



## **Shareholders' Meeting**

called in extraordinary session on 22, 27 and 28 April 2016  
(in first, second and third call respectively) and in ordinary session on 22 and  
28 April 2016 (in first and second call respectively)

### **Explanatory reports pursuant to Article 125-ter of Legislative Decree no. 58/98**

#### **Agenda**

##### **Extraordinary Session**

1. New Company name: amendments to the Art.1. of the Articles of Association. Resolutions related thereto.

##### **Ordinary Session**

1. Financial Statements at 31 December 2015 of Finmeccanica S.p.a., Oto Melara S.p.A., Whitehead Sistemi Subacquei S.p.A. and relevant Reports of the Board of Directors, Reports of the Board of Statutory Auditors and Independent Auditors' Reports. Resolutions related thereto. Presentation of the Consolidated Financial Statements at 31 December 2015;
2. Remuneration Report: resolution pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58/98;
3. Authorisation to purchase and dispose of own shares to be put at the service of the Incentive Plans;
4. Fees of the Independent Auditors;
5. Remuneration of the Board of Statutory Auditors.

##### *Disclaimer*

*These Reports have 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 Reports and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.*

## Extraordinary Session

### **Explanatory report of the Board of Directors on Item 1 on the Agenda of the Extraordinary Session**

New Company name: amendments to the Art.1. of the Articles of Association.  
Resolutions related thereto.

Dear Shareholders,

an Extraordinary Shareholders' Meeting has been called to pass a motion to amend Article 1 of the Company Articles of Association in order to change the Company's name by adopting the name "Leonardo".

Considering that the previous financial *holding* model is outdated, with the implementation of the new Organizational and Operational Model of the *One Company*, Finmeccanica has not only revised its structure to make it more consistent with the needs of customers and markets, and thus ready to support the specific mission of creating value for all the *stakeholders*, but it also intends to re-define its identity. And it is in this historical moment when Finmeccanica is changing direction, re-defining objectives and priorities, designing new models of development and has presented itself in a new role within the Country system that there is a need for a new name that represents and constitutes the first and most important point of synthesis between the profound true values that characterize the Group and support its strategies.

Operating in aerospace, defence and security is a complex mission because the world is complex. A company that aims to do so must be able to anticipate and manage its changes, which are often rapid and unpredictable, integrating different technologies and capabilities. To be competitive at the highest level we must be able to see far ahead, to imagine how the future will be, to understand in what reality our company will actually exist and what resources will be needed for it to grow according to our vision.

A name in which we identify deep roots, universality and a sense of the future.

Leonardo represents our Italian history made of scientific achievements and technological excellence, development of philosophical and mathematical thought and research applied to all fields of knowledge, from the arts to architecture, science and music. In the same way, the principles that inspired Leonardo's work and that of his contemporaries are at the basis of our specific business approach: a great business history, which has contributed to our country's economic and technological development, bringing work and innovation to strategic sectors and establishing solid basis – in terms of intelligence, creativity and know-how – from which to export our technological excellence in the world.

Leonardo represents the universal value of thought, analysis and research. There is no area of our business that has not found in Leonardo da Vinci a careful scholar, driven by scientific curiosity and the desire to face unexplored scenarios. He imagined human flight, designed flying machines, fortifications and war machines, deepened the study of optics and perspective, studied astronomy and the movement of planets. But even more than the intuition of concepts, technologies and tools that would be developed in later periods and that today form the core of our business, we recognize in this name - and the Renaissance period, to which we liken our own rebirth - a more general, universal value, which is renewal of thought, conceiving the new scientific method and building the bases to support the development of our economic and industrial system.

Leonardo means confidence in the future, man's boundless capacity and the goals that the mind imagines even before designing the tools needed to achieve them. We are convinced that the image of the Renaissance man overcoming the barriers of knowledge with just the weapons of thought, intelligence and experimentation is now the mirror and reflection of the new Finmeccanica we imagined, a guiding principle, a model in which we identify because our commitment is aimed at the future of our company, whose growth and development we must ensure, of the new generations, to whom we wish to provide the tools to meet the challenges of a global industrial system that is constantly evolving, and of our country, for our ambition is to be instrumental in building the Italy of tomorrow looking to the world. Finally, for the world itself, for we work every day to make it a safer, more equitable and more sustainable place to live.

