



## Remuneration Report

**drafted pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998  
(Consolidated Financial Act - TUF)  
and pursuant to Article 84-quater of CONSOB Resolution no. 11971 of 14 May 1999  
(Issuers' Regulation)**

**23 April 2013**

**Website:** [www.finmeccanica.com](http://www.finmeccanica.com)

### *Disclaimer*

*This Report has 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 Report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.*

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## **Remuneration Report**

This Report has been prepared in compliance with the regulatory provisions in force and in line with the Self-Regulatory Code for Listed Companies.

In fact the Company's Board of Directors' Resolution of 23 April 2013 approved the Remuneration Report pursuant to Article 123-ter of the TUF, which illustrates, among other things, the policy adopted with regard to the remuneration of members of the administrative bodies, of General Managers and any other executives with strategic responsibilities, also in accordance with the recommendations expressed by the Self-Regulatory Code regarding remuneration, which the Company complies with.

The initial section of the document illustrates the remuneration policy adopted as of financial year 2013, setting out the criteria and guidelines that the Company has adopted in relation to the remuneration of its administrative bodies' members, its General Managers and any other executives with strategic responsibilities. Said Section is subject to the non-binding resolution of the Shareholders' Meeting, pursuant to Article 123-ter, paragraph 6, of the TUF.

The second section analyses and details the fees actually paid to, or in any case assigned to, members of administrative and control bodies, as well as to General Managers and Executives with Strategic Responsibilities, during the course of 2012.

The Remuneration Policy set out in this Report has been adopted by the Company, as provided for by Consob Regulation no. 17221/2010 with regard to related-party transactions, also in accordance with and for the purposes of Article 11.2(b) of the Procedure for Related-Party Transactions approved by the Board of Directors on 26 November 2010 and subsequently updated on 13 December 2011.

This document is available at the Company's registered office and on its website ([www.finmeccanica.com](http://www.finmeccanica.com), Corporate Governance Section, Remuneration area).

## INTRODUCTION

The Company publishes the Remuneration Report for the second time. The document confirms adherence, again in 2013, to the guidelines described in last financial year's Report but at the same time acknowledging the points raised after the 2012 Shareholders' Meeting and in the framework of the increasingly on-going dialogue with shareholders, financial analysts and, more generally, the Company's stakeholders.

Finmeccanica continues the path towards the design of the Group's Executive Compensation system, which has enabled the company to identify certain key principles as the basis of its remuneration policies, at both national and international level.

This compensation path is now consolidated and covering the entire Management Population of the Group and, in line with established international practices, is based on a well balanced pay-mix between the fixed and variable component, structured according to guidelines drawn up for specific population bands on the basis of the organisational structure, the assigned responsibilities and following a performance and potential assessment of those resources involved.

More specifically, on the one hand the fixed element of remuneration calls for the constant control of the associated costs ("Optimize Fixed Costs" principle), whilst, on the other hand, the technology-based sectors in which Finmeccanica operates pose an important challenge in relation to the acquisition of talent with the know-how vital for business growth and future competitiveness.

In pursuing this objective, Finmeccanica has created a system of short and medium/long-term variable incentives, through a balanced distribution both in terms of entity of the incentives and in terms of performance conditions – the latter to support the achievement of business targets and effectively communicated to the management – so as to create a genuine culture of performance ("Pay for Performance" principle).

The Directors' Remuneration Policy adopted by the Company, and described in the following sections, is in line with the Finmeccanica Group overall approach to Executive Compensation, and it expresses in greater detail the main objectives, instruments and methods for the definition of the top management's remuneration.

## SECTION I

### 1. PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

With regard to the governance of the remuneration systems, the following is a more detailed description of the related management activities and the respective responsibilities, divided according to the role played by each body involved in the formulation and approval of the remuneration policy regarding the members of the Company's administrative bodies, the General Managers and any other executives with strategic responsibilities.

#### A) Shareholders' Meeting

On remuneration matters, the Shareholders' Meeting:

- determines the fees payable to the members of the Board of Directors and of the Board of Statutory Auditors;
- resolves on any remuneration plans based on financial instruments assigned to Directors, employees, consultants or any other executives with strategic responsibilities, pursuant to Article 114-*bis* of the TUF.

#### B) Board of Directors

- has set up an internal Remuneration Committee, the composition and functions of which are fully described in section C) below;
- delegates to the Remuneration Committee the task of determining the remuneration of those Directors with mandates granted by the Company and of any other Directors vested with specific functions following the opinion of the Board of Statutory Auditors;
- defines the Company's policy in relation to the remuneration of Directors and Executives with Strategic Responsibilities, in compliance with the legal provisions in force and with the Self-Regulatory Code for Listed Companies;
- approves this Remuneration Report and submits it to the Shareholders' Meeting pursuant to, and within the limits set out in, Article 123-*ter*, paragraph 6, of the TUF;
- draws up, upon proposal from the Remuneration Committee, potential incentive plans based on the allotment of shares or other financial instruments, and submits said plans to the Shareholders' Meeting for its approval;
- implements the aforesaid incentive plans based on shares or other financial instruments, with the support of the Remuneration Committee, in accordance with the authorization of the Shareholders' Meeting.

#### C) Remuneration Committee

The Board of Directors has set up its own internal Remuneration Committee, composed of the following members:

Dario Galli (Chairman – Independent Director)

Francesco Parlato

Christian Streiff (Independent Director)

*Franco Bonferroni (Independent Director) holding office up to 21 September 2012*

The Committee is composed of non-executive Directors, the majority of whom, including the Chairman, are “independent”.

The Committee performs the functions and duties specified below:

- to submit proposals to the Board of Directors concerning the definition of the Company’s remuneration policy of directors and executives with strategic responsibilities, in compliance with the legal provisions in force and with the Self-Regulatory Code for Listed Companies;
- to determine, by virtue of the powers expressly delegated by the Board of Directors and in the implementation of the remuneration policy established by the same:
  - the remuneration and regulatory treatment of Directors with delegated powers and of any other Directors vested with specific functions (following the opinion of the Board of Statutory Auditors, when required by Article 2389 of the Italian Civil Code);
  - the performance targets related to the variable element of the remuneration of Directors with delegated powers and of any other Directors vested with specific functions, monitoring the implementation of the decisions adopted and verifying, in particular, the actual achievement of performance targets;
- to support the Company in defining the best policies for the management of the Group executives as well as the development plans and systems for the Group’s key personnel;
- to draw up compensation plans based on the allotment of shares or of options for the purchase of the Company’s shares in favour of Directors and executives of the Company and of the Group companies, to be submitted to the Board for its approval and then to the Shareholders’ Meeting for its approval pursuant to the legal provisions, while also defining the implementing provisions;
- to periodically evaluate the adequacy, overall consistency and actual implementation of the policy for the remuneration of directors and executives with strategic responsibilities.

