



**Extraordinary Shareholders' Meeting of 9, 14 and 15 May 2014 (I, II and III call)
Ordinary Shareholders' Meeting of 9 and 15 May 2014 (I and II call)**

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

Agenda

Extraordinary Session

1. Amendments to the Articles of Association: insertion of Article 18bis to the Articles of Association in regard to honorableness requirements and related causes of ineligibility and forfeiture of the members of the Board of Directors, with consequent amendment of Article 18.3. Resolutions related thereto.

Ordinary Session

1. Financial Statements at 31 December 2013; Reports of the Board of Directors, Board of Statutory Auditors and Independent Auditors. Resolutions related thereto. Presentation of the Consolidated Financial Statements at 31 December 2013.
2. Determination of the number of members of the Board of Directors.
3. Determination of the term of office of the Board of Directors.
4. Appointment of the members of the Board of Directors.
5. Appointment of the Chairman of the Board of Directors.
6. Determination of the remuneration of the Board of Directors.
7. Integration of the fees of the Independent Auditors for the financial year 2012.
8. Limits to the fees of Directors with delegated powers pursuant to Article 23-bis of Legislative Decree no. 201/2011.
9. Report on Remuneration: resolution pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58/98.

Disclaimer

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Extraordinary Session

Report of the Shareholder Ministry of Economy and Finance on Item 1 on the Agenda of the Extraordinary Session

Amendments to the Articles of Association: insertion of Article 18bis to the Articles of Association in regard to honorableness requirements and related causes of ineligibility and forfeiture of the members of the Board of Directors, with consequent amendment of Article 18.3. Resolutions related thereto.

Dear Shareholders,

The Shareholder Ministry of Economy and Finance, holder of 174.626.554 ordinary shares equal to about 30,204% of share capital of Finmeccanica S.p.a., requested to the Company on 14 March 2014, pursuant to Article 2367 of the Italian Civil Code, that the Shareholders' Meeting of Finmeccanica S.p.a., called to approve the financial statements for the 2013 financial year and to resolve upon the consequent renewal of the administrative body due to expiry of the mandate, also be convened in extraordinary session to discuss and resolve upon the introduction into the Articles of Association of an Article prescribing requirements of honourableness and related causes of ineligibility and forfeiture of the members of the Board of Directors (Article 18bis) with consequent amendment to Article 18.3.

The Report submitted by the Shareholder Ministry of Economy and Finance pursuant to Article 125-*ter*, paragraph 3, of Legislative Decree no. 58/98, is given herebelow:

***“Report of the shareholder Ministry of Economy and Finance explaining the proposals of amendments to the Articles of Association to be submitted to the Extraordinary Shareholders' Meeting of Finmeccanica S.p.a. called pursuant to Article 2367 of the Italian Civil Code.*”**

Introduction into the Articles of Association of an Article prescribing requirements of honourableness and related causes of ineligibility and forfeiture of members of

the Board of Directors, with consequent further amendment to the Articles of Association.

Dear Shareholders,

The shareholder Ministry of Economy and Finance requests, pursuant to Article 2367 of the Italian Civil Code, that the Shareholders' Meeting of Finmeccanica S.p.a., called to approve the financial statements for the 2013 financial year and to resolve upon the renewal of the administrative body due to expiry of the relevant mandate, is also convened in extraordinary session to discuss and resolve upon the proposal to introduce into the Articles of Association specific provisions prescribing requirements of honourableness and related causes of ineligibility and forfeiture of members of the Board of Directors.

This request is made in implementation of the provisions of the Directive issued by the Minister of Economy and Finance on 24 June 2013 regarding the criteria and procedures to be adopted for appointing members of the administrative bodies and remuneration policies for members of senior management of companies directly or indirectly controlled by the Ministry of Economy and Finance.

In particular, the proposed Article of the Articles of Association to be adopted is aimed at strengthening the requirements of honourableness prescribed for directors of listed companies by the provisions of Articles 147-quinquies and 148 paragraph 4 of Legislative Decree no. 58 of 24 February 1998 and Article 2 of the Decree of the Ministry of Justice no. 162 of 30 March 2000.

For this purpose, the proposed Article provides, as causes of ineligibility or forfeiture for just cause without the right to compensation for damages from the functions of Company Director, the issue of a sentence of conviction, even if not final (which is equivalent to a plea bargain), for any of the offences provided by:

- a) the rules that regulate banking, financial, securities and insurance activities and the rules on markets, securities and payment instruments;
 - b) the criminal provisions set out in Title XI of Book V of the Italian Civil Code (relating to companies and consortia) and in Royal Decree no. 267 of 16 March 1942 (bankruptcy law);
 - c) the rules that identify offences against the public administration, against public faith, against property, against public order, against the public economy or in tax matters;
- and

d) *Article 51, paragraph 3-bis of the Italian Code of Criminal Procedure (which sets out various forms of crimes of association) and by Article 73 of Italian Presidential Decree no. 309 of 9 October 1990 (which sets out the offence of unlawful production, trafficking and possession of drugs or psychotropic substances), without prejudice to the effects of rehabilitation and extinguishment of offence.*

As drafted in the proposed Article of the Articles of Association:

- *A cause of ineligibility is also the issue of an order for committal for trial or an order for immediate trial for any of the offences indicated in subparagraphs a), b), c) and d) above, in the absence of a sentence of acquittal, even if not final, as well as the issue of a sentence of final conviction ascertaining the intentional commission of damage to the state treasury;*
- *Any Director who, during his/her office, receives any one of the measures indicated in the previous point is required to provide immediate communication thereof to the Board of Directors. The latter shall, within ten days of knowledge of such measures, verify the actual existence of the circumstances thereof. Where this verification is positive, the Director shall be forfeited for just cause, without the right to compensation for damages, unless the Board of Directors, within the term set out above, calls the Shareholders' Meeting, to be held within the next sixty days, in order to submit to the latter the proposal for that Director to remain in office, justifying such proposal on the basis of a prevailing interest of the Company in the continuance of the office. If the verification by the Board of Directors is performed after the end of the financial year, the proposal should be submitted to the Shareholders' Meeting called to approve the year's financial statements, subject to compliance with the terms provided by existing regulations. Where the Shareholders' Meeting does not approve the proposal made by the Board of Directors, the Director is forfeited with immediate effect for just cause, without the right to compensation for damages;*
- *Finally, another cause for automatic forfeiture of a Director for just cause, without the right to compensation for damages and with simultaneous withdrawal of any powers granted to him/her, is the Chief Executive Officer being subject to (a) a term of imprisonment or (b) a precautionary order, no longer challengeable, of remand in custody or house arrest. A similar forfeiture is incurred when the Director is subject to any other personal precautionary measure, no longer challengeable, where such measure is deemed by the Board of Directors sufficient to make impossible for such Director to exercise the powers conferred on him/her;*

