the integrity and fairness of decision-making processes.

The Company's Corporate Governance structure, which is based on the traditional organisational model, is consistent with the laws applicable to listed issuers, as well as with the guidelines of the Corporate Governance Code and is as follows:

- **SHAREHOLDERS' MEETING**

The Shareholders' Meeting has the power to pass resolutions in ordinary and extraordinary sessions on the matters reserved to it by law or under the By-Laws.

- **BOARD OF DIRECTORS**

The Board of Directors is vested with the fullest powers for the administration of the Company, with the authority to perform any act it considers appropriate to the fulfilment of the Company's business purpose, except for those acts reserved to the Shareholders' Meeting by law or by the By-Laws. The current Board of Directors was appointed by the Shareholders' Meeting on 15 May 2014 for the three-year period 2014 – 2016.

- **COMMITTEES**

The Board of Directors of Finmeccanica has established the following internal Committees, with advisory and consulting functions: the Control and Risks Committee (which also acts as Committee for Related Parties Transactions), the Remuneration Committee and the Nomination Committee (as provided for in the Corporate Governance Code), as well as the Analysis of International Scenarios Committee, established on 19 June 2014 (at the same date the Board decided not to renew the previous Strategy Committee). The Committees' composition, duties and operation are illustrated and regulated by appropriate Rules approved by the Board of Directors itself, in accordance with the guidelines laid down in the Code.

- **BOARD OF STATUTORY AUDITORS**

The Board of Statutory Auditors has – *inter alia* - the task of monitoring: a) compliance with the law and by-laws and observance of the principles of proper business administration; b) the adequacy and effectiveness of the Company's organisational structure, internal control and risk management system, as well as the administrative and accounting system, and also the latter's reliability as a means of accurately reporting business operations; c) any procedures for the actual implementation of the corporate governance rules provided for in the Corporate Governance Code; d) the adequacy of the Company's instructions to subsidiaries with regard to disclosures prescribed by law. The current Board of Statutory Auditors was appointed by the

Shareholders' Meeting on 16 May 2012 for the 2012-2014 term and, therefore, its mandate will expire at the next Meeting for the approval of the financial statements on 31 December 2014.

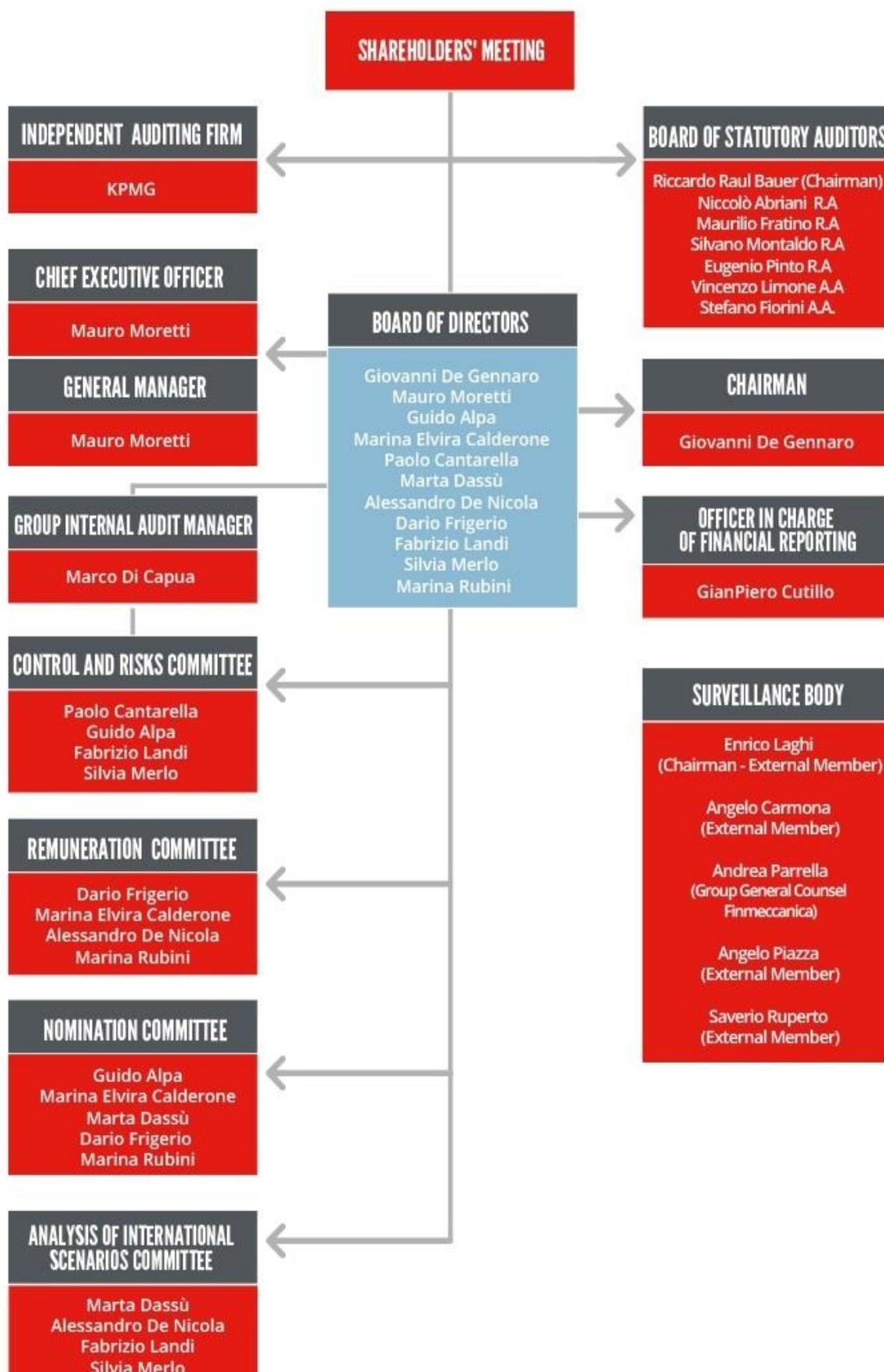
- **INDEPENDENT AUDITING FIRM**

The Independent Auditing firm is the company appointed to carry out the statutory audit of accounts. It is appointed by the Shareholders' Meeting, on a reasoned proposal by the Board of Statutory Auditors. The Shareholders' Meeting of 16 May 2012 appointed KPMG S.p.A. to carry out the statutory audit of the Company's accounts for the period 2012-2020.

- **OFFICER IN CHARGE OF FINANCIAL REPORTING**

On 15 May 2014, pursuant to Art. 154-bis of the Consolidated Law on Financial Intermediation and articles 25.4 and 25.5 of the Company's By-Laws, the Board of Directors confirmed Gian Piero Cutillo (the Company's Chief Financial Officer) in office from 14 June 2012, as the Officer in charge of financial reporting until the expiry of the term of office of the Board of Directors.

Below is reported a chart summarising the Corporate Governance Structure of Finmeccanica.



Objectives and corporate mission

Finmeccanica intends to consolidate and strengthen its role as a world leader in the high technology sector, with rooted experience in the core sectors of Aerospace, Defence and Security, and also with the capacity for growth in the Civil sector through a different application of available technologies and the development of dual use platforms and technologies.

The Group operates with the mission to be a driving force of technological innovation, by developing competitive products and services which are able to satisfy our clients demand and generate value for its Shareholders and all its stakeholders, in addition to working out sustainability solutions by steady commitment to economic and social progress and the protection of health and the environment.

Finmeccanica is an industrial Group with a strong international and multicultural dimension and a substantial presence in four domestic markets: Italy, the United Kingdom, the United States and Poland.

Strategic guidelines of the Group's 2015-2019 Industrial Plan

The Finmeccanica Group's 2015-2019 Industrial Plan, which was approved by the Company's Board of Directors on 27 January 2015, is based on a detailed analysis of the scenario in the sector of Aerospace, Defence and Security and of the Group's competitive positioning in the individual sectors and the respective business segments in the global market.

The aim of the Plan is to strengthen the Group in its core business, hi-tech Aerospace, Defence and Security, in relation to which substantial improvements in industrial, economic and financial performance are forecast, the expected results already becoming satisfactory when compared with those of its competitors in the same sector after the first three years of the Plan. This will be achieved by boosting the business sectors in which the Group is already soundly positioned, through cutting-edge technology and competitive products and services, as well as through the reorganisation of specific segments in which actions have been taken which are aimed at improving the efficiency and efficacy of industrial processes.

2. INFORMATION ABOUT THE SHAREHOLDER STRUCTURE AT 18 MARCH 2015 (Art. 123-bis, para. 1, TUF, *TESTO UNICO SULLA FINANZA*, HEREINAFTER CONSOLIDATED LAW ON FINANCIAL INTERMEDIATION)

A) STRUCTURE OF THE SHARE CAPITAL (Art. 123-bis, para. 1, lett. a), TUF)

The Finmeccanica's share capital is equal to €2,543,861,738.00 and is made up of 578,150,395 common shares with a par value of €4.40 each, all accompanied by the same rights and obligations.

The holders of Finmeccanica' shares are entitled to vote at the ordinary and extraordinary meetings of the Company.

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

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

B) RESTRICTIONS ON SHARE TRANSFER (Art. 123-bis, para. 1, lett. b), TUF)

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

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

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

Furthermore, on the basis of the provisions relating to the Government's special powers that are commented on in point D.1) below and, more in particular, pursuant to article 1, paragraph 5, of Decree Law no. 21 of 15 March 2012, as amended and converted by Law no. 56 of 11 May 2012 and the related provisions, anyone – excluding the Italian Government, Italian public bodies or any entities controlled by the latter – who holds a stake in the share capital which exceeds the threshold set out in article 120, paragraph 2, of Legislative Decree no. 58/98, as amended, or a stake which

exceeds the thresholds of 3%, 5%, 10%, 15%, 20% and 25%, is required to notify the acquisition in question to the Presidency of the Council of Ministers within the terms and according to the procedures set out in Decree Law no. 21 of 15 March 2012, as amended and converted by Law no. 56 of 11 May 2012 and related provisions. The above shall apply in order to allow the Presidency of the Council of Ministers to exercise the special powers envisaged in the abovementioned regulations in the event of a threat of serious damage to the essential interests of the national defence and security.

C) MATERIAL SHAREHOLDINGS IN THE SHARE CAPITAL (Art. 123-bis, para. 1, lett. c), TUF)

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

D) HOLDERS OF SECURITIES THAT CONFER SPECIAL CONTROL RIGHTS (Art. 123-bis, para. 1, lett. d), TUF)

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

D.1) SPECIAL POWERS OF THE GOVERNMENT

Law no. 56 of 11 May 2012, which converted Decree Law no. 21 of 15 March 2012, regulates the special powers of the Government on the corporate structures in the sectors of the national defence and security, as well as the activities of strategic importance in the sectors of energy, transportation and communication.

Decree no. 108 issued by the President of the Council of Ministers on 6 June 2014 identifies the activities for the national defence and security system, including any key strategic activities, for the purposes of the exercise of the Government's special powers referred to in the abovementioned Law. In particular, the regulations governing special powers provides, in the event of an actual threat of a serious damage to the essential interests of the national defence and security, for the Government to be entitled to exercise the three special powers described below:

- a) imposition of specific conditions relating to the security of procurement and information, technology transfers, export control, in the case of the acquisition of stakes in companies that carry out activities of strategic importance for the defence and security sector;
- b) veto on the adoption of resolutions passed by the Shareholders' Meeting or of the governing body of a company that carries out activities of strategic importance for the defence and security sector relating to extraordinary transactions or transactions of particular importance concerning mergers, demergers, transfer of businesses or branches of business or of subsidiaries, transfer of the

registered office abroad, change in the corporate purpose, dissolution of the company, amendments to by-law clauses that govern the Government's special powers or that may be adopted on limits on voting rights (pursuant to article 2351, paragraph 3, of the Italian Civil Code), as well as assignments of rights *in rem* or of use in relation to tangible or intangible assets or undertaking of obligations that limit their use;

c) opposition to the acquisition of stakes in a company that carries out activities of strategic importance for the defence and security sector, on the part of an entity other than the Italian Government, an Italian public body or an entity controlled by the latter, where the buyer holds a stake in the voting capital which is capable of affecting the interests of the national defence and security. For this purpose, the stake held by third parties with whom the buyer has entered into a shareholders' agreement is considered to be included.

E) **EMPLOYEE SHAREHOLDING: VOTING MECHANISM (Art. 123-bis, para. 1, lett. e), TUF)**

No provision is made for any employee shareholding scheme.

F) **VOTING RESTRICTIONS (Art. 123-bis, para. 1, lett. f), TUF)**

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

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

G) **SHAREHOLDERS' AGREEMENTS (Art. 123-bis, para. 1, lett. g), TUF)**

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

H) **CLAUSES ON CHANGE OF CONTROL (Art. 123-bis para. 1, lett. h), TUF) AND BY-LAWS PROVISIONS CONCERNING TAKEOVER BIDS (Arts. 104, para. 1-ter and 104-bis, para. 1, TUF)**

Material agreements entered into by Finmeccanica or its subsidiaries at 31 December 2014 and which will become effective, will be amended or extinguished in case of a change of control of the company concerned, are listed in the following table with an indication of the corresponding effects.

PARTIES		AGREEMENT	EFFECTS OF THE CHANGE OF CONTROL CLAUSE
FINMECCANICA SPA	BNPP-BNL, BANCA INTESA SANPAOLO, UNICREDIT	AGREEMENT FOR THE GRANTING OF A REVOLVING CREDIT LINE AMOUNTING TO EURO 2.2 BILLION	IN CASE OF A CHANGE OF CONTROL OF FINMECCANICA, AFTER AN OPTIONAL 90-DAY REGISTRATION PERIOD, EACH BANK MAY REQUEST THE CANCELLATION OF ITS COMMITMENT AND THE RESTITUTION OF ITS STAKE, TOGETHER WITH ANY INTEREST ACCRUED UNTIL THAT DATE
FINMECCANICA SPA	BAE SYSTEMS AND EADS	SHAREHOLDERS' AGREEMENT RELATING TO MBDA SAS, A COMPANY OPERATING IN THE MISSILE SYSTEMS SECTOR	IN CASE OF A CHANGE OF CONTROL OF FINMECCANICA, THE OTHER SHAREHOLDERS - BAE SYSTEMS AND EADS - HAVE THE OPTION OF DECIDING WHETHER TO EXTINGUISH FINMECCANICA'S RIGHT TO APPOINT CERTAIN MANAGERS AND TO OBTAIN CERTAIN INFORMATION ABOUT MBDA. IF THIS IS REQUESTED BY THE SHAREHOLDERS, FINMECCANICA CAN ASK THESE SHAREHOLDERS TO BUY ITS STAKE IN MBDA AT MARKET PRICE
FINMECCANICA SPA	EUROPEAN INVESTMENT BANK (EIB)	AGREEMENT FOR THE GRANTING OF A LOAN FOR THE "DEVELOPMENT AND PRODUCTION OF INNOVATIVE AIRCRAFT COMPONENTS" PROJECT OF ALENIA AERMACCHI SPA	EIB MAY CANCEL THE LOAN AND REQUEST EARLY REIMBURSEMENT IF A PARTY OR GROUP OF PARTIES ACTING IN CONCERT ACQUIRE CONTROL OF FINMECCANICA PURSUANT TO ART. 2359 OF THE ITALIAN CIVIL CODE OR IF THE ITALIAN GOVERNMENT CEASES TO HOLD AT LEAST 30% OF THE SHARE CAPITAL OF FINMECCANICA
FINMECCANICA SPA	THALES	SHAREHOLDERS' AGREEMENT RELATING TO THALES ALENIA SPACE SAS ("TAS" - FINMECCANICA 33%)	IN CASE OF A CHANGE OF CONTROL OF FINMECCANICA TO A COMPETITOR OF THALES, THALES IS ENTITLED TO BUY FINMECCANICA'S SHARES IN TAS AT A PRICE TO BE AGREED BY THE PARTIES

FINMECCANICA SPA	THALES	SHAREHOLDERS' AGREEMENT RELATING TO TELESPAZIO SPA (FINMECCANICA 67%), A COMPANY OPERATING IN THE SATELLITE SERVICES SECTOR	IN CASE OF A CHANGE OF CONTROL OF FINMECCANICA TO A COMPETITOR OF THALES, THALES IS ENTITLED TO SELL ITS STAKE IN TELESPAZIO TO FINMECCANICA AT A PRICE TO BE AGREED BY THE PARTIES
FINMECCANICA SPA	THALES AND BENIGNI	SHAREHOLDERS' AGREEMENT RELATING TO ELETTRONICA SPA (FINMECCANICA 31.33%), A COMPANY OPERATING IN THE DEFENCE ELECTRONICS SECTOR	IN CASE OF A CHANGE OF CONTROL, THE OTHER SHAREHOLDERS HAVE THE RIGHT TO BUY FINMECCANICA'S SHARES IN ELETTRONICA ON A PRO-RATA BASIS AT A PRICE TO BE AGREED BY THE PARTIES
FINMECCANICA SPA	CHARTIS ASSICURAZIONI	AGREEMENT FOR THE GRANTING OF AN INSURANCE CREDIT LINE FOR THE ISSUE OF SIGNATURE LOANS (BID BOND, PERFORMANCE BOND ETC.) IN THE INTERESTS OF THE FINMECCANICA GROUP'S COMPANIES	IN CASE OF A CHANGE OF CONTROL OF FINMECCANICA, THE INSURANCE COMPANY MAY REQUEST AN IMMEDIATE CASH DEPOSIT EQUAL TO THE AMOUNTS OF THE GUARANTEES IN FORCE AND TO CANCEL THE CREDIT LINE

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

			LICENCE AGREEMENT AND OF ALL THE OTHER AGREEMENTS WITH BELL RELATED TO THE HELICOPTER AW609, EXCEPT WITH THE PRIOR WRITTEN CONSENT BY BELL HELICOPTER TEXTRON INC.
AGUSTAWESTLAND PHILADELPHIA CORPORATION 100 % FINMECCANICA, THROUGH AGUSTAWESTLAND SPA (100 % FINMECCANICA)	CAE FLIGHT SOLUTION USA INC.	ROTORSIM USA LLC AGREEMENT	IN CASE OF A CHANGE OF CONTROL OF ONE OF THE PARTIES TO THE AGREEMENT IN FAVOUR OF A COMPETITOR OF THE OTHER PARTY, THE LATTER IS ASSIGNED THE PRE-EMPTION RIGHT CONSISTING IN THE SALE OF ITS STAKE IN ROTORSIM USA LLC
AGUSTAWESTLAND SPA 100% FINMECCANICA	BRILOG LEASING LTD	FRAMEWORK AGREEMENT FOR THE SUPPLY OF 11 AW189 SAR	RIGHT OF THE COUNTERPARTY TO WITHDRAW FROM CONTRACT IN CASE OF A CHANGE OF CONTROL OF AGUSTAWESTLAND (RESULTING FROM THE DISPOSAL OF A SHAREHOLDING HIGHER THAN 25% OF THE SHARE CAPITAL OF THE SAME)
ALENIA AERMACCHI SPA 100% FINMECCANICA	BOEING COMPANY	GENERAL TERMS AGREEMENT (“GTA”) CONCERNING THE OF STAKE ALENIA AERMACCHI SPA IN THE BOEING 787 PROGRAMME	SECTION 20.4 OF THE GTA PROHIBITS THE ASSIGNMENT OF THE CONTRACT (ALSO CONSIDERING THE “CHANGE OF CONTROL” OF ALENIA AS SUCH) WITHOUT THE AUTHORISATION OF BOEING. IN THE EVENT OF THE BREACH OF THE ABOVEMENTIONED CLAUSE ON THE PART OF ALENIA, BOEING SHALL BE ENTITLED TO TERMINATE THE CONTRACT WITH ALENIA, EITHER IN WHOLE OR IN PART. FURTHERMORE, SHOULD ALENIA BREACH THE ABOVEMENTIONED SECTION 20.4, BOEING SHALL BE ENTITLED TO

			BE REPAID, ON A PROPORTIONAL BASIS – AS REGARDS THE SHIPSETS NOT DELIVERED BY ALENIA AS AT THE DATE OF THE BREACH – ANY SUMS PAID BY BOEING TO ALENIA ACCORDING TO SECTION 5.9 OF THE AGREEMENT NAMED “SPECIAL BUSINESS PROVISIONS” IN FORCE BETWEEN BOEING AND ALENIA AGAIN IN RELATION TO THE 787 PROGRAMME
ALENIA AERMACCHI SPA 100% FINMECCANICA	ABU DHABI AUTONOMOUS SYSTEM INVESTMENTS CO 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 IS SUBJECT TO THE EXECUTION OF A SPECIAL AMICABLE SETTLEMENT PROCESS AND NOT AN ARBITRATION PROCEDURE. MOREOVER, THE NON- BREACHING PARTY MAY DEMAND THAT THE BREACHING PARTY SELLS ITS SHARES AT MARKET VALUE LESS 20%, OR THAT THE BREACHING PARTY PURCHASES THE SHARES OF THE NON- BREACHING PARTY AT MARKET VALUE PLUS 20%
ALENIA AERMACCHI SPA 100% FINMECCANICA	LOCKEED MARTIN AERO	STRATEGIC TEAMING AGREEMENT THAT SETS OUT THE GENERAL TERMS OF THE RELATIONSHIPS BETWEEN THE PARTIES UNDER JOINT STRIKE FIRE ("JSF") PROGRAMME TO BUILD A 5 TH GENERATION MULTIROLE FIGHTER PLANE	TERMINATION OF THE AGREEMENT AT THE OPTION OF LOCKEED MARTIN IN CASE OF A CHANGE OF OWNERSHIP OR CONTROL OF ALENIA AERMACCHI

