

**ORDINARY SHAREHOLDERS' MEETING**

**28/02/2007 – 1<sup>st</sup> call**

**01/03/2007 – 2<sup>nd</sup> call**

## ORDINARY SHAREHOLDERS' MEETING

### Board of Directors' Report to the Shareholders' Meeting on the only item on the Agenda

#### **Director Professor Ernesto Monti: decisions pursuant to article 5 of Ministerial Decree no. 516 of the 30<sup>th</sup> December 1998.**

Dear Shareholders,

on 20 December 2006 we were informed of the publication, on 19<sup>th</sup> December 2006, of the decision of the Court of Milan regarding the "Trevitext Group" case, whereby, despite the fact that the motivations of the decision have not yet been published, the director Prof. Ernesto Monti, among others, was sentenced to four years' imprisonment for preferential bankruptcy and bankruptcy by misappropriation, as well as to a series of additional penalties.

The motivations of the decision have not been published, and the Court has established a term of 90 days for filing of the motivations of the decision.

The decision of the Court of Milan is, of course, subject to appeal.

The offence in question is among those whose investigation, even though within the context of a first-degree (and thus not final) criminal judgement, nevertheless requires, pursuant to article 109 of the *Testo Unico Bancario* (Legislative Decree no. 385 of the 1.9.1993) and of article 5 of the Ministerial Decree no. 516, issued by the Ministry of Finance and Economic Planning on 30 December 1998, the Company to implement those procedures for the suspension and eventual dismissal of the director sentenced of a criminal offense by a competent Court, which apply to companies registered in the list pursuant to article 106 of the *Testo Unico Bancario*, or, as in the case of Finmeccanica, included in the section of the general list provided for by article 113 of the *Testo Unico Bancario*.

Pursuant to the above, the Board of Directors in the meeting held on 19 January 2007, has resolved upon, pursuant to article 5, paragraph 1, letter a), of Ministerial Decree no. 516 of the 30/12/1998, the suspension of Prof. Ernesto Monti from his position as director of the company. Article 5, paragraph 2 of the aforesaid Ministerial Decree also requires that the Board of Directors must include "*the eventual revocation of any person for whom it has declared the suspension, in the items to be discussed at the first shareholders' meeting after the occurrence of one of the reasons for suspension*"; "*any person not suspended from office shall be fully reinstated*".

At the same meeting, the Board of Directors resolved upon to submit the revocation of the suspended director to the Ordinary Shareholders' Meeting to be convened on first call on 28 February 2007 and on second call on 1 March 2007.

The Meeting should therefore resolve with regard to the eventual revocation of Prof. Ernesto Monti as member of the Board.

With respect to this matter, it should be pointed out that:

- the Meeting's evaluation consists exclusively in deciding whether the situation that has arisen negatively affects in some way the relationship of trust with the suspended director;

- this evaluation, as confirmed by a *pro veritate* legal opinion provided to the Board of Directors, is strictly reserved to the Shareholders Meeting, pursuant to article 2364, paragraph 1, no.2, of the Italian Civil Code, since the Meeting has the right to appoint and dismiss Directors;
- therefore the Board of Directors shall not submit any proposals with regard to this matter, but shall merely register any revocation of the Director among the items listed on the Shareholders' Meeting's Agenda, pursuant to article 5, paragraph 2 of the Ministerial Decree no. 516/1998;
- the Board, however, believes it appropriate to provide the Meeting with any information that may be of use in helping the Meeting to reach a decision;
- the informational materials have been provided by Prof. Monti's counsel, and Prof. Monti himself has given the Board and the Meeting his permission to examine and use the material.

In order to allow the Meeting to evaluate the issue, the Board of Directors hereby provides to the Shareholders the information consisting of the report by the Prof. Monti's counsel and the documents attached therewith:

- copy of the decision issued by the Court of Milan on 19 December 2006;
- the decree of judgement pronounced by the Court of Milan on 6 July 2001;
- a brief prepared by the Bank of Rome representatives counsel (including Prof. Ernesto Monti), drawn up by the expert Prof. Manzonetto;
- a brief filed during the preliminary proceedings on behalf of the Bank of Rome representatives (including Prof. Ernesto Monti);
- the counsel's brief pursuant to article 121 of the Italian Code of Criminal Procedure, filed on behalf of the Bank of Rome representatives (including Prof. Ernesto Monti);
- copy of the court decision published by the Judge presiding over the Preliminary Hearing held at the Court of Milan on 12 November 2002.

The reconstruction of the events and the subjective position of Prof. Monti is contained in the aforesaid documents. Should the motivations of the decision of the Court of Milan be filed in time for the Meeting, they will be made available to the Shareholders.

The aforesaid documentation, for reasons of confidentiality, may only be viewed by Shareholders at the registered office of Finmeccanica which shall only grant access to those persons in possession of a certificate attesting their status as shareholders and who, at the same time, undertake to keep the information contained in the documents strictly confidential.

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Dear Shareholders,

In light of the above, and taking into account the provisions of article 5, paragraph 2, of Ministerial Decree no. 516/1998, as well as the "*ratio*" of the provisions of article 2364, paragraph 1, no.2 of the Italian Civil Code, and the total independence of the Meeting when called upon to decide whether or not to maintain its relationship of trust with the company's director upon which he has been appointed, you are invited to make proposals of resolutions pursuant to article 5 of Ministerial Decree no. 516 of 30 December 1998.

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