- *The Board of Directors ascertains the existence of the situations identified above, with reference to cases regulated in whole or in part by foreign laws and regulations, based upon an assessment of substantive equivalence.*

The text of the Article that the shareholder Ministry of Economy and Finance proposes to introduce into a specific Article of the Finmeccanica Articles of Association is given herebelow.

1. *A cause of ineligibility or forfeiture for just cause, without the right to compensation for damages, from the functions of director, is the issue against the director of a sentence of conviction, even if not final and without prejudice to the effects of rehabilitation, for any of the offences provided by:*
 - a. *the rules that regulate banking, financial, securities and insurance activities and the rules on markets, securities and payment instruments;*
 - b. *Title XI, Book V of the Italian Civil Code, and Royal Decree no. 267 of 16 March 1942;*
 - c. *the rules that identify offences against the public administration, against public faith, against property, against public order, against the public economy or in tax matters;*
 - d. *Article 51, paragraph 3-bis of the Italian Code of Criminal Procedure, and Article 73 of Italian Presidential Decree no. 309 of 9 October 1990.*
2. *A cause of ineligibility is also the issue of an order for committal for trial or an order for immediate trial for any of the offences indicated in paragraph 1, subparagraphs a), b), c) and d) above, in the absence of a sentence of acquittal, even if not final, as well as the issue of a sentence of final conviction ascertaining the intentional commission of damage to the state treasury.*
3. *Any Director who, during his/her office, receives notification of an order for committal for trial or an order for immediate trial for any of the offences indicated in paragraph 1, subparagraphs a), b), c) and d) above, or a sentence of final conviction ascertaining the intentional commission of damage to the state treasury, must provide immediate*

communication thereof to the administrative body, with the obligation of confidentiality. The Board of Directors shall, at its first available meeting and in any case within ten days of knowledge of the issue of any of the measures indicated in the first sentence hereof, verify the existence of the circumstances thereof.

Where this verification is positive, the Director shall be forfeited for just cause, without the right to compensation for damages, unless the Board of Directors, within the ten days term set out above, calls the Shareholders' meeting, to be held within the next sixty days, in order to submit to the latter the proposal for that Director to remain in office, justifying such proposal on the basis of a prevailing interest of the Company in the continuance of the office. If the verification by the Board of Directors is performed after the end of the financial year, the proposal should be submitted to the Shareholders' Meeting called to approve the annual financial statements, subject to compliance with the terms provided by existing regulations.

Where the Shareholders' Meeting does not approve the proposal submitted by the Board of Directors, the Director is forfeited with immediate effect for just cause, without the right to compensation for damages.

4. *Without prejudice to the provisions of the previous paragraphs, the Chief Executive Officer who is subject to:*
- a. *a term of imprisonment, or*
 - b. *a precautionary order of remand in custody or house arrest, at the outcome of the proceedings set out in Article 309 or Article 311, paragraph 2 of the Italian Code of Criminal Procedure or after the elapse of the respective terms of establishment,*

shall be automatically forfeited from the office of Director for just cause, without the right to compensation for damages, with simultaneous withdrawal of any powers granted to him/her.

A similar forfeiture is incurred when the Director is subject to any other personal precautionary measure, no longer challengeable, where such measure is deemed by the Board of Directors sufficient to make impossible for such Director to exercise the powers granted to him/her.

5. *For the purposes of this Article, the plea bargain pursuant to Article 444 of the Italian Code of Criminal Procedure is equated to the sentence of conviction, except where the offence is extinguished.*
6. *For the purposes of this Article, the Board of Directors ascertains the existence of the situations provided herein, with reference to cases regulated in whole or in part by foreign laws and regulations, based upon an assessment of substantive equivalence.*

The introduction of the above Article, to be included in new Article 18-bis, also involves the need to amend the text of Article 18.3, relating to the reference to existing regulations prescribing requirements of honourableness which must be held by candidates for the position of Company Director, for the purpose of extending such reference to the new requirements of the Articles of Association proposed by this Report.

In this regard, the Shareholder Ministry of Economy and Finance proposes to approve the introduction into the Articles of Association of the aforementioned Article, reflected with the necessary amendments in the new Article 18-bis in the text set out below, as well as the consequent amendment of Article 18.3, also set out below with a comparison between the existing text and the proposed text highlighting the respective amendments.

Existing Text	Proposed Text
<i>Article 18-bis</i>	
NON EXISTING	<p>18-bis.1 <i>A cause of ineligibility or forfeiture for just cause, without the right to compensation for damages, from the functions of Director, is the issue against the Director of a sentence of conviction, even if not final and without prejudice to the effects of rehabilitation, for any of the offences provided by:</i></p> <p style="margin-left: 40px;"><i>a. the rules that regulate banking, financial, securities and insurance</i></p>

activities and the rules on markets, securities and payment instruments;

- b. Title XI, Book V of the Italian Civil Code, and Royal Decree no. 267 of 16 March 1942;**
- c. the rules that identify offences against the public administration, against public faith, against property, against public order, against the public economy or in tax matters;**
- d. Article 51, paragraph 3-bis of the Italian Code of Criminal Procedure, and Article 73 of Italian Presidential Decree no. 309 of 9 October 1990.**

18-bis.2

A cause of ineligibility is also the issue of an order for committal for trial or an order for immediate trial for any of the offences indicated in Article 18-bis.1 above, subparagraphs a), b), c) and d) above, in the absence of a sentence of acquittal, even if not final, as well as the issue of a sentence of final conviction ascertaining the intentional commission of damage to the state treasury.