<p>WORLD'S WING SA 94.94% FINMECCANICA THROUGH ALENIA AERMACCHI SPA (100% FINMECCANICA)</p>	<p>OAO SUKHOI COMPANY ("SUKHOI"), OAO SUKHOI DESIGN BUREAU (MERGED INTO SUKHOI), SUKHOI CIVIL AIRCRAFT COMPANY ("SCAC")</p>	<p>SHAREHOLDERS' AGREEMENT RELATED TO SCAC, A RUSSIAN COMPANY WITH REGISTERED OFFICE IN MOSCOW, MANUFACTURER OF THE AIRCRAFT SUKHOI SUPERJET100.</p>	<p>ON THE BASIS OF ART. 7.06 OF THE SCAC SHAREHOLDERS' AGREEMENT, IN CASE OF A CHANGE OF CONTROL OF ALENIA, SUKHOI HAS THE RIGHT TO EXERCISE A PURCHASE OPTION ON THE SHARES OF SCAC HELD BY ALENIA THROUGH ITS SUBSIDIARY WORLD'S WING SA, AT A MARKET PRICE, EQUAL TO THE LOWER OF FAIR MARKET VALUE AND FLOOR RETURN (WHICH CORRESPONDS TO THE TOTAL PURCHASE PRICE OF SHAREHOLDINGS IN SUPERJET INTERNATIONAL AND IN SCAC) PLUS THE TOTAL CONTRIBUTIONS PAID BY ALENIA, UNDER THE FUNDING PLAN, LESS 10%</p>
<p>ALENIA AERMACCHI SPA 100% FINMECCANICA</p>	<p>ISRAEL MINISTRY OF DEFENCE</p>	<p>"STRATEGIC PURCHASE CONTRACT" FOR THE SUPPLY OF 30 ADVANCED TRAINING M346 AIRCRAFT AND RELATED SYSTEMS, SERVICES AND TECHNICAL SUPPORT</p>	<p>IN CASE OF A CHANGE OF CONTROL OF ALENIA THE ISRAEL MINISTRY OF DEFENCE MAY TERMINATE THE CONTRACT IF, AS A RESULT OF THE SAME, THE SAME BECOMES SUBJECT TO THE MANAGEMENT AND CONTROL BY A PARTY LINKED TO A STATE DEFINED AS AN "ENEMY OF THE STATE OF ISRAEL" ACCORDING TO THE ISRAELI LEGISLATION ON "ISRAELI'S TRADING WITH THE ENEMY"</p>
<p>ALENIA AERMACCHI SPA 100% FINMECCANICA</p>	<p>ELBIT SYSTEMS LIMITED</p>	<p>"CONTRACTOR LOGISTIC SUPPORT CONTRACT" FOR LOGISTIC SUPPORT (SUPPLY, REPAIR AND SERVICE OF SPARE PARTS) TO THE ISRAELI M-346 FLEET</p>	<p>ARTICLE 37.1 OF "CONTRACTOR LOGISTIC SUPPORT CONTRACT" ENVISAGES THAT IN CASE OF A CHANGE OF CONTROL OF ALENIA, AS A RESULT OF WHICH THE SAME BECOMES SUBJECT TO THE MANAGEMENT AND CONTROL BY A</p>

			CONTROLLING SHAREHOLDER LINKED TO A STATE THAT DOES NOT HAVE DIPLOMATIC RELATIONS WITH ISRAEL, A PRIOR WRITTEN CONSENT IS REQUIRED FROM ELBIT
WING NED BV 100% FINMECCANICA THROUGH ALENIA AERMACCHI SPA (100% FINMECCANICA)	OAO SUKHOI COMPANY (“SUKHOI”), SUPERJET INTERNATIONAL SPA (“SJI”)	SJI SHAREHOLDERS’ AGREEMENT RELATED TO SJI, AN ITALIAN COMPANY THAT MARKETS THE SUKHOI SUPERJET 100 AIRCRAFT IN THE WESTERN MARKETS.	ON THE BASIS OF ARTICLE 7.06 OF THE SHAREHOLDERS AGREEMENT, IN CASE OF A CHANGE OF CONTROL OF ALENIA, SUKHOI HAS THE RIGHT TO EXERCISE A PURCHASE OPTION ON THE SHARES OF SJI, HELD BY ALENIA THROUGH ITS SUBSIDIARY WING NED BV, AT A MARKET PRICE, EQUAL TO THE LOWER OF FAIR MARKET VALUE AND FLOOR RETURN (WHICH CORRESPONDS TO THE TOTAL PURCHASE PRICE OF THE SHAREHOLDINGS IN SJI AND IN SCAC), PLUS THE TOTAL CONTRIBUTIONS PAID BY ALENIA, UNDER THE FUNDING PLAN, LESS 10%
ANSALDOBREDA SPA 100% FINMECCANICA AS A MEMBER OF THE TREVI CONSORTIUM ALONG WITH: <ul style="list-style-type: none"> • ALSTOM FERROVIARIA SPA • FIREMA TRASPORTI SPA INA.S. • BOMBARDIER TRANSPORTATION ITALIA SPA 	CONSORZIO TREVI (IN LIQ.), WHICH HAS A LOCOMOTIVE SUPPLY CONTRACT WITH TRENITALIA SPA	BY-LAWS OF THE TREVI CONSORTIUM	THE BY-LAWS OF THE TREVI CONSORTIUM STIPULATE THAT THE SHAREHOLDERS’ MEETING CAN DECIDE, BY UNANIMOUS VOTE EXCEPT FOR THE VOTE OF THE CONSORTIUM MEMBER, TO EXCLUDE A MEMBER OF THE CONSORTIUM IN THE CASE OF THE TRANSFER OF THE CONTROLLING INTEREST OF THE CONSORTIUM MEMBER ITSELF, UNLESS SUCH TRANSFER TAKES PLACE WITHIN SUBSIDIARIES AND/OR ASSOCIATES OR, IN ANY CASE, THE SAME FINANCIAL GROUP TO WHICH THE TRANSFEROR BELONGS

ANSALDOBREDA SPA 100% FINMECCANICA	BOMBARDIER TRANSPORTATION GMBH	COOPERATION AGREEMENT CONCERNING THE JOINT DEVELOPMENT, MANUFACTURE AND SALE OF THE NEW HIGH-SPEED TRAIN	IN THE CASE IN WHICH MORE THAN 50% OF THE SHARE CAPITAL OF ONE OF THE PARTIES OR ITS PARENT COMPANY IS TRANSFERRED TO A COMPETITOR OF THE PARTIES, OR IN THE CASE OF THE TRANSFER OF THE ASSETS TO A COMPETITOR, THE PARTY NOT INVOLVED WILL BE ENTITLED TO TERMINATE THE COLLABORATION CONTRACT
ANSALDO STS SPA 40.066% FINMECCANICA	NAPLES CITY COUNCIL	CONCESSION AGREEMENT FOR THE CONSTRUCTION OF LINE 6 OF THE METRO	TERMINATION OF THE CONTRACT IN CASE OF THE INCORPORATION OR MERGER WITH OTHER NON-GROUP COMPANIES
SELEX ES LTD 100% FINMECCANICA THROUGH SELEX ES SPA (100% FINMECCANICA)	NORTHROP GRUMMAN	“MISSILE COUNTER MEASURE (INFRARED)” CONTRACT	TERMINATION OF THE CONTRACT OR ALTERNATIVELY A REQUEST FOR ADDITIONAL PERFORMANCE GUARANTEES, AT THE DISCRETION OF THE PARTY NOT SUBJECT TO A CHANGE IN CONTROL
SELEX SYSTEMS INTEGRATION LTD 100% FINMECCANICA THROUGH SELEX ES SPA (100% FINMECCANICA)	LOCKHEED MARTIN IS&GS (CIVIL) UK	TEAMING AGREEMENT FOR PRESENTING A BID FOR THE JOINT MILITARY AIR TRAFFIC SERVICES PROJECT”	TERMINATION OF THE CONTRACT AT THE DISCRETION OF THE PARTY NOT SUBJECT TO A CHANGE IN CONTROL
TELESPAZIO SPA 67% FINMECCANICA	DLR GFR	BY-LAWS FOR SPACEPAL 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	ITALIAN SPACE AGENCY	SHAREHOLDERS’	IN CASE OF MATERIAL

67% FINMECCANICA	(ASI)	AGREEMENT RELATING TO E-GEOS SPA (TELESPAZIO SPA 80%, ASI 20%), A COMPANY OPERATING IN THE EARTH OBSERVATION SATELLITE FIELD	CHANGES IN THE SHAREHOLDER STRUCTURE OF TELESPAZIO, ASI IS ENTITLED, AT ITS OPTION: <ul style="list-style-type: none"> • TO REPURCHASE THE PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS CONTRIBUTED BY ASI TO E-GEOS; - TO SELL THE SHARES TO THE SHAREHOLDERS OF E-GEOS IN PROPORTION TO THE STAKES HELD IN THE COMPANY. THE CHANGE IN THE SHAREHOLDER STRUCTURE OF FINMECCANICA SPA OR THALES S.A. IS NOT CONSIDERED TO BE A MATERIAL CHANGE.
DRS DEFENSE SOLUTIONS LLC 100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC. (100% FINMECCANICA)	THALES USA INC.	JOINT VENTURE AGREEMENT CONCERNING ADVANCED ACOUSTIC CONCEPTS, 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 RADAR SYSTEMS LLC 100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC. (100% FINMECCANICA)	THALES NEDERLAND BV, THALES USA DEFENCE & SECURITY INC.	TECHNOLOGY TRANSFER AND LICENCE AGREEMENT	RIGHT TO TERMINATE THE CONTRACT

DRS DEFENCE SOLUTIONS LLC 100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC. (100% FINMECCANICA)	DRS TECHNOLOGIES INC	LOAN AGREEMENT	IN CASE OF A CHANGE OF CONTROL, OBLIGATION OF DRS DEFENCE SOLUTIONS OF ACCELERATED REPAYMENT OF THE LOAN TO DRS TECHNOLOGIES
DRS NETWORK & IMAGING SYSTEMS LLC 100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC. (100% FINMECCANICA)	DVTEL, INC.	COLLABORATION AND DEVELOPMENT AGREEMENT	RIGHT OF THE PARTIES TO THE AGREEMENT TO WITHDRAW IN THE EVENT OF A CHANGE OF CONTROL OF ONE PARTY IN FAVOUR OF A COMPETITOR OF THE OTHER PARTY
DRS TECHNOLOGIES INC. AND ITS SUBSIDIARIES 100% FINMECCANICA THROUGH MECCANICA HOLDINGS USA INC. (100% FINMECCANICA)	FINMECCANICA/MECCANI CA HOLDINGS USA	LOAN AGREEMENT	IN CASE OF CHANGE OF CONTROL, DRS TECHNOLOGIES IS REQUIRED TO IMMEDIATELY REPAY THE LOAN IN FAVOUR OF FINMECCANICA /MECCANICA HOLDINGS USA
FINMECCANICA GLOBAL SERVICES SPA 100% FINMECCANICA	FINMECCANICA	LOAN AGREEMENT	RIGHT OF TERMINATION IN FAVOUR OF FINMECCANICA IN CASE OF CHANGE IN THE CONTROL STRUCTURES OF FINMECCANICA GLOBAL SERVICES OR OF ANY TRANSFER OF THE BUSINESS TO THIRD PARTIES OR OF A SIGNIFICANT BRANCH OF BUSINESS OF FINMECCANICA GLOBAL SERVICES ITSELF

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

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

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

L) **LAWS GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE BY-LAWS** (Art. 123-bis, para. 1, lett. l), TUF)

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

As regards any amendments to the By-Laws, it should be noted that they shall be approved by the Shareholders' Meeting pursuant to law and By-Laws.

However, under Art. 24.1 of the By-Laws, the Board of Directors has the power to adapt the By-Laws to legislative provisions. Under Art. 22.3 of the By-Laws, any proposals to amend articles or to adopt new By-Laws are decided by the Board of Directors with the vote in favour of 7/10ths of the Directors in office.

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

M) **AUTHORISATION FOR SHARE CAPITAL INCREASE AND AUTHORISATION TO PURCHASE TREASURY SHARES** (Art. 123-bis, para. 1, lett. m), TUF)

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

As mentioned above, the Company held 32,450 treasury shares, equal to about 0.0056% of the share capital, at the date of the approval of this Report. It is to be noted moreover that at present there are no Shareholders' Meeting authorisations for the purchase of any additional treasury shares.

N) **DIRECTION AND COORDINATION**

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

3. COMPLIANCE (Art. 123-bis, para. 2, lett. a), TUF)

The Board of Directors of Finmeccanica has long since resolved (at the meeting of 17 October 2006) to bring the Company's Corporate Governance model into line with the application criteria and principles of the Corporate Governance Code of Listed Companies, with which the Company complies. This model has been subject to subsequent updates aimed at approving the instructions given by the Code from time to time, which are currently incorporated in the document "**RULES OF PROCEDURE OF THE BOARD OF DIRECTORS**" (hereinafter also referred to as "**RULES OF PROCEDURE**"), which was finally updated by the Board on 19 December 2012, on 19 December 2013 and on 31 July 2014 in order to guarantee the constant adoption of the contents of the Code as well as the alignment of the Rules with the changes made to the Company's organisational structure. The text of the Code can be accessed by the public on the website of the Corporate Governance Committee (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014cleanen.en.pdf>). The text of the Rules of Procedure may be consulted in the specific Governance section of the Company's website (Governance/Governance Model/Rules of Procedure BoD).

Neither Finmeccanica nor its subsidiaries with key strategic roles are subject to non-Italian laws affecting the Company's corporate governance structure; with regard to the activities of the Group in the USA, it is noted that some of them are subject to specific governance rules (such as the "Special Security Agreement" and the "Proxy Agreement"), which were agreed with the Defense Security Service (DSS) of the US Department of Defense and aimed at restricting the access, by the shareholder, to "classified" information.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND REPLACEMENT (Art. 123-bis, para. 1, lett. 1), TUF)

The Company is governed by a Board of Directors that is made up between 8 and 12 members who are appointed by the Shareholders. The Shareholders also establish the number of members and the length of their terms in office. Directors are appointed for a term that does not exceed three financial years and may be re-elected pursuant to Art. 2383 of the Italian Civil Code. In the event that the Meeting has not taken steps to do so, the Board will appoint a Chairman from among its members.

Regarding the appointment of the Directors, the By-Laws (section 18.3) provide for the specific "list voting" mechanism, as described below.

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

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

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

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

Only Shareholders who, alone or together with other Shareholders, represent at least 1% of the voting shares in the Ordinary Shareholders' Meeting will be entitled to submit lists, or such lesser number as may be laid down by provisions of law or regulations, where applicable. By Resolution no. 19109 of 28 January 2015, CONSOB identified the shareholding required to submit lists of candidates for the election of governing and control bodies of Finmeccanica to the extent of 1%, equal to the percentage provided for in Art. 18.3 of the Company By-Laws.

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

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

Lists with a number of candidates equal to or over three must also include candidates of different genders, in accordance with the notice of call of the Meeting, in order to permit a composition of the Board of Directors that is in line with the regulations in force regarding the balance between genders. Together with each list, and within the time limit prescribed for the filing of such lists, declarations by the individual candidates must also be filed, in which they accept their nominations and certify, under their own responsibility, that there are no grounds for ineligibility for election or incompatibility and that all the requirements prescribed by the regulations in force are met for their respective positions including any independence requirements as required by the By-Laws.

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

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

The Directors shall be elected as follows:

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

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

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

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

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

c-bis) when the application of procedures (a) and (b) does not result in compliance with the regulations governing gender equality, the quotient of votes to allocate to each candidate from the lists is calculated, dividing the number of votes obtained by each list by the ranking of each

candidate; the candidate from the more represented gender with the lowest quotient of the candidates from all the lists is replaced, without prejudice to the minimum number of independent Directors, by the person belonging to the less represented gender chosen (with the next highest ranking) in the same list as the replaced candidate. If candidates from different lists have obtained the same quotient, the candidate in the list from which the greatest number of Directors have been taken will be replaced; or, subordinately, the candidate from the list that has obtained the lowest number of votes; or, if the votes are even, the candidate that has obtained fewest votes from the Shareholders' Meeting in a special ballot.

Section 18.4 of the Company's By-Laws provides that for the appointment of Directors who are for whatever reason not appointed in accordance with the aforementioned procedures, the Shareholders' Meeting shall resolve with the majorities provided by law and in order to ensure the presence of the minimum number of independent Directors provided by law and the Company's By-Laws as well as to comply with the regulations in force regarding the balance between genders. If in the course of the mandate, one or more Directors cease to hold office, measures will be taken pursuant to Art. 2386 of the Italian Civil Code. To replace the Directors who have ceased to hold office, the Shareholders' Meeting shall resolve with the majorities provided by law to appoint replacements from those on the same list as that of the Directors who have ceased to hold office, if previously unelected candidates remain on this list. The Board of Directors carries out the replacement, pursuant to Art. 2386 of the Italian Civil Code, by appointing the replacement Directors on the basis of the same criteria as in the previous period and in order to guarantee the presence of the minimum number of independent Directors provided for by law and the Company's By-Laws, in the first meeting after the termination. With particular regard to the provisions introduced by Law no. 120 of 12 July 2011 and by the Consob implementing regulations governing equal access to the governing and control bodies of listed companies and the relative by-laws provisions that apply starting from the first renewal of governing and control bodies after 12 August 2012 and for the following three mandates (art. 34.1 of the Company's By-Laws), it is to be noted that the distribution of the governing and control bodies to be elected shall be carried out on the basis of a criterion that ensures gender equality: in particular, for the first term of office, at least 1/5 (and at least 1/3 for two following terms) of the members of the governing and control bodies shall represent the under-represented gender. With regard to the Board of Directors which currently holds office, appointed on 15 May 2014, the portion of the under-represented gender is equal to 1/3 of the Board's members.

Succession plans

The Board of Directors of the Company has considered not to adopt a plan for the replacement of the executive Directors of Finmeccanica Spa, thus submitting these assessments to the Shareholders.

4.2. COMPOSITION (Art. 123-bis, para. 2, lett. d), TUF)

The Shareholders' Meeting of 15 May 2014 set the number of the members of the Board of Directors at 11. They will serve until the approval of the Financial Statements for the 2016 financial year.

The **Board of Directors in office at the 2014 year-end and currently holding office**, is made up as follows:

Giovanni De Gennaro (1)	Chairman
Mauro Moretti (1)	Chief Executive Officer and General Manager
Guido Alpa (1)	
Marina Elvira Calderone (1)	
Paolo Cantarella (2)	
Marta Dassù (1)	
Alessandro De Nicola (1)	
Dario Frigerio (2)	
Fabrizio Landi (1)	
Silvia Merlo (2)	
Marina Rubini (2)	

- (1) Director appointed from the list submitted by the majority shareholder (Ministry of Economy and Finance), voted by 56.46% of the share capital represented in the Shareholders' Meeting.
- (2) Director appointed from a list submitted by the minority shareholder (a group of asset management companies and institutional investors), voted by 35.07% of the share capital represented in the Shareholders' Meeting.

The Tables annexed to this Report show the structure of the Board of Directors, specifying the members serving as at the date of approval of this Report, and the Directors who ceased to hold office during the 2014 financial year as well as the respective details in terms of independence (in accordance with the Consolidated Law on Financial Intermediation and the Corporate Governance Code), membership in Committees and length of service.

A brief *curriculum* of each member of the present Board of Directors follows.

GIOVANNI DE GENNARO – CHAIRMAN

He was born in Reggio Calabria on 14 August 1948. He is the Chairman of the Board of Directors of Finmeccanica from 4 July 2013. He took a Degree in Law at the University of Rome “La Sapienza”. After fulfilling his national service obligations as a reserve officer for the Italian Army and a short period of work at the Italian Ministry of Finance, he entered the Ministry of the Interior holding various positions as a Public Security Officer (“*Funzionario di Pubblica Sicurezza*”). He spent most of his career in the Public Security Administration until 1994, when he was appointed “*Prefetto di Prima classe*” (Prefect). In 2000 became Chief of the Police – Director General of Public Security. In 2007 he was appointed Head of the Ministerial Staff of the Internal Affairs. During his mandate, because of the exceptionally serious crisis related to the waste disposal in Campania, the Italian Government assigned Mr De Gennaro the temporary management of the emergency for 120 days and appointed him Extraordinary Commissioner. In 2008 he held the position of Director General of the Italian Security Intelligence Department (DIS – *Dipartimento per le Informazioni per la Sicurezza*), with the additional task of implementing, from a regulatory and organisational standpoint, the complex reform of the intelligence services called for by the Parliament in 2007. In 2012 he was appointed Under Secretary to the Italian Prime Minister’s Office with powers over the intelligence and security services, by the Council of Ministers. As Government representative he participated in the process of approval, unanimously voted by the Parliament, of another partial reform of the laws governing the intelligence services, with particular regard to the sensitive issue of the State Secret. Mr De Gennaro was bestowed the Knight of Grand Cross (“*Cavaliere di Gran Croce*”) of the Order of Merit of the Italian Republic in the year 2000”. He is the Chairman of the Center for American Studies and from May 2014 he is the Chairman of the Ansaldo Foundation.

MAURO MORETTI – CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

He was born on 29 October 1953 in Rimini. He was appointed Chief Executive Officer and General Manager of Finmeccanica on 15 May 2014. He has graduated in electrical engineering from Bologna University. In 1977 he won a competitive state examination for management positions in the Azienda Autonoma Ferrovie dello Stato, the former Italian State Railways Corporation. Since then he has held a number of positions in various business sectors and in various Ferrovie dello Stato Group companies, where he was appointed Chief Executive Officer in 2006. In 2005 he was awarded an Honorary Degree in Mechanical Engineering by the University of Cassino, while in 2010 he was honoured with the title of *Cavaliere del Lavoro*, i.e. Knight of Labour, an Italian order of merit for labour. He has been the Honorary Chairman of AIAD (the Italian Aerospace, Defence and Security

Industries Federation) since June 2014. He has also held a number of position at international level, such as Chairman of the European Management Committee of the UIC (*Union Internationale des Chemins de Fer*, International Union of Railways), as well as Vice Chairman and a member of the world Board of the same association, and is currently Co-Chairman of the Italian Egyptian Business Council. He held the position of Chairman of the CER (Community of European Railway and Infrastructure Companies) from January 2009 to December 2013. At national level, he is a member of the Board, the Steering Committee and the Europe Technical Committee of Confindustria (the Italian Federation of Industrialists) and of the Board and the Steering Committee of Assolombarda (the industry association of the Lombardy Region), as well as a member of the Steering Committee of Unindustria (an Italian association of entrepreneurs); he is the Vice Chairman of the Naples Unione Industriali (an industry association), with delegated powers for Large Infrastructures, as well as the Chairman of the CIFI (Board of Italian Railway Engineers) and of the Council for the FIGI (Engineering Faculty and Large-sized Enterprises) project of La Sapienza University in Rome; he is a member of the Board of ANIE (National Federation of Electrotechnical and Electronic Industries) and is a General Counsel to the SLALA (Logistics System of the Northern/Western Italy) Foundation. He is also a member of the Scientific Committee of the Polytechnic Institute Foundation of Milan, of the Board of Directors of the non-profit CIVITA Association, of the Committee of Honour of the Roman Polyphonic Chorus of Oratorio del Gonfalone and of the Steering Committee of the Association of Amici dell'Accademia dei Lincei. He teaches and lectures in various postgraduate Master's courses and university courses and, finally, is the author of a large number of publications regarding transport techniques, technology and economics.