The Committee reports to the Board of Directors, at least on a six-monthly basis, about the activity carried out, as well as to the annual Shareholders’ Meeting about the performance of its functions on remuneration issues.

The Committee’s operations are governed by special Regulations, which acknowledge the principles and implementation criteria recommended by the Self-Regulatory Code.

Since its initial set up in December 2000, the Remuneration Committee has provided support to the Company’s top management with regard to certain key issues pertaining to the strategic management of the Group’s human resources, as well as to its remuneration and retention policy.

To this end, incentive schemes were defined, aimed at achieving results and targets relating to the growth of the Group’s share and value.

Furthermore, in line with the strategic aim of re-launching the HR planning and development process as one of Finmeccanica's priorities, the Committee lent its support to the development of a qualified, structured and regular process of Management Appraisal <sup>1</sup>, also in order to select the beneficiaries of any long-term incentive schemes through an objective and unbiased process.

With specific reference to the remuneration policy outlined in this Report, the Remuneration Committee has defined the principles and practical methodology of application of the policy and has submitted it to the Board of Directors, which, having examined and approved the policy, then submits it to the Shareholders' Meeting for a non-binding resolution, pursuant to Article 123-ter, paragraph 6, of the TUF.

The policy proposed by the Remuneration Committee was approved by the Board of Directors at its meeting held on 23 April 2013.

#### **D) Board of Statutory Auditors**

On remuneration matters, the Board of Statutory Auditors, which regularly participates in the Remuneration Committee's meetings through the Chairman or a regular Auditor specified by the same, expresses the opinions required by the regulations in force, with particular reference to the remuneration of those Directors vested with specific functions pursuant to Article 2389 of the Italian Civil Code, and it also verifies that said remuneration is in line with the general policy adopted by the Company.

#### **E) Independent Experts**

In the course of financial year 2012, the Remuneration Committee has not deemed it necessary to request specific assistance to external independent experts, but has considered the possibility that such support may be required in the future, in order to examine the effectiveness of the policy in relation to the set targets and with a view to adjusting the policy as necessary, so as to guarantee the maximum efficacy of the adopted instruments.

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<sup>1</sup> The Management Appraisal process, which was started in 2002, provides a fundamental opportunity for analyzing, sharing and verifying the Company's policies and initiatives in the field of Human Resources, as well as the opportunity of choice for Finmeccanica to acquire any and all information and assessments needed to start processes of meritocratic and sustainable management of the Group's Human Capital, with particular regard to the executive population.

## 2. AIMS AND PRINCIPLES OF THE REMUNERATION POLICY

The Remuneration Policy sets out the principles and guidelines on the basis of which the remuneration of the members of the Board of Directors is determined, as well as the specific criteria through which the remuneration of the Group's management is established, with specific reference to the executive population.

In particular, the policy is designed to attract and motivate human resources capable of carrying out their assigned duties and tasks to an excellent level, guaranteeing an appropriate balance between the variable element of remuneration (if any) and the fixed element, as well as a balance between short-term and medium/long-term incentives, in order to ensure the sustainability of the policy itself in the long term.

At the same time, the policy is designed to effectively align the remuneration and incentive system with the pursuit of the Company's long-term interests, by ensuring that the variable element of remuneration is connected to actual results, through the introduction of not only a direct link between performance and remuneration, but also by paying particular attention to the nature of the performance conditions which the remuneration is subject to, and to the indicators used to measure the remuneration, without prejudice to the existence of an upper limit on incentives.

The Company implements the remuneration policy taking into account the specific needs of the business of the different sectors which the Company is active in.

### ❖ Reference to the remuneration policies of other Companies

The remuneration policy, as defined in relation to the specific needs of the Company and of the Group, is determined following a thorough analysis of the remuneration systems and best practices both at national and international level, also in relation to aggregate external benchmarks.

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The remuneration policy of Executive Directors and of any other Executives with Strategic Responsibilities<sup>2</sup> has been formulated according to the following principles.

### ❖ Fixed Remuneration and non-cash benefits

The fixed element of remuneration is such that it adequately remunerates the services provided by the members of the Company's Administrative Bodies and by the Executives with Strategic Responsibilities and is proportioned to the assigned duties and responsibilities.

For those Directors not entrusted with specific duties, the remuneration consists exclusively of a fixed element, to be determined by the Shareholders' Meeting, and it is in no way linked to the achievement of performance targets.

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<sup>2</sup> Pursuant to the "Procedure for Related-Party Transactions", which was approved by the Board of Directors on 26 November 2010 and subsequently updated on 13 December 2011, the concept of "Executive with Strategic Responsibilities", other than the members of the Board of Directors, the Regular Statutory Auditors and any persons who hold the position of General Manager and Joint General Manager of the Company, currently also includes the Officer in charge of preparing the Company's accounting documents, pursuant to article 154-bis of the Consolidated Law.

For Executive Directors and Executives with Strategic Responsibilities, the remuneration is composed of a fixed element and a variable element.

In principle, the fixed element of remuneration is set at a level that sufficiently compensate the performance of the Director or Executive with Strategic Responsibilities in the event that the variable element is not paid out, due to the failure to achieve the underlying performance targets.

In any case, the fixed element of remuneration is determined by taking into account the scope and nature of the specific powers assigned to the individuals, also on the basis of external benchmarks, at national and international level.

Within the fixed elements of remuneration, non-cash benefits are provided for, also for Executive Directors and Executives with Strategic Responsibilities, in line with the Company's policies for the top management, guaranteeing equitable treatment in relation to internal practices, and, at the same time, adequate levels of competitiveness against the market. Such rewards and benefits may include insurance provisions, welfare or pension benefits, and other forms of company benefits.

#### ❖ **Variable Remuneration**

Similarly, the variable element of remuneration, provided for Executive Directors and Executives with Strategic Responsibilities, is determined by taking into account the scope and nature of the specific powers assigned to the individuals, also in relation to external benchmarks at national and international level.