18-bis.3.

Any Director who, during his/her office, receives notification of an order for committal for trial or an order for immediate trial for any of the offences indicated in Article 18-bis.1, subparagraphs a), b), c) and d) above, or a sentence of final conviction ascertaining the intentional commission of damage to the state treasury, must provide immediate communication thereof to the administrative body, with the obligation of confidentiality. The Board of Directors shall, at its first available meeting and in any case within ten days of knowledge of the issue of any of the measures indicated in the first sentence hereof, verify the existence of the circumstances thereof.

Where this verification is positive, the Director shall be forfeited for just cause, without the right to compensation for

damages, unless the Board of Directors, within the ten days term set out above, calls the Shareholders' meeting, to be held within the next sixty days, in order to submit to the latter the proposal for that Director to remain in office, justifying such proposal on the basis of a prevailing interest of the Company in the continuance of the office. If the verification by the Board of Directors is performed after the end of the financial year, the proposal should be submitted to the Shareholders' Meeting called to approve the annual financial statements, subject to compliance with the terms provided by existing regulations.

Where the Shareholders' Meeting does not approve the proposal submitted by the Board of Directors, the Director is forfeited with immediate effect for just cause, without the right to compensation for damages.

18-bis.4.

Without prejudice to the above provisions of this Article 18-bis, the Chief Executive Officer who is subject to:

- a. a term of imprisonment, or*
- b. a precautionary order of remand in custody or house arrest, at the outcome of the proceedings set out in Article 309 or Article 311, paragraph 2 of the Italian Code of Criminal Procedure or after the elapse of the respective terms of establishment,*

shall be automatically forfeited from the office of Director for just cause, without the right to compensation for damages, with simultaneous withdrawal of any powers granted to him/her.

A similar forfeiture is incurred when the Director is subject to any other personal precautionary measure, no longer challengeable, where such measure is deemed by the Board of Directors sufficient to make impossible for such Director to exercise the powers granted to him/her.

18-bis.5.

For the purposes of this Article 18-bis,

	<p><i>the plea bargain pursuant to Article 444 of the Italian Code of Criminal Procedure is equated to the sentence of conviction, except where the offence is extinguished. 18-bis.6.</i></p> <p><i>For the purposes of this Article 18-bis, the Board of Directors ascertains the existence of the situations provided herein, with reference to cases regulated in whole or in part by foreign laws and regulations, based upon an assessment of substantive equivalence.</i></p>
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<i>Existing Text</i>	<i>Proposed Text</i>
<i>Article 18.3</i>	
<p>Directors shall be appointed by General Meetings based on lists submitted by shareholders and by the retiring Board of Directors in which the candidates are numbered consecutively.</p> <p>If the retiring Board of Directors submits its own list, this must be deposited at Company's registered office and published by the twenty-fifth day preceding the date of the meeting at first convocation and, published by the company at least twenty-one days before the date of the meeting, still in case of first convocation, in accordance with the procedures provided for in the relevant regulations.</p> <p>The lists submitted by shareholders must be deposited at Company's registered office by the twenty-fifth day preceding the date of the meeting at first call, and published by the Company at least twenty-one days before the date of the meeting, still in case of first call, in accordance with the procedures provided for in the relevant regulations.</p> <p>Each shareholder may submit or take part in the submission of only one list and each candidate may appear on only one list, failing which he or she shall be disqualified. Only those shareholders who, either alone or together with other shareholders, represent at least 1% of the shares with</p>	<p>Directors shall be appointed by General Meetings based on lists submitted by shareholders and by the retiring Board of Directors in which the candidates are numbered consecutively.</p> <p>If the retiring Board of Directors submits its own list, this must be deposited at Company's registered office and published by the twenty-fifth day preceding the date of the meeting at first convocation and, published by the company at least twenty-one days before the date of the meeting, still in case of first convocation, in accordance with the procedures provided for in the relevant regulations.</p> <p>The lists submitted by shareholders must be deposited at Company's registered office by the twenty-fifth day preceding the date of the meeting at first call, and published by the Company at least twenty-one days before the date of the meeting, still in case of first call, in accordance with the procedures provided for in the relevant regulations.</p> <p>Each shareholder may submit or take part in the submission of only one list and each candidate may appear on only one list, failing which he or she shall be disqualified. Only those shareholders who, either alone or together with other shareholders, represent at least 1% of the shares with</p>

