

Board of Director's Report on the first item on the agenda of the extraordinary part of the meeting.

Amendment of Articles 3, 18, 25 and 28 of the Company's By-Laws, pursuant to Law n. 262/2005; related resolutions.

Shareholders,

The new provisions introduced by Legislative Decree No. 303 of 29 December 2006 and the significant changes consequently introduced to Act No. 262 (the Italian Savings Act) require issuers (or in some cases, simply allow them) to make a number of changes to their Articles of Association, by 30 June 2007.

The new legislative provisions, while outlining the general framework for the amendments, in many cases refer to the specific CONSOB implementing regulations, scheduled for release on 31 March 2007, for the exact content of the proposed changes.

Last February, CONSOB launched the necessary consultation phase with trade associations and market operators on the various "groups" of proposals for regulatory changes connected to the numerous amendments made to the Italian Financial Services Act (Legislative Decree No. 58/1998).

The current legislative framework allows us to draft and submit for your approval a series of proposed amendments to the Articles of Association on the matter in question, considering that the further amendments that may be necessary following the entry into force of the CONSOB regulations would be seen as a simple adaptation to legislative provisions and would therefore fall within the competence of the Board of Directors.

We would also like to take this opportunity to propose an additional amendment to the Articles of Association (relating to the period of operation of the Company) for the reasons given in detail below.

Accordingly, we therefore submit the following proposed amendments to the Articles of Association for the approval of the Shareholders' Meeting.

- **Art. 3 of the Articles of Association – Period of operation of the Company.**

Art. 3 currently states that the Company will operate until 31 December 2050.

However, to facilitate long-term financial operations, taking advantage of opportunities that may arise on the international markets, it is proposed that the period of operation of the Company should be extended until 31 December 2090 (a period compatible with the relevant legal provisions).

- **Art. 18.4 of the Articles of Association – Compliance with Article 147-ter, paragraph 1 of the Italian Financial Services Act (Election and composition of the Board of Directors).**

By law, the Articles of Association have to provide that members of the Board of Directors must be elected based on a candidate list system, establishing the minimum shareholding required to submit lists as no more than 1/40 of the share capital, *or such other proportion as is laid down by CONSOB regulation.*

This regulation, which is due to be published in the next days, could indicate thresholds below the current 1%, as moreover indicated by Article 4 of Act No. 474/1994 on privatisation.

However, it is proposed that the Meeting should comply with the legal provisions by including a reference to “such lesser number as might be provided by legal or regulatory provisions, where applicable”.

- **Art. 18.4 of the Articles of Association – Compliance with Article 147-ter, paragraph 4 of the Italian Financial Services Act (Independence of Directors).**

By law, at least two members of the Boards of Directors composed of more than seven members must be independent.

We therefore propose that this provision is inserted in **Art. 18.4** of the Articles of Association.

The aforementioned law also states – with regard to the requirements for independence – that the Articles of Association may include a reference to the “additional requirements provided by the codes of conduct established by regulated market’s companies or by trade associations”, as well as the criteria applicable to Auditors under Article 148, paragraph 3 of the Italian Financial Services Act.

We therefore propose that only a reference to the requirements applicable to the Board of Statutory Auditors under the Italian Financial Services Act should be included in the Articles of Association, also

specifying that in the lists of candidates for directorships, “candidates who satisfy the independence criteria must be expressly indicated”.

Always to ensure that the Articles of Association make proper provision for the minimum of two independent Directors on the Board of Directors, it is proposed that the provisions of **Art. 18.4** concerning the procedures for the election of Directors by the “voting list” mechanism should be supplemented with a new paragraph (subparagraph c) to allow the appointment of at least two independent Directors in cases where the minimum number of independent Directors has not been appointed.

The purpose of this proposal is to indicate the procedures for replacing candidates who do not satisfy the independence criteria and who obtain the lowest voting ratio with independent Directors.

- **Art. 25.4 and 25.5 of the Articles of Association – Compliance with Article 154-bis, paragraph 1 of the Italian Financial Services Act (Manager responsible for preparing the company's accounting documents).**

The Italian Financial Services Act delegates the professional requirements and the procedures for appointing a Manager responsible for preparing the company’s accounting documents to the Articles of Association, subject to the mandatory opinion of the Board of Statutory Auditors.

Therefore, it is proposed that the current Art. 25 of the Articles of Association should include two new paragraphs, which respectively provide for the following:

- **Art. 25.4:** the appointment of the Manager responsible for preparing the company’s accounting documents by the Board of Directors; the expiry of his/her term of office together with that of the Board of Directors that appointed him/her; the Board’s power to dismiss said Manager on fair grounds in consultation with the Board of Statutory Auditors;
 - **Art. 25.5:** the identification of the professional requirements and requirements for good repute and grounds for dismissal from office.
- **Art. 28.3 of the Articles of Association (Election of the Board of Statutory Auditors).**

The current Articles of Association state, for the purpose of submitting lists for the appointment of the Board of Statutory Auditors, the same

minimum shareholding threshold (1%) required by Article 18 on the submission of lists for the appointment of the Board of Directors.

It is recalled that in both cases, the minimum shareholding and the specific procedures for submitting lists are laid down by Article 4 of Act No. 474/1994 on privatisation.

In view of the proposed inclusion in Article 18.4 of the Articles of Association of the reference to “such lesser number as might be provided by legal or regulatory provisions, where applicable”, we propose a similar inclusion in **Art. 28.3** for the election of the Board of Statutory Auditors, in order to maintain the existing similarity between the two articles.

In this respect, it is noted that according to Art. 148, paragraph 2 of the Italian Financial Services Act, CONSOB has to determine the procedures for the election of a regular statutory auditor by minority shareholders based on the voting list system.

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Wherefore we submit for your approval the following

Agenda:

The Extraordinary Meeting of the Shareholders of Finmeccanica – Società per azioni:

- having read the Board of Director’s Report

RESOLVES

- to approve the proposed amendments of Articles 3, 18, 25 and 28 of the Articles of Association, based on the text contained in the Board of Director’s Report approved on 27 March 2007 and to be reproduced in the minutes of this resolution;
- to give the Chairman and Chief Executive Officer the power to make any formal amendments to this resolution that may be necessary or opportune or which are otherwise required by the relevant authorities for the purposes of the registration and performance of this resolution.

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