Specifically, in order to reduce any excessively risky forms of behaviour and to encourage behaviours leading to sustainable results and the creation of value for shareholders in the medium/long term, the variable part of remuneration is composed of a short-term element (typically an annual incentive) and a medium/long-term element granted through cash Incentive Plans set up for the Finmeccanica Group's management (Performance Cash Plan and Long Term Incentive Plan). The short-term variable element is generally determined as a percentage that is substantially equivalent to the percentage of the medium/long-term remuneration.

It is the Company's policy not to award discretionary bonuses to Executive Directors, as their incentives are provided through the aforementioned instruments. Such bonuses may be awarded to Executive Directors by the Board of Directors, upon proposal from the Remuneration Committee and to Executives with Strategic Responsibilities by the Top Management, with the support of the Human Resources Organizational Unit, only in exceptional cases of operations of particular strategic importance to the Group having a significant impact on the Company's results.

Finally, the variable remuneration systems provide for "self-funding" mechanisms designed to ensure that all costs associated with the incentive plans – be they short or medium/long-term – are included in the profitability criteria conditioning the awarding of incentives.

In line with best practices, the variable incentive plans effectively translate into "profit-sharing" instruments which guarantee control mechanisms designed to ensure that the costs of the plans themselves do not negatively impact the planned economic results; profit-sharing effectively representing one of the many aspects of the alignment of interests of both the Top Management and the Shareholders.

Moreover, the Company has planned to define, in the current financial year, new incentive systems for the entire management population to introduce additional distinctive features with a view to increasingly align internal practices to the expectations of the market, in accordance with the Company's and business requirements.

#### ❖ **Short-Term incentives**

A key aspect of short-term incentives, provided through the application of the Group's MBO (Management by Objectives) System **which covers 100% of the executives**, is the **modulation of performance targets** depending on the participants' role and seniority, from the Company's top management all the way down to the base of the organizational structure.

The general structure of the short-term incentive system remains in line with that set out in the framework of the Remuneration Policy prepared on the occasion of the 2012 Shareholders' Meeting, which should be referred to for further details (section I, point 2, page 9) and which is summarised in the basic points stated below:

- 1) assignment of **financial and individual role-specific objectives**, identified through objectively measurable and verifiable metrics, allowing the reduction of margins of discretion when it comes to evaluating results;
- 2) assignment of budget-plan targets as the **entry level** for access to incentives, in order to direct the management towards the achievement of the objectives stated in the Company's long-term budget/plan, while at the same time effectively monitoring the related costs;
- 3) **"Performance Gate"**: zeroing the entire incentive linked to financial objectives in case of under-performance of at least 20% below the budget, even for only one of these objectives. In this way incentives are not given for performances that fall particularly far below the targets set in the main financial ratios of the Company.

#### ❖ **Medium/Long-Term Incentives**

Medium/long-term variable remuneration is based on one or more cash-based incentive plans, typically three-year schemes, and is subject to the achievement of performance targets exclusively of a financial nature, which are set out at the beginning of the relevant three-year period.

The general structure of the medium/long-term incentive system remains in line with that set out in the framework of the Remuneration Policy prepared on the occasion of the 2012 Shareholders' Meeting, which should be referred to for further details (section I, point 2, page 11) and which is summarised in the basic points stated below:

##### ■ **"Performance Cash Plan":**

- 1) a three-year closed plan, eligibility to which is extended to "Key Resources" holding leading positions within the Company, as well as to participants judged to be of a considerable value to the Group, following an evaluation of their performance and of their potential;
- 2) metrics exclusively connected to the following financial ratios of the Group and of the single Operating Companies: "Orders" in accordance with the related margins (60% of the total incentive) and "Funds from Operations" (40% of the total incentive).

■ **“Long Term Incentive Plan”:**

- 1) a three-year rolling plan, eligibility to which is reserved for the “Strategic resources” of the Finmeccanica Group;
- 2) threshold (on/off) connected to the “Group Net Profit (Loss)” as a necessary condition for the payment of the sums of money that can be assigned;
- 3) metrics exclusively connected to the following financial ratios of the Group: net Financial Debt (50% of the total incentive) and the appreciation of the Finmeccanica share on the stock market with respect to a predetermined target (50% of the total incentive).

❖ **Pay in the event of early termination of office and Non-Competition Agreement**

As a rule, the Company does not stipulate agreements covering, ex ante, the financial aspects of early termination of the management’s employment with the Company, without prejudice however to the obligations provided for by law and by the applicable collective bargaining agreement. Nevertheless, for Executive Directors, in light of their specific professional skills and of the importance of retention in relation to their positions, the Company may establish special clauses that govern ex ante the effects of the early termination of their office or employment, in line with the long-term strategies, values and interests established by the Board of Directors.

In particular, after careful consideration, the Company may determine, with reference to Executive Directors, that they are entitled to a specific severance payments, should their office as directors be terminated in advance, or in the event of their resignation and/or dismissal as employees of the Company, without prejudice to the obligations provided for by law and/or by the applicable collective bargaining agreement.

Such severance pay shall be, in any case, determined in relation to the value added and to the Director’s contribution to the growth and maintenance of the business, as well as to the associated retention interests of the Company.

The specific early termination provisions will also identify the methodology for the calculation of the variable part of remuneration due, in connection to the participation in the short and medium-long term incentive plans of the Company.

Furthermore, with regard to Executive Directors and in case of individuals with particularly significant professional skills (such that termination of their employment could represent a risk for the Company), the Company reserves the right to enter, from time to time, into non-competition agreements, providing for the payment of a compensation commensurate with the duration and scope of the obligations arising from the agreement itself.

### **3. REMUNERATION POLICY**

#### **A) Members of the Board of Directors and of the Board of Statutory Auditors**

The remuneration of the members of the Board of Directors and of the Board of Statutory Auditors shall be determined by the Shareholders' Meeting.

The Shareholders' Meeting held on 4 May 2011 set, for the three-year period 2011-2013, the remuneration of the Chairman of the Board of Directors at € 90,000 per year before tax and that of the other members of the Board at € 60,000 per year before tax.

The Shareholders' Meeting held on 16 May 2012 set, for the three-year period 2012-2014, the remuneration of the Chairman of the Board of Statutory Auditors at € 78,000 per year before tax and that of the other regular Auditors at € 52,000 per year before tax.

The Company's Board of Directors, with its resolution of 26 May 2011, set the following levels of remuneration for the members of the Committees set up within the Board itself:

- € 2,500 per year before tax for each member and € 7,500 per year before tax for the Chairman of the Committee;
- € 2,000 attendance fee, payable on the occasion of each Committee meeting.