<p>voting rights at Ordinary General Meetings, shall be entitled to submit lists, or such lesser number as might be provided by legal or regulatory provisions, where applicable. In order to prove possession of the number of shares necessary for the submission of lists, shareholders must deposit at Company's registered office, within the deadline provided for the publication of the lists by the Company, the relevant certificate proving that they are in possession of the number of shares represented.</p> <p>At least two Directors must satisfy the independence criteria as laid down for statutory auditors by law. Candidates on the lists who satisfy the independence criteria must be expressly indicated. All candidates must also satisfy the honorableness requirements laid down by the applicable legislation.</p> <p>Lists presenting three or more candidates must also include candidates of a different gender, in accordance with the notice convening the General Meeting, to allow a constitution of the board of directors in compliance with the provisions relating to gender balance.</p> <p>Declarations must be deposited together with each list within the deadline provided for the lists, in which declaration each candidate accepts his or her candidacy and attests, under his or her own responsibility, that there are no causes of ineligibility and incompatibility and that the requirements laid down by the applicable legislation for the office in question have been met, including satisfying the independence criteria, as required by these Articles of Association.</p> <p>Directors nominated shall immediately inform the Company if they no longer satisfy the aforesaid independence criteria and honorableness requirements and if any causes of ineligibility and incompatibility have arisen.</p> <p>Each person entitled to vote may only vote for one list.</p> <p>Directors shall be elected as follows:</p> <p>a) two thirds of the directors to be elected shall be taken from the list that</p>	<p>voting rights at Ordinary General Meetings, shall be entitled to submit lists, or such lesser number as might be provided by legal or regulatory provisions, where applicable. In order to prove possession of the number of shares necessary for the submission of lists, shareholders must deposit at Company's registered office, within the deadline provided for the publication of the lists by the Company, the relevant certificate proving that they are in possession of the number of shares represented.</p> <p>At least two Directors must satisfy the independence criteria as laid down for statutory auditors by law. Candidates on the lists who satisfy the independence criteria must be expressly indicated. All candidates must also satisfy the honorableness requirements laid down by the applicable legislation and the Articles of Association.</p> <p>Lists presenting three or more candidates must also include candidates of a different gender, in accordance with the notice convening the General Meeting, to allow a constitution of the board of directors in compliance with the provisions relating to gender balance.</p> <p>Declarations must be deposited together with each list within the deadline provided for the lists, in which declaration each candidate accepts his or her candidacy and attests, under his or her own responsibility, that there are no causes of ineligibility and incompatibility and that the requirements laid down by the applicable legislation for the office in question have been met, including satisfying the independence criteria, as required by these Articles of Association.</p> <p>Directors nominated shall immediately inform the Company if they no longer satisfy the aforesaid independence criteria and honorableness requirements and if any causes of ineligibility and incompatibility have arisen.</p> <p>Each person entitled to vote may only vote for one list.</p> <p>Directors shall be elected as follows:</p> <p>a) two thirds of the directors to be elected shall be taken from the list that</p>
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<p>receives the most votes, according to the order in which they appear on the list, rounded down to the lower whole number where necessary;</p> <p>b) the remaining directors shall be taken from the other lists; for this purpose, the votes received by the lists shall be divided once, twice, three times and so on, according to the numbering of the directors to be elected. The ratios thus obtained shall be assigned in consecutive order to the candidates on each list, based on the order shown in the list. The ratios thus allocated to the candidates on the various lists shall be arranged in decreasing order in a single list. Those candidates who have obtained the highest ratios shall be elected.</p> <p>If several candidates obtain the same ratio, the director shall be chosen from the list which has not yet elected a director or which has elected the fewest directors.</p> <p>If none of these lists has elected a director, or if all of them have elected the same number of directors, the candidate on the list with the highest number of votes shall be elected. In case of a tied vote, where the same ratios are obtained, the entire meeting shall hold another vote and the candidate that receives the simple majority of votes shall be elected;</p> <p>c) if, following application of the aforesaid procedure, the minimum number of independent Directors required by the Articles of Association has not been appointed, the ratio of votes to be allocated to each candidate taken from the lists will be calculated by dividing the number of votes obtained for each list by the sequential order number of each of said candidates; candidates not fulfilling the requirements of independence with the lowest ratio among the candidates taken from all the lists are replaced, starting with the last, by any independent candidates appearing on the same list as the replaced candidate (following the order in which they are named). If the list in question does not contain other candidates, the above replacement will be carried out by the General Meeting based on the majorities</p>	<p>receives the most votes, according to the order in which they appear on the list, rounded down to the lower whole number where necessary;</p> <p>b) the remaining directors shall be taken from the other lists; for this purpose, the votes received by the lists shall be divided once, twice, three times and so on, according to the numbering of the directors to be elected. The ratios thus obtained shall be assigned in consecutive order to the candidates on each list, based on the order shown in the list. The ratios thus allocated to the candidates on the various lists shall be arranged in decreasing order in a single list. Those candidates who have obtained the highest ratios shall be elected.</p> <p>If several candidates obtain the same ratio, the director shall be chosen from the list which has not yet elected a director or which has elected the fewest directors.</p> <p>If none of these lists has elected a director, or if all of them have elected the same number of directors, the candidate on the list with the highest number of votes shall be elected. In case of a tied vote, where the same ratios are obtained, the entire meeting shall hold another vote and the candidate that receives the simple majority of votes shall be elected;</p> <p>c) if, following application of the aforesaid procedure, the minimum number of independent Directors required by the Articles of Association has not been appointed, the ratio of votes to be allocated to each candidate taken from the lists will be calculated by dividing the number of votes obtained for each list by the sequential order number of each of said candidates; candidates not fulfilling the requirements of independence with the lowest ratio among the candidates taken from all the lists are replaced, starting with the last, by any independent candidates appearing on the same list as the replaced candidate (following the order in which they are named). If the list in question does not contain other candidates, the above replacement will be carried out by the General Meeting based on the majorities</p>
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<p>provided by law, in accordance with what is contemplated in Article 18.4 below. If candidates on different lists have obtained the same ratio, the candidate replaced will be the one on the list from which the greater number of Directors has been taken or, at a secondary level, the candidate taken from the list which has obtained the lesser number of votes or, in the event of a tied vote, the candidate who obtains fewer votes from the General Meeting when the relevant vote is taken;</p> <p>c-bis) if application of the procedure contemplated in letters a) and b) does not allow to comply with the provisions in force regarding gender balance, the vote ratio to be allocated to each candidate on the lists will be calculated by dividing the number of votes obtained for each list by the sequential order number of each of the candidates; the candidate of the more representative gender with the lowest ratio among the candidates from all the lists is replaced – taking into account the minimum number of independent Directors – by the candidate belonging to the less representative gender that may be shown (with the next highest successive ranking) on the same list as the replaced candidate, otherwise by persons appointed in accordance with the procedure stated in Article 18.4 below. In the event that candidates from different lists have obtained the same ratio, the candidate replaced will be the one on the list from which the greater number of Directors has been taken or, at a secondary level, the candidate taken from the list that has obtained the fewer number of votes or, in the event of a tied vote, the candidate who has obtained fewer votes from the General Meeting when the relevant vote is taken.</p>	<p>provided by law, in accordance with what is contemplated in Article 18.4 below. If candidates on different lists have obtained the same ratio, the candidate replaced will be the one on the list from which the greater number of Directors has been taken or, at a secondary level, the candidate taken from the list which has obtained the lesser number of votes or, in the event of a tied vote, the candidate who obtains fewer votes from the General Meeting when the relevant vote is taken;</p> <p>c-bis) if application of the procedure contemplated in letters a) and b) does not allow to comply with the provisions in force regarding gender balance, the vote ratio to be allocated to each candidate on the lists will be calculated by dividing the number of votes obtained for each list by the sequential order number of each of the candidates; the candidate of the more representative gender with the lowest ratio among the candidates from all the lists is replaced – taking into account the minimum number of independent Directors – by the candidate belonging to the less representative gender that may be shown (with the next highest successive ranking) on the same list as the replaced candidate, otherwise by persons appointed in accordance with the procedure stated in Article 18.4 below. In the event that candidates from different lists have obtained the same ratio, the candidate replaced will be the one on the list from which the greater number of Directors has been taken or, at a secondary level, the candidate taken from the list that has obtained the fewer number of votes or, in the event of a tied vote, the candidate who has obtained fewer votes from the General Meeting when the relevant vote is taken.</p>
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In the light of the above, the shareholder Ministry of Economy and Finance submits the following resolution for your approval:

“The Extraordinary Shareholders' Meeting of “Finmeccanica – Società per azioni”

- *having acknowledged the request submitted pursuant to Article 2367 of the Italian Civil Code by the shareholder Ministry of Economy and Finance and the respective Report prepared pursuant to Article 125-ter, paragraph 3 of Legislative Decree no. 58/98;*

resolves

- *to approve the proposal to amend the Articles of Association by way of the introduction of the new Article 18bis and consequent amendment of Article 18.3, in the text indicated in the cited Report pursuant to Article 125-ter of Legislative Decree no. 58/98 by the shareholder Ministry of Economy and Finance, to be cited verbatim in the minutes of this resolution”.*

The proposed amendments to the Articles of Association do not give the right of withdrawal to Shareholders who do not approve the, as they do not fall within any of the cases of withdrawal identified by Article 2437 of the Italian Civil Code.

The shareholder Ministry of Economy and Finance, in submitting this proposal, requests the Board of Directors of the Company to prepare the agenda of the Shareholders' Meeting called to approve the financial statements of 2013 financial year so that this item of the extraordinary session set out in this Report is discussed before the item of the ordinary session concerning the renewal of the Board of Directors.

In this context, it should be considered that this proposal should also be highlighted in relation to the process of submission of the lists for appointment of the new Board of Directors, in order to allow the shareholders to assess the consequences in terms of eligibility and forfeiture deriving from any approval of this Article of the Articles of Association.

Where the amendments to the Articles of Association indicated above are approved by the Shareholders' Meeting, the shareholder Ministry of Economy and Finance also requests the Board of Directors of the Company to adjust the Group policy to such principles, using the methods deemed most appropriate.”.

Ordinary Session

Explanatory Report of the Board of Directors on Item 1 on the Agenda of the Ordinary Session

Financial Statements at 31 December 2013; Reports of the Board of Directors, Board of Statutory Auditors and Independent Auditors. Resolutions related thereto. Presentation of the Consolidated Financial Statements at 31 December 2013.

Dear Shareholders,

The 2013 Financial Statements, which we submit for your approval, close with a loss of € 355,418,120.05, that we propose covering through the use of available reserves as indicated below:

- € 265,055,593.74 through the use of the entire merger surplus reserve;
- € 90,362,526.31 through the use of the retained earnings reserve.

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

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

- considering the Report on operations of the Board of Directors;
- considering the Report of the Board of Statutory Auditors;
- having examined the financial statements at 31 December 2013;
- having acknowledged the Report of KPMG SpA

resolves

- to approve the Report on operations of the Board of Directors and the Financial Statements at 31 December 2013;
- to approve the proposal submitted by the Board of Directors of covering the 2013 loss of € 355,418,120.05 by using the entire merger surplus reserve for € 265,055,593.74 and the retained earnings reserve for Euro 90,362,526.31.”

Explanatory Report of the Board of Directors on Item 2 on the Agenda of the Ordinary Session

Determination of the number of members of the Board of Directors.

Dear Shareholders,

Upon approval of the 2013 financial statements, the three-year mandate granted to the Board of Directors by the Shareholders' Meeting of 4 May 2011 expires.

In order to proceed with appointing the new Board of Directors, it is necessary to preliminarily determine the number of its members.

In this regard, it is recalled that, in accordance with the provisions of Article 18.1 of the Articles of Association, the Board of Directors must consist of a number of members no less than eight and no more than twelve, it being the duty of the Shareholders' Meeting to determine the number within these limits.

The expiring Board of Directors refrains from making specific proposals on this item on the agenda (as well as with regard to subsequent issues related to the appointment of the Board of Directors and the determination of its fees) and therefore requests the Shareholders' Meeting to determine the number of members of the Board of Directors based upon proposals that may be made by the Shareholders, within the limits set out by the Articles of Association.

In the light of the recommendations of the Corporate Governance Code for listed companies, to which Finmeccanica adheres, the Board of Directors, based upon the indications made by the Nomination Committee and taking into consideration the outcomes of the self-assessment carried out, submitted its advice to the Shareholders on the composition of the Board of Directors to be appointed, and therefore reference should be made to such document entitled "Finmeccanica's Board of Directors advice to shareholders on the composition of the new Board of Directors" which is attached to these Reports.

Report of the Board of Directors on Item 3 on the Agenda of the Ordinary Session
Determination of the term of office of the Board of Directors.

Dear Shareholders,

Article 18.2 of the Articles of Association provides that the Board of Directors shall be appointed for a period not exceeding three financial years and that the Directors may be re-elected pursuant to Article 2383 of the Italian Civil Code.

In relation to the foregoing, the Shareholders' Meeting is requested to determine the term of office of the Board of Directors based upon proposals that may be submitted by the Shareholders, within the abovementioned limit of three financial years.

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

Appointment of the members of the Board of Directors.

Dear Shareholders,

You are asked to proceed with appointing the new Board of Directors, as the mandate granted to the current administrative body expires upon approval by the Shareholders' Meeting of the financial statements for the 2013 financial year.

It is recalled that the members of the Board of Directors are appointed by the Shareholders' Meeting - in accordance with Article 18.3 of the Articles of Association - according to the method of the list vote and therefore based upon lists submitted by the Shareholders and by the expiring Board of Directors, in which the candidates must be numbered consecutively.

In this regard, the expiring Board of Directors has decided not to submit its own list of candidates.

As to the methods of presentation, filing and publication of the lists prepared by the Shareholders, reference is made to the provisions of Article 18.3 of the Articles of Association.

In particular, the following should be noted.

The right to submit lists is held exclusively by those Shareholders who, alone or together with other Shareholders, represent at least 1% of the shares having voting rights in the Ordinary Shareholders' Meeting.

Each Shareholder may submit or contribute to submitting only one list and each candidate may be included in only one list failing which shall be deemed ineligible.

The Articles of Association provide that at least two Directors must satisfy the requirements of independence as established for the Statutory Auditors in accordance with the law (Article 148, paragraph 3, of Legislative Decree no. 58/98).

It should be noted that all candidates must also satisfy the requirements of honorableness as provided by applicable law.

In addition, lists that include a number of candidates equal to or greater than three must include candidates of different genders for the purpose of guaranteeing the gender balance required by existing regulations. In particular, for the next mandate, at least one fifth of the Directors must be elected from those of the least represented gender; considering the total number of members of the Board of Directors established by the Shareholders' Meeting, if the number of members of the least represented gender to be appointed is a fractional number, the latter shall be rounded up to the next whole number.

Considering that the number of members of the Board of Directors may be determined by the Shareholders' Meeting up to a maximum of twelve and that, in the case of early termination of the Directors from office, the particular system of co-optation provided by Article 18.4 of the Articles of Association shall apply (which preliminarily provides the replacement by unelected candidates taken from the same list to which the ceased Directors belonged), it should be noted that it would be appropriate for the Shareholders to include a sufficient number of candidates in the lists.

The lists submitted by the Shareholders must be filed with Company's registered office in accordance with the rules indicated in the call notice of the Shareholders' Meeting, not later than twenty-five days before the date of the Shareholders' Meeting in first call (*i.e.* by 14 April 2014), together with information about the Shareholders who have submitted the list, including the percentage of share capital held by the same, and the following documentation:

- a) a statement in which the person concerned accepts the candidacy and testifies, under his/her own responsibility, that no reasons of ineligibility and incompatibility exist, that he or she holds the requirements prescribed by law and by the Articles of Association (including the independence requirements defined by Article 18.3 of the Articles of Association and the honorableness requirements prescribed for Directors of listed companies by Decree of the Ministry of Justice no. 162 dated 30 March 2000, pursuant to Article 147-*quinquies* and 148 of Legislative Decree no. 58/98), and that he or she may be qualified as "independent" pursuant to Article 3 of the Corporate Governance Code for listed companies adopted by Finmeccanica;

Shareholders are requested to indicate also in the list of candidates those who meet the independence requirements prescribed by the Articles of Association and the Corporate Governance Code;

- b) a “curriculum vitae” containing detailed information on the personal and professional characteristics of the candidates; Shareholders are also requested to indicate for each candidate if the same holds the position of Director or Statutory auditor in other companies listed on regulated markets (even abroad), in financial companies, banks, insurance companies or companies considerably large size;
- c) a declaration by Shareholders other than those who even jointly hold a controlling or relative majority interest, testifying the absence of any direct or indirect relationship with the latter pursuant to the provisions of Article 147-*ter*, paragraph 3, of Legislative Decree no. 58/98, and Article 144-*quinquies* of the CONSOB Resolution no. 11971/99; with reference to the contents of this statement, Shareholders are reminded the recommendations set out in CONSOB Communication no. DEM/9017893 of 26 February 2009.

The minimum shareholding required to submit lists of candidates is determined by taking into account the shares which are registered in name of any shareholder on the day on which the lists are filed with the Company. Shareholders must file at the Company’s registered office the document certifying the ownership of the number of shares represented, in the manner required for the submission of lists, even after filing of the list of candidates, provided this is done within the deadline for publication of the lists by the Company (i.e. not later than 18 April 2014).

The advice of the Board of Directors related to this item on the agenda is contained in the document “Finmeccanica’s Board of Directors advice to shareholders on the composition of the new Board of Directors” which is attached to these Reports.

Shareholders who wish to submit a list of candidates for the position of Director, should take into consideration the agenda item relating to the Extraordinary session – inserted upon request made by the shareholder Ministry of Economy and Finance with letter dated 14 March 2014, pursuant to Article 2367 of the Italian Civil Code - relating to the insertion in the Articles of Association of a clause relating to honorableness requirements and related causes of ineligibility and forfeiture of the members of the Board of Directors (Article 18bis) with consequent amendment of Article 18.3, as explained more in detail in

the Explanatory Report pursuant to Article 125-*ter* of Legislative Decree no. 58/98 on the relevant item on the agenda of the Extraordinary Shareholders' Meeting.

In this regard, while selecting the candidates for the position of Director, the Shareholders are invited to consider the further requirements provided for by such proposal in case of approval of the abovementioned amendments to the Articles of Association.

With reference to the method of appointment of Directors elected through lists voting, please refer to Article 18.3 of the Articles of Association, which, in brief, provides the following:

- each person entitled to vote in the Shareholders' Meeting may vote for only one list;
- two-thirds of the Directors to be appointed (rounded down to the lower whole number where necessary, in case of a fractional number) shall be taken from the list that obtained the majority of votes cast by the Shareholders, in the order in which they are listed;
- the remaining Directors shall be taken from the other lists in the manner prescribed by Article 18.3 subparagraph b).

In order to ensure that, at the end of the appointment procedure set out in Article 18.3 of the Articles of Association, the Board consists of at least two independent Directors, as provided by Article 18.3 of the Articles of Association, and by at least a fifth of Directors of the least represented gender, subparagraphs c) and c-bis) of Article 18.3 provide a specific rolling-basis method (for which reference is made to the call notice of the Shareholders' Meeting) within a single decreasing classification which is formed, among the candidates from all the lists, according to the proportion of votes method indicated in subparagraph b) of Article 18.3. Where this method would not give a positive result, the Shareholders' Meeting shall resolve based on the majorities provided by law so as to ensure, in any case, the necessary number of Directors holding the requirements of independence provided by Article 18.3 of the Articles of Association and in compliance with applicable law prescribing gender balance.

In relation to the foregoing, the Shareholders are requested to vote in the Shareholders' Meeting for one of the lists of candidates for the position of Director among the submitted, filed and published lists, in compliance with the above provisions.

Finally, it should be noted that the Shareholders' Meeting for the appointment of Directors for any reason not elected by the above procedures shall pass resolution based on the majorities provided by law, in accordance with Article 18.4 of the Articles of Association, so as to ensure in any case compliance with the criteria mentioned above.

Report of the Board of Directors on item 5 on the agenda of the Ordinary Session
Appointment of the Chairman of the Board of Directors

Dear Shareholders,

The Shareholders' Meeting is vested with the power to appoint the Chairman of the Board of Directors; Article 19.1 of the Articles of Association in fact provides that the Board of Directors elects among its members the Chairman only if the Shareholders' Meeting has not resolved upon this matter.

The Shareholders' Meeting is therefore requested to appoint the Chairman of the Board of Directors among the members appointed at the outcome of the votes set out in the previous item on the agenda, based upon the proposals that may be submitted by the Shareholders.

The advice of the Board of Directors related to this item on the agenda are contained in the document "Finmeccanica's Board of Directors advice to shareholders on the composition of the new Board of Directors" which is attached to these Reports.

Report of the Board of Directors on Item 6 on the Agenda of the Ordinary Session
Determination of the remuneration of the Board of Directors

Dear Shareholders,

Article 27.1 of the Articles of Association requires that the Chairman and the other members of the Board of Directors are due, in addition to the refund of expenses incurred in connection with their office, emoluments to be determined by the Ordinary Shareholders' Meeting and that the relevant resolution remains valid for subsequent financial years until otherwise determined by the Shareholders' Meeting.

In this regard it should be noted that the Ordinary Shareholders' Meeting held on 4 May 2011 determined the emoluments for the Board of Directors, now expiring, as follows: € 90,000.00 gross per annum for the Chairman and € 60,000.00 gross per annum for each of the other Directors.

In relation to the above, the Shareholders' Meeting is requested to determine the emoluments due to the Chairman and to the other members of the Board of Directors based upon proposals submitted by the Shareholders.

Explanatory Report of the Board of Directors on Item 7 on the Agenda of the Ordinary Session

Integration of the fees of the Independent Auditors for the financial year 2012.

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 for the financial year 2012.

In this regard, the Board of Directors refers to the well-grounded proposal by the Board of Statutory Auditors submitted to the Shareholder's Meeting, as well as published on the Company's website (www.finmeccanica.com, "Meeting 2014" area) according to the terms and conditions required by law.

Explanatory Report of the Board of Directors on Item 8 on the Agenda of the Ordinary Session

Limits to the fees of Directors with delegated powers pursuant to Article 23-bis of Legislative Decree no. 201/2011.

Paragraphs 5-*quater*, 5-*quinquies* and 5-*sexies* of Article 23-*bis* of Legislative Decree 201/2011, converted with amendments by Law 214/2011, and subsequently amended by Article 84-*ter* of Legislative Decree 69/2013, converted with amendments by Law 98/2013, introduced into our legal order a special regulation prescribing limits to the remuneration of Directors with delegated powers of companies directly and indirectly controlled by Public Administrations.

The text of the above provisions is as follows.

*Paragraph 5-*quater*: In Companies directly or indirectly controlled by the public administrations referred to in Article 1, paragraph 2 of Legislative Decree no. 165 of 30 March 2001, which solely issue financial instruments, other than shares, listed on the regulated markets, as well as companies controlled by the same, the fee set out in Article 2389, third paragraph, of the Italian Civil Code for the CEO and the Chairman of the Board of Directors may not exceed 75 per cent of the total remuneration determined for any reason, including the one for any employment relationships with the same company, during the mandate preceding the renewal.*

*Paragraph 5-*quinquies*: In Companies directly or indirectly controlled by the public administrations referred to in Article 1, paragraph 2 of Legislative Decree no. 165 of 30 March 2001, which issue equities listed on the regulated markets, when renewing of the administrative bodies, a proposal on the remuneration of directors with delegated powers of these companies and their subsidiaries shall be submitted to the Shareholders' Meeting for approval, in compliance with the criteria set out in paragraph 5-*quater*. On that occasion, the public shareholder is required to express consent to such proposal.*

*Paragraph 5-*sexies*: The provisions set out in paragraphs 5-*quater* and 5-*quinquies* shall apply only to the first renewal of Boards of Directors after the date of entry into force of this provision or, if the renewal has already taken place, to fees still to be determined or to be definitely determined. The provisions set out in paragraphs 5-*quater* and 5-*quinquies* shall not apply where, in the twelve months preceding the date of entry into force of this*

provision, reductions were applied to the fees of the CEO or of the Chairman of the Board of Directors for amounts at least equal to those indicated in the said paragraphs.

The Finmeccanica Shareholders' Meeting called to approve the financial statements for the 2013 financial year, as provided by the relevant agenda, shall appoint the new Board of Directors which, pursuant to Article 2381, paragraph 2, of the Italian Civil Code and Article 25.2 of the Articles of Association, may delegate part of its powers to the Chairman and/or to any of its other members as well as appoint a Chief Executive Officer.

Therefore, in accordance with these provisions, the Company is required to submit to the Shareholders' Meeting called to resolve upon the renewal of its Board of Directors a proposal on the remuneration of the Directors with delegated powers of Finmeccanica and its subsidiaries in compliance with the rules stated above.

With reference to the normative content of the aforementioned provisions, the most significant elements to be considered for the purposes of the relevant application are set out below:

- the obligations set out above, with reference to the fees to be paid to Directors with delegated powers ("Directors vested with particular powers in compliance with the Articles of Association" pursuant to Article 2389, paragraph 3, of the Italian Civil Code), are applied as a "one-off", *i.e.* only with reference to the first renewal of boards of directors after 21 August 2013 (date of entry into force of Law no. 98/2013 which converted, with amendments, Legislative Decree 69/2013) and, in the case of listed companies and their subsidiaries, from the date of the resolution of the shareholders' meeting of the listed parent company or, where the renewal has already taken place, to the fees still to be determined or to be definitively determined, in line with the shareholders' meeting resolutions adopted in this regard and in compliance with the purposes and limitations established by applicable regulations;
- the public shareholder is required to express its consent to the proposal, in line with the criteria set out above, with reference to the remuneration of Directors with delegated powers, submitted to the Shareholders' Meeting in occasion of the renewal of the administrative bodies;
- Finmeccanica's subsidiaries which issue equities on regulated markets are directly and autonomously bound to execute such regulations, even towards their respective subsidiaries;

- the execution of such special regulations is limited to Italian companies;
- where reductions of the fees have been adopted within the terms established by such regulations, the exemption provided by paragraph 5-*sexies* set out above shall apply; in this case, the basis for calculating the limit of 75 per cent of the fees to be determined and paid to Directors with delegated powers is not the current total remuneration but the one applied before the twelfth month prior to the entry into force of the mentioned provisions.

Therefore, the resolution submitted for your approval in compliance with the mentioned regulations, relates to the implementation of the above principle – applicable to Finmeccanica S.p.a. and its Italian subsidiaries not directly subject to the regulations – i.e. the fee set out in Article 2389, third paragraph, of the Italian Civil Code may not be fixed and paid, in accordance with the mentioned provisions, in an amount greater than 75 per cent of the total remuneration determined for any reason, including the one of any employment relationships with the same company, assuming as a reference the total maximum fee potentially paid in relation to the various salary components provided in any relevant resolutions and/or contracts.

If this resolution is approved, the Board of Directors of Finmeccanica shall implement the Shareholders' Meeting resolution with reference to the Company and, as part of exercising its activity of direction and coordination, to the relevant subsidiaries as specified above.

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

“The Ordinary Shareholders' Meeting of “Finmeccanica – Società per azioni”

- given the Article 23-*bis*, paragraphs 5-*quater*, 5-*quinquies* and 5-*sexies* of Legislative Decree no. 201/2011, converted with amendments by Law 214/2011, as amended by Legislative Decree no. 69/2013, converted with amendments by Law no. 98/2013;
- having acknowledged the Report drafted by the Board of Directors pursuant to Article 125-*ter*, paragraph 3, of Legislative Decree no. 58/98 and the relevant proposal

resolves

- to approve the transposition and the consequent application of the provisions set out in Article 23-*bis*, paragraphs 5-*quater*, 5-*quinquies* and 5-*sexies* of Legislative Decree no. 201/2011, converted with amendments by Law 214/2011, as amended by Legislative Decree no.69/2013, converted with amendments by Law no. 98/2013.”.

Explanatory Report of the Board of Directors on Item 9 on the Agenda of the Ordinary Session

Report on Remuneration: resolution pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58/98.

Dear Shareholders,

Pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58/98, you are invited to express your vote, in the form of a non-binding resolution, regarding the first section of the Remuneration Report referred to in Article 123-ter, paragraph 3, of Legislative Decree no. 58/98, published in accordance with terms and conditions required by law, illustrating the Company's policy on the remuneration of the members of its administrative bodies, of its general managers and of its executive management with strategic responsibilities, as well as the procedures adopted for the implementation of such policy.

In the light of the above, we submit to the Shareholders' Meeting in ordinary session the following proposal of non-binding resolution regarding the ninth item on the agenda:

“The Ordinary Shareholders' Meeting of “Finmeccanica – Società per azioni”

- having regard to Article 123-ter of Legislative Decree no. 58/98 and Article 84-*quater* of CONSOB Regulation no. 11971/99;
- having acknowledged the Remuneration Report approved by the Board of Directors on 19 March 2014, drafted pursuant to Article 123-ter of Legislative Decree no. 58/98 and Article 84-*quater* of CONSOB Regulation no. 11971/99 and in compliance with the provisions of the Corporate Governance Code for listed companies, to which the Company adheres, as well as published within the deadline of twenty-one days before the date of the first call of the Shareholders' Meeting convened to approve the Financial Statements at 31 December 2013;
- having examined, in particular, the first section of the aforementioned Report, illustrating the Company's policy on the remuneration of the members of its administrative bodies, its general managers and its executive management with strategic responsibilities, as well as the procedures adopted for the implementation of such policy;

- having considered the non-binding nature of this resolution, pursuant to Article 123-*ter*, paragraph 6, of Legislative Decree no. 58/98

resolves

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

for the Board of Directors
the Chairman
(Giovanni De Gennaro)

**FINMECCANICA'S BOARD OF DIRECTORS ADVICE TO SHAREHOLDERS ON THE
COMPOSITION OF THE NEW BOARD OF DIRECTORS**
(expressed at the meeting held on 19 March 2014)

In accordance with the recommendations of the Corporate Governance Code, the Board of Directors of Finmeccanica, taking into account the opinion of the Nomination Committee and the results of the self assessment, carried out in view of the Shareholders' Meeting (to be held on 9, 14, 15 May 2014) – that, *inter alia*, will appoint the new Directors - submits its advice to the Shareholders regarding the professional profiles deemed appropriate.

The Board considers the current number of directors to be appropriate to fulfil its duties, and sufficient to form the Committees and ensure adequate representation of minority shareholders; the Board considers that:

• **the Chairman:**

- should be authoritative, recognised as reliable by institutions, be preferably independent at the time of the initial appointment and, in any case, a guarantee for all the Shareholders;
- should have experience at primary institutional level, *i.e.* have an experience as Chairman of Boards of listed companies or of companies of significant complexity;
- should be a non-executive Director.

• **the Executive Director:**

- should be vested with wide management powers and perform the role of Chief Executive Officer;
- should have previous management experience in listed companies having a size, complexity and international level comparable to that of Finmeccanica;
- should have knowledge of the business of Finmeccanica or other similar businesses.

• **the other Directors:**

- should be non-executive and mostly independent from the management and the Shareholders, as provided by law and the Corporate Governance Code;
- should have specific skills and expertise and be selected among
 - managers who have held top management positions with responsibility in business management or in finance and control of companies of significant complexity and international presence.
 - experts in the aerospace, defence and security industries, risk management and corporate and commercial law, also internationally.

The Board considers that the directors should not only have complementary skills and professional backgrounds to ensure an in-depth analysis of any item on the agenda and also ensure an appropriate membership of the Board Committees, but they should also be available to attend all and any Board and Committee meetings, as well as informal meetings with other Directors.

Finally, the Board is in favour of ensuring gender balance and a range of different ages of Directors.