

**Board of Director's report on the second item on the agenda.**

**Authorisation to the purchase and disposal of Company's shares; related resolutions.**

Shareholders,

the Ordinary General Meeting of Finmeccanica - Società per azioni held on 30 May 2007 resolved to authorise the purchase and release of a total of 11,700,000 treasury shares to service the 2002-2004 and 2005-2007 incentive plans and the 2008-2010 performance share plan.

In relation to the Group's organic growth prospects and the current stock market conditions, it is deemed advisable to introduce a more intensive purchase plan for treasury shares, taking account of the Group's performance.

The plan will be financed primarily with cash flow from operations and with the Group's traditional sources of finance if necessary, possibly including the disposal of assets currently in Finmeccanica's portfolio.

The request for authorisation for the purchase and disposal of the Company's treasury shares therefore offers an opportunity to dispose of these shares:

- in line with organic investment plans aimed at maximising shareholder value, taking account of any investment opportunities and if necessary using swaps, exchanges, contributions in kind or any other form of conveyance as part of industrial projects or extraordinary finance operations; and

- to assign them to the beneficiaries to service said performance share plans.

The request for authorisation for the purchase and disposal of the shares relates to a maximum of 34,000,000 common shares having a nominal value of €4.40 each and thus taking account of the 950,601<sup>1</sup> existing treasury shares held, within the limit of 10% of the capital stock laid down by Article 2357, paragraph 3 of the Italian Civil Code.

Pursuant to Article 2357-*ter*, paragraph 3 of the Italian Civil Code, the Company will set up a restricted reserve equivalent to the value of the treasury shares purchased. This reserve will be established and maintained until such time as the shares are transferred.

The purchase authorisation is requested for a period of 18 months from the date on which the meeting adopts the relevant resolution and applies to one or more purchases.

Common shares will be purchased at a maximum and minimum unit price that must be equal to the reference price on the Italian Electronic Stock Exchange (*Mercato Telematico Azionario*) organised and managed by Borsa Italiana SpA on the day before the intended purchase, plus or minus 5% for the maximum and minimum price respectively.

Shares purchased in accordance with the meeting authorisation and the treasury shares already in the portfolio may be conveyed and thus disposed of even before the authorised purchase amount has been reached, on one or more occasions and with no time limit.

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<sup>1</sup> It is acknowledged that following the granting of shares to the beneficiaries of the Performance Share Plan 2005-2007, on December 3, 2007, the numbers of treasury shares is currently equal to n. 343.777.

Consideration in respect of the shares purchased pursuant to the meeting resolution, as well as those already in the portfolio, may not be less than 5% of the reference price recorded on the Italian Electronic Stock Exchange (*Mercato Telematico Azionario*) organised and managed by Borsa Italiana SpA on the day prior to the completion of each individual transaction.

For non-cash disposals (swaps, exchanges, contributions in kind or any other form of conveyance), the financial terms – including the valuation of the shares being traded – will be determined with the assistance of independent experts based on the nature and features of the transaction and taking account of the performance of Finmeccanica shares.

For treasury shares intended to service the performance share plans, these will be released to beneficiaries according to the terms and conditions, time limits and procedures laid down in the plans themselves and/or in the corresponding implementing regulations.

The shares intended to service the plan will be purchased based on the amounts considered suitable and in accordance with the following procedures:

- purchase on the market in accordance with the operating procedures laid down by the market regulations (Art. 144-*bis*, paragraph 1b of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14/05/1999, as subsequently amended);
- purchase and sale of derivatives traded on regulated markets (Art. 144-*bis*, paragraph 1c of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14/05/1999, as subsequently amended).