The remuneration for the Lead Independent Director was set at € 7,500 per year before tax.

In line with best practices, the remuneration awarded to those Directors who are not entrusted with specific duties is not linked in any way to the achievement of specific performance targets, and thus consists of a fixed element only, rather than of a variable element as well.

#### **B) Executive Directors**

##### **Development of the Governance structure**

Last February, after unforeseen circumstances of great importance occurred independently of the Company's intentions, the Board of Directors revoked the powers that had been previously granted to Mr. Orsi as Chief Executive Officer of Finmeccanica and, subsequently, the delegated powers of Chief Executive Officer were granted to the Director-Chief Operating Officer Mr. Pansa.

This decision led to the remuneration for the delegated powers granted to Mr. Orsi as Chief Executive Officer pursuant to Article 2389, paragraph 3, of the Italian Civil Code ceasing to accrue. Furthermore, after the resignation of Mr. Orsi from the positions of Director and Chairman, the remuneration for his duties as Chairman, pursuant to Article 2389, paragraph 1, of the Italian Civil Code also ceased to accrue.

The Company, in light of the aforementioned circumstances, does not consider that the actions taken by the Board of Directors lead to any obligations towards Mr. Orsi in terms of severance payments, details of which are described in the Remuneration Report prepared on the occasion of the 2012 Shareholders' Meeting (section I, point 2, page 12).

Moreover, following termination of his office and for one year thereafter, Mr. Orsi has undertaken an obligation not to engage in any activity in competition with the Company (in Europe, Asia and the United States) for a period of one year in the defense sector. Should the requirements for the accrual of the compensation for such a non-competition agreement actually be satisfied, an amount of 1 year total remuneration should be paid. Given the circumstances that determined the termination of the relationship with Mr. Orsi as Executive Director, the application of the non-competition agreement will be evaluated by the Board of Directors at a later stage, also on the basis of any future developments on the matter.

Moreover, it should be pointed out that the agreements entered into with Mr. Orsi, which regulate the relationship between the Company and Mr. Orsi himself, are the same as illustrated in the Remuneration Report prepared on the occasion of the 2012 Ordinary Shareholders' Meeting, to which reference is made in full. Furthermore, it should be pointed out that any future decision in relation to the relationship with Mr. Orsi will be submitted to the consideration of the Company's Board of Directors.

### ■ B.1) Overall structure and Pay-mix

Even after being assigned new delegated powers as Chief Executive Officer, Mr. Pansa informed the Remuneration Committee his intention to waive any increase to his salary.

The Committee acknowledged his statement of intent and resolved not to review his remuneration, without this affecting the terms and conditions of his employment agreement as an Executive of the Company, as regulated by the applicable legislation and collective agreements.

The Board of Directors agreed to the Committee's proposal and expressed its appreciation of the Chief Executive Officer and Chief Operating Officer's intent.

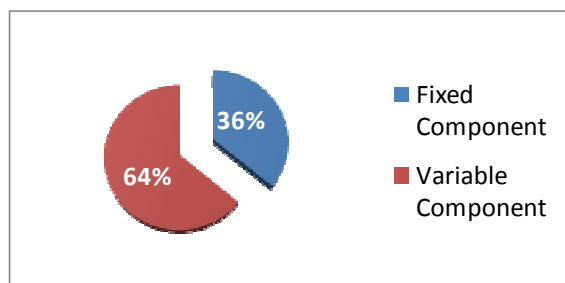
In making this decision, the Company continues to pursue the policy of containing Directors' fees that it had already undertaken in previous changes to governance structures, while guaranteeing their competitiveness against market practices, also considering the current scenario and the global economic context.

In fact in 2011 the Company had already decided on a reduction in Executive Directors' pay, compared to the previous financial years, equal to approximately 35% for the position of Chief Executive Officer and 30% for the position of Chief Operating Officer.

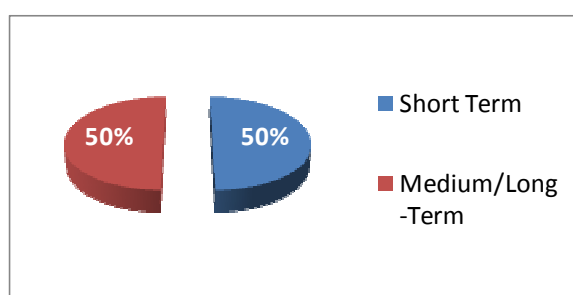
By not increasing Mr. Pansa's remuneration, in 2013 the Company will further reduce the cost related to the position of Chief Executive Officer by 50% on the fixed component and by 30% on his maximum potential total remuneration (fixed component and variable component).

The delegation on Mr. Pansa of both the powers of Chief Executive Officer and those of Chief Operating Officer has also resulted in a further substantial reduction in costs.

Therefore, the Chief Executive Officer and Chief Operating Officer's pay mix (maximum potential remuneration equal to a gross amount of € 2,200,000.00) is made up of a fixed component which amounts to 36% of his maximum potential remuneration (equal to a gross amount of € 800,000.00) and a variable portion amounting to 64% of his maximum possible remuneration (equal to a gross amount of € 1,400,000.00)



The variable portion of his remuneration is, in turn, divided into a short-term component of 50% of his maximum potential variable remuneration (equal to a gross amount of € 700,000.00) and a medium/long-term component of 50% of his maximum potential variable remuneration (equal to a gross amount of € 700,000.00).



## ■ B.2) Fixed Remuneration

The fixed component of the Chief Executive Officer and Chief Operating Officer's remuneration was confirmed in the amount of € 800,000.00 per year.

It should be pointed out, for the sake of completeness, that as a result of the seniority salary increases determined within the National collective bargaining agreement applicable to Executives at present the remuneration is of € 803,357.00.

## ■ B.3) Short-term variable remuneration

The Chief Executive Officer and Chief Operating Officer participates in the Finmeccanica short-term incentive "MBO (Management by Objectives) System" scheme, which covers the entire management population of the Group.

### CAP

Specifically, the Remuneration Committee has resolved that the short-term variable incentive for the Chief Executive Officer and Chief Operating Officer be confirmed in the maximum gross annual amount of € 700,000.00 (equal to approximately 87% of the fixed remuneration).