In this context the Board of Directors propose to adopt, with effect from 1<sup>st</sup> January 2017, the new company name “Leonardo – Società per azioni”, in abbreviated form “Leonardo S.p.a.”.

Until 31 December 2016, in order to grant the Company a time frame suitable to ensure the required continuity in relationship with foreign countries, the Board of Directors’ proposal is to put the new name before the current one and therefore propose to adopt the following company name: “Leonardo – Finmeccanica – Società per azioni” and in short and alternatively “Leonardo S.p.a.” o “Finmeccanica S.p.a.”.

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Given the above, the Board of Directors submits the motion to amend Article 1 as indicated below, comparing the existing text and the proposed text, highlighting the relevant amendments.

| <b>Existing text</b>   | <b>Proposed text</b>  |
|--|---|
| <i>Article 1</i>   |   |
| <p><i>1.1. The company governed by the rules provisions of these Articles of Association shall trade under the name of "FINMECCANICA - Società per azioni" or, in short, "FINMECCANICA S.p.a."</i></p> | <p><i>1.1. The Company governed by the rules provisions of these Articles of Association shall trade under the name of "Leonardo – Finmeccanica – Società per azioni"; the Company may in short and alternatively be called "Leonardo S.p.a." or "Finmeccanica S.p.a."</i></p> <p><i>1.2. Starting from 1 January 2017 the Company shall trade under the name of "Leonardo - Società per azioni" or, in short, "Leonardo S.p.a."</i></p> <p><i>1.3. The name of the Company may be written with any font in uppercase and/or lowercase.</i></p> |

*The proposed amendments to the Articles of Association do not entitle Shareholders who do not approve the motion to withdraw, since the same do not constitute any of the reasons for termination set forth by section 2437 of the Italian Civil Code.*

*Given the above, the Board of Directors proposes the following motion for your approval:*

"The Extraordinary Shareholders' Meeting of "FINMECCANICA - Società per azioni"

- having acknowledged the proposal of the Board of Directors of the Company and the relevant Report drafted pursuant to the provisions of section 125-ter, paragraph 3, of Legislative Decree no. 58/98;

**resolves**

- to approve the proposed amendments to the Article 1 of the Articles of Association as per the text set out in the Report of the Board of Directors approved on 16 March 2016, that shall be recorded ad verbatim in the minutes of this resolution;
  - to authorize the Board of Directors, and on its behalf the Chairman, with the power to make any non-substantial changes to this resolution that may be necessary or required and provide for all the formalities resulting from approved changes including the filing with the Business and Trade Register, after the term of 1 January 2017, the text of the Articles of Association containing the new company name, with Article 1 thereof accordingly amended as follows:
    - Article 1
- 1.1. The company governed by the rules provisions of these Articles of Association shall trade under the name of "Leonardo - Società per azioni" or, in short, "Leonardo S.p.a."
- 1.2. The name of the Company may be written in any font in uppercase and/or lowercase".

## Ordinary Session

### **Explanatory report of the Board of Directors on item 1 of the agenda of the Ordinary Session**

1.1 Separate Financial Statements at 31 December 2015 of Finmeccanica S.p.a.; Report of the Board of Directors, Report of the Board of Statutory Auditors and Independent Auditors' Report. Resolutions related thereto. Presentation of the Consolidated Financial Statements at 31 December 2015.

Dear Shareholders,

the 2015 separate financial statements, which we submit for your approval, close with a net profit of Euro 443,927,396.53, that we propose to allocate as follows:

- Euro 22,196,369.83, equal to 5% of the net profit, to legal reserve;
- Euro 421,731,026.70 to retained earnings.

In light of the foregoing, we submit the following proposed resolution for your approval:

“The Ordinary Shareholders’ Meeting of “FINMECCANICA - Società per azioni”:

- considering the Report of the Board of Directors;
- considering the Report of the Board of Statutory Auditors;
- having examined the financial statements at 31 December 2015;
- having acknowledged the report of KPMG S.p.A.

#### **resolves**

- to approve the Directors’ Report on operations and the financial statements at 31 December 2015;
- to approve the proposal posed by the Board of Directors of allocating the 2015 net profit of Euro 443,927,396.53 as follows:
  - Euro 22,196,369.83, equal to 5% of the net profit, to legal reserve;
  - Euro 421,731,026.70 to retained earnings.”.

1.2 OTO MELARA S.p.A. Financial Statements at 31 December 2015; Report of the Board of Directors, Report of the Board of Statutory Auditors and Independent Auditors' Report. Resolutions related thereto.

Dear Shareholders,

the 2015 financial statements, which we submit for your approval, close with a profit of Euro 21,893,564.

In light of the foregoing, and in consideration of the merger by incorporation into Finmeccanica - Società per azioni with effect from 1 January 2016, we submit the following proposed resolution for your approval:

“The Ordinary Shareholders’ Meeting of “FINMECCANICA - Società per azioni”:

- considering the Report of the Board of Directors;
- considering the Report of the Board of Statutory Auditors;
- having examined the financial statements at 31 December 2015;
- having acknowledged the report of KPMG S.p.A.

**resolves**

- to approve the Directors’ Report on operations and the OTO MELARA S.p.A. financial statements at 31 December 2015.”.

1.3 WHITEHEAD SISTEMI SUBACQUEI S.p.A. Financial Statements at 31 December 2015; Report of the Board of Directors, Report of the Board of Statutory Auditors and Independent Auditors' Report. Resolutions related thereto.

Dear Shareholders,

the 2015 financial statements, which we submit for your approval, close with a loss of Euro 5,986,527.

In light of the foregoing, and in consideration of the merger by incorporation into Finmeccanica - Società per azioni with effect from 1 January 2016, we submit the following proposed resolution for your approval:

“The Ordinary Shareholders’ Meeting of “FINMECCANICA - Società per azioni”:

- considering the Report of the Board of Directors;
- considering the Report of the Board of Statutory Auditors;
- having examined the financial statements at 31 December 2015;
- having acknowledged the report of KPMG S.p.A.

**resolves**

- to approve the Directors’ Report on operations and the WHITEHEAD SISTEMI SUBACQUEI S.p.A financial statements at 31 December 2015.”.

## **Explanatory report of the Board of Directors on item 2 of the agenda of the Ordinary Session**

Report on Remuneration: resolutions pursuant to Article 123-ter, paragraph 6, of Legislative Decree 58/98.

Dear Shareholders,

pursuant to Article 123-ter, paragraph 6, of Legislative Decree 58/98 you are called upon to vote, with a non-binding resolution, on the first section of the Report on Remuneration referred to in Article 123-ter, paragraph 3, of Legislative Decree 58/98, subject to publication in accordance with the provisions of law, which discusses the Company's policy on the remuneration of the members of the governing bodies, General Managers and all the Executives with Strategic Responsibilities, as well as the procedures used to adopt and implement that policy.

In view of the foregoing, we submit for approval of the Ordinary Shareholders' Meeting the following proposed non-binding resolution on point 2 of the agenda:

"The Ordinary Shareholders' Meeting of "FINMECCANICA – Società per azioni":

- having regard to Articles 123-ter of Legislative Decree 58/98 and 84-*quater* of Consob Regulation no. 11971/99;
- having regard to the Report on Remuneration approved by the Board of Directors on 16 March 2016, prepared pursuant to Articles 123-ter of Legislative Decree 58/98 and 84-*quater* of Consob Regulation no. 11971/99 and in accordance with the recommendations of the Corporate Governance Code for listed companies, which the Company has adopted, and published within the time limit of 21 days prior to the first call of the Shareholders' meeting to approve the financial statements at 31 December 2015;
- having examined in particular the first section of that Report, which discusses the Company policy concerning the remuneration of the members of the governing bodies, General Managers and all the Executives with Strategic Responsibilities, as well as the procedures used to adopt and implement that policy;

- having regard to the non-binding nature of this resolution, pursuant to Article 123-*ter*, paragraph 6, of Legislative Decree 58/98;

**resolves**

in favour of the first section of the Report on Remuneration prepared and approved by the Board of Directors pursuant to Articles 123-*ter* of Legislative Decree 58/98 and 84-*quater* of Consob Regulation no. 11971/99.”

## **Explanatory report of the Board of Directors on item 3 of the agenda of the Ordinary Session**

### Authorisation to purchase and dispose of own shares to be put at the service of the Incentive Plans.

Dear Shareholders,

we submit for your approval the request for a renewal of authorization to purchase and dispose of own shares in order to create the resources necessary for the realization of the Long Term Incentive Plan and Co-investment Plan, approved by the Shareholders' Meeting on 11 May 2015.

It is recalled that the above mentioned Shareholders' Meeting had already authorized the purchase of treasury shares for the purpose of serving the same Plans, for a period of eighteen months starting from the date of the Shareholders' resolution, as well as the availability of those shares for the purposes of the mentioned Plans and within the time limits necessary for its execution. The authorization to purchase treasury shares therefore would expire on 11 November 2016.

Therefore we propose to revoke the previous authorization to purchase, as far as not already used, deliberating at the same time a new authorization to purchase and dispose of own shares on the following terms.

The purchase will be made within the limits of the distributable profit and available reserves as reported in the most recent approved financial statements of the Company – up to a maximum of 2,000,000 ordinary Finmeccanica Shares to be used for the purposes of those Plans.

The above mentioned Plans are referred to a Long-Term Incentive Plan also based upon financial instruments (hereinafter the "Incentive Plan") and to a Co-investment Plan of the annual bonus accrued based exclusively on financial instruments (hereinafter the "Co-investment Plan"), both open to the management of the Finmeccanica Group, the associated implementing rules of which have been defined by the Board of Directors on the proposal of the Remuneration Committee of the Company. Treasury shares serving the two Plans would be purchased by the Company on the open market.

The characteristics related to the mentioned Plans are described in the Disclosure Documents approved by the Shareholders' Meeting on 11 May 2015, drawn up by the Company pursuant to Article 84-*bis* of the Consob Regulation no. 11971/99 (“Issuers Regulations”).

These Disclosure Documents are available to the public at its headquarters and on the Company's website [www.finmeccanica.com](http://www.finmeccanica.com).

At the date of the formulation of this proposal, the share capital of Finmeccanica – Società per azioni was represented by no. 578,150,395 ordinary shares with a par value of €4.40 each.

The Company currently holds no. 3.844.152 treasury shares, equal to 0.6649% of share capital.

Accordingly, the maximum number of shares to be purchased falls within the limit set by law, without prejudice to the limitations noted above.

The authorization to purchase is requested for a period of eighteen months from the date of the resolution. The Board may carry out purchases in one or more instalments at any time, while we ask that the authorization for the distribution of the shares so purchased or in any event at the Company's disposal last for the length of time necessary to implement the Plans.

The Board proposes that the purchase price of the shares be fixed in the maximum and minimum amounts equal to the reference price observed on the Electronic Stock Market organized and operated by Borsa Italiana S.p.A. on the day prior to the day of the intended purchase, plus or minus 5% for the maximum and minimum price, respectively.

The Board proposes that the purchase of the shares serving the Plans be carried out in an appropriately gradual manner on the open market in accordance with the operating procedures set out in Article 144-*bis*, paragraph 1, letter b) of the Issuers' Regulation.

The treasury shares allocated to the Plans will be distributed to the beneficiaries within the limits and in accordance with the timetable, procedures and conditions established by the Plans themselves and/or by the associated implementing rules.

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In light of the above, we submit the following proposed resolution for your approval:

“The Ordinary Shareholders’ meeting of “FINMECCANICA - Società per azioni”:

- having regard to the provisions of Article 114-*bis* and Article 132 of Legislative Decree 58/98, Article 2357 of the Italian Civil Code and Article 84-*bis* of the Issuers’ Regulation;
- taking due account of the treasury shares held by the Company;

**resolves**

- to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code revoking at the same time the previous authorization to purchase approved on 11 May 2015 that therefore will not have any more effect, the purchase, in one or more instalments for a period of eighteen months as from the date of this resolution, a maximum of 2,000,000 ordinary shares of the Company, within the limit of law, taking due account of treasury shares already held, at a maximum and minimum unit price equal to the reference price observed on the Electronic Stock Market organized and operated by Borsa Italiana S.p.A. on the day prior to the day of the intended purchase, plus or minus 5% for the maximum and minimum price, respectively, to be allocated for use in the two Plans;
- to authorize the Board of Directors, and on its behalf the Chief Executive Officer and General Manager, to take steps, on the conditions set out above and in an appropriately gradual manner, to purchase the treasury shares on the open market in accordance with the operating procedures set out in Article 144-*bis*, paragraph 1, letter b) of Consob Regulation no. 11971/99;
- to authorize the use, at any time, in whole or in part and in one or more instalments, of the treasury shares already held and those purchased under this

resolution, in relation to their use, in compliance with the provisions of law, for the purposes of the Plans referred to above in accordance with the timetable, procedures and conditions established in the relevant Disclosure Documents and/or in the “associated implementing rules.”.

**Explanatory Report of the Board of Directors on Item 4 on the Agenda of the Ordinary Session**

Fees of the Independent Auditors.

Dear Shareholders,

the Board of Statutory Auditors, upon motion by the Independent Auditors KPMG S.p.A., requested the Board of Directors to include on the agenda of the Ordinary Shareholders' Meeting a specific item concerning the integration of the fees for the Independent Auditors.

In this regard, it is submitted to the Shareholders' Meeting the well-grounded proposal of the Board of Statutory Auditors, to which the Board of Directors refers, as well as published according to the terms and conditions required by law in the section "Corporate Governance/Meeting 2016" of the Company's website ([www.finmeccanica.com](http://www.finmeccanica.com)).

## **Explanatory Report of the Board of Directors on item 5 of the agenda of the Ordinary Session**

### Remuneration of the Board of Auditors.

The Board of Directors duly acknowledges the explanatory report - attached hereto (Annex 1) - received by the Company with the reasons of the Board of Auditors as to why it would be appropriate to change the fees.

The Board of Directors considers it reasonable that the fee of the Board of Auditors should be varied, if during the mandate objective situations occur that greatly increase the commitment, above all, quantitatively of the Board of Auditors.

The business combination transactions relevant to the "One Company" project and, in particular, the merger by acquisition of Oto Melara S.p.A. and WASS S.p.A. into Finmeccanica S.p.a., and the partial spin offs of Alenia Aermacchi S.p.A., AgustaWestland S.p.A. and Selex ES S.p.A. in favour of Finmeccanica are applicable to the above context.

In particular, Finmeccanica has changed its financial statements from that of a holding company to an operational company with all the consequent complexities relevant to the new legal entity resulting from these transactions.

The Board has therefore submitted its opinion as regards the compatibility of the proposed variation of the fees with the provisions of section 2402 of the Italian Civil Code in that it considers that the correct interpretation of the provisions of the law in question permits the variation of the fee when the functions entrusted are substantially modified.

It should be noted that - pursuant to the provisions of Article 2402 of the Italian Civil Code and Article 28.1 of the Articles of Association - the remuneration of the Statutory Auditors was decided by the Ordinary Shareholders' Meeting on 11 May 2015 upon appointment of the same, for the entire period of office, as follows:

- (a) the gross amount of 52,000.00 Euro per annum for the Statutory Auditors;

(b) the gross amount of 78,000.00 Euro per annum for the Chairman of the Board of Statutory Auditors.

By including point 5 on the agenda, the Board of Directors considers it appropriate, given the increased functions objectively ascertained and ascertainable, to submit all and any further evaluations of the same to the Shareholders' meeting.

We therefore ask you to vote the motions that may be submitted by the Shareholders.

On behalf of the Board of Directors  
Chairman  
(Giovanni De Gennaro)

Annexes: as above

Annex 1 “Explanatory Note” on item 5 of the agenda of the Shareholders’ Meeting

Rome, 9 March 2016

To the attention  
of the Chairman of the Board  
of Directors of the Company

**Subject: Remuneration of the Board of Auditors of Finmeccanica S.p.a.**

It is well known that as a result of the resolutions passed by the Directors on 19 June 2014, 2 July and 24 September 2015, the operational perimeter of Finmeccanica S.p.a. has been significantly extended, resulting in the transformation of the Company from its original form as a holding managing a number of legally separated companies to a conglomerate company operating directly in the industry of Aerospace, Defence and Security referred to its subsidiaries.

The aggregation corporate transactions that were carried out through the merger by absorption of OTO Melara S.p.A. and Whitehead Sistemi Subacquei S.p.A. and a partial demerger of Agusta Westland S.p.A., Alenia Aermacchi S.p.A. and Selex S.p.A., with transfer of virtually all operational business units of the same to Finmeccanica S.p.a., with effective date 1 January 2016, determined an increase of the human resources and sales of Finmeccanica, respectively at approx. twenty-eight thousand units and over eight billion euro.

This radical change in the size and nature of the Company requires a significant revision of the operational features of tasks and duties assigned to the Board of Auditors of Finmeccanica S.p.a., as described in detail in the prospective terms of the new company in the Auditors Operational Plan of Finmeccanica S.p.A. for the financial year 2016 that was drawn up by the Auditors in accordance with the conduct standards of auditors of listed companies issued by the National Council of Certified Public Accountants; this also taking in mind the activities planned by the Control and Risk Committee, the Supervisory Body under Legislative Decree no. 231/2001, the Anti-corruption Body and the OU Group Internal Audit, again for the financial year 2016, and the role assigned by law to the auditing firm KPMG.

Indeed, such a radical redefinition of the organizational structure and operational perimeter of Finmeccanica S.p.a. will determine a considerable enlargement of the

tasks and duties of the Auditors, thus create the conditions for bringing to the Shareholders' Meeting a proposal to adjust the Auditors fees established on appointment. These conditions are in fact identified in legal literature as objective reasons arising after the acceptance of appointment which have an impact on the functions and responsibilities of the supervisory body members (see DE GREGORIO, "Il ruolo del collegio sindacale nel decreto legislativo del 2010 e la rideterminazione, in corso di mandato, del compenso dei sindaci", in Riv. dott. comm., 2011, page 63 ff.).

In fact, the proposal for a fee adjustment is justified by the indisputable impact and the objective nature of the changes on which it is based. Therefore, the proposal is fully in line with the provisions of section 2402 of the Italian Civil Code, and so would be any possible shareholders' resolution on the matter. The proposed adjustment, far from interfering on the requirements of protection of the auditors' independence underlying the rule of predetermination of the auditors' fees "for the entire term of their office", should be seen as a strengthening of the independence and authority of the supervisory body: values that, in listed companies, are intended primarily to protect the minority shareholders - and more in general, the market - and are based on and guaranteed by the fact that "the amount of the proposed fee" for the Board of Auditors must be "appropriate to reward the professionalism, experience and commitment used in carrying out their duties, taking into account that their function has a public significance" (see Standard 1.5 of the above mentioned Conduct Standards of Auditors).

In this context, the rationale behind this legal standard will be certainly satisfied, as this would not represent any negative impact, not even potential, to the independence of the supervisory body. In the perspective of an efficient corporate governance, it seems not only legitimate but also appropriate to request the Shareholders' Meeting to evaluate a proposal for a corrective measure, which, if accepted, would adjust the auditors' fees to the new events, putting them in line with the above mentioned recommendations and best practices, this according to parameters in line with the significant enlargement of the Auditors' duties and responsibilities in view of the new company structure.

On behalf of the BOARD OF AUDITORS

Chairman

(Riccardo Raul Bauer)