Wherefore we submit for your approval the following

### Agenda

The Ordinary General Meeting of Finmeccanica - Società per azioni:

- having regard to the resolutions of the Ordinary General Meeting of 30 May 2007 relating to the authorisation for the purchase and release of a total of 4,200,000 treasury shares to service the 2002-2004 and 2005-2007 incentive plans, in addition to a total of 7,500,000 shares for the 2008-2010 performance share plan, and thus a total of 11,700,000 shares, equivalent to around 2.75% of the capital stock;
- considering the provisions contained in Articles 2357 and 2357-ter of the Italian Civil Code and Article 132 of the Italian Financial Services Act;
- taking account of the 343.777 treasury shares already held by the Company, equivalent to around 0.081% of the capital stock,

resolves

1. to revoke, insofar as it has not been used, the authorisation for the purchase and release of treasury shares referred to in the resolutions of the Ordinary General Meeting of 30 May 2007 to service the 2002-2004 and 2005-2007 incentive plans and the 2008-2010 performance share plan, without prejudice to the resolutions already adopted by Shareholder's meeting in relation to the approval of these incentive plans;

2. to authorise the purchase, on one or more occasions and for a period of 18 months from the date of this resolution, of a maximum of 34,000,000 treasury shares of Finmeccanica - Società per azioni, subject to a limit of 10% (ten per cent) of the capital stock (taking account of the treasury shares already held) at a maximum and minimum unit price that must be equal to the reference price recorded on the Italian Electronic Stock Exchange (*Mercato Telematico Azionario*) organised and managed by Borsa Italiana S.p.A. on the day before the intended purchase, plus or minus 5% (five per cent) for the maximum and minimum price respectively;
3. to authorise the Board of Directors, and the Chairman and Chief Executive Officer acting on its behalf, to proceed, under the aforesaid terms and conditions and based on the proportions considered appropriate, with the purchase of the treasury shares in accordance with the following procedures:
  - purchase on the market in accordance with the operating procedures laid down by the market regulations (Art. 144-*bis*, paragraph 1b of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14/05/1999, as subsequently amended);
  - purchase and sale of derivatives traded on regulated markets (Art. 144-*bis*, paragraph 1c of the Issuers' Regulations adopted by Consob Resolution No. 11971 of 14/05/1999, as subsequently amended);
4. to allow that the shares purchased in pursuance of the present authorisation granted by the Ordinary General Meeting, in addition to the treasury shares already in the portfolio, including those purchased and

intended to service said performance share plans, may be conveyed even before the authorised purchase amount has been reached, on one or more occasions, with no time limit and in the manner deemed most appropriate in the interests of the company and in accordance with the legislation in force. Consideration in respect of the disposal may not be less than 5% of the reference price recorded on the Italian Electronic Stock Exchange (*Mercato Telematico Azionario*) organised and managed by Borsa Italiana SpA on the day prior to the completion of each individual transaction.

If the shares purchased pursuant to the present resolution or otherwise already in the Company's portfolio are disposed of using swaps, exchanges, contributions in kind or any other form of non-cash conveyance, the financial terms of the disposal, including the valuation of the shares being traded, will be determined with the assistance of independent experts based on the nature and features of the transaction and taking account of the performance of Finmeccanica shares.

Furthermore, the shares already in the portfolio, those already purchased in pursuance of the resolutions of the Ordinary General Meeting of 30 May 2007, and those purchased in pursuance of the present resolution, may also be used to service the performance share plan as previously decided and may be released for use, in whole or in part, subject to a resolution of the Board of Directors and in accordance with the statutory legal provisions, subject to the restrictions, procedures and terms and

conditions laid down in the plans themselves and/or in the corresponding implementing regulations;

5. to authorise the Board of Directors, and the Chairman and Chief Executive Officer acting on its behalf, to establish, in accordance with the relevant legislation in force, the procedures, time limits and all executive and ancillary terms and conditions in order to optimise the purchase and conveyance of the treasury shares concerned by this authorisation, performing all the appropriate investigations and valuations for this purpose and fulfilling all related obligations, duties and formalities, barring none.

For the Board of Directors  
The Chairman and Chief Executive Officer  
(Pier Francesco Guarguaglini)