## **THRESHOLDS**

For financial year 2013, the Company confirmed the introduction of two thresholds to the MBO incentive system connected to strategic objectives set by the Board of Directors, also in order to acknowledge the observations made by the Shareholders at the Ordinary Shareholders' Meeting of 16 May 2012, which had also arisen from the increasingly strong attention to the market and ongoing dialogue with the relevant stakeholders.

These thresholds had already been introduced in the course of financial year 2012 following the aforementioned Shareholders' Meeting, in order to increasingly focus short-term variable remuneration on the achievement of the Group's key financial results (Section II, part one, page 21 of this Report).

## **PERFORMANCE TARGETS**

In consideration of the objectives relating to the Group's growth sustainability, to the achievement of competitive costs and margins, and to the achievement of the levels of Operating Profit and Free Operating Cash Flow determined in the Company's budget/plan, the short-term incentive system is based on the achievement of performance targets connected to financial indicators in line with the set strategic targets.

For 2013, the following performance indicators were confirmed:

- Group Adjusted EBITA - potential payout of 35% of the maximum payout;
- Group Free Operating Cash Flow - potential payout of 35% of the maximum payout;
- Finmeccanica G&As expenditure - potential payout of 30% of the maximum payout.

**Failure to achieve the budget targets identified in the budget/plan for each indicator shall entail the zeroing of the incentive associated with each target.**

**The achievement of budget targets identified in the budget/plan for each indicator will trigger the payment of 60% of the incentive associated with each target.**

**The remaining part of the incentive will be payable exclusively in case of overperformance with respect to the targets set in the budget/plan.**

Furthermore, to ensure that Directors are incentivised in a balanced way in relation to the targets they have been assigned, and in order to ensure that the variable element of remuneration is fully in line with the Group's financial performance and results, the portion of the incentive associated to financial objectives is subject to a "performance gate". This condition entails the zeroing of the entire incentive connected to financial objectives in the event of an under-performance of at least 20% below the budget, even for only one of these objectives. This prevents incentives from being paid out in the event of performances that fall particularly far below the targets set in the main financial ratios of the Company.

### **■ B.4) Medium/long-term variable remuneration**

The Remuneration Committee has also resolved that the Chief Executive Officer and Chief Operating Officer's medium/long-term variable incentive be confirmed in a maximum total gross annual amount of € 700,000.00 (equal to approximately 87% of the fixed remuneration).

The part of variable remuneration connected to medium/long-term objectives comes from the participation of the Chief Executive Officer and Chief Operating Officer in the Finmeccanica Group medium/long-term cash incentive plans, namely the “Performance Cash Plan” and the “Long Term Incentive Plan”, as described in Section 2 of this document (Aims and Principles of the Remuneration Policy).

\*\*\*

Participation in the “**Performance Cash Plan**” will enable annually the Chief Executive Officer and Chief Operating Officer to earn a total maximum gross bonus of € 350,000.00 (equal to about 43.5% of the fixed annual salary).

The incentive is of a monetary nature and its payment is subject to the achievement of the specific performance conditions provided for in the Plan’s Regulations (Section I, point 2, page 11 of this Report).

Subsequent to the end of each financial year, following approval of the consolidated accounts by the Finmeccanica S.p.a. Board of Directors, the Remuneration Committee shall review the achievement of performance targets and calculate the cash sum due.

Following the aforesaid review, the incentive shall be paid in the month of December of the year subsequent to each financial year within the duration period of the Plan.

\*\*\*

Participation in the “**Long Term Incentive Plan**” will enable annually the Chief Executive Officer and Chief Operating Officer to earn a total maximum gross bonus of € 350,000.00 (equal to about 43.5% of the fixed annual salary), which is structured, for financial year 2013, into the 2 cycles of the 2012-2014 and 2013-2015 rolling plans.

The incentive is of a monetary nature and its payment is subject to the achievement of the specific performance conditions provided for in the Plan’s Regulations (Section I, point 2, page 12 of this Report).

Subsequent to the end of financial years, following approval of the consolidated accounts by the Finmeccanica S.p.a. Board of Directors, the Remuneration Committee shall review the achievement of performance targets and calculate the cash sum due.

## **C) Executives with Strategic Responsibilities**

### **■ C.1) Fixed Remuneration**

The fixed remuneration of Executives with Strategic Responsibilities is proportionate to the role and responsibilities assigned to them, also considering the average market pay levels in comparable Italian and international companies and aggregate external benchmarks for positions with similar levels of responsibility and managerial complexity. Their fixed remuneration is periodically adjusted in the framework of the ordinary salary review process for the entire management population. Executives with Strategic Responsibilities receive travel allowances for business trips in Italy and abroad in line with the provisions of the National collective bargaining agreement for Executives in Companies producing Goods and Services and those of supplementary company agreements.

## ■ C.2) Short-term variable remuneration

With regard to short-term remuneration, Executives with Strategic Responsibilities participate in the “MBO (Management by Objectives)” short-term incentive System of Finmeccanica S.p.A., which is applied to the Group’s entire management population and described in paragraph 2 above (Aims and Principles of the Remuneration Policy).

## ■ C.3) Medium/long-term variable remuneration

With regard to medium/long-term variable remuneration, Executives with Strategic Responsibilities participate in the cash Incentive Plans of the Finmeccanica Group named “Performance cash Plan” and “Long Term Incentive Plan” described in paragraph 2 above (Aims and Principles of the Remuneration Policy).

## ■ C.4) Pay on termination of office or employment

In the event of termination of their employment contracts, Executives with Strategic Responsibilities are entitled to severance benefits as determined in the applicable national collective bargaining agreement.

The Company may also identify appropriate solutions, on a case by case basis, to incentivize the early termination of employment, also by entering into non-competition agreements, should such arrangements effectively be in the interest of the Company.

## ■ C.5) Benefits

Executives with Strategic Responsibilities benefit from mandatory insurance covers in compliance with the law, with the National collective bargaining agreement and the trade union agreements applicable to their executive employment contract with the Company.

In line with the arrangements applicable to all executives of Finmeccanica S.p.A., Executives with Strategic Responsibilities are eligible to participate in the Company Executives Pension Fund - Supplementary Pension Scheme of the Finmeccanica Group, in lieu of the social security schemes prescribed in the National collective bargaining agreement applicable to industrial companies’ executives.

\*\*\*

## Deferred remuneration schemes

Within its incentive schemes, the Company has not made any provisions for deferred payment systems.