GUIDO ALPA – DIRECTOR

He was born in Ovada (Province of Alessandria) on 26 November 1947. He has been a Director of Finmeccanica since 15 May 2014. He has graduated in Law from Genoa University. He has been Full Professor at the Faculty of Law at Genoa University (Civil law, Comparative private law and Comparative legal systems). He has been Full Professor at the Faculty of Law at La Sapienza University in Rome since 1991 (Civil law and Comparative private law) and the director of the Master's course in European Private Law since 2004. He has been a Visiting Professor at the School of Law of Oregon University and at the University of California (Berkeley), the University of London, the International Faculty of Comparative Law in Mannheim, Trento and Coimbra, the University of Barcelona, the University of Granada and the University of Oxford. He has also taught at the Malta University Summer School, at the Summer School of the Institute of Advanced Legal Studies in London, at the Summer School of the King's College in London. He has been a member

of the National Bar Association since 1995 and the Chairman of this Association since May 2004. He is a member of the Steering Committee of the Italian Arbitration Association, of the Steering Committee of the Italian Comparative Law Association, of the national Steering Committee of the International insurance law association and a member of the Scientific Committee of “Bancaria” (the Italian Bankers’ Association’s monthly magazine), as well as the Chairman of the Italian Civil Lawyers. Furthermore he is also a member of the Advisory Council of the Institute of European Comparative Law at the University of Oxford and has been a member of the Board of Directors of the Cesar Foundation. He has been the Chairman of the Users’ Advisory Council and a board member of ISVAP (the Italian Insurance Supervisory Authority). He has been a member of the Board of Directors of Banca Carige, the Chairman of Carige Assicurazioni S.p.A. and Carige Vita Nuova S.p.A., as well as a member of the Board of Directors of the Carige Foundation and a member of the Board of Directors of of Grandi Navi Veloci S.p.A.

He has received prestigious awards including that of the Knight of Grand Cross (“*Cavaliere di Gran Croce*”) of the Order of Merit of the Italian Republic, Knight of the Equestrian Order of the Holy Sepulchre and Commander of the Order of St Gregory the Great. Finally, he is the author of a large number of publications.

MARINA ELVIRA CALDERONE – DIRECTOR

She was born in Bonorva (Province of Sassari) on 30 July 1965. She was appointed Director of Finmeccanica by the Shareholders’ Meeting of 15 May 2014. She has graduated in International Business Economics. She acquired experience in human resources management in medium- to large-sized companies. In 1997 she began to act as a Director of Category, first at local level, supporting the creation of the Cagliari Provincial Office of the ANCL (National Labour Consultants Association) and afterwards at national level in holding the position of member of the National Executive Council and National Councillor. She has served on various boards of the National Labour Consultants Council and of its Studies Foundation since 2000. She has been the Chairman of the National Labour Consultants Council since 2005. She is the Chairman of the European Labour Law Practice Association based in Brussels since 2006. She has been the Chairman of the Permanent Single Committee of Professional Associations and Boards since 2009. She is the author of books devoted to Italian labour market issues and prospects.

PAOLO CANTARELLA – DIRECTOR

He was born in Varallo Sesia (Vercelli) on 4 December 1944. He was appointed Director of Finmeccanica at the Shareholders’ Meeting of 4 May 2011 and his mandate was renewed at the Shareholders’ Meeting of 15 May 2014. He has a degree in Mechanical Engineering from the

Politecnico University in Turin. He started his career as the General Manager for Turin companies operating in the automobile components industry. In 1977 he joined Fiat S.p.A. in the Automobile Components division at first assisting the head of this division and then as the Sales Manager of AGES S.p.A. (components production). In 1980 he was appointed assistant to the Chief Executive Officer of Fiat SpA as well as head of the Interdivision Industrial Coordination of the Group. In 1983 he was appointed Chief Executive Officer of Comau, a company in the Fiat Group operating in the production resources and systems division. In 1989, he joined Fiat Auto where he was responsible for Purchasing and Logistics. In 1990 he was appointed General Manager of Fiat Auto, then, Chief Executive Officer of the same and manager of the Automobile Division of the Fiat Group. From 1996 to 2002, he held the position of Chief Executive Officer of Fiat S.p.a., Chairman of Fiat Auto S.p.A and Chairman of IVECO B.V.. From 2000 to 2001, he was Chairman of ACEA (European Automobile Manufacturers' Association). In 1997 he was appointed Knight of Labour (*Cavaliere del Lavoro*) He was a member of the Managing Committee of Confindustria and a Member of the Board of Directors of Mediobanca, HdP (holding company of Partecipazioni Industriali SpA), Alcatel, CNH, Polaroid, Terna, TOROC (Turin Olympics 2006) and IREN S.p.A.. At present, he is a member of the Board of Directors of Recchi SpA and of the Teatro Regio of Turin.

MARTA DASSÙ – DIRECTOR

She was born in Milan on 8 March 1955. She was appointed Director of Finmeccanica by the Shareholders' Meeting of 15 May 2014. She has graduated in Contemporary History from Florence University. She has taught Sociology of International Relations and International Journalism at La Sapienza University in Rome. She has held the following positions: Director of CeSPI (Research Centre for International Politics) in Rome from 1989 to 1999, Councillor for International Relations for the Italian Prime Minister from 1998 to 2001, Councillor for the Presidency of the Republic from 2004 to 2005, head responsible for the Strategy Reflection Group of the Ministry of Foreign Affairs from 2006 to 2007, Member of the Scientific Committee of Confindustria (the Italian federation of Industrialists) from 2008 to 2011, as well as Director General for International Affairs at the Aspen Institute in Italy from 2001 to 2011, Deputy Minister for the Ministry of Foreign Affairs from 2001 to 2014. She is a leader writer for *La Stampa*.

She currently holds the following positions: Director General for International Affairs at the Aspen Institute in Italy, Member of the Scientific Committee of the School of Government at LUISS University in Rome, Board Member of the International Institute for Strategic Studies in London, Member of the Advisory Council of the European Policy Centre in Brussels, Member of the Steering

Committee of the International Affairs Institute in Rome. She was awarded the French Légion d'Honneur of the French Republic in 2003.

ALESSANDRO DE NICOLA – DIRECTOR

He was born in Milan on 23 October 1961. He was appointed Director of Finmeccanica by the Shareholders' Meeting of 15 May 2014. He is a lawyer who graduated in Law at the Milan Catholic University of the Sacred Heart. He worked for the Nicoletti Law Firm from 1985 to 1987, for the Pavia – Ansaldo Law Firm from 1987 to 1988 and for the Carnelutti Law Firm from 1988 to 1989. He joined the Targa – Di Paco – Pagani – Vichi Firm (the correspondent firm of KPMG Peat Marwick) from 1989 to 1992. He held the position of Managing Partner for Legal Affairs of SALT (the Law and Tax Firm of Ernst & Young) from 1992 to 2003. He held the position of Managing Partner of the Italian Orrick firm offices from 2003 to 2010, Partner responsible for the European Corporate Department from 2006 to 2009, while he currently holds the position of Senior Partner of the Italian offices and Deputy Corporate Leader at worldwide level. He was a Member of the Scientific Committee of Confindustria (the Italian Federation of Industrialists) from 2002 to 2004 and a Member of the Office of the President of the Council of Ministers working group for the diffusion of biotechnologies from 2003 to 2004. He was a Member of the Scientific Committee of ANIA (National Association of Insurance Companies) from 2005 to 2011. He has held various positions in companies and associations: he was a member of the Board of Directors of Fiera Milano, of the Scientific Institute for the study of Public Administrations, of Ernst & Young Corporate Finance S.r.l. (1996-1998), of Hiatus S.p.A. (Impregilo Group) from 1998 to 2002, of Bentos Assicurazioni S.p.A., of Molmed S.p.A. (2008-2013), as well as an independent member of the Steering Committee of Assogestioni (Italian Asset Management Association) (2007-2013). He is currently a member of the Scientific Committee of FeBAF (Bank, Insurance and Finance Federation) and an independent member of the board of directors of Amundi SGR. He is also the Chairman and a member of a number of Supervisory Boards of leading Italian companies. He has been a Lecturer in Commercial Law since 2000 and, since 2011, a Lecturer in Comparative Business and European Law at Bocconi University in Milan and Scientific Coordinator of the Master's course in Commercial and Company Law at the *Il Sole 24 Ore* Business School.

He has been the President of the Adam Smith Society (a non-profit cultural association, a point of reference in Italy for economic operators interested in studying and spreading market economy, competition and free enterprise principles) from 1993. He is the author of books and other scientific publications. He is a leader writer for *La Repubblica* and *L'Espresso* and has written for a number of

other daily newspapers and for many weekly publications, including *Il Sole 24 Ore*, *Il Mondo* and *Panorama*.

DARIO FRIGERIO – DIRECTOR

He was born in Monza on 24 June 1962. He was appointed Director of Finmeccanica at the Shareholders' Meeting of 4 July 2013, and his mandate was renewed at the Shareholders' Meeting of 15 May 2014. He has a degree in Political Economy from the Bocconi University in Milan. He started his professional career in 1991 at Credito Italiano Bank as financial analyst where he dealt with the Bank's own investment portfolio and the asset liability management. In 1996 he was appointed Investment Manager in Milan and Dublin by the Unicredit Group. In 2001 he was appointed Chief Executive Officer of Pioneer Investment (Unicredit Group). After a new reorganisation of the Unicredit Group, in 2004 Mr Frigerio became in charge of the Private Banking unit and was appointed Deputy General Manager of the UniCredit Group, assuming also the role of Chief Executive Officer of Unicredit Private Banking. He was also appointed member of the Executive Committee of the Unicredit Group. Following the acquisition in 2006 of the German HVB Group and the Austrian Bank Austria Group and in 2007 of Capitalia, he took on the responsibility for the Group's Wealth Management business at international level. He also held the chairmanship and vice-chairmanship of various banks and asset management companies in Italy and abroad (such as Pioneer Global, Pioneer Sgr, Activest Germany, Fineco, Xelion and Dat). He was member of the Supervisory Board of HVB in Germany and Bank Austria in Austria. From 2010 to 2011 he was Senior Advisor of Citigroup in the asset management segment for Europe, Middle East and Africa. From November 2011 to February 2013 he was Chief Executive Officer of Prelios SGR.

At present, he is an Independent Director of listed and unlisted companies (Sogefi S.p.A. and Objectway S.p.A.); moreover he is senior advisor to various asset management and private banking companies.

FABRIZIO LANDI – DIRECTOR

He was born in Siena on 20 August 1953. He was appointed Director of Finmeccanica by the Shareholders' Meeting of 15 May 2014. He graduated from Biomedical Engineering at the Polytechnic Institute in Milan. In 1979 he started his professional career in Miles Italia, a Bayer Group company, as a manager responsible for the Life Science Instruments division. In 1981 he joined the Ansaldo Group in Genoa, as a Manager responsible for the Strategic Marketing in the biomedical electronics sector. He was in managerial roles with various responsible positions in Esaote from 1984 to January 2013, until he took on the post of Chief Executive Officer and General Manager. In 2009 he handled the ownership restructuring which determined the Esaote Group's

present structure. After having held various positions as Chairman and Director of the Esaote Group companies, he has also held the position of Member of the Boards of Directors of some North-American and Asian companies operating in the medical high tech sector. He has also been a Director of Sviluppo Genova S.p.A.. He is a member of the Board of Directors of Elesta in Calenzano. He is a member of the Board of Directors of Menarini Diagnostics, Firma and Silicon Biosystem that belong to the Menarini Group in Florence, as well as of the Board of Directors of Banca CRF in Florence. He is a member of the Steering Committee and of the Board of Confindustria in Florence, as well as of the Presidency Committee, with delegated powers for start-ups, business networks and the establishment of new companies. He is the president of the TLS Foundation in Siena. He acts as Business Angel in a number of Italian and foreign start-ups. He collaborates with Italian and foreign universities in the biomedical engineering, healthcare and business management areas.

SILVIA MERLO – DIRECTOR

She was born in Cuneo on 28 July 1968. She was appointed Director of Finmeccanica by the Shareholders' Meeting of 4 May 2011; her appointment was renewed by the Shareholders' Meeting of 15 May 2014. She has graduated in Business Economics from the Carlo Cattaneo (LIUC) University in Castellanza (Varese). She is Chief Executive Officer of Merlo S.p.A. Industria Metalmeccanica, as well as of Tecnoindustrie Merlo S.p.A.. Currently she also holds positions in the Boards of Directors of other companies in the Merlo Group. She has also been a Director of Banca Nazionale del Lavoro S.p.A. since 2012 and of Gruppo Editoriale L'Espresso S.p.A. since 2013.

MARINA RUBINI – DIRECTOR

She was born in Verona on 16 April 1969. She was appointed Director of Finmeccanica by the Shareholders' Meeting of 15 May 2014. She is a lawyer who graduated in Law at the "Sacro Cuore" Catholic University of Milan and obtained a postgraduate law degree (master of Laws) with honors at the Northwestern University School of Law in Chicago (USA). From 1995 to May 2005 she improved her professional experience collaborating with important law firms in Italy and abroad, such as: Bonelli Erede e Pappalardo in Brussels, PricewaterhouseCoopers in Milan and Gianni, Origoni, Grippo & Partners in Rome. From June 2005 to December 2013, she held the following positions: Manager responsible for the Corporate Area within the Department of Legal Affairs of Tamoil Italia S.p.A.; Manager responsible for the Corporate, Compliance, Antitrust and Commercial Contracts areas within the Department of Legal and Corporate Affairs of Bayer S.p.A.; Head of Legal & Compliance Italy and Southern Europe Cluster of Novartis Vaccines and Diagnostics S.r.l. She has been a member of the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. since

November 2013. Her curriculum was included in the database “1000 Curricula Eccellenti” (1000 excellent curricula) of the Bellisario Foundation which comprises the best curricula of women with excellent professional profiles.

Attitude regarding the plurality of positions

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

In this respect, the Finmeccanica Board of Directors has expressed an opinion regarding the maximum number of positions as director or statutory auditor that is compatible with the efficient performance of the duties involved in a directorship with the Company, deeming that this number should be no higher than five (5) positions in companies listed on regulated markets, including foreign markets, or in finance, banking or insurance companies or of other major companies (article 1 of the Rules of Procedure). Any positions held by Finmeccanica Directors in companies either directly or indirectly controlled by Finmeccanica Spa, or in which it holds an equity interest, should not count for the purposes of the calculation of the number of directorships. The present composition of the Board is coherent with the aforementioned limits.

As provided for by the present Board Regulation, further observations regarding the maximum number of positions held may be made by the Board of Directors on the basis of any recommendations put forth by the Nomination Committee.

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

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

- **Dario Frigerio**
Director of Sogefi S.p.A.
Director of Poste Vita S.p.A
- **Fabrizio Landi**
Director of Banca CRF S.p.A
Director of Menarini Diagnostics S.r.l.

- **Silvia Merlo**

Director of Gruppo Editoriale L'Espresso S.p.A.

Director of Banca Nazionale del Lavoro S.p.A.

Chief Executive Officer of Merlo S.p.A. Industria Metalmeccanica

- **Marina Rubini**

Director of Monte dei Paschi di Siena S.p.A.

4.3. ROLE OF THE BOARD OF DIRECTORS (Art. 123-bis, para. 2, lett. d) TUF)

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

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

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

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

1. setting corporate strategy and organisation guidelines (including plans, programmes and budgets);
2. key strategic agreements, going beyond normal operations, with Italian or foreign operators in the sector or other companies or groups;
3. capital increases, incorporation, transformation, listing, mergers, demergers, winding up or the execution of shareholders' agreements with regard to direct subsidiaries;
4. designation, on proposal of the Chief Executive Officer, of new Directors with powers, or of Directors, Statutory Auditors or Independent Auditors in direct subsidiaries;
5. the purchase, exchange or sale of real estate and leases with a duration of more than nine years;
6. medium- and long-term credit and debt financial transactions for amounts in excess of €mil. 50 per transaction, except for those urgent cases for which the Chief Executive Officer shall be authorised to exceed the above limit reporting such case to the Board of Directors;
7. issuance of guarantees for amounts in excess of €mil. 50 per transaction;

8. the engagement, appointment and dismissal of executives or of the Head of the Group Internal Audit are reserved by the law and the By-Laws to the Board of Directors, subject to the proposal of the Chief Executive Officer; the Board is also entitled to assign consulting engagements on a continuous basis for a duration of more than a year involving expenditure in excess of €th. 250;
9. the acquisition of equity investments, also by exercising option rights;
10. transfers, contributions, leases and usufruct and all other acts of disposal, including those carried out in the framework of joint ventures or as a result of compliance with corporate restrictions or business segments thereof;
11. transfers, contributions, licences and all other acts of disposal, including those carried out within the framework of joint ventures or as a result of compliance with technology, production process, know-how, patent, industrial project and all other intellectual property restrictions connected with work related to defence;
12. moving research and development work related to defence outside Italy;
13. transfer of equity investments in companies, also by means of the exercise or the waiver of option rights, contributions, usufruct, pledges and all other acts of disposal, including those carried out within the framework of joint ventures or as a result of compliance with restrictions arising from the investments themselves;
14. vote in the shareholders' meetings of subsidiaries, associates or companies in which an equity investment is held (the notions of control and association are meant as understood by Art. 2359 of the Italian Civil Code) that conduct business related to defence with regard to the subject matter referred to in the preceding points 10, 11, 12 and 13).

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

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

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

The notice of call is usually served on each member of the Board and of the Board of Statutory Auditors at least three days before that set for the meeting pursuant to section 20.2 of the By-Laws,

as well as according to procedures that are suitable to ensure confidentiality and timeliness of the call and that allow to verify that the notice has been received; in cases of urgency, at the discretion of the Chairman, the notice will be sent as promptly as possible, according to the specific circumstances.

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

At the request of one or more Directors, the Chairman may invite executives from the Company or from Group companies to participate in the individual board's meeting, as well as any other persons or external consultants, whose presence is deemed useful in relation to the issues on the agenda. In any case, these persons will be required to comply with the same confidentiality obligations as those laid down for Directors and Statutory Auditors. In respect of the participation of executives of the Issuer in the Board meetings, it is to be noted that the persons in charge of the Finmeccanica central structures took part in the Board of Directors' meetings, upon invitation of the Chairman, providing the required in-depth analyses.

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

In the course of the 2014 financial year, the Board met 13 times for an average of 3 hours and 30 minutes per meeting. During this year, at 18 March 2015 no. 5 board's meetings have already been held (compared to the scheduled 12 meetings) including that held at the same date.

The following are the Directors' attendance records for the meetings that took place during 2014:

	Attendance
Giovanni De Gennaro	13 out of 13 meetings
Mauro Moretti (°)	8 out of 8 meetings
Guido Alpa (°)	6 out of 8 meetings
Marina Elvira Calderone (°)	8 out of 8 meetings
Paolo Cantarella	11 out of 13 meetings
Marta Dassù (°)	8 out of 8 meetings
Alessandro De Nicola (°)	8 out of 8 meetings
Dario Frigerio	13 out of 13 meetings
Fabrizio Landi (°)	8 out of 8 meetings

Silvia Merlo

11 out of 13 meetings

Marina Rubini (°)

8 out of 8 meetings

(°) In office from 15 May 2014

DIRECTORS WHO HAVE CEASED TO HOLD OFFICE

Guido Venturoni (1)

5 out of 5 meetings

Alessandro Pansa (1)

5 out of 5 meetings

Giovanni Catanzaro (1)

3 out of 5 meetings

Dario Galli (1)

5 out of 5 meetings

Ivanhoe Lo Bello (1)

4 out of 5 meetings

Alessandro Minuto Rizzo (1)

5 out of 5 meetings

Francesco Parlato (1)

5 out of 5 meetings

(1) In office until 15 May 2014

All absences were excused.

As envisaged in their own Rules of procedures, the Board of Directors:

- a) examines and approves the Company's strategic, industrial and financial plans and those of the Group that it leads, monitoring its implementation periodically; defines its corporate governance system and the Group structure;
- b) defines the nature and level of risk compatible with the strategic objectives of the Company;
- c) evaluates the adequacy of the general organisational, administrative and accounting structure of the Company as well as of its key subsidiaries, paying particular attention to the internal audit system and of the system for risk managing;
- d) grants and revokes powers delegated to directors, except for those reserved solely to the Board, establishing the limitations on and manner of exercising these powers and determining the frequency with which the delegated bodies must report to the Board on the actions that have been taken pursuant to the delegation, provided that this will be made at least on a quarterly basis pursuant to section 24.2, last paragraph, of the By-Laws;
- e) defines the Company's policy governing the fees due to directors and executives with strategic responsibilities, in accordance with the regulations in force and with the Code;
- f) decides, upon proposal of the Remuneration Committee, the remuneration and conditions of service of the directors provided with delegated powers and those of the other directors holding special positions (in consultation with the Board of Statutory Auditors and in accordance with Art. 2389 (3) of the Italian Civil Code);

- g) assesses general performance, particularly taking into account the information received from the delegated bodies, and periodically comparing the results attained with those envisaged;
- h) resolves as to the transactions that are reserved for the same by the law and the By-Laws, as well as to any additional transactions of the Company and subsidiaries, when they are of significant strategic or financial importance or if they are materially important in terms of the Company's assets and financial position, which the Board reserves for itself on the occasion of the granting of delegated powers;
- i) at least once a year, appraises the functioning of the Board itself and of its Committees;
- j) in order to ensure the correct management of corporate information, adopts, as proposed by the Chief Executive Officer, a procedure for the internal management and external communication of documents and information concerning the Company, with specific regard to the treatment of inside information;
- k) provides information, in the Report on Corporate Governance, on the procedures for the performance of its duties.

Subject to the opinion of the Control and Risks Committee and following the periodical identification of the main corporate risks supervised by the Director in charge of the internal control and risk management system, at the meeting of 18 March 2015, the Board of Directors provided "Guidelines for the internal control and risk management system" so that the main risks involving the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored, also defining the degree of compatibility of these risks with the management of the enterprise that is consistent with the defined strategic objectives.

As regards specific activities and assessments carried out by the Board, for which reference should be made to paragraph 10 below, it should be noted that the Board of Directors, on the basis of the opinion given by the Control and Risks Committee, has found the organisational, administrative and accounting structure of the Company and of its key subsidiaries adequate, efficient and actually functioning, with specific regard to the internal control and risk management system.

The Board has defined as key subsidiaries those that are responsible for managing the Group's areas of business and having regard to all the activities these companies perform either directly or through other subsidiaries.

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

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

Assessment on the functioning of the Board of Directors

As prescribed in its Rules and in the Corporate Governance Code, Finmeccanica's Board of Directors conducts an annual assessment of the operation, size and composition of the Board itself and its Committees. Among the factors that the Board also takes into account are its members' professional backgrounds, their experience, including their managerial and international experience, their gender characteristics and their seniority as Directors.

As regards the 2014 financial year, Finmeccanica's Board of Directors conducted its first assessment of the Board and its Committees in their current term of office. The assessment was conducted in accordance with the recommendations laid down in application criterion 1.C.1., letter g), of the Corporate Governance Code and in line with the most recent international best practices. Finmeccanica carried out the first self-assessment of all in the 2005 financial year, so this was the tenth exercise of this kind conducted, in compliance with current best practices.

The Board decided to call in an external advisor and appointed the consulting firm Crisci & Partners – Shareholders and Board Consulting, which was chosen because it specialises in and focuses professionally on corporate governance and because it is completely independent. Currently Crisci & Partners does not provide additional services to Finmeccanica, nor to any other Group company. This firm assisted Finmeccanica's Board of Directors in the self-assessment processes for the three years from 2008 to 2010, as well as the Board of Directors of Ansaldo STS S.p.A. in the three years from 2011 to 2013. The self-assessment process of Finmeccanica's Board of Directors and Committees was carried out by two senior professionals who conducted interviews during December 2014 and January and February 2015. The interviews consisted of the compilation, assisted by the professionals, of a questionnaire regarding quantitative aspects, common to all the interviewees, followed by a spontaneous discussion of qualitative themes. Before interviewing, the professionals read the Board of Directors and Committees documents and minutes carefully and had meetings with the Company's Chairman and Chief Executive Officer, as well as with the Secretary to the Board of Directors, in his capacity as observer.

The interviews of Finmeccanica's Directors, which were carefully personalised, were conducted bearing the various aspects related to the composition and operation of the Board and the Committees in mind. The main points considered were:

- professionalism, in terms of the knowledge, professional experience and expertise acquired by the individual Directors and expressed by the Board overall;
- the composition and equilibrium of the members' present roles in the Board;
- the frequency and quality of induction meetings and whether there are succession plans for top executive positions;
- the operation of the Board as a whole;
- aspects of Board meetings: frequency, topics discussed, duration, manner of participation, particularly as regards the consolidation of relations of trust, collaboration and dialogue among the Directors and with the new Chief Executive Officer;
- the Chairman's role and his capacity to lead;
- information flows between the Board and the Committees;
- the composition and operation of the individual Committees and the quality of their resolutions.

The following are the summarised findings of the self-assessment process.

During 2014 a radically renewed Board was engaged in considering various issues related to a phase of sweeping organisational changes and in approving decisions directed at repositioning Finmeccanica's place on the international industrial scene.

The Directors, who are entirely aware of the crucial importance of this phase, feel extremely committed to performing their roles actively and are aware of their responsibility for increasing value for the shareholders. In this situation, the Directors began working together sooner than they would have otherwise been able to and a constructive relationship of trust with the Management was also hastened.

The shared motivation of the members of the Board is accompanied by a combination of diversified experience and expertise: all the priority areas of the Board are covered. The Board's size and gender representation also make for a well-composed governing body.

The Directors are well supported in the performance of their functions, meetings are scheduled efficiently, the information prepared for them is clear and exhaustive and the minutes of the meetings are faultless.

Nine out of the eleven members of the Board are Independent Directors, which enhances the Lead Independent Director's importance and the amount of room he has in order to play an active role in fostering the discussion of matters and of methods of operation of the Board which are of interest to the Independent Directors.

The Board believes that an ongoing induction programme, linked to the Industrial Plan, will have to be conceived and completed in order for all its members to heighten their awareness of the diversity

and complexity of the Group's industrial activities. The Plan was presented, discussed in detail and approved in February 2015 and this is a strong basis to work on in deciding the measures that are to be taken in order to go in this direction.

The Management's decision to call upon an international advisor to appraise and establish the managerial qualities of the new top-level executives is considered a major innovation and is the first step towards a systematic method for the preparation of succession plans to fill key positions in future.

The process of evolution of the organisational model, which intends to transform operating companies into Finmeccanica divisions, may heighten the Parent Company's risk level. The Directors are fully aware of this and point out the need to boost risk management functions.

The areas for improvement to which the members of the Board of Directors agree on committing themselves in future are the preparation of a systematic induction programme, the advisability of a plan to deal with power vacuum periods (crisis management) and the further strengthening of the risk management function.

The perceived role of the Chairman at Board meetings is to ensure that those attending take a full part in the discussions in an orderly manner when decisions are to be taken. It is particularly important for the Chairman to see that Board discussions are fairly balanced and of good quality and to encourage contributions that make for a full and satisfactory exchange of views.

The Chief Executive Officer has taken on and authoritatively conducted the management of Finmeccanica's complex transformation phase. An increasing degree of collective participation in operational and organisational decisions and the transparency with which lines of strategy have been presented, with the consequent active involvement of the Board, have raised the level of reciprocal esteem and trust between Chief Executive Officer and Directors.

The Directors also appreciate the composition of the Committees and their work.

The Analysis of International Scenarios Committee has been the object of all the Directors' particular attention both owing to its Chairwoman's impressive background and the part that this Committee can play in delineating the international strategic scenario in which Finmeccanica moves. Advisors Crisci & Partners concurred with the Directors' favourable opinions and constructive observations regarding the operation of the Board of Directors and Committees and regarding the possibilities of further improvement, confirming the satisfactory degree of compliance with the provisions of the Corporate Governance Code and international best practices.

Board Induction

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

In this regard, the Lead Independent Director, in consultation with the Chairman and Chief Executive Officer and with the assistance of the Company's competent functions, made arrangements - for the benefit of the Directors and the members of the Board of Statutory Auditors - for presentations at meetings devoted to the detailed analysis of the Group's business sectors, products, structure, reference scenarios and competitive positioning.

The members of the Board of Directors and of the Board of Statutory Auditors have also been invited to participate in the main international airshow for the aerospace and defence sector, which took place in July 2014 (Farnborough International Airshow), as well as in other events organized by the Company with the participation of the Company's and Group's executives.

Finally, in order to promote better knowledge of the relevant business, legislative and self-regulatory framework and of developments in this scenario, a specific set of corporate documents (Directives, Procedures and Rules) and the main rules to refer to (both in legislation and in self-regulation measures) that are useful for the performance of the mandate is made available to the Directors and Statutory Auditors, which is regularly updated.

Furthermore, on the occasion of the Board of Directors' Meetings, periodic information reports are prepared and distributed to the Directors and Statutory Auditors on the most important legislative and regulatory developments concerning the Company and the Corporate Bodies.

It should be noted that the Shareholders' Meeting has not given general prior permission for any exceptions to the non-competition provision under Art. 2390 of the Italian Civil Code.

In this regard, in accepting his position each Director has stated that he/she 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/she made at the time of his/her appointment.

4.4. DELEGATED BODIES

Chief Executive Officer and General Manager

On 15 May 2014 the Board of Directors conferred to the Chief Executive Officer and General Manager Mauro Moretti, without prejudice to the duties reserved to the Board of Directors, in addition to being the legal representative of the Company, in accordance with the law and the By-Laws, having signatory powers on behalf of the Company and having the power to implement the

resolutions of the governing body, all the necessary powers and authorisations to jointly manage the Company, its branches of business and its subsidiary, associate and investee companies, consistently with the strategic guidelines identified by him and approved by the Board of Directors.

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

We specify that, in compliance with the Corporate Governance Code requirements, there are no situations of interlocking directorate.

Chairman of the Board of Directors

On 15 May 2014, the Board granted the Chairman of the Company, Mr Giovanni De Gennaro, in office since 4 July 2013, some powers concerning Institutional Relationships, Group Safety - to be exercised in coordination with the Chief Executive Officer - and Group Internal Audit, in addition to the authority as legal representative of the Company and signatory powers pursuant to law and to the By-Laws.

Information to the Board of Directors

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.

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

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

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

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

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

The abovementioned deadline of three days for sending the information prior to the date of the meeting has usually been respected during the financial year in question, with exception to urgent cases. In such cases, the information was in any case provided in due time and in compliance with the provisions of the Board of Directors Rules and the matters on the agenda were specifically analysed during the Board's meetings, also through the assistance of those in charge of the central functions and the provision of a full and detailed documentation.

In the event of particularly complex issues or documentation, the Company provides the most essential relevant documentation to the Directors in order to facilitate the illustration of the issues on the agenda.

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

This information is provided at the same time as the periodic accounts (Annual, Half-Year and Interim Financial Statements and Reports) are submitted for the approval of the Directors.

4.5. OTHER EXECUTIVE DIRECTORS

The Board of Directors is made up exclusively of non-executive Directors (i.e. without delegated operational powers and/or management duties within the Company), with the exception of the Chief Executive Officer and of the General Manager Mauro Moretti.

4.6. INDEPENDENT DIRECTORS

In accordance with the Company's corporate governance model, which, as mentioned earlier, has been aligned with the recommendations of the new Corporate Governance Code, Finmeccanica's Board of Directors assesses the degree of independence of its non-executive members at the first possible meeting after their appointment. Their independence is reassessed annually (in the course of preparing this Report) as well as upon the occurrence of any circumstances that are relevant for independence purposes.

In assessing independence, the Board considers the information given by the individuals concerned regarding circumstances relevant to the assessment. To this end, the Board has defined, after having heard the Board of Statutory Auditors, the contents and procedures according to which the individual

Directors provide information under their responsibility, as well as the application criteria relating to the Company, as reported in the Rules of Procedure (section 4).

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

In the course of the 2014 financial year the Board of Directors, which served for the three-year period 2011, 2012 and 2013, conducted the periodic assessment of the independence of its members on 19 March 2014, as already mentioned in the previous Corporate Governance Report.

As regards the Board of Directors that was appointed by the Shareholders' Meeting of 15 May 2014, on the same date the new Board assessed the independence of its own members and made the outcome of the assessment known (following the appointment of the new Directors) as well as subsequently, during the current financial year, on 18 March 2015 on the occasion of the approval of this Report (annual assessment).

As a result of said assessments, the Board confirmed that all non-executive Directors holding office (Guido Alpa, Marina Elvira Calderone, Paolo Cantarella, Marta Dassù, Alessandro De Nicola, Dario Frigerio, Fabrizio Landi, Silvia Merlo and Marina Rubini), met the independence requirements pursuant to law (article 148, paragraph 3, of the TUF) and to the Corporate Governance Code, except for the Chairman, Mr De Gennaro in that he was "a prominent representative" of the Company, in accordance with the Corporate Governance Code.

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

It should be noted that, at the time of the filing of the lists the abovementioned Independent Directors, pursuant to the Code, also declared that they met the independence requirements set out by law.

In its assessment pursuant to the Corporate Governance Code, the Board of Directors has adopted the same parameters and criteria specified in the abovementioned Code and adopted in the Board's Rules of Procedure. The Board of Statutory Auditors has positively verified the correct application of the assessment criteria and procedures adopted by the Board, without making objections.

In the assessment of independence and in the framework of the appraisal criteria specified in the Code and adopted in the Board's Rules of Procedure, the latter specifies as follows.

"Prominent representative" is a term that indicates the Chairman, the executive director or a director duly empowered, the General Manager or Joint General Manager (of Finmeccanica or of any other company contemplated by the Code).

Persons who are in a position to exercise “significant influence” over Finmeccanica are shareholders holding at least 10%, even indirectly, of its shares.

The Board of Directors has stated that it would determine quantitative and/or qualitative criteria to refer to in evaluating any commercial, financial or professional relationships on the basis of an assessment of their economic importance and their significance, while retaining its discretionary power 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. For some time, however, the Board has adopted the annual remuneration for the position of Company Director (currently equal to €80,000) as the quantitative criterion for establishing the significance of any professional relationships, while the Board’s prior authorisation is required for appointing its members to professional positions.

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

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

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

In 2014, the independent Directors met twice (once the independent Directors of the Board at present in office), in all cases as requested by the Lead Independent Director and without the presence of the Chairman and Chief Executive Officer and General Manager.

In 2014 the independent Directors considered some questions related to the functioning of the Board in general and the relationships with the Company’s Top Management. During the early months of the present 2015 financial year, the Independent Directors also considered, with the help of an advisor whom they selected themselves but who was paid by the Company, some transactions which they believed it was their duty to evaluate independently.

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

4.7. LEAD INDEPENDENT DIRECTOR

Following the renewal of the Board of Directors by the Shareholders' Meeting of 15 May 2014, the Board appointed in the same date the Director Paolo Cantarella as Lead Independent Director (instead of the Director Guido Venturoni who held this position till the expiration of the prior mandate), with the task of coordinating the requests and contributions from non-executive Directors and in particular from independent Directors.

In this respect, the Rules of Procedure provide, even in the absence of the specific situations contemplated in the Corporate Governance Code, for such power of appointment on the part of the Board, with the abstention of the executive Directors and in any case of the non-independent Directors; it is also envisaged that in any case the Board has to make this appointment in the event of the Chairman being granted delegated operational powers.

The Lead Independent Director will serve throughout the term of office of the Board of Directors.

Specifically, the Lead Independent Director:

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

During the financial year 2014 the Lead Independent Director met with the Chairman and the Chief Executive Director to explain the requirements of the non-executive Directors and of the independent Directors, 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 main transactions that have been submitted for the Board's attention.

Specifically, as already anticipated when dealing with the Board Induction, the Lead Independent Director, in consultation with the Chairman and Chief Executive Officer and with the assistance of the Company's competent functions, made arrangements - for the benefit of the Directors and the members of the Board of Statutory Auditors - for presentations at meetings devoted to the detailed

analysis of the Group's business sectors, products, structure, reference scenarios and competitive positioning.

Furthermore, in the first months of the current financial year the Lead Independent Director coordinated the activities of the independent Directors in relation to the examination of transactions of a particular strategic importance.

4.8. HANDLING OF CORPORATE INFORMATION

Privileged Information

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

On 26 March 2013 the Board of Directors approved, on the proposal of the Chief Executive Officer, the **PROCEDURE FOR PRIVILEGED AND CONFIDENTIAL INFORMATION**, whose text can be found in the Governance section of the Company's website (Governance/Market Abuse); this follows the previous procedures and directives that had already been adopted for some time in order to coordinate the management and circulation of this information; furthermore, on 27 March 2013 the Company issued a specific Directive aimed at regulating the issue within the Group.¹

The abovementioned Procedure defines principles, obligations of conduct, roles and responsibilities as to inside and confidential information concerning Finmeccanica Spa and its subsidiaries, with specific regard to the related external communication. The persons involved, through specific roles and responsibilities, in the management and dissemination of said corporate information are: the Chief Executive Officer and General Manager, the Organisational Units of External and Institutional Relations and Communication (EIR&C), or Investor Relations (IR) and SRI (Sustainable Responsible Investors), in agreement with the Chief Financial Officer (CFO)/Officer in charge of financial reporting, as well as the Legal, Corporate Affairs and Compliance (LCA&C) Organisational Unit. Specifically, the external disclosure of inside and confidential information concerning Finmeccanica and its subsidiaries (in particular through press releases and presentations to the market), which must be approved by the Chief Executive Officer and General Manager in advance, shall be carried out exclusively through the abovementioned EIR&C or IR Organisational Units, for the aspects under their responsibility, in agreement with the CFO/Officer in charge of financial reporting and with the LCA&C Organisational Unit.

¹ The "Procedure" contains the internal rules adopted by Finmeccanica to regulate its activities; "Group Directive" means the rules issued by Finmeccanica to its subsidiaries, so that they can approve them through the adoption of their own internal implementing Procedures.

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

Code of Internal Dealing

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

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

On this occasion, the provisions concerning periods during which transactions cannot be carried out (blackout periods) by Key Persons (or by persons closely connected to them), were significantly extended, in the light of best practice as well as the guidance and requirements of foreign institutional investors in relation to practices adopted in their respective markets.

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

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

As regards the deadline for disclosure to Consob and to the public, "Key Persons" are required to ensure that their notification reaches the Company within 4 trading days after the transaction, and it

is provided that the Company informs Consob, Borsa Italiana SpA and the press agencies before the end of the trading day after receiving the information.

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

The Company promptly publishes the information transmitted on its website, in the specific Governance section (Governance/Internal Dealing/Filing Model), where the abovementioned Code of Internal Dealing is also made available.

Register of persons who have access to privileged information

Finally, pursuant to Art. 115-bis of the Consolidated Law on Financial Intermediation, the Company has created a special REGISTER of persons who have regular or occasional access to privileged information owing to their work or profession or by virtue of the functions that they perform. The Register is kept up to date in compliance with current regulations. In this regard, the Company has also issued a specific **PROCEDURE** (“**MANAGEMENT AND UPDATING OF THE REGISTER OF PERSONS WHO HAVE ACCESS TO FINMECCANICA’S PRIVILEGED INFORMATION**”) concerning the management of the Register, which can be found in the Governance section of the website (Governance/Market Abuse), as well as a Directive aimed at regulating the issues within the Group.²

4.9. DIRECTORS’ INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

With regard to transactions with related parties, the Company adopted the specific “**PROCEDURE FOR RELATED PARTIES TRANSACTIONS**” (hereinafter referred to as “the Procedure”), as approved by the Board of Directors on 26 November 2010 pursuant to Art. 4 of the Consob Regulation no. 17221 of 12 March 2010 (and subsequent amendments and additions).

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

As a result, the previous “Guidelines and criteria for identifying significant transactions with related parties” were repealed, which the Company had adopted pursuant to Art. 2391-bis of the Italian Civil

² The “Procedure” contains the internal rules adopted by Finmeccanica to regulate its activities; “Group Directive” means the rules issued by Finmeccanica to its subsidiaries, so that they can approve them through the adoption of their own internal implementing Procedures.

Code, as well as on the basis of the previous recommendations made in the Corporate Governance Code.

Moreover, the Board assigned the Control and Risks Committee the task of acting also as the Committee for Related Parties Transactions.

The Procedure requires, in accordance with the recommendations of the Consob, a periodic assessment (at least every three years) as to the suitability of the Procedure adopted and the decision whether to proceed with the related review, also in light of the application practice. The relevant changes, if any, must be approved by the Board of Directors, subject to the favourable opinion of a Committee exclusively composed of the independent Directors (i.e. the Control and Risks Committee as specified below).

On 7 November 2013, The Board of Directors resolved to proceed with said review, appointing the Control and Risks Committee (in its capacity as Committee for Related Parties Transactions) to give its preliminary opinion concerning any changes under consideration. In the meeting of 19 December 2013, the Board approved (subject to the unanimous favourable opinion of the Control and Risks Committee) the Procedure currently in force, the full text of which is available in the Governance section of the Company's website (Governance/Related Parties).

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

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

It also established the quantitative criteria for identifying so-called "minor" transactions not subject to the Procedure, i.e. transactions of amounts of not more than €mil. 3, or €th. 250 (per year) for on-going consulting work and other professional services, as well as awarding remuneration and financial benefits to members of the administration and control bodies or executives with strategic responsibilities.

Following the mentioned review of the Procedure, in addition to a series of formal adaptations connected with the changes that occurred in the Company's organisational structure, some changes

were made which were suggested by the application practice and by the experience gained during the first phase of implementation of the rules, including in particular:

- the extension of the concept of “Related Parties”, including the members of the Surveillance Body in the related scope of enforcement and the consequent application of the Procedure to the same as well;
- the introduction of a periodic flow of information, in favour of the Board of Directors and of the Committee, on the implementation of the Transactions of Greater Importance (carried out by Finmeccanica either directly or indirectly), which are subject to the specific exemption envisaged for the ordinary Transactions concluded at arm’s length or standard conditions;
- the extension of the scope of application of the threshold for the “Minor transactions”, which has been set out to a different and reduced extent (€250,000) for any transactions with individuals (consultancy /professional services/awarding remuneration and financial benefits), to Directors, Statutory Auditors and to any other executives with strategic responsibilities, as well as – following the change already commented on above – to the members of the Surveillance Body, including to their close family members or to the companies in which such persons hold a significant stake;
- the permanent appointment of the Control and Risks Committee, in its capacity as Committee for Related Parties Transactions (made up exclusively of independent Directors as required by the Consob Regulation) to give the required opinion concerning the changes to be made in the Procedure.

The Surveillance Body monitors whether the Procedure adopted complies with the principles set out in the Regulation, as well as the relative observance and reports its findings to the Shareholders’ Meeting.

Finally, with reference to the situations in which a Director who, under art. 2391 of the Italian Civil Code, has an interest in the transaction subject to the examination of the Board, on his own behalf or on behalf of third parties, the Rules of the Board provide for the duty of the Directors to promptly and exhaustively inform the Board itself of the existence of this interest and of the related circumstances. Furthermore, the Directors themselves will abstain from the related resolutions.

5. INTERNAL BOARD COMMITTEES (Art. 123-bis, para. 2, lett. d), TUF)

The Board of Directors has established the following Internal Committees, in accordance with the Corporate Governance Code and as laid down in its own Rules of Procedure: the Control and Risks

Committee, the Remuneration Committee and the Nomination Committee; as regards their functions, work and composition, reference should be made to what is reported in details below.

In full compliance with the recommendations of the Corporate Governance Code, only Non-Executive and Independent Directors serve on these Committees.

On 19 June 2014 the Board also established the Analysis of International Scenarios Committee, while it decided not to renew the previous Strategy Committee.

The Committee is made up as follows:

<u>ANALYSIS OF INTERNATIONAL SCENARIOS COMMITTEE</u>	Attendance
Marta Dassù – Chairman (1)	3 out of 3 meetings
Alessandro De Nicola (1)	3 out of 3 meetings
Fabrizio Landi (1)	3 out of 3 meetings
Silvia Merlo (1)	2 out of 3 meetings

(1) Member of the Committee since 19 June 2014

The Analysis of International Scenarios Committee met no. 3 times during the 2014 financial year, as well as one time in the current 2015 financial year. The Committee meetings, which last three hours on the average, are always preceded by preparatory meetings with outside experts in which work is done on the matters for discussion. In addition to the members of the Committee, the other Directors were also invited to attend these preparatory meetings.

The duty of the Committee is to provide, in support of the work conducted by the Board of Directors, detailed and targeted studies of major geopolitical opportunities and risks in order to lay down the Company and the Group's lines of strategy. The Committee receives information regarding the Group's main strategy options and projects from the Chief Executive Officer and General Manager in order to decide which matters are to be discussed.

During the abovementioned meetings, the Committee specifically examined the international scenarios of concern to Finmeccanica, including the Ukrainian crisis and relations with Russia, the US political situation and the repercussions on R&D policy in the Aerospace, Defence and Security sector.

As for all the other Committees established by the Board, the work of the Committee for the Analysis of International Scenarios is governed by specific **RULES OF PROCEDURE** approved by the Board of Directors, which are available in the Governance section of the Company's website (Governance/Board of Directors/Committees/Analysis of International Scenarios) and which lay down the functioning procedures for their different duties.

6. NOMINATION COMMITTEE

On 19 December 2013, the Company's Board of Directors, by making use of the specific transitional regime envisaged in the Code as to the establishment of the committee in question, took steps to formally set up the Nomination Committee. The related composition was subsequently updated, following the appointment of the new board of directors, on 15 May and 19 June 2014.

This Committee, more than meeting the recommendations of the Corporate Governance Code, which require such committee to have at least a majority of three independent members, is at present composed of five Directors who are all non-executive and independent.

The Committee met once during the 2014 financial year; the meeting lasted for about an hour and a half. In the current 2015 financial year and until the approval of this Report, no meetings of the Committee had been held.

NOMINATION COMMITTEE

Guido Alpa – Chairman (1)	(Independent Member)
Marina Elvira Calderone (1)	(Independent Member)
Marta Dassù (2)	(Independent Member)
Dario Frigerio (2)	(Independent Member)
Marina Rubini (1)	(Independent Member)

(1) Member of the Committee from 19 June 2014

(2) Member of the Committee from 15 May 2014

Attendance

Giovanni De Gennaro (3)	<i>1 out of 1 meetings</i>
Paolo Cantarella (3)	<i>1 out of 1 meetings</i>
Giovanni Catanzaro (3)	<i>1 out of 1 meetings</i>
Alessandro De Nicola (4)	<i>0 out of 0 meetings</i>
Silvia Merlo (5)	<i>1 out of 1 meetings</i>
Francesco Parlato (3)	<i>1 out of 1 meetings</i>

(3) Member of the Committee until 15 May 2014

(4) Member of the Committee from 15 May 2014 to 19 June 2014

(5) Member of the Committee until 19 June 2014

The activities of the Committee are regulated by specific **REGULATIONS**, which have been approved by the Board of Directors which are available in the Governance section of the Company's website

(Governance/Board of Directors/Committees/Nomination), and which adopt the application criteria recommended by the Code.

The Committee is responsible for putting forward proposals and providing advice with the aim to support the Board of Directors in the assessments and decisions concerning the size and composition of the Board itself, or as to the number of appointments that is compatible with the position of Director of the Company, as well as the appointment of independent Directors.

Specifically, pursuant to the related Regulations, the Nomination Committee is tasked with the following duties:

- submitting opinions to the Board of Directors concerning the size and composition of the same, as well as expressing recommendations as to professionals, the presence of which in the Board is considered appropriate;
- expressing recommendations to the Board of Directors according to the related opinion regarding the maximum number of positions as director or statutory auditor that is compatible with the efficient performance of the duties involved in a directorship with the Company;
- putting forward proposals to the Board of Directors in relation to the candidates to the position of Director in the cases of co-option, where it is necessary to replace independent Directors;
- carrying out, at the request of the Board of Directors, preliminary investigation activities for the purposes of the assessment by the Board itself of the adoption, if any, of a plan for the replacement of executive Directors, as well as preliminary investigation activities as to the preparation, if any, of the plan itself.

The Committee is authorized to access the information required to perform its duties, as well as to seek assistance from the corporate Organisational Units, or from external consultants at the Company's expense, provided that the latter are adequately bound by the necessary confidentiality agreements and are not in such a situation as to impair their independence of judgment.

Furthermore, the Company is required to provide the Committee with the necessary financial resources for the performance of its duties. The Committee's meetings have been regularly minuted.

In particular, during 2014, the Committee met in order to analyse the results of the self-assessment process and of the qualitative and quantitative analysis on the composition of the Board, which has been aimed at identifying (with a view to the next appointment of the Board of Directors in the Shareholders' Meeting) the best composition of the Board of Directors of Finmeccanica, with reference to both size and composition (executive and non-executive directors, independent and non-independent directors, skills and experience, diversity, etc.), taking account of the opinions expressed within the self-assessment process, the business objectives and the composition of the Boards of

Directors of the main competitors. The Committee meeting was attended by advisor SpencerStuart, which had been appointed to support the Board of Directors, for the 2013 financial year, in the process of evaluating the functioning of the Board and in the qualitative and quantitative analysis of its composition. The Committee then expressed its own indications to the Board of Directors; accordingly, the Board provided the shareholders with advice on the composition of the new Board of Directors at the meeting of 19 March 2014. The Board's advice (which is available in the specific Governance section of the Company's website (Governance/Shareholders' Meeting /2014) was made public together with the Board of Directors' Reports to the Shareholders' Meeting, which was held on 15 May 2014 to resolve upon the renewal of the governing body.

7. REMUNERATION COMMITTEE

The Board of Directors has established an internal Remuneration Committee.

This Committee (whose composition was updated by the present Board of Directors on 15 May 2014) met no. 7 times in the course of the 2014 financial year, as well as once in the present 2015 financial year. The average duration of the meetings was about one hour and thirty minutes.

This Committee, more than meeting the recommendations of the Corporate Governance Code, which require such committee to have at least three independent members or, alternatively, a majority of non-executive and independent Directors, is at present composed of four Directors who are all non-executive and independent.

REMUNERATION COMMITTEE

Attendance

Dario Frigerio – Chairman	(Independent Member)	7 out of 7 meetings
Marina Elvira Calderone (1)	(Independent Member)	4 out of 6 meetings
Alessandro De Nicola (1)	(Independent Member)	6 out of 6 meetings
Marina Rubini (1)	(Independent Member)	6 out of 6 meetings

(1) Member of the Committee from 15 May 2014

Dario Galli (2)		<i>1 out of 1 meetings</i>
Silvia Merlo (2)		<i>1 out of 1 meetings</i>
Francesco Parlato (2)		<i>1 out of 1 meetings</i>

(2) Member of the Committee until 15 May 2014

The composition of the Committee is consistent with the recommendation, made by the Code, as to the presence of at least one member in possession of an adequate knowledge and experience in financial or remuneration policy issues, evaluated by the Board at the moment of the appointment.

The duties of this Committee are:

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

The activities of the Committee are regulated by appropriate **REGULATIONS**, which were finally updated during the Board of Directors' meeting of 31 July 2014, in order to approve a more formal compliance to the recommendations of the Code.

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

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

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

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

During 2014, in the phase prior to the renewal of the Board of Directors, the Committee:

- performed the verifications on the achievement of the 2013 targets in relation to the variable fees to the Chief Executive Officer and General Manager (in office until 15 May 2014) and assigned to the same the targets for 2014;
- examined and approved the 2014 Remuneration Report and the proposals pursuant to art. 23-bis of Law Decree no. 201/2011 (amended with Law no. 98/2013), to be submitted to the Board for the related decisions in expectation of the annual Shareholders' Meeting of the Company.

Subsequently, in its current composition, the Committee:

- determined, by authority of the Board of Directors, the remuneration under art. 2389 of the Italian Civil Code, for the Chairman of the Company, on the basis of the specific functions assigned to him;
- proposed the change to its Regulations in order to make them more formally aligned to the Code recommendations, giving back to the Board the capacity to resolve about the economic and regulatory treatment of the Directors with delegated powers, already assigned to the Committee itself;
- proposed to the Board of Directors the criteria for the assessment of the variable component of the remuneration of the new General Manager (in office from 15 May 2014);
- acknowledged the Management Appraisal process of the management of the Company and of the Group carried out by the Human Resources and Organisation Organisational Unit;
- started the examination of the review of the incentive plans of the management of the Company and of the Group carried out by the Human Resources and Organisation Organisational Unit;
- in relation to the short and medium/long-term incentive plans for the management of the Company and of the Group, verified the achievement of the 2013 targets and examined the proposal for the assignation of the targets for the 2014 financial year, as well as evaluated the

necessary amendments required following the changes in the company plans and in the top management.

Finally, in the first months of the current year the Committee continued the exam of the review of the incentive plans of the management of the Company and of the Group.

To carry out its activities the Committee makes use of the support from the suitable units of the Company and in particular from the Human Resources and Organisation Organisational Unit, which during 2014 availed itself of the *HayGroup* external independent experts as regards the Remuneration activities and of Egon Zehnder for the individual appraisals related to the Group Top Management. No specific budget has been prepared for the Committee's activity, without prejudice to the abovementioned right to make use of external professionals, which the Board has not yet exercised.

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

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

General remuneration policy

In accordance with the regulations on the transparency of remuneration under Art. 123-ter of the Consolidated Law on Financial Intermediation, as well as in compliance with Art. 6 of the Corporate Governance Code, the Board of Directors, in the meeting subsequent to the approval of this Report, will take steps, following the valuations made and the proposals put forward by the Remuneration Committee, to approve, with reference to the 2015 and subsequent financial years, the Company's policy on the remuneration of the members of governing bodies, general managers and of the other managers with strategic responsibilities envisaged in paragraph 3, letter a) of the abovementioned Art. 123-ter.

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

consultative voting at the next Shareholders' Meeting called to approve the 2014 Financial Statements.

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

For detailed information as to the remuneration paid out in the 2014 financial year, for any reason and in any form, including that paid by subsidiary and associated companies, to the individual members of the Board of Directors, as well as to the Statutory Auditors, the General Managers and any other managers with strategic responsibilities, reference is made to the second section of the Remuneration Report, which has been prepared pursuant to Art. 123-ter, paragraph 4, of the Consolidated Law on Financial Intermediation.

The full text of the Remuneration Report, following the related approval by the Board of Directors, will be made available according to the procedures set out by law, also through the publication in the Governance section of the Company's website (Governance/Remuneration), within the time limit of 21 days prior to the date of the Shareholders' Meeting called to approve the Financial Statements.

Share-based remuneration plans

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

Remuneration of executive Directors

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

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

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

Finally, in conformity to the recent Corporate Governance Code recommendations (July 2014), from the 2014 financial year onwards there is a claw-back clause for all variable incentives, whereby the

Company shall be entitled to ask for the sum paid to be returned if it has been granted on the basis of data that afterwards prove to be erroneous or false

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

Remuneration of managers with strategic responsibilities

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

As regards managers with strategic responsibilities, a claw-back clause shall be applied in relation to the variable remuneration component, on the terms and conditions described above.

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

Incentive plans for the Head of the Group Internal Audit

In accordance with the Corporate Governance Code of Listed Companies, on 27 October 2014, on a motion by the Chief Executive Officer in his capacity as the Director in charge of the Internal Control and Risk Management System, with the prior agreement of the Control and Risks Committee and in consultation with the Board of Statutory Auditors, the Board of Directors appointed the new Head of the Group Internal Audit organizational unit and set his pay as proposed, in line with the corporate policies and ensuring him of sufficient resources to perform his duties.

Furthermore, on 18 December 2014, in conformity to the procedures that are to be adopted as explained above, the Board of Directors determined the details for the calculation of variable incentives, linking them exclusively to objectives regarding the efficacy and efficiency of the organisational structure of the Group Internal Audit on the basis of the duties assigned to this unit.

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

Remuneration of non-executive Directors

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

With reference to the fees due to the Company's Chairman – again on a fixed basis - as determined (due to the specific powers granted to the same) to supplement the resolutions passed by the

Shareholders' Meeting for the Chairman of the Board of Directors, reference is made to the Remuneration Report.

Indemnity due to Directors in case of resignation, dismissal without cause or termination of the employment relationship following a takeover bid (pursuant to Art. 123-bis, para. 1, lett. i), TUF)

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

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

Among the recommendations in the latest edition of the Corporate Governance Code (July 2014) are those regarding the disclosures to make when executive directors or general managers leave their position or terminate their employment. On 16 May 2014 the Company made a special announcement to the market following the termination of the employment relationship with Mr Alessandro Pansa.

This, in accord with the recommendations that follow, ensures the utmost transparency because the information is disclosed before the publication of the Remuneration Report.

9. CONTROL AND RISKS COMMITTEE

The Board of Directors has set up a Control and Risks Committee (formerly the Internal Control Committee) which, in the course of the financial year, met no. 7 times; in the current 2015 financial year the Committee met twice. The average duration of the meetings was about one hour and thirty minutes.

The Committee was set up by a resolution passed by the Board on 6 December 2000 and the relative name was changed to the current one following the resolution passed by the Board of Directors on 19 December 2012 within the updating process of its own Governance model to the contents of the Corporate Governance Code. The related composition was updated following the appointment of the new board on 15 May 2014.

This Committee, more than meeting the recommendations of the Corporate Governance Code, which require such committee to have at least three independent members or, alternatively, a majority of non-executive and independent Directors, is at present composed of four Directors who are all non-executive and independent.

The Committee is made up as follows:

CONTROL AND RISKS COMMITTEE

Attendance

Paolo Cantarella – Chairman	(Independent Member)	7 out of 7 meeting
Guido Alpa (1)	(Independent Member)	3 out of 5 meeting
Fabrizio Landi (1)	(Independent Member)	5 out of 5 meeting
Silvia Merlo	(Independent Member)	7 out of 7 meeting

(1) Member of the Committee from 15 May 2014

Giovanni Catanzaro (2)		<i>1 out of 2 meetings</i>
Guido Venturoni (2)		<i>2 out of 2 meetings</i>

(2) Member of the Committee until 15 May 2014

The composition of the Committee – all “independent” Directors – is in line with the provisions of the Corporate Governance Code, and consistent with the recommendation, made by the Code, as to the presence of at least one member who must have an adequate experience in accounting and financial or risk management issues, evaluated by the Board at the moment of the appointment. The activities of the Control and Risks Committee are regulated by **REGULATIONS** approved by the Board of Directors, which has been updated in light of the amendments introduced by the new edition of the Code.

The text of the Regulations of the Committee is available in the specific Governance section of the Company’s website (Governance/Board of Directors/Committees/Control and Risks).

The Board of Statutory Auditors and the Head of the Group Internal Audit are constantly involved in the Committee’s work; the Chairman and the Chief Executive Officer and General Manager may also take part. If appropriate, depending on the items on the agenda, the Committee meetings may also be attended by other persons, including the members of the Board of Directors and the employees of the Company or of Group companies. During the 2014 financial year, on the invitation of the Committee in relation to the issues being discussed, some meetings were attended by the Chief Executive Officer and General Manager and some employees of Finmeccanica.

The Committee supports, with an adequate preliminary investigation activity, the assessments and decisions made by the Board of Directors in relation to the internal control and risk management system, as well as those relating to the approval of the periodic financial reports.

The Committee hands down a prior opinion to the Board of Directors:

- on laying down the lines to be taken by the internal control and risk management system and the determination of the extent to which the system can cope with the main risks - concerning the Company and its subsidiaries - while managing business consistently with strategy objectives;
- on assessing, at least once a year, the adequacy of the internal control and risk management system to the Company's characteristics and the risk factor accepted, as well as its efficacy;
- on the approval, at least once a year, of the work plan prepared by the Head of the Group Internal Audit Organisational Unit;
- on appraising the final comments made by the Independent Auditing Firm if it has submitted a letter of recommendations (if any) and the report on the main issues that arose at the time of the statutory audit of accounts;
- in connection with the appointment and removal of the Head of the Group Internal Audit Organisational Unit, on setting the remuneration of the person concerned in conformity to Company policy and the adequacy of the resources allocated to him.

In particular, as regards the activities carried out by the Committee as to the assessment of the adequacy of the internal control and risk management system with respect to the characteristics of the company and to its risk profile, as well as of its effectiveness, reference is made to paragraph 10 below.

The Committee, within the framework of its activity of assistance and support to the Board of Directors, specifically performs the following duties:

- a) together with the Officer in charge of financial reporting and after having heard the Independent Auditing Firm and the Board of Statutory Auditors, assessing the correct use of the accounting standards, as well as their uniformity in preparing Consolidated Financial Statements;
- b) expressing opinions on specific issues pertaining to the identification of the main business risks;
- c) examining the periodic reports concerning the assessment of the internal control and risk management system, as well as any reports of particular importance prepared by the Group Internal Audit Organisational Unit;
- d) monitoring the independence, adequacy, effectiveness and efficiency of the Group Internal Audit Organisational Unit; the Committee itself oversees its activities should operating powers be granted to the Chairman of the Board;
- e) being entitled to ask the same Organisational Unit to carry out checks on specific operating areas, giving notice thereof, at the same time, to the Chairman of the Board of Statutory Auditors;

- f) reporting on the activity carried out to the Board of Directors at least on a six-monthly basis and, in any case, on the occasion of the approval of the draft Separate Financial Statements and of the half-year financial report, as well as on the adequacy of the internal control and risk management system;
- g) performing such additional duties as may be assigned to it by the Board of Directors.

The Control and Risks Committee also performs functions as Committee for Related Parties Transactions, pursuant to the Procedure for Related Parties Transactions which was approved by the Board of Directors of Finmeccanica (pursuant to Art. 4 of CONSOB Regulation 17221 of 12 March 2010, as amended and supplemented) on 26 November 2010, as lastly updated on 19 December 2013.

With reference to the last update of the Procedure, as reported in paragraph 4.9 above, the Committee (which was formally tasked with this duty by the Board of Directors) gave its preliminary and unanimous favourable opinion as to the changes subsequent to the periodical evaluation and review assigned to the Board.

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

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

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

In 2014 and from January 2015 to the date of publication of this Report, the Control and Risks Committee has discussed the main following issues.

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

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

- continued the process to check the operations of the internal control and risks management system of Finmeccanica and of the main subsidiaries;
- examined the Reports of the Group Internal Audit Organisational Unit on the work carried out in the course of 2014 and the audit reports, including those concerning the cross-sector audits conducted on the Finmeccanica Group and issued in the course of such financial year;

- discussed the obligations of Italian publicly listed companies that have controlling interests in companies based in non-EU countries (Art. 36 of Consob's Market Regulation no. 16191/2007 as amended and supplemented), and noted that the administration and accounting system responsible for the Financial Reporting process functions effectively and that it essentially meets the requirements of Art. 36, and therefore no special plan to bring it into compliance is needed;
- performed any additional duties described in paragraph 10 below.

The Committee also reviewed the preparation of the Half-year Report and the Annual Financial Report, meeting with the Independent Auditing Firm to discuss the matter, and issued special reports to the Board of Directors on its conclusions.

Finally, the Committee assessed the adequacy of the accounting principles used and their uniformity for the purposes of preparing Annual and Half-Year Reports.

As regards the activities carried out in the capacity as Committee for Related Parties Transactions, it should be noted that in the course of the financial year the Committee receives periodic flows of information concerning the Transactions of Greater Importance regulated by the Procedure approved by the Board of Directors, the execution of the Transactions of Greater Importance which have been exempted under the provisions for Ordinary Transactions concluded on conditions equivalent to market or standard terms and information regarding the measurement of particularly significant Transactions.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Rules of Procedure of the Board of Directors and of the Control and Risks Committee adopt the provisions laid down in the Code in relation to the internal control and risk management system, taken as the combination of rules, procedures and organisational structures whose purpose is the identification, measurement, management and monitoring of the main risks.

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

- a) defines the guidelines for the internal control and risk management system, so that the main risks involving the Company and its subsidiaries are correctly identified, as well as satisfactorily measured, managed and monitored, also defining the degree of compatibility of these risks with a management of the enterprise consistent with the identified strategic objectives;

- b) assesses, at least on an annual basis, the adequacy of the internal control and risk management system with respect to the characteristics of the enterprise and to the assumed risk profile, as well as its efficiency; the results of this assessment are disclosed in the Corporate Governance Report on an annual basis;
- c) approves, at least on an annual basis, the work plan prepared by the Head of the Group Internal Audit, after having heard the Board of Statutory Auditors and the Director in charge of the internal control and risk management system;
- d) assesses, after having heard the Board of Statutory Auditors, the results presented by the independent auditor in the letter of recommendations (if any) and in the report on the main issues that arose at the time of the statutory audit of accounts;
- e) appoints and dismisses the Head of the Group Internal Audit, sets the related remuneration in line with the corporate policies and ensuring him of sufficient resources to perform his duties.

In this regard, the Board of Directors, with reference to the activities referred to in the aforesaid points a), and b) and subject to the favourable opinion of the Control and Risks Committee issued on 17 March 2015, took steps - in its meeting of 18 March 2015 – to approve the “Guidelines for the internal control and risk management system”, as well as to assess the adequacy of the same with respect to the characteristics of the enterprise and to the risk profile, after the periodic definition of the risk nature and level compatible with the Company’s strategy objectives. As regards the activities referred to in point c) above, the Board of Directors took steps – in the meeting held on 18 March 2015 – to approve the Audit Plan, subject to a favourable opinion given by the Control and Risks Committee on 17 March 2015 and after having heard the Board of Statutory Auditors, as well as the Director in charge of the internal control and risk management system. Specifically, in this regard, the Board of Directors of Finmeccanica approved the Company’s 2015 Audit Plan and acknowledged the 2015-2017 Aggregated Audit Plan of the Finmeccanica Group.

Furthermore, it should be pointed out that, in line with the guidelines laid down in the Corporate Governance Code, on 27 October 2014 the Board of Directors took steps, on a proposal by the Director responsible for the internal control and risk management system, subject to a favourable opinion given by the Control and Risks Committee on the same date and having heard the Board of Statutory Auditors, to appoint Marco Di Capua as the new Head of the Group Internal Audit of Finmeccanica, setting his remuneration in line with the corporate policies and ensuring him of sufficient resources to perform his duties.

Furthermore, in a subsequent meeting held on 18 December 2014, the Board of Directors approved, on the basis of a proposal put forward by the Director responsible for the internal control and risk management system, subject to a favourable opinion given by the Committee and having heard the

Board of Statutory Auditors, variable incentives to the benefit of the Head of the Group Internal Audit for the 2014 period of performance on a proportional basis.

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

- Director in charge of the internal control and risk management system;
- Head of the Group Internal Audit;
- Risk Management Manager;
- Officer in charge of financial reporting pursuant to Law 262/05;
- Surveillance Body formed as per Legislative Decree 231 /2001;
- Board of Statutory Auditors.

For a brief picture of any criminal proceedings that are currently pending against Finmeccanica Spa for various reasons or which have come to its attention because they involved Group companies, with specific regard to the events that occurred in 2014 and in early 2015, reference is made to the specific disclosures provided in the notes to the financial statements (see paragraph "Provisions for risks and charges and contingent liabilities") of the 2014 Annual Financial Report, which can be found in the Investors section of the Company's website (Investors/Financial Reports).

In the course of 2014, a more thorough assessment of the efficacy and adequacy of the internal audit system was also performed with regard to the proceedings brought by the Judicial Authority, involving the Group companies for various reasons.

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

As already pointed out, the Board of Directors confirmed the evaluation of the suitability of the organisational, administrative and accounting structure of the Company, as well as of any subsidiaries having strategic importance, with specific reference to the internal control and risk management system.

Below are the main Group Directives³ and Company Procedures⁴ issued by Finmeccanica in the course of 2014, which were more specifically aimed at regulating sensitive activities in terms of control systems.

³ "Group Directive" means the rules issued by Finmeccanica to its subsidiaries, so that they can approve them through the adoption of their own internal implementing Procedures.

⁴ The "Company Procedure" contains the internal rules adopted by Finmeccanica to regulate its activities, or the internal rules adopted by a subsidiary either autonomously or applying a Group Directive.

- **Directive on the formation and functioning of the Board of Directors of the Companies** (which was issued on 3 July 2013 and was subsequently amended on 29 January 2014), which sets, among other things, the rules for the composition of Group companies' Corporate Bodies and for appointments to these bodies, among which in particular: i) a limit on the number of members of Boards of Directors, normally all from inside the Group; ii) all members of Corporate Bodies must satisfy specific requirements of professionalism, good repute and independence and must be suspended or removed from their position in any of a number of specified circumstances (some related to measures taken by the Judicial Authority).
- **Directive on Offsets**, issued on 10 February 2014, which defines the principles and the rules relating to the management of the offset obligations undertaken by the Group companies to third-party countries, both directly and through sub-supply contracts and/or the participation in consortia. The Offsets constitute an increasingly important factor in the international competitive sector of aerospace and defence and are often considered by the purchasing countries as the criterion for awarding contracts, together with price, performance and commercial offers. In this perspective, the Group companies must monitor the management of the Offset activities in order to ensure its efficacy from a commercial point of view, while pursuing risk reduction and economic efficiency.
- **Directive on Business Continuity in the Finmeccanica Group**, which was issued on 14 April 2014 and which defines the general principles and requirements necessary for establishing a system to manage the Group's Business Continuity, i.e. an organisation's ability to ensure continuity of its processes and their restoration following accidents with a significant impact on the business, in order to safeguard the Company's human and technology resources and reputation, as well as to reduce risks and any possible consequences. The Directive also defines the different phases of the specific Business Continuity Plan to be applied to the Group companies with immediate effect.
- **Procedure on the procurement of goods and services**, which was issued on 14 April 2014 and which defines general principles, roles and responsibilities relating to the procurement of goods and services on the part of Finmeccanica, in accordance with the Organisational, Management and Control Model as per Legislative Decree 231/2001 and the Company's Code of Ethics.
- **Procedure on assignments for professional services**, which was issued on 14 April 2014 and which defines general principles, roles and responsibilities relating to appointments of professionals for assistance and consultancy services rendered to Finmeccanica, in compliance with the principles laid down in the Organisational, Management and Control Model as per Legislative Decree 231/2001 and the Company's Code of Ethics.

- **Procedure on gifts and entertainment expenses for promotional purposes**, which was issued on 14 April 2014 and which defines general principles, roles and responsibilities relating to the management by Finmeccanica of gifts and entertainment expenses to the benefit of third parties, for the Company's promotional purposes only, in accordance with the provisions laid down in the relevant regulations and the Charter of Values, as well as in the Organisational, Management and Control Model as per Legislative Decree 231/2001 and the Company's Code of Ethics.
- **Directive and Procedure on the assignment and engagements to the Group's Audit Firm**, which were issued on 18 April 2014 and which define general principles, methods, roles and responsibilities relating to the appointment of the Independent Auditing Firm for the statutory audit of accounts, as well as of related parties in its network, on the part of Finmeccanica and the Group companies.
- **Anti-corruption Directive**, which was issued on 23 September 2014 and which defines the rules of conduct that must be complied with by Finmeccanica and the Group companies in their activities, in order to create a uniform and harmonized set of mandatory rules that is suitable to ensure full compliance with the anti-corruption laws in Italy, the United Kingdom, the USA and in any other country in which the Group operates.
- **Directive on the adoption, implementation and updating of the Organisational, Management and Control Model as per Legislative Decree 231/2001**, which was issued on 23 September 2014 and which defines principles and obligations relating to the adoption, implementation and updating of the Model 231/2001, in accordance with the provisions laid down in the relevant regulations, the guidelines issued by trade associations, the case law, the jurisprudence and the best application practices.
- **Directive on Law 262/2005 in the Finmeccanica Group**, which was issued on 27 October 2014 and which defines general principles, roles and responsibilities concerning the creation and monitoring of a system of internal control over financial reporting as adopted by Finmeccanica for the purposes of complying with Law 262/2005.
- Finally we note the **Directive on the management of business negotiations**, which was reported to the Board of Directors in the meeting held on 18 March 2015 and which will be issued before long. It lays down a set of rules that shall be complied with by all the parties involved in the procurement of goods and services; specifically: the principle according to which the selection of suppliers is subject to the execution of competitive tenders, except for some binding cases set out in the Directive itself; the creation of a black list of suppliers that are not eligible to maintain business relationships with the Finmeccanica Group; the principle of job rotation for the personnel in charge of procurement activities; the adoption of more stringent rules to regulate the

separation of powers; additional measures to protect an “ethical” and sustainable market approach that is fully compliant with the legislation in force, as well as with the guidelines laid down in the Organisational, Management and Control Model as per Legislative Decree 231/01 and the Code of Ethics.

As regards the measures adopted to continue the process to strengthen the procedures for control over the Group’s activities and the role of direction and coordination with respect to the operating companies, reference should be made to what is specifically stated in paragraph 15 below in relation to the Group’s new Organisational and Operating Model.

“Project Intangibles”

With regard to what has already been stated – in the previous report on Corporate Governance - about actions resulting from the resolutions adopted by the Board of Directors of Finmeccanica on 7 March and 15 April 2013, Deloitte Financial Advisory S.r.l. (hereinafter the “Advisor”) was appointed to proceed with a fact-finding investigation into some items of expenditure for intangible assets incurred by the operating companies, within the process of purchasing services from third-party counterparties. Specifically, the expenditure items involved in the investigation related to the following:

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

The audits carried out by the Advisor concerned the period of time from 2010 to 2012 and all the business sectors of the Finmeccanica Group. On the other hand, given the complexity of the Group, the auditing operations were structured into two modules according to the different business sectors involved. The first module, or “first pilot”, involved the Italian and European companies belonging to the following three business sectors:

- aeronautics (Alenia Aermacchi Group);
- space (Telespazio Group);
- defence systems (Oto Melara and WASS Group).

More specifically, the operating companies included in the Project’s first module totalled 17 (4 for aeronautics, 4 for defence systems and 9 for space).

Therefore, the activities carried out by the appointed Advisor consisted of a large and complex transaction review on the basis of a special working plan. The audit objectives concerned:

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

From an operating point of view, the Advisor carried out the transaction review activities:

- by defining the “scope of audit” by selecting a sample that was fairly representative of costs/transactions. The selected sample, which was made up of 1,026 transactions for a total value of Euro 578 million, accounted for about 50% of relevant costs, where relevant costs were any costs relating to the 2010-2012 period that were accounted for by the Companies under examination in the abovementioned three-year period;
- by subjecting the sample to a retrospective transaction review (subsequent/inspection control), i.e. to the following audits:
 - check for compliance with applicable procedures and delegated powers and authorities;
 - audit of the process for selecting suppliers, awarding supply contracts and satisfying the company's requirements;
 - verification of the pertinence and effectiveness of the services contract awarded;
 - audit of financial settlement procedures;
 - background checks of suppliers (integrity due diligence);
 - checking the fairness of the transaction amounts (by also making use of the support given by the Milan Polytechnic Institute).

The transaction review approach adopted by the Advisor led to the identification of specific red flags (or risk factors) to be reported at the level of the transactions being examined. Therefore, the red flags were outlined in relation to the Project's objectives (compliance, pertinence, fairness, collection of evidence and traceability, integrity).

At present a consultation is being carried out with the operating companies in order to conduct any necessary in-depth analyses to conclude and complete the work made by the Advisor.

At the end of this process, the results of said analyses will also be assessed with the help of, in consultation with, the appointed Advisor, who may thus issue the final report.

The results of the abovementioned final report will be then assessed in order to identify any possible actions to be taken.

Finally, note that the Company has established the following bodies:

- ✓ **Committee for Corporate Bodies**, with the task of identifying the candidates for the appointments of the members of the Boards of Directors, Boards of Statutory Auditors and Surveillance Bodies of subsidiary or investee companies.
- ✓ **Investment Committee** (with effect from 4 August 2014), with the task of ensuring the strategic monitoring of any processes relating to the Finmeccanica Group's investments/divestments.
- ✓ With reference to what is stated in the previous Report on Corporate Governance in relation to the establishment of the "**Flick Committee**", reference is made to paragraph 15 below for updated information on the contents of the Report that was issued in the 2014 financial year, as well as on the activities carried out by Finmeccanica in compliance with the Recommendations issued by the Committee.

For a description of the activity areas of the aforesaid Committees and for an examination of any additional organisational measures adopted (in the course of the 2014 financial year and in early 2015) within the scope of the specific actions taken by Finmeccanica to strengthen its Corporate Governance, reference is made to paragraph 15 below.

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

The Internal Control over Financial Reporting (hereinafter 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 a specific internal audit system governing the financial reporting process that has been defined in accordance with the principles 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 abovementioned internal control system is made up of an organic and complete set of administrative and accounting procedures (narratives) which clearly define the corporate processes that have direct or indirect accounting effects on the accounts and on any other financial reports, describing the activities, the controls, the roles and the

responsibilities, as well as the information and documentary flows in support of the creating process of the financial reporting.

Moreover, a specific component to manage the risks of fraud has been integrated into ICFR. In particular, the administrative and accounting procedures have been updated, including an additional set of anti-fraud controls and additions to the already existing controls, in accordance with the provisions under Auditing Standard no. 5 “An Audit of Internal Control Over Financial Reporting That is Integrated With An Audit of Financial Statements”, issued by the Public Company Account Oversight Board (PCAOB). It puts, among the other things, particular emphasis on the checks related to the prevention, identification and detection of fraudulent activities, to be intended as acts capable of generating misrepresentation from a financial, capital and economic point of view in the Financial Statements or of misappropriating the corporate assets. These antifraud checks are tested within the framework of usual monitoring activities according to the plan defined by the Officer in Charge of Financial Reporting. In addition, the Officer in Charge of Financial Reporting started further specific monitoring aimed at reporting fraudulent acts or significant deficiencies in the ICFR system.

As a whole, the management of the ICFR system developed by Finmeccanica features the following general stages:

- **Risk identification and assessment**

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

- **Assessment of the adequacy of related control**

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

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

- Process Level Controls;

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

- **Check the operations of the internal control system and specific monitoring**

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

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

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

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

The responsibilities for establishing and maintaining the ICFR, on the whole, are governed and distributed throughout the organisation. In particular, Finmeccanica’s model currently calls for the involvement of the following corporate positions:

- **Governing body to which authority has been delegated.** This refers to the Chief Executive Officer.

- **Officer in charge of financial reporting.** Reference is made to paragraph 10.6 below.
- **Financial Reporting Manager (FRM) responsible for the financial information provided to the Group Parent.** To comply with Law 262/05, within the major companies of the Group, the Boards of Directors, after having heard the opinion of the Officer in Charge of Financial Reporting of Finmeccanica and of the Board of Statutory Auditors of the company concerned, have appointed a Financial Reporting Manager (FRM) responsible for the financial information provided to the Group Parent, with the task of supporting the Officer in charge of Financial Reporting of Finmeccanica in the performance of the relevant duties.

The Financial Reporting Manager (FRM) responsible for the financial information provided to the Group Parent has the following duties:

- developing and updating for each Group company administrative and accounting procedures (narratives), on the basis of the instructions received from the Officer in charge of financial reporting of Finmeccanica, underlying the financial reporting process in order to ensure that the financial reporting process is suited to the preparation of reliable consolidated annual and interim Financial Statements and is in line with the actual operations of the company concerned;
 - defining and implementing any plans for improvement;
 - attesting, with respect to the Officer in charge of financial reporting of Finmeccanica, together with the Delegated Governing Body of the Company, to what is requested by the Parent Company in relation to the internal control system for the governance of the financial reporting process and the preparation of accounting documents.
- **Group Internal Audit Organisational Unit of Finmeccanica Spa.** The Officer in charge of financial reporting has entrusted the Group Internal Audit Organisational Unit with responsibility for “independently” assessing the functioning of the ICFR. The Group Internal Audit Organisational Unit, through its competent structures and based on indications provided by the Officer in charge of financial reporting, conducts tests of the actual application of the administrative and accounting procedures defined by the Group Parent and other Group companies and coordinates activities within these companies, by means of a specific plan of operations, which defines the methods for verifying the implementation of controls. The results of the tests conducted for each company are submitted to its Management, which determines what improvements should be made so that a suitable, up-to-date action plan can be prepared, and, finally, to the Officer in charge of Financial Reporting of Finmeccanica and the Delegated Governing Body, in order to allow an overall assessment of the adequacy and actual application of the administrative and accounting procedures followed in preparing the individual Financial

Statements, the condensed half-year Financial Statements, and the consolidated Financial Statements, for the purposes of the issue of the certifications envisaged in the relevant regulations.

Within the plan to monitor the 2014 Financial Statements, Finmeccanica has conducted both testing of antifraud controls and specific monitoring activities on the processes of “Sale of goods and services” and “Work in progress” (for Finmeccanica Spa the processes related to the financial operations), in relation to the Group companies that fall within the scope of application of Law no. 262/05. Furthermore, some investigation was carried out at Company level in order to monitor the internal control area (Entity Level Control / IT General Control).

With reference to 2014, tests were conducted on about 3,700 controls, divided among the following components of the ICFR:

- 2,700 controls at “Process” level, as defined in the narratives (the so-called Process Level Control);
- 700 controls relating to the operation and management of IT systems (the so-called IT General Control);
- 300 controls at “Entity” level in relation to the structure and organisation of the individual companies (the so-called Entity Level Control).

The tests have confirmed the efficacy of the controls, while, in the case of ineffective controls, the overall efficacy of the procedures in place to monitor the risk areas under examination, through compensating controls and/or material tests.

With reference to the monitoring activities within the process of “Sale of goods and services” and “Work in progress” (and, for Finmeccanica Spa only, the processes related to the financial operations), the controls provide for the following macro-phases:

- Mapping: identification of information flows and systems in support of the processes of Sale of goods and services and Work in progress of the Group companies, in order to identify the information set in relation to which the subsequent analyses must be carried out.
- Scoping:
 - the application of specific risk indicators (Key Risk Indicators) to the database identified during the mapping phase and made up of the transactions in the sales and distribution cycle recorded in the IT systems in the period under consideration; these indicators have been developed on the basis of the fraud patterns identified within the Fraud Risk Assessment;

- the definition of analyses and correlations to be used for processing data and for extrapolating inconsistencies/potential anomalies (if any).
- Test:
 - the analysis of any anomalies identified after the scoping phase, in order to identify the so-called “False Positives”, if any, (justified exceptions) and/or evident errors;
 - performance of tests for any anomalies in relation to which additional analyses are necessary.

These activities, which are currently being carried out, are expected to be completed by the end of the first half of 2015.

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

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

In particular, the same Director:

- a) identifies the main corporate risks, in light of the features of the activities carried out by the Company and its subsidiaries, periodically submitting them to the scrutiny of the Board;
- b) implements the guidelines defined by the Board and takes care of the planning, creation and management of the internal control and risk management system, constantly verifying its overall adequacy, efficacy and efficiency;
- c) sees that the system is adjusted in response to changes in operational conditions and the legislative and regulatory framework;
- d) may ask the Group Internal Audit Organisational Unit to carry out controls on specific operating areas and to check for compliance with internal rules and procedures in performing business operations, at the same time giving notice thereof to the Chairman of the Board, the Chairman of the Control and Risks Committee and to the Chairman of the Board of Statutory Auditors;
- e) promptly reports to the Control and Risks Committee or to the entire Board as to problems and critical issues arisen in performing his duties or of which he has become aware, so that the Committee or the Board may take any appropriate actions.

In particular, the Director in charge of the internal control and risk management system (SCIGR) of Finmeccanica Spa, supervised the identification of the main corporate risks on which basis the Board of Directors, upon favourable opinion of the Control and Risks Committee, defined the “Guidelines for the internal control and risk management system”, which, compared with those prepared and

approved during the 2013 financial year, led, through a self-assessment exercise with the various process owners, to a more precise definition of risks in the Group Library and a corresponding degree of coverage by means of the existing control mechanisms. This document identifies, in an analytical and detailed manner, the following aspects of the SCIGR:

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

The Finmeccanica Group manages 131 macro-risks broken down by category, applied to the different business segments, as follows:

- 17 compliance risks;
- 27 financial risks;
- 62 operating risks;
- 25 strategic risks.

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

Specifically, risks are assessed considering the impact and the probability of their occurrence, net of on-going controls (inherent) and in consideration of the efficiency of the existing controls level

(residual). The risk and control system assessment is carried out with quantitative, qualitative techniques, or with their combination.

10.3. HEAD OF THE GROUP INTERNAL AUDIT

On 27 October 2014 the Board of Directors approved the appointment of Marco Di Capua as the new Head of the Group Internal Audit of Finmeccanica. The appointment was made on a proposal by the Director responsible for the internal control and risk management system, subject to the favourable opinion of the Control and Risks Committee and having heard the Board of Statutory Auditors.

Furthermore, as already reported in paragraph 10 above, the Board itself (again on a proposal by the Director responsible for the system, subject to the favourable opinion of the Control and Risks Committee and having heard the Board of Statutory Auditors) has set the related remuneration in line with the corporate policies and ensuring him of sufficient resources to perform his duties.

The Head of the Group Internal Audit was appointed to verify that the internal control and risk management system was operational and adequate.

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

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

g) he checks, within the framework of the Audit plan, for the reliability of the IT systems, including accounting systems.

In 2014 and in the first months of the current year, the Head of the Group Internal Audit coordinated the following main activities:

- performing audits and monitoring the action plans deriving from previous controls, at the Parent Company and at the companies that fall within the scope of the consolidation, on the basis of the aggregate 2014-2016 Audit Plan;
- performing special audits on particular issues concerning both Finmeccanica and its subsidiaries;
- performing tests for the purposes of compliance with Law 262/05 at Finmeccanica and at the companies falling within the perimeter, supporting the Officer in Charge of Financial Reporting;
- providing support to control and surveillance Bodies and, specifically as regards the Surveillance Body of Finmeccanica, and performing checks included in the Company's Audit Plan, on the basis of the specific mandate received;
- participating in the meetings of the Surveillance Body and of the Coordinating and Consultative Body for the prevention of corruption (see paragraph 15 below), while the Secretary's office work is the responsibility of the internal staff Group Internal Audit organisational unit;
- participating in the working Group appointed to implement some of the recommendations expressed by the "Flick Committee";
- managed and updated the Register of natural and legal persons that have access to privileged information.

The abovementioned Head of the Group Internal Audit has financial resources included in the Group Internal Audit Organisational Unit's budget, in order to carry out his duties.

10.4. ORGANISATIONAL MODEL AS PER LEGISLATIVE DECREE 231/01

Legislative Decree 231/2001 introduced, into the Italian legal system, a regime of administrative liability against Entities, for certain types of offences committed in the interests or to the benefit of the same. The Company has adopted appropriate measures to prevent it from incurring any criminal liability through the establishment of specific regulatory systems aimed at preventing the commission of any offences contemplated by this Decree on the part of Directors, Statutory Auditors, management, employees, collaborators, or any other party having relationships of any nature with Finmeccanica Spa, either with or without valuable consideration.

To this end, on 12 November 2003, the Board of Directors of Finmeccanica Spa adopted an **ORGANISATIONAL MANAGEMENT AND CONTROL MODEL AS PER LEGISLATIVE DECREE**

231/2001 (hereinafter also referred to as the “Organisational Model”), as updated by resolutions of 26 July 2007, 25 June 2009, 16 December 2010, 31 July 2012 and 15 April 2013.

The current Organisational Model is composed of:

- a “General Section” essentially dealing with:
 - 1) the Surveillance Body, the information that has to be sent to it, and its reports on the work it has done with respect to corporate bodies;
 - 2) staff training and the circulation of the Organisational, Management and Control Model within and outside the Company;
 - 3) the disciplinary measures applicable in the event of failure to comply with the requirements in the Model;
- “Special Part A” which covers offences against Public Authorities and Justice;
- “Special Part B” which covers corporate crimes;
- “Special Part B1” which covers crimes of bribery between individuals;
- “Special Part C” which covers violations of occupational health and safety laws;
- “Special Part D” which covers crimes of receiving, laundering or using illegal monies or goods;
- “Special Part E” which covers computer crimes and illicit data processing and copyright infringement;
- “Special Part F”, which covers criminal enterprise;
- “Special Part G”, which covers environmental crimes.

Following changes in Legislative Decree no. 231/01 – introduced with Law 186/2014 “*Disposizioni in materia di emersione e rientro di capitali detenuti all'estero nonché per il potenziamento della lotta all'evasione fiscale. Disposizioni in materia di autoriciclaggio*” (the Italian provisions concerning the disclosure and repatriation of capital held abroad, aimed at helping the fight against fiscal evasion. Provisions regarding self-laundering) - the Company started the process to update its own Organisational, Management and Control Model.

The Organisational, Management and Control Model as per Legislative Decree 231/2001 can be found in the Governance section of the Company’s website in the specific Ethics and Compliance area.

On 15 May 2014 the Board of Directors’ meeting, with regard to the appointment of the new members of the Surveillance Body of Finmeccanica Spa, confirmed the members who already held office and were appointed with resolutions of 21 February and 7 November 2013; the Surveillance Body of Finmeccanica Spa is therefore made up of four external professionals, Enrico Laghi (who holds the position of Chairman), Angelo Carmona, Angelo Piazza and Saverio Ruperto, as well as of

the Company's Group General Counsel, Andrea Parrella (the sole internal member pursuant to the By-Laws of the Surveillance Body and to Directive 1/2013 on the composition and appointment of the Surveillance Bodies pursuant to Legislative Decree no. 231/2001).

The duties and functioning of this Body are governed by specific By-Laws approved by the Board of Directors of Finmeccanica Spa on 15 December 2005 and updated on 25 June 2009, 16 December 2010, 21 September 2011, 21 February 2013 and on 15 April 2013. The By-Laws entrust the Surveillance Body with wide-ranging tasks for the purposes of monitoring the validity and effectiveness of the Organisational, Management and Control Model as per Legislative Decree 231/2001. Within these tasks, among other things, the Surveillance Body receives reports (if any) on the part of company representatives or third parties, holds periodical hearings to hear the managers responsible for potential areas at risk of offences pursuant to Legislative Decree 231/01, examines reports and disclosures prepared by the corporate units and provides recommendations or instructions to the top management and to the corporate bodies, also with respect to appropriate actions for improving or changing checks. The Surveillance Body has also adopted internal rules.

10.5. INDEPENDENT AUDITING FIRM

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

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

The appointment envisages the Independent Auditing Firm carrying out the following activities:

- auditing of the Separate Financial Statements of Finmeccanica Spa.;
- statutory audit of the Consolidated Financial Statements of Finmeccanica Spa.;
- review of the condensed consolidated Half-year Financial Statements of Finmeccanica Spa.;
- periodical reviews of regular book-keeping.

10.6. OFFICER IN CHARGE OF FINANCIAL REPORTING AND OTHER CORPORATE ROLES AND ORGANISATIONAL UNITS

Officer in charge of financial reporting

In accordance with Art. 154-bis of the Consolidated Law on Financial Intermediation and Arts. 25.4 and 25.5 of the Company's By-Laws, on 15 May 2014, the Company's Board of Directors confirmed Gian Piero Cutillo, Chief Financial Officer of the Company (who was already appointed on 14 June 2012), as the Officer in charge of financial reporting until the expiry of the term of office of the Board of Directors.

The company By-Laws envisages that the Board of Directors, having previously obtained the mandatory opinion of the Board of Statutory Auditors, appoints a person to this position, whose mandate expires at the same time as the term of office of the Board of Directors that has designated him.

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

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

Also in accordance with the By-Laws, the Officer in charge of financial reporting 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 Gian Piero Cutillo has been formally vested, in addition to the powers already conferred on him as Chief Financial Officer of the Company, with all the powers necessary for the correct performance of the duties for which he is responsible by law.

The Officer in charge of financial reporting releases the certification required by Art. 154-*bis*, paragraph 2 of the Consolidated Law on Financial Intermediation and, together with the Chief Executive Officer, the attestation under Art. 154-*bis*, paragraph 5 of the Consolidated Law on Financial Intermediation.

The **corporate roles and Organisational Units** which are specifically involved in the internal control and risk management system include, in particular:

- the Compliance Organisational Unit (which has been already established and has recently been reorganised within the Legal, Corporate Affairs and Compliance Organisational Unit), which is responsible, in particular, for: directing and coordinating initiatives and issues concerning the Trade Compliance and Business Compliance areas, ensuring an adequate control of legal risks in order to prevent behaviours that do not conform to the norms; ensuring the necessary support for Trade Compliance issues and supervising the implementation of the Group's Trade Compliance Program; ensuring any due diligence activities and the necessary audits for reputational, financial

and other aspects, with reference to agents, consultants and business promoters (Business Compliance), while providing assistance in the preparation of any related contracts; providing adequate information flows concerning Compliance to the benefit of the Top Management, the Corporate Bodies and the managers responsible for corporate units, reporting to the Control and Risks Committee and to the Board of Statutory Auditors on a periodical basis;

- the Crimes, Ethics & Integrity Organisational Unit (which was established on 30 December 2014 within the Legal, Corporate Affairs and Compliance Organisational Unit), which is responsible, in particular, for providing specialist support in applying and updating the Model under Legislative Decree no. 231/2001, as well as for defining the Company's anti-corruption policies (ethical business conduct) and providing assistance in relation to the regulations applied in the Countries where the Group operates;
- the Risk Management Organisational Unit, which was established on 10 October 2014 and which is responsible, in particular, for: supporting the Top Management in monitoring the activities relating to the management of operational and financial risks associated with programmes/contracts, in accordance with the national and international standards and best practices, with the objective to strengthen the Group's Governance; ensuring the definition, upgrading and circulation of methods, metrics and tools for a correct risk identification, analysis, measurement, management and monitoring; operating in close relationship with any other competent units in order to carry out an efficient and coordinated monitoring of any and all risk areas (strategic, financial, legal, contractual, Compliance and other risks);
- the Security Organisational Unit, which was established on 10 October 2014 and which is responsible, in particular, for: ensuring the security of the Company's resources, information/data and tangible and intangible assets, in accordance with the lines of strategy and business targets; ensuring the management of crisis and emergencies; ensuring the Business Continuity; ensuring the analysis of the reputation of suppliers, partners and third parties; ensuring the monitoring of anti-fraud activities, in agreement with the Group Internal Audit Organisational Unit; organizing security to protect classified information; defining Cyber Security policies and specifications.

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

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

In particular, it should be noted the following:

- as previously specified, the Board of Statutory Auditors and the Head of the Group Internal Audit regularly participate in the Control and Risks Committee’s meetings;
 - the Control and Risks Committee reports to the Board of Directors at least on a six-monthly basis – in any case, on the occasion of the approval of the draft Separate Financial Statements and of the Half-year Financial Report – on the activity carried out, as well as on the adequacy of the internal control and risk management system;
 - the Chairman of the Board of Statutory Auditors or any other Statutory Auditor designated by the same regularly participates in the Surveillance Body’s meetings;
- the Board of Statutory Auditors holds periodic meetings, in particular with the Officer in charge of Financial Reporting, the Head of the Group Internal Audit and any other corporate functions with specific duties concerning the internal control and risk management system.

11. APPOINTMENT OF STATUTORY AUDITORS

As with the appointment of the members of the Board of Directors, the list voting system has also been adopted for choosing Statutory Auditors. The provisions of the By-Laws governing the election of the Board of Statutory Auditors (Art. 28.3) provides for the deadlines and methods for filing and publishing lists, as well as the related documentation, in compliance with the regulations in force.

Therefore Art. 28.3 of the By-Laws currently requires that the list of candidates presented by Shareholders, together with related supporting documentation, be deposited at the Company’s registered office at least 25 days prior to the date set for the first convocation of the Shareholders’ Meeting and must be published by the Company at least 21 days prior to the Meeting, always on first call, in accordance with applicable law.

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

It should be noted that with regard to the appointment of the Board of Directors, the minimum shareholding required to present a list of candidates for the election of Finmeccanica’s administration and control bodies was set by Consob (with Resolution no. 19109 of 28 January 2015) at 1%, percentage envisaged in section 28.3 of the Company’s By-Laws. The Board of Statutory Auditors is appointed based on lists submitted by the Shareholders in compliance with the procedures described below, in order to ensure the election of two regular members and one alternate member on the part of the minority list. The Chairman of the Board of Statutory Auditors is appointed by the Meeting from among the Auditors elected from the minority list pursuant to Art. 148, para. 2-bis, of

Legislative Decree no. 58/98, as well as to Art. 28.3, second-last paragraph, of the Company's By-Laws.

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

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

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

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

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

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

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

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

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

Article 28.1 of the Company's By-Laws also requires at least two of the regular Auditors and at least one of the alternate Auditors to be chosen from Registered Auditors of Accounts with at least three years of auditing experience.

Auditors that do not satisfy this requirement must have at least three-year experience:

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

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

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

In accordance with the provisions under Law no. 120/2011 governing gender equality (as already reported regarding the appointment of Directors) pursuant to Arts. 28.3 and 28.3*bis* of the Company's By-Laws at least 1/5 of the members in the first term of office (at least 1/3 in the following terms) shall represent the under-represented gender.

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

The provisions described above shall apply, for three consecutive terms of office, starting from the first renewal of the Board of Statutory Auditors after 12 August 2012 (art. 34.1 of the Company's By-Laws) and, therefore, with effect from the renewal of the controlling body which is on the agenda of the next Shareholders' Meeting for the approval of the 2014 Financial Statements.

12. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (Art. 123-bis, para. 2, lett. d), TUF)

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

The **Board of Statutory Auditors** serving at 31 December 2014 was composed as follows:

Riccardo Raul Bauer (2)	Chairman
Niccolo' Abriani (2)	Regular Auditor
Maurilio Fratino (1)	Regular Auditor
Silvano Montaldo (1)	Regular Auditor
Eugenio Pinto (1)	Regular Auditor
Vincenzo Limone (1)	Alternate Auditor
Stefano Fiorini (2)	Alternate Auditor

- (1) Auditor appointed from the majority list submitted by the majority shareholder (the Ministry of the Economy and Finance), voted by 67.42% of the share capital represented in the Shareholders' Meeting.
- (2) Auditor appointed from the list submitted by the minority shareholder (a group of asset management companies and institutional investors), voted by 29.96% of the share capital represented in the Shareholders' Meetings.

The Tables annexed to this Report summarise the structure of the Board of Statutory Auditors, showing the Auditors serving at the date of approval of this Report, the related characteristics in terms of independence and length of service, as well as the number their respective positions of regular Auditor held in other issuers⁵ at 31 December 2014 (in observance of the restrictions pursuant to Art. 144-terdecies, paragraph 1, of the Issuers' Regulation⁶).

No changes in the composition of the Board of Statutory Auditors have taken place since the end of the 2014 financial year.

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

⁵ "Issuers" means any companies listed on regulated markets (either in Italy or in any other EU Countries), i.e. any companies that issue financial instruments distributed among the public to a significant extent pursuant to article 116 of the TUF and article 2-bis of the Issuers' Regulation.

⁶ Pursuant to article 144-terdecies, paragraph 1, of the Issuers' Regulation, the position of member of the board of statutory auditors of an issuer may not be held by the persons who hold the same position in five issuers. The full list of the offices of administration and control held by each Regular Statutory Auditor, at the companies referred to in Volume V, Title V, Chapters V, VI and VII of the Italian Civil Code, pursuant to article 144-terdecies, paragraph 2, of the Issuers' Regulation, is published by Consob on its website, as required by article 144-quinquiesdecies, paragraph 2, of the said Regulation.

RICCARDO RAUL BAUER - CHAIRMAN

Mr Bauer was born in Milan on 12 January 1951. He has been the Chairman of the Board of Statutory Auditors of Finmeccanica since 16 May 2012. He holds an Economics and Business degree and is a Certified Public and Professional Accountant. He is a Contract Professor for Company Audit and Control at the Sacro Cuore University in Milan. He has carried out statutory audit and professional training activities at PricewaterhouseCoopers SpA (1968-1998). He has provided consultancy and assistance services to leading Italian companies. Currently, he is, *inter alia*, the Chairman of the Board of Statutory Auditors of the Union of Italian Jewish Communities and a member of the Board of Statutory Auditors of the Museum of Jewish Heritage and Shoah. He is enrolled in the Register of Intermediaries at the Ministry of Justice. He is the author of various editions of the “Civil Code” and of the “Tax Code” as well as numerous publications concerning audits and control.

NICCOLO' ABRIANI – REGULAR STATUTORY AUDITOR

Mr Abriani was born in Turin on 8 July 1966. He has been a Regular Statutory Auditor of Finmeccanica since 16 May 2012. He is a lawyer and a Professor of Commercial Law at the University of Florence; Lecturer for the Post-graduate course for Business Lawyers at the “Luiss Guido Carli” University in Rome. He is Co-editor of the “*Rivista del Diritto Societario*” (a magazine of company law) and of the “*Rivista di Diritto dell’Impresa*” (a magazine of business law). He has held many academic positions, including: Dean of the Faculty of Economics at the University of Foggia. He has also been an independent director of listed companies and a Member of the working table established by Consob for the regulatory simplification of the Italian financial market – a subgroup of the Control System.

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

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

SILVANO MONTALDO - REGULAR STATUTORY AUDITOR

Mr Montaldo was born in Laigueglia (Savona) on 24 May 1957. He has been a Regular Statutory Auditor of Finmeccanica since 2006, having been reappointed on 16 May 2012. He is a Certified Public and Professional Accountant, enrolled with the Register of Certified Statutory Auditors and Certified Statutory Auditor of local authorities. He has served and currently does serve as statutory auditor to numerous corporations, as well as an auditor of public entities, is a member of various surveillance bodies and is an extraordinary commissioner of firms in the process of bankruptcy. Currently, he is a member of the Board of Statutory Auditors of various companies, including: Carige Assicurazioni SpA, Carige Vita Nuova SpA and Autostrade dei Fiori SpA. He is a member of the Surveillance Body of Autostrada dei Fiori SpA. He acts as extraordinary commissioner of the groups Antonio Merloni SpA, IAR Siltal SpA. and Olcese S.p.A.

EUGENIO PINTO - REGULAR STATUTORY AUDITOR

Mr Pinto was born in Taranto on 20 September 1959. He has been a Regular Statutory Auditor of Finmeccanica since 16 May 2012. He graduated *cum laude* in Economics and Business. He is a Certified Public Accountant. Currently, he is, *inter alia*, a Permanent Professor of the Business Economics department at the “Luiss Guido Carli” University in Rome. He has provided consultancy and support services to leading Italian companies. He has held numerous positions as director and statutory auditor in many Italian industrial and financial groups. He holds numerous positions, is currently: Chairman of the Board of Statutory Auditors of Stogit SpA and Snam Rete Gas SpA (Snam Group); independent director and Chairman of the Control and Risks Committee and of the Related Parties Committee and member of the Remuneration and Nomination Committee of Astaldi SpA, he is also Chairman of the Board of Auditors of Assomine (the Italian association of joint-stock companies).

STEFANO FIORINI - ALTERNATE STATUTORY AUDITOR

Mr Fiorini was born in Genoa on 15 July 1969. He graduated in Economics and Business. He is a Certified Public Accountant. He has gained significant experience in the main sectors of industrial activities and services. He has worked in the auditing sector at KPMG SpA and Arthur Andersen SpA. He has held the position of Investment Director at PM & PARTNERS and ABN Amro Capital Investments NV. He provides consultancy services in relation to extraordinary transactions and in civil and criminal proceedings concerning disputes relating to economics, business and financial

issues. He is the Chairman of the Board of Statutory Auditors of Mediolanum SpA, Meta-fin SpA and Meta System SpA as well as a regular statutory auditor of CDP Reti SpA, Elemaster SpA, Iacobucci HF Electronics SpA, Albany International Italia Srl and alternate auditor of S.M.R.E. SpA.

VINCENZO LIMONE - ALTERNATE STATUTORY AUDITOR

Mr Limone was born in Taranto on 11 January 1950. He graduated in Economics and Business. He is a Certified Public Accountant. He is a contract Professor of Securities Market Economics at the University of L'Aquila and Contract Professor of Economics applied to Engineering at the "Tor Vergata" University in Rome

In compliance with the Corporate Governance Code, the Board of Statutory Auditors assesses the requirements of independence of its members, in the first meeting after the appointment (which was held on 14 June 2012), as well as on a yearly basis on occasion of the preparation of this Report.

During the current financial year the Board of Statutory Auditors assessed (at the meeting of 20 February 2015) the continuity of the requirements of independence of each Regular Statutory Auditor. With regard to the notion of independence of the Statutory Auditors, the Board Statutory Auditors followed the indications of the Code regarding the concept of independence for the Directors.

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

Furthermore, the Board of Statutory Auditors: submits the reasoned proposal to the Shareholders' Meeting as to the appointment of the independent auditing firm for the statutory audit of accounts and the determination of the relevant fees; verifies the correct application of the assessment procedures and of the criteria adopted by the Board of Directors to assess the independence of its members; supervises the conformity with the principles reported in the Consob Regulation of the Procedure adopted by the Company regarding Related Party Transactions, as well as the relative compliance, and reports to the Shareholders' Meeting in accordance with art. 2429, paragraph 2, of the Italian Civil Code and art. 153 of the Consolidated Law on Financial Intermediation.

In particular, in this regard the Board of Statutory Auditors constantly supervises if the Company correctly applies the existent procedures on the matter.

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

In performing its work, the Board of Statutory Auditors liaises with the Group's Internal Control Organisational Unit, the Independent Auditors, the Control and Risks Committee, the Surveillance Body referred to in Legislative Decree no. 231/2001 and with the Officer in charge of financial reporting referred to in law no. 262/05. Specifically, the Board of Statutory Auditors – that constantly attends the meetings of the Control and Risks Committee - receives the necessary operational assistance for the performance of its own auditing work from the Head of the Group Internal Audit, obtains all the Audit Reports and examines the Annual Control Plan.

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

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

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

As already reported in paragraph 4.3 above), the Statutory Auditors take part, together with the Directors, in induction actions aimed at encouraging a deeper knowledge of the activities and of the specific issues concerning the Group. Furthermore, in order to assist them in coming to a better knowledge of the scenario in which Finmeccanica operates and of its legislative and regulatory framework, both the Auditors and the members of the Board of Directors are specially informed and updated regarding legislation and self-regulation in order to help them in the performance of their functions.

During the 2014 financial year, the Board of Statutory Auditors held no. 20 meetings, of an average duration of about 3 hours. During the 2015 financial year, as at the date of approval of this Report, no. 5 meetings have been held.

Below are reported the data concerning the presence of the Statutory Auditors in the meetings of the Board of Statutory Auditors, as well as in the meetings of the Board of Directors, which were held in the course of the 2014 financial year:

	Attendance	
	Board of Statutory Auditors	BoD
Riccardo Raul Bauer	20/20 meetings	13/13 meetings
Niccolo' Abriani	19/20 meetings	13/13 meetings
Maurilio Fratino	20/20 meetings	13/13 meetings
Silvano Montaldo	18/20 meetings	13/13 meetings
Eugenio Pinto	17/20 meetings	13/13 meetings

All absences were excused.

13. INVESTOR RELATIONS

The Company has had a top level department for some time initially named Investor Relations and renamed Investor Relations and SRI (Sustainable Responsible Investors) during 2014. The structure (IR&SRI) handles financial and extra-financial disclosures related to ESG (Environmental, Social and Governance) issues, as well as relations with the credit rating agencies (Moody's, Fitch, Standard & Poor's). IR&SRI also draws up the Group's Sustainability Report and handles the work required for admission to the share indices.

Stakeholders

The main stakeholders are:

- Buy Side:
 - Italian and international institutional investors
 - Domestic retail shareholders
 - Sustainable Responsible Investors (SRI)
 - Bondholders
- Sell Side:
 - Equity Analysts
 - Fixed Income Analysts
 - ESG Analysts
- Credit Rating Agencies
- ESG Rating Agencies

Events for the International Financial Community

Many events are organised during the year to make Finmeccanica's strategy better known to the financial community, mainly the international community, as regards its strategy, business, commercial and economic and financial performance and the related prospects, as well as Corporate Governance issues.

A particularly important part of this activity are presentations of the annual, six-monthly and quarterly financial results, usually made in London (also in conference call and by webcast).

Moreover, IR&SRI organises Company Roadshows with the Group's Top Management, the Deal Roadshows on the occasion of extraordinary transactions and the Investor Day that is organised on average once a year.

On the occasion of the Investor Day, a large number of financial analysts and institutional investors are given the opportunity to find out more about the Group's operations and to gain an understanding of its performance and its commercial, industrial, income and financial prospects, as well as to directly access to the Top Management of Finmeccanica and of the operating companies.

Finally, during the annual International Airshow (which alternates between Farnborough in England and Le Bourget in France) meetings between groups of investors and the Top Management of Finmeccanica and of the main Operating Companies are organised, proposing specific presentations of the main products and systems present at the airshow (product tour).

Industrial Plan

On 28 January 2015 IR&SRI arranged the presentation of the 2015-2019 Industrial Plan in London. This event, chaired by Finmeccanica's top management, was attended by the financial community in considerable numbers, was broadcast in streaming on the Finmeccanica's website and was shown on Finmeccanica's most important social networks.

Shareholder Engagement

In recent years international institutional investors have attended Finmeccanica's Shareholders' Meetings in significantly greater numbers, which shows the international financial community's increasing interest in the Company. Through IR&SRI, Finmeccanica has responded promptly to this phenomenon with a strong commitment to Shareholder Engagement which meets their needs and expectations and helps them to take an active part in these meetings by drawing up special documents and arranging dedicated conference calls and meetings, especially during the months leading up to Shareholders' Meetings.

Relations with Credit Rating Agencies

IR&SRI has been responsible since 2014 for handling relations with the three credit rating agencies (Moody's, Standard & Poor's, Fitch) which have, up to this time, awarded Finmeccanica a credit rating and a rating for its bonds.

Given the particular nature of relations with these agencies, individual meetings and conference calls are arranged periodically in order to provide the latest details of the quarterly results, the economic and financial outlook and transactions of significance for credit rating purposes, in addition to meetings at which the results for the year are examined, with the participation of the Finmeccanica Top Management.

Sustainable Responsible Investors (SRI)

With regard to the relationship with "Sustainable Responsible Investors" (SRI), which show constant growth both in terms of number and managed assets, Finmeccanica started a series of communication projects some time ago in order to bring these investors completely into the picture in an increasingly organised manner by arranging theme-based roadshows and meetings on specific issues, such as the functioning of the Board of Director and other Corporate Governance issues, such as for example Compliance.

Sustainability Report

IR&SRI started to prepare Group Sustainability Report in 2014. It coordinates the reporting process, particularly materiality analysis and the reprocessing of all the data and information from the Operating Companies and the Company's own Units.

Dow Jones Sustainability Index

This department also deals with the process of the Group's admission to the prestigious Dow Jones Sustainability Index (DJSI), in which Finmeccanica **was also placed in 2014, for the fifth consecutive time**. Every year the DJSI assesses company performance and the extent to which they have honoured their commitments to economic, social and environmental sustainability.

On Line Communication and Social Networks

During 2014 the financial market section of Finmeccanica's institutional website (Investors) was further improved and expanded. More information on its Debt structure, Risk Management and Guidance notes has been included, in addition to the Consolidated Financial Statements and the financial Presentations, with links to the webcast, audio/video.

Other information of interest to shareholders is available in the Governance section of the Company's website, as mentioned in greater detail in paragraph 14 below.

A large area of the Investors section, which is also being expanded, is also dedicated to the SRI (Sustainable Responsible Investors) and ESG (Environmental, Social and Governance) issues.

The IR&SRI unit is also committed to an increasing use of the most recent social and collaboration tools, like *Twitter*, *SlideShare* and *YouTube*.

The Head of the Investor Relations and SRI is Raffaella Luglini, who reports directly to the CEO – Chief Executive Officer and General Manager Mauro Moretti.

Contacts

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14. SHAREHOLDERS' MEETINGS (Art. 123-bis, para. 2, lett. c), TUF)

Notice of call and disclosures to Shareholders

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

Shareholders' Meetings are called by means of a notice published on the Company's website (as well as in at least one national daily newspaper), containing the information required by Art. 125-bis of the Consolidated Law on Financial Intermediation, at least 30 days prior to the date set for the Shareholders' Meeting on first call, except for any Shareholders' Meetings called: i) to appoint the members of the corporate bodies through the list voting (for which the time limit is of 40 days); ii) to resolve on defence measures in the case of a take-over bid (for which the time limit is of 15 days) and iii) to resolve on capital decreases and the appointment and dismissal of liquidators (for which the time limit is 21 days).

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

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

Therefore, all the relevant documents regarding the items on the agenda and any information concerning the specific Shareholders' Meeting are promptly made available to the Public through the Company's website and are simultaneously filed as required by regulations. In particular, the Company takes steps to promptly publish in the Governance section of their website - in an appropriate area that can also be accessed directly from the website's home page - the explanatory Reports of the Meeting's agenda and any other documents to be submitted to the Shareholders' Meeting (as well as proxy forms and information on the amount and composition of the share capital), as well as any documents following the same Meeting.

In the same Governance section further relevant information can be found concerning the Company which are interesting for the shareholders: composition of the Corporate Bodies, *curricula vitae* of the related members, disclosures on Internal Dealing, minutes of the Shareholders' Meetings and of the Board of Directors meetings and other relevant corporate documentation.

In the same Governance section, a specific chart is also available which summarises the Corporate Governance system and allows a complete view of the different bodies responsible for the management of the Company. This instrument allows the identification of the related composition and place of each body within the corporate governance structure.

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

The Board of Directors participate in the Shareholders' Meetings and report on the activity carried out during the financial year and on the Issuer's future plans at the Shareholders' Meeting called to approve the Annual Financial Statements. 7 out of 11 Directors attended the Meeting of 15 May 2014.

Right of attendance at the Shareholders' Meeting

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

The entitled persons can be represented by written proxy, which may be notified to the Company pursuant to Law and By-Laws as indicated in the notice calling the Shareholders' Meeting. The Company provides the entitled persons with a proxy form for the participation in the individual Shareholders' Meetings.

The Art. 14 of the By-Laws also provides for the Company to be entitled to designate a common representative for each Shareholders' Meeting, i.e. a person to which the Shareholders may grant a proxy with instructions on how to vote (which the common representative shall comply with) on all or certain of the items on the agenda. Such proxy must be given by the end of the second trading day prior to the date set for the Shareholders' Meeting on first call, and without incurring expenses.

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

Operations and Competences

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

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

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

The Company adopted **SHAREHOLDERS' MEETING REGULATIONS** some time ago, with the purpose of setting out the appropriate procedures for ensuring meetings are conducted in an orderly and constructive fashion. These Regulations lay 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 Regulations 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 Regulations 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 Regulations are always distributed to all Shareholders whenever a meeting is held and may be viewed in the specific Governance section of the Company's website (Governance/Shareholders' Meetings).

Specifically, the Regulations exactly define procedures for admittance to Shareholders' Meeting locations by those entitled to attend (Art. 4) and expressly provide for procedures for addressing Shareholders' concerns prior to the Meeting (Art. 10) in keeping with the law in force.

During 2014, changes were recorded in the Company's market capitalisation which, despite the European economic and financial scenario that has been particularly weak, has significantly improved.

It should be remembered that, as already reported in this Report, the percentages envisaged in the By-Laws as to the exercise of the rights protecting minority Shareholders, in particular the ownership of 1% of the voting share capital required for the submission of lists of candidates for the position of Director or Statutory Auditor of the Company (sections 18.3 and 28.3 of the Company's By-Laws), are actually corresponding to (as were in the course of the 2014 financial year) the minimum share identified by Consob. The abovementioned By-Laws provisions also set down, as previously illustrated, specific procedures aimed at ensuring, within the described "list voting" mechanism, the appointment of Directors and Statutory Auditors drawn from minority lists.

15. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (Art. 123-bis, para. 2, lett. a), TUF)

During the 2014 financial year, as well as in early 2015, the Company continued to take specific organisational measures and make important decisions directed at giving a fresh impulse to the Company reorganisation process by ensuring the necessary coordination of business operations and by enhancing the control system. Particular attention was paid to strengthening the system of control over the Group's activities and boosting management and coordination functions as regards operating companies.

This Report now goes on to consider, first of all, the main measures among those adopted by the Company in order to strengthen its corporate governance, and specifically the implementation of the

Group's new Organisational and Operating Model, the guidelines of which were issued by the Board of Directors on 19 June 2014.

Furthermore, with reference to what is stated in the previous Report on Corporate Governance as to the establishment of the "Flick Committee", this document specifically updates the contents of the final Report issued in the 2014 financial year, as well as the action afterwards taken by Finmeccanica in compliance with the Committee's Recommendations.

Finally – within the scope of the corporate governance practices applied by the Company – we mention the creation of Committees additional to those recommended in the Corporate Governance Code, which have already been briefly referred to (in paragraph 10 above) among the measures adopted to implement the internal control and risk management system and which are specifically illustrated below.

✓ **Group's Organisational and Operating Model**

On 19 June 2014 the Company's Board of Directors approved the guidelines for the implementation of the Group's new Organisational and Operating Model, which is one of the measures taken to strengthen and consolidate the Group's Governance and the overall process of reorganisation that the Company has embarked on.

This process is also in line with the structural measures undertaken by our main competitors in the context in which we operate in order to provide an effective response to the challenges posed by the evolution of global scenarios.

While it is consistent with the process of development approved by the Board of Directors on 6 March 2014 (as referred to in the previous Report), the new Model has elements which are signs of pronounced discontinuity with the Group's past plans.

The new organisational structure is marked, first of all, by the adoption of a division-based model and the strengthening of Corporate functions: according to the new Model, in fact, the present wholly-owned subsidiaries operating in the sectors of Aerospace and Defence (AgustaWestland S.p.A., Alenia Aermacchi S.p.A., OTO Melara S.p.A., Selex ES S.p.A. and WASS S.p.A.) will be integrated into Finmeccanica and transformed into Divisions of the "new" Finmeccanica, with all the functions necessary for developing and managing their various business areas. The Model also provides for Technical Units and Head Office Functions for coordinating and supporting business activities and for closer knitted Governance and lines of strategy which provide benefits in terms of industrial productivity, scale economies and greater competitiveness.

Finmeccanica, as the Holding company, will continue to manage and coordinate the other subsidiaries and joint ventures that remain outside the division-making process and its head office functions will continue to perform the Corporate Center function.

Immediate compliance with the guidelines approved by the Board of Directors in June 2014 led to the transfer of the registered offices and the Chief Executive Officers' offices of the companies concerned to the Finmeccanica headquarters and the rationalisation of international commercial representative offices in key markets. Finmeccanica's first-level head office functions and second-level Organisational Units were also created and the responsibilities concerned were allocated. After this, the Company's Organisational Units, according to the division-based model, will be rendered consistent with the design of the new head office functions hand in hand with the planning of the divisions.

Among the main objectives of the new organisational structure are:

- greater coordination in managing the fundamental operational processes, at the same time taking advantage of the synergies of purpose among the Divisions;
- more integrated and cross-divisional management of relations with customers and of Finmeccanica's presence in the priority foreign markets and bringing a more dynamic and competitive supply chain into being;
- more targeted and selective investment management, with more transfers of technology and products within the Group, more focused on key priorities with a greater capacity to detect possible overlapping of products, investments and engineering activities;
- greater coordination of the Group's presence in international alliances and large-scale transversal programmes and a more coordinated approach to its main Defence customers;
- stating shared values and making the organisation of the Group more homogenous in order to foster the interchangeability of resources and universal professional development.

Additional benefits will spring from the integration of support functions, which will not only help the Management of the Divisions to focus more intensely on core business processes but will make these processes more efficient and also more effective.

Finally, among the measures for the implementation of the new Model already adopted by Finmeccanica, a review of the composition of the Group companies' governance bodies has been put in hand, with specific regard to any companies that are owned directly.

Specifically, the selection of members of Group companies' Boards of Directors will be based on both quantitative and qualitative/subjective criteria on the following lines:

Boards of Directors normally composed of not more than three members, including a Chairman – without any delegated operational powers – and a Chief Executive Officer; Directors will be selected (subject to any legal constraints), also in order to limit costs, from among Group executives whose roles in the investee company are relevant to Finmeccanica’s plan of strategy. In this context, Directors of companies in the Aerospace and Defence sector will be selected from among executives performing Finmeccanica functions which are directly involved in implementing the Model, while those of other companies will be selected from executives who are more closely involved in the operating activities concerned or in divestment processes, if applicable.

The corporate operations aimed at implementing the new Model are expected to be completed in the 2015 financial year.

✓ **Flick Committee**

The establishment of this Committee was resolved by the Board of Directors’ Meeting of 15 April 2013: it is responsible for identifying further criteria with which a Group of global size and presence, operating in the Sector of Aerospace and Defence, must comply with, in order to conform to new and more important best practices, for the implementation of the ethical principles outlined and for their application in industry. The Board of Directors has tasked the Flick Committee with preparing and issuing a Report to the Company, aimed at identifying measures and actions capable of further increasing the principles and standards of conduct which must be complied with in the business operations, as well as at identifying additional actions aimed at ensuring the actual implementation of these new principles and standards, with the utmost possible efficacy.

Since the date of its establishment, the Flick Committee⁷ - which reported directly to the Board of Directors and was made up of external professionals of recognised independence, authority and competence - has met 14 times and has examined corporate documents and has held hearings to hear the top management, the Chairmen of the Boards of Statutory Auditors and of the Surveillance Body pursuant to Legislative Decree 231/01, as well as any managers holding key positions with Finmeccanica Spa and some of the direct and strategic subsidiaries.

After completing its work and having regard to the research that it had made, as well as to a survey of best existing practice and developments in Finmeccanica’s governance, the Flick Committee

⁷ The Committee was composed of: GIOVANNI MARIA FLICK (Committee Chairman), President Emeritus of the Constitutional Court and Minister of Justice from 1996 to 1998; ALBERTO ALESSANDRI, Full Professor of Criminal Law at Bocconi University; VITTORIO MINCATO, CEO of ENI S.p.A. from 1998 to 2005, Chairman of Poste Italiane S.p.A. from 2005 to 2008, Chairman of Assonime from 2005 to 2009, formerly a member of the Boards of Directors of FIAT and Parmalat, as well as a member of the Internal Control Committee of FIAT from 2005 to 2012; GIORGIO SACERDOTI, Full Professor of International Law at Bocconi University and Vice Chairman of the OECD international anti-corruption Committee from dal 1995 to 2001; ANGELO TANTAZZI, Chairman of Borsa Italiana S.p.A. from 2000 to 2011 and Vice Chairman of London Stock Exchange Group plc from 2007 to 2010.

issued a Report on 31 March 2014 in which it noted that Finmeccanica had set its hand to a thorough and successful reform of its governance system, which gave the Parent Company an active and highly important role in laying down rules, governance structures, operating methods and instruments for controlling the companies' work and stated that the action that has been taken as a whole is consistent and systematic.

The Committee also made seven Recommendations, which do not constitute appraisals of the regulatory or organisational measures that Finmeccanica has already adopted or is adopting, but specify measures and steps which can further elevate the principles and standards of conduct with which to comply in conducting business.

- Recommendation no. 1 - "Integrity and Anti-Corruption Code for the Finmeccanica Group". Preparation and adoption of a Code which lays down, completely and organically, the principles of integrity, transparency and prevention of corruption in line with the best international practices with the aim of preventing and countering the risks of corruption in Finmeccanica's and the Group Companies' activities.
- Recommendation no. 2 - "Integrity and Anti-Corruption Committee (Finmeccanica Group's Committee)". Creation of a competent independent body whose duty is to supervise the application and reviewing of the Code referred to in Recommendation 1.
- Recommendation no. 3 - "Audit activities and information flow". Suitable structuring of the function that supervises the application of the Code, the audits and information flows.
- Recommendation no. 4 - "Valorisation and management of reporting, including anonymous reporting". Arrangements for tools for the reporting of misconduct and for assistance to directors, employees and collaborators in situations at risk.
- Recommendation no. 5 - "Training system". The adequacy of the corporate risk training system, particularly the degree to which the persons trained are exposed to the risk of corruption.
- Recommendation no. 6 - "Public engagement and support for anti-corruption initiatives". Public expression of the Group's commitment, at national and international level, to fighting corruption and to supporting the measures involved.
- Recommendation no. 7 - "Strengthening of the Compliance system", with specific reference to the Trade Compliance and anti-corruption.

During the meeting held on 31 March 2014, the Board of Directors then in office acknowledged the Flick Committee's conclusions and Recommendations and resolved to proceed with the implementation of the measures referred to in the Recommendations, while taking the opinions expressed during the meeting into account. The Board instructed the Chairman and the Chief Executive Officer and General Manager, each within the sphere of their responsibilities, to take the

necessary steps to put the Recommendations into practice, submitting the necessary implementation measures to the Board for approval.

In its meeting of 19 June 2014, the Board of Directors appointed by the Shareholders' Meeting of 15 May 2014 resolved to approve a Plan for the implementation of the abovementioned Recommendations; the following steps were taken with respect to the contents of the Committee's Recommendations and their consequent implementation.

- Recommendation no. 1: a Working Group composed of Company officers and executives, as well as of Professor Giovanni Maria Flick and Professor Sergio M. Carbone, was formed with the task of preparing a "Integrity and Anti-Corruption Code for the Finmeccanica Group"; the group has finished its work and the "Anti-Corruption Code" is being finalized, which will be submitted to the Company's Board of Directors for approval; furthermore, it should be noted that, with regard to this Recommendation, an Anti-Corruption Directive was issued on 23 September 2014, for the contents of which reference should be made to the information already reported in paragraph 10 above, as regards the main Directives and Procedures adopted by the Company;
- Recommendation no. 2: a "Corruption Prevention Coordination and Consulting Board" was formed to coordinate the offices responsible for verifying compliance with the applicable rules of conduct at Group level, composed of the Chairmen of the Board of Directors, the Control and Risks Committee, the Board of Statutory Auditors and the Surveillance Body pursuant to Legislative Decree 231/01 of Finmeccanica Spa;
- Recommendation no. 3: it was pointed out at the above meeting that auditing and information flows from control activities are already adequately structured in the current Operating Model of Interrelation (*Modello Operativo di Interrelazione*, MOI), for the Internal Audit activities of the Finmeccanica Group;
- Recommendation no. 4: the adoption by the Board of Directors in the meeting of 18 March 2015 of regulations related to the management of reporting, also anonymous, (Whistleblowing Guidelines); in particular, such regulations encompass the establishment of a Whistleblowing Committee (composed of the Heads of the Legal, Corporate Affairs and Compliance; Group Internal Audit; Human Resources and Organisation; Security; Administration, Finance and Control Organisational Units), in charge of managing the preliminary activities and reporting related to reported, even anonymously, issues;
- Recommendation no. 5: arrangements for a risk training system in the "Anti-Corruption Code" referred to in Recommendation no. 1, aiming at preventing the risk of corruption;
- Recommendation no. 6: as regards the publicly announced commitment to fight corruption and to support the measures involved, Finmeccanica has been a member for some time of organisations

such as the IFBEC (International Forum on Business Ethical Conduct) and ASD (Aerospace and Defence Industries Association of Europe).

- Recommendation no. 7: as already mentioned in paragraph 10.6 above regarding the corporate Organisational Units with specific roles in the internal control and risk management system,- within the Legal, Corporate Affairs and Compliance Organisational Unit - there has been a reorganisation of the Compliance Organisational Unit, as well as the creation of the Crimes, Ethics & Integrity Organisational Unit.

The Flick Committee's Report and Recommendations are available in the Governance section on the Company's website, in the specific area of Ethics & Compliance.

✓ **Committees**

- **Committee for Corporate Bodies**, which is coordinated by the Group General Counsel and is made up of the Managers responsible for the competent first-level Organisational Units, as well as by the CFO in relation to the appointments of members of the Boards of Statutory Auditors. The Committee has the task of proposing the appointments to the offices of Director, Statutory Auditor or member of the Surveillance Body in subsidiary and investee companies. In 2014, the Committee met 11 times.
- **Investment Committee**, formed on 4 August 2014, is chaired by the Chief Executive Officer and General Manager and is composed of the Managers responsible for the competent first-level Organisational Units. According to the matters under consideration, the CEOs of Group Operating Companies/Division Managers, as well as the Heads of other Organisational Units of Finmeccanica Spa may be called in as necessary. This Committee's duty is to oversee the strategy of the Finmeccanica Group's investment/divestment processes. Specifically within the Committee's remit are, in particular, laying down investment/divestment guidelines on the basis of Group plans; conducting assessments of strategic, economic and financial conformity in relation to the investment/divestment Plans of the Group's Divisions/Operating Companies; verifying and ratifying lists of investment/divestment programmes or projects and stating the criteria for evaluating the technical, technological, economic and financial characteristics of individual projects; and monitoring the progress of the Group's investment/divestment Plan. The Committee meets every two months or when special circumstances require a meeting to be called.

TABLE 1: INFORMATION ON THE SHAREHOLDER STRUCTURE

Significant stakes in the share capital

SHAREHOLDERS	<i>% of ownership on the ordinary capital and voting capital</i>
Ministry of Economy and Finance	30.204
Deutsche Bank Trust Company Americas (1)	3.600
Fmr LLC (2)	2.133
Libyan Investment Authority (3)	2.010

(1) Intermediary's notice for the payment of dividends for the 2010 financial year (beginning 26 May 2011).

(2) Model 120 A of 9 August 2013 (transaction of 8 August 2013) relative to an equity investment held by way of "Discretionary Asset Management".

(3) The name has been updated [formerly "Libyan Investment Authority (Arab Bkg Corp / Libyan Inves, Man)"] following communication under Art. 83-*sexies* of Legislative Decree 58/98 for the participation in the 2014 Shareholders' Meeting (record date: 29 April 2014).

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

Board of Directors for the three year period 2014-2016 appointed by the Shareholders' Meeting on 15 May 2014									Control and Risks Committee ***		Nomination Committee ***		Remuneration Committee ***		Analysis of International Scenarios Committee *** (°°)	
Position	Members	Date of first appointment	Executive	Non- Executive	Independent Corp. Gov. Code	Independent Cons. Law on Fin. Intermed.	Attendance BoD meetings *	Other positions **	Members	* Attendance	Members	* Attendance	Members	* Attendance	Members	* Attendance
Chairman	Giovanni DE GENNARO	04/07/2013		X			13/13	==				1/1°°				
Chief Executive Officer and General Manager [□]	Mauro MORETTI	15/05/2014	X				8/8	==								
Director	Guido ALPA	15/05/2014		X	X	X	6/8	==	M	3/5	C	==				
Director	Marina Elvira CALDERONE	15/05/2014		X	X	X	8/8	==			M	==	M	4/6		
Director and Lead Independent Director	Paolo CANTARELLA ^(°)	04/05/2011		X	X	X	11/13	==	C	7/7		1/1°°				
Director	Marta DASSU [°]	15/05/2014		X	X	X	8/8	==			M	==			C	3/3
Director	Alessandro DE NICOLA	15/05/2014		X	X	X	8/8	==					M	6/6	M	3/3
Director	Dario FRIGERIO ^(°)	04/07/2013		X	X	X	13/13	2			M	==	C	7/7		
Director	Fabrizio LANDI	15/05/2014		X	X	X	8/8	2	M	5/5					M	3/3
Director	Silvia MERLO ^(°)	04/05/2011		X	X	X	11/13	3	M	7/7		1/1°°°		1/1°°	M	2/3
Director	Marina RUBINI ^(°)	15/05/2014		X	X	X	8/8	1			M	==	M	6/6		
Number of meetings held during 2014:		BoD: 13		Control and Risks Committee: 7			Nomination Committee: 1		Remuneration Committee: 7			Analysis of International Scenario Committee: 3				
Quorum for presentation of lists for the appointment of the BoD: 1% of the share capital with voting rights at Ordinary Shareholders' Meeting																

NOTE

- Director in charge of the internal control and risk management system.
- * All absences from BoD or Committees meetings are excused.
- ** This column contains the number of positions as Directors or Statutory Auditors held by the persons serving in other companies listed on regulated markets (in Italy and abroad), and in finance houses, banks, insurance companies or major companies. The positions are described in full in the Report.
- *** This column contains the position of the BoD member in the Committee (C/Chairman, M/Member).
- (°) Director chosen from a list submitted by the minority.
- (°°) Analysis of International Scenarios Committee, established on 19 June 2014, in place of the previous strategy Committee.
- °°° Member of the Committee until 15 May 2014. / °°° Member of the Committee until 19 June 2014

TABLE 3: OUTGOING DIRECTORS IN 2014

Outgoing Directors							** Control And Risks Committee		** Nomination Committee		** Remuneration Committee		** Strategy Committee	
Position	Members	Executive	Non- Executive	Independent Corp. Gov. Code	Independent Cons. Law on Fin. Intermed.	Attendance BoD meetings *	Members	* Attendance	Members	* Attendance	Members	* Attendance	Members	* Attendance
Vice Chairman and Lead Independent Director	Guido VENTURONI ^(*)		X	X	X	5/5	M	2/2					M	3/3
Chief Executive Officer and General Manager	Alessandro PANSA ^(*)	X				5/5							M	3/3
Director	Giovanni CATANZARO ^(*)		X	X	X	3/5	M	1/2	M	1/1				
Director	Dario GALLI ^(*)		X	X	X	5/5					C	1/1	M	3/3
Director	Ivanhoe LO BELLO ^(*) ^(**)		X	X	X	4/5							M	2/3
Director	Alessandro MINUTO RIZZO ^(*)		X	X	X	5/5							M	3/3
Director	Francesco PARLATO ^(*)		X			5/5			M	1/1	M	1/1	M	2/3

NOTE

* All absences from BoD or Committees meetings are excused.

** This column contains the position of the BoD member in the Committee (C/Chairman, M/Member).

(*) Director appointed as a substitute for Director chosen by the minority.

(**) In office until 15 May 2014.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors (three-year period 2012-2014) Appointed by the Shareholders' Meeting of 16 May 2012					
Position	Members	Date of first appointment	Independent Corp. Gov. Code	Attendance at the BoSA meetings **	Number of other positions held ***
Chairman	Riccardo Raul BAUER*	16/05/2012	X	20/20	=
Regular Auditor	Niccolò ABRIANI *	16/05/2012	X	19/20	=
Regular Auditor	Maurilio FRATINO	29/04/2009	X	20/20	1
Regular Auditor	Silvano MONTALDO	23/05/2006	X	18/20	=
Regular Auditor	Eugenio PINTO	16/05/2012	X	17/20	=
Alternate Auditor	Stefano FIORINI *	16/05/2012	--	--	=
Alternate Auditor	Vincenzo LIMONE	16/05/2012	--	--	=
Number of meetings held during 2014: 20					
Quorum for presentation of lists for the appointment of the Board of Statutory Auditors: 1% of the share capital with voting rights at Ordinary Shareholders' Meeting					

NOTE

* The asterisk indicates an Auditor appointed from a minority list.

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

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