## Incentive plans based on financial instruments

As of the date of this Report, the Company has no incentive schemes based on financial instruments.

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### **Pay in the event of termination of office or employment and Non-Competition Agreement**

The employment relationship between the Company and Mr. Pansa is regulated by the current provisions of law and of the collective agreement applicable to employment relationships with executives.

However, on 20 May 2005, the Company and Mr. Pansa, at that time an executive within the Company but not a Director of the Company, agreed on an addition to the employment contract introducing the following stipulations, the effects of which persist to this day, as the National collective bargaining agreement continues to apply to the employment.

In the interest of both parties, a rolling clause providing for a minimum duration period of three years has been included in the employment contract, due to expire upon the individual's reaching of age 65, also including Mr. Pansa's commitment not to terminate his employment prior to the expiry of such clause, unless requested by the Company.

Consequently, in the context of the provisions governing the cases of early termination of employment (early termination by the Company, except termination for cause, and/or in the event that Mr. Pansa resigns upon written request by the Company, or in the event of resignation for cause), it has been agreed that the Company shall pay Mr. Pansa, as an "indemnity and compensation" severance payment, a sum equal to 24 months of his total remuneration, in addition to the amount which he is entitled to as a payment in lieu of notice, in accordance with the National collective bargaining agreement for Executives in Companies producing Goods and Services (equal to 12 months pay). These amounts will be calculated, as regards the fixed element, on the basis of the annual pre-tax remuneration effectively received at the time of termination of employment, while the variable element thereof shall be calculated on the basis of the average variable incentives received over the course of the previous three years.

The abovementioned contractual provisions will fully replace the provisions of the National collective bargaining agreement for Executives of Companies producing Goods and Services, with regard to both the indemnity payable in lieu of notice, and the indemnity provided for by Articles 19 and 22 of the National collective bargaining agreement.

### **Non-mandatory insurance, welfare or pension cover**

Mr. Pansa benefits from the mandatory forms of insurance cover, in compliance with the provisions of law, of the National collective bargaining agreement and of the trade union agreements that apply to his employment as an executive of the Company.

In line with the provisions applicable to all executives within Finmeccanica S.p.a., Mr. Pansa benefits from the pension provisions guaranteed by the Finmeccanica Group's Executives Pension Fund – Supplementary Pension Scheme, as a replacement of the mandatory pension provisions of the applicable National collective bargaining agreement for industrial companies' executives.

**Resolution Proposal**

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 as per 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 said policy.

In the light of the above, the following proposed non-binding resolution regarding the second item on the agenda is hereby submitted to the Ordinary Shareholders' Meeting:

"the Shareholders' Meeting of Finmeccanica S.p.a.

- having regard to Articles 123-ter of Legislative Decree no. 58/98 and 84-quater of CONSOB Regulation no. 11971/99;
- having acknowledged the Remuneration Report approved by the Board of Directors on 23 April 2013, drafted pursuant to Articles 123-ter of Legislative Decree no. 58/98 and 84-quater of CONSOB Resolution no. 11971/99 and in compliance with the provisions of the Corporate Governance Code of Listed Companies to which the Company adheres, as well as published within the prescribed deadline of twenty-one days before the date of the Meeting convened for the approval of Annual Financial Statements at 31 December 2012;
- having examined, in particular, the first section of the above mentioned Report, 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 said policy;
- taking into consideration the non-binding nature of this resolution, pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58/98;

**HEREBY RESOLVES**

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

## SECTION II

This Section II is divided into two parts and reports the remuneration paid to the members of the Administrative and Supervisory Bodies and to the Executives with Strategic Responsibilities during the course of financial year 2012.

### Part One

#### IMPLEMENTATION OF 2012 REMUNERATION POLICIES

Also having regard to the periodic assessment of the implementation of the remuneration policy as required by the Self-Regulatory Code, the Remuneration Committee considered that the principles and practical application of the 2012 policy were consistent with the market benchmarks in terms of positioning and pay mix.

At the same time, also with the aim of taking into account the observations made by the Shareholders at the Ordinary Meeting of 16 May 2012 and the points that have arisen from an increasingly ongoing attention to the market and to stakeholders in general with regard to remuneration matters, the Company made some substantial changes to the arrangements that it had originally determined. These changes came into effect in financial year 2012.

Specifically, while the remuneration continues to comply with the Company's Policy that was approved in the previous financial year, the following measures were adopted for Executive Directors in order to focus short-term variable remuneration to an even greater extent on the achievement of the Group's key objectives:

- Two thresholds were introduced to access the MBO incentives for 2012 connected to strategic objectives set by the Board of Directors.  
Should these objectives not be achieved, the entire MBO incentive will be zeroed.
- The 2012 MBO incentive, moreover, was conditional upon the achievement of exclusively financial objectives.

With reference to fiscal year 2012, the following elements constituted the remuneration paid to the members of the Governing and Supervisory Bodies and to the Executives with Strategic Responsibilities:

#### FIXED REMUNERATION

##### *(Table 1)*

The members of the Board of Directors and the members of the Board of Statutory Auditors received the fixed remuneration determined by the Shareholders' Meeting. Executive Directors also received the fixed element of their remuneration, as determined by the Company's Remuneration Committee, on the basis of the powers bestowed upon them by the Board of Directors (Table 1, "Fixed Remuneration" column).

The fixed remuneration of Mr. Pansa also includes paid public holidays and travel allowances (pursuant to Article 10 of the National collective bargaining agreement).

Directors who are members of a Committee received the fixed remuneration determined by the Company's Board of Directors, together with the sums paid as attendance fees, on the occasion of each Committee meeting (Table 1, "Remuneration for participation in Committees" column).

Executives with Strategic Responsibilities received the fixed element of their salary as set forth in their respective employment contracts (Table 1, "Fixed Remuneration" column).

## **NON-EQUITY VARIABLE REMUNERATION**

### ***(Table 1 and Table 3B)***

Payments reported in Table 3B relate to the short- and medium/long-term incentive plans described in the Remuneration Report of the previous financial year.

Executive Directors and Executives with Strategic Responsibilities may receive a variable element of remuneration upon the achievement of specific performance targets determined in relation to the strategic targets set by the Board of Directors.

Specifically, payment of the short-term part of the variable remuneration due to Executive Directors is subject to the achievement of certain targets set by the Remuneration Committee, on the basis of the delegated powers granted to them by the Board of Directors. Such targets are objectively measurable and closely related to the targets set in the Company budget/plan and are subject to the achievement of two thresholds established consistently with the Group's key objectives.

Executives with Strategic Responsibilities participated in the Finmeccanica annual bonus scheme (MBO short-term incentive system) as senior executives of the Group.

The medium/long-term part of the variable remuneration of Executive Directors is subject to the achievement of the objectives assigned on the basis of their participation in the medium/long-term incentive plans approved by the Remuneration Committee and established for the management of the Finmeccanica Group.

Executives with Strategic Responsibilities also participate in the medium/long-term incentive plans approved by the Remuneration Committee and established for the management of the Finmeccanica Group and the medium/long-term component of their variable remuneration is subject to the achievement of the objectives assigned within the context of the plans.

Executive Directors and Executives with Strategic Responsibilities are entitled to receive the sums payable on the basis of their achievements with respect to the targets assigned within the "Long Term Incentive Plan", a plan approved by the Remuneration Committee in its resolution of 20 September 2005 and the "Performance Cash Plan" with reference to the financial year 2012. These targets, which are exclusively of a financial nature, and thus objectively measurable and verifiable, are set strictly on the basis of the targets set forth in the Company budget/plan.

The amounts relating to the variable remuneration shown in Tables 1 and 3B that follow are calculated on an accrual basis.

## **NON CASH- BENEFITS AND OTHER FEES**

### ***(Table 1)***

Executive Directors' non-cash benefits refer to the insurance covers stipulated in their favour, to the assignment of an accommodation and to the assignment of a company car for business and personal use.

Non-cash benefits of Executives with Strategic Responsibilities include their participation in the Finmeccanica Group Executives Pension Fund – Supplementary Company Pension Scheme, in line with the provisions applied to all Finmeccanica S.p.a. executives and the residual amount of a personal loan paid out according to the Company's practice.

## **STOCK OPTIONS**

### ***(Table 2)***

As at the date of this Report, the Company had no stock option plans in place.

## **INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS OTHER THAN STOCK OPTIONS**

### ***(Table 3A)***

As at the date of this Report, the Company had no incentive plans based on financial instruments in place.

## **Part Two**

Part two of Section II provides an analytical summary of all the amounts paid during the course of financial year 2012, regardless of their nature or form, to those persons who held, during said year, even for a fraction of the period, the position of member of the Administrative or Supervisory bodies, General Manager or Executive with Strategic Responsibilities.

on behalf of the Board of Directors  
The Vice-Chairman  
(Admiral Guido Venturoni)

**TABLE 1**  
**REMUNERATION PAID TO MEMBERS OF THE ADMINISTRATIVE AND SUPERVISORY BODIES, GENERAL MANAGERS AND ANY OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**  
(amounts in thousands of euro)

| First and Last name(s)                                              | Position held in financial year 2012 | Term of office   | Expiry of the term of office | Fixed remuneration | Remuneration for participation in Committees | Non-equity variable remuneration |                | Non-cash benefits | Other fees | Total | Fair Value of equity payments | Termination or severance indemnity |
|---------------------------------------------------------------------|--------------------------------------|------------------|------------------------------|--------------------|----------------------------------------------|----------------------------------|----------------|-------------------|------------|-------|-------------------------------|------------------------------------|
|                                                                     |                                      |                  |                              |                    |                                              | Bonuses and other incentives     | Profit-sharing |                   |            |       |                               |                                    |
| Ossi Giuseppe                                                       | Chairman (a)                         | 1.1/31.12.2012   | 15.02.2013                   | 90                 |                                              |                                  |                |                   |            | 1.749 |                               |                                    |
|                                                                     |                                      |                  |                              |                    |                                              |                                  |                |                   |            |       |                               |                                    |
|                                                                     |                                      |                  | 13.02.2013                   | 1.650              |                                              | 0                                |                | 9                 |            |       |                               |                                    |
|                                                                     |                                      |                  | FY 2013                      | 60                 |                                              |                                  |                |                   |            |       |                               |                                    |
| Pansa Alessandro                                                    | Chief Operating Officer (b)          | 1.1/31.12.2012   |                              |                    |                                              |                                  |                |                   |            | 1.169 |                               |                                    |
|                                                                     |                                      |                  |                              | 816                |                                              | 140                              |                | 78                | 75 (3)     |       |                               |                                    |
|                                                                     |                                      |                  | FY 2013                      | 60                 |                                              |                                  |                |                   |            |       |                               |                                    |
|                                                                     |                                      |                  |                              |                    | 8                                            |                                  |                |                   |            | 68    |                               |                                    |
| Baldacci Carlo                                                      | Director                             | 1.1/31.12.2012   | FY 2013                      | 60                 |                                              |                                  |                |                   |            |       |                               |                                    |
| Bonferoni Franco                                                    | Director                             | 1.1/21.09.2012   | 21.09.2012                   | 43                 | 10                                           |                                  |                |                   |            | 53    |                               |                                    |
| Cantarella Paolo                                                    | Director                             | 1.1/31.12.2012   | FY 2013                      | 60                 | 34                                           |                                  |                |                   |            | 94    |                               |                                    |
| Canzaro Giovanni                                                    | Director                             | 1.1/31.12.2012   | FY 2013                      | 60                 | 22                                           |                                  |                |                   |            | 82    |                               |                                    |
| Galli Carlo                                                         | Director                             | 1.1/31.12.2012   | FY 2013                      | 60                 | 24                                           |                                  |                |                   |            | 84    |                               |                                    |
| Iarsiti Marco                                                       | Director                             | 1.1/11.05.2012   | 11.05.2012                   | 22                 | 1                                            |                                  |                |                   |            | 23    |                               |                                    |
| Lo Bello Marhoe                                                     | Director                             | 16.5/31.12.2012  | FY 2013                      | 38                 | 5                                            |                                  |                |                   |            | 43    |                               |                                    |
| Merlo Silvia                                                        | Director                             | 1.1/31.12.2012   | FY 2013                      | 60                 | 21                                           |                                  |                |                   |            | 81    |                               |                                    |
| Pariato Francesco                                                   | Director                             | 1.1/31.12.2012   | FY 2013                      | 60 (1)             | 17 (2)                                       |                                  |                |                   |            | 77    |                               |                                    |
| Streff Christian                                                    | Director                             | 1.1/31.12.2012   | FY 2013                      | 60                 | 7                                            |                                  |                |                   |            | 67    |                               |                                    |
| Venturini Guido                                                     | Director                             | 1.1/31.12.2012   | FY 2013                      | 60                 | 35                                           |                                  |                |                   |            | 95    |                               |                                    |
| Gaspari Luigi                                                       | Chairman Board of St. Aud.           | 1.1/16.05.2012   | 16.05.2012                   | 29                 |                                              |                                  |                |                   | 40 (4)     | 69    |                               |                                    |
| Bauer Riccardo Raul                                                 | Chairman Board of St. Aud.           | 16.5/31.12.2012  | FY 2014                      | 49                 |                                              |                                  |                |                   |            | 49    |                               |                                    |
| Cunin Giorgio                                                       | Regular Auditor                      | 1.1/16.05.2012   | 16.05.2012                   | 20                 |                                              |                                  |                |                   |            | 20    |                               |                                    |
| Abrian Niccolò                                                      | Regular Auditor                      | 16.5/31.12.2012  | FY 2014                      | 33                 |                                              |                                  |                |                   |            | 33    |                               |                                    |
| Fratino Maurizio                                                    | Regular Auditor                      | 1.1/31.12.2012   | FY 2014                      | 52                 |                                              |                                  |                |                   | 10 (5)     | 62    |                               |                                    |
| Montaldo Silvano                                                    | Regular Auditor                      | 1.1/31.12.2012   | FY 2014                      | 52                 |                                              |                                  |                |                   |            | 52    |                               |                                    |
| Tamborino Antonio                                                   | Regular Auditor                      | 1.1/16.05.2012   | 16.05.2012                   | 19                 |                                              |                                  |                |                   | 64 (6)     | 83    |                               |                                    |
| Pinto Eugenio                                                       | Regular Auditor                      | 16.5/31.12.2012  | FY 2014                      | 33                 |                                              |                                  |                |                   |            | 33    |                               |                                    |
| Executive with Strategic Responsibilities                           |                                      |                  |                              |                    |                                              |                                  |                |                   |            |       |                               |                                    |
|                                                                     |                                      | 14.06/31.12.2012 | FY 2013                      | 249                | 22 (7)                                       | 179                              |                | 34                | 34         | 518   |                               |                                    |
| (i) Remuneration in the Company drawing up the financial statements |                                      |                  |                              |                    |                                              |                                  |                |                   |            |       |                               |                                    |
|                                                                     |                                      |                  |                              | 3.735              | 206                                          | 319                              | 0              | 121               | 10         | 4.391 | 0                             | 0                                  |
| (ii) Remuneration from subsidiaries and affiliates                  |                                      |                  |                              |                    |                                              |                                  |                |                   |            |       |                               |                                    |
|                                                                     |                                      |                  |                              |                    |                                              |                                  |                |                   | 213        | 213   |                               |                                    |
| (iii) Total                                                         |                                      |                  |                              |                    |                                              |                                  |                |                   |            |       |                               |                                    |
|                                                                     |                                      |                  |                              | 3.735              | 206                                          | 319                              | 0              | 121               | 223        | 4.604 | 0                             | 0                                  |

(a) Resignation from the office of Chairman from 15/02/2013, termination of office of Chief Executive Officer from 13/02/2013.

(b) Chief Executive Officer and Chief Operating Officer from 13/02/2013

(1) - Transferred to the Ministry of Economy and Finance.

(2) - Of which €/th. 5 transferred to the Ministry of Economy and Finance.

(3) - Remuneration for position held in other Group Company. It should be noted that Mr. Pansa waived these fees.

(4) - Remuneration for positions held in other Group Companies.

(5) - Refund of lump-sum expenses.

(6) - Remuneration for positions held in other Group Companies.

(7) - Remuneration for position held in other Group Company transferred to Finmeccanica S.p.a., pro-rated for the period 14.06/31.12.2012

TABLE 2  
STOCK OPTIONS ALLOCATED TO THE MEMBERS OF THE ADMINISTRATIVE BODY, GENERAL MANAGERS AND ANY OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

| A                                         | B                                        | Options held at the beginning of the financial year |                   |              | Options allocated during the financial year |                   |              |                                        |                                      |                    |                                                                 | Options exercised during the financial year |              |                                                               | Options expired during the financial year | Options held at the end of the financial year | Options for the financial year |
|-------------------------------------------|------------------------------------------|-----------------------------------------------------|-------------------|--------------|---------------------------------------------|-------------------|--------------|----------------------------------------|--------------------------------------|--------------------|-----------------------------------------------------------------|---------------------------------------------|--------------|---------------------------------------------------------------|-------------------------------------------|-----------------------------------------------|--------------------------------|
|                                           |                                          | (1)                                                 | (2)               | (3)          | (4)                                         | (5)               | (6)          | (7)                                    | (8)                                  | (9)                | (10)                                                            | (11)                                        | (12)         | (13)                                                          | (14)                                      | (15) = (2)+(5)-(11)-(14)                      | (16)                           |
| First and last name                       | POSITION held in the 2012 financial year | Plan                                                | Number of Options | Strike price | Possible period of exercise (from/ to)      | Number of Options | Strike price | Possible period of exercise (from/ to) | Fair Value at the date of allocation | Date of Allocation | Market price of the shares underlying allocation of the options | Number of Options                           | Strike price | Market price of the underlying shares at the date of exercise | Number of Options                         | Number of Options                             | Fair Value                     |
| Pansa Alessandro                          | Director - Chief Operating Officer (1)   |                                                     | 0                 |              |                                             | 0                 |              |                                        |                                      |                    |                                                                 | 0                                           |              |                                                               | 0                                         | 0                                             |                                |
| Orsi Giuseppe                             | Chairman and CEO (2)                     |                                                     | 0                 |              |                                             | 0                 |              |                                        |                                      |                    |                                                                 | 0                                           |              |                                                               | 0                                         | 0                                             |                                |
| Executive with strategic responsibilities |                                          |                                                     | 0                 |              |                                             | 0                 |              |                                        |                                      |                    |                                                                 | 0                                           |              |                                                               | 0                                         | 0                                             |                                |

(1) Chief Executive Officer and Chief Operating Officer from 13/02/2013

(2) Resignation from the office of Chairman from 15/02/2013, termination of office of Chief Executive Officer from 13/02/2013.

TABLE 3A

## INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS OTHER THAN STOCK OPTIONS, TO THE BENEFIT OF THE MEMBERS OF THE ADMINISTRATIVE BODY, GENERAL MANAGERS AND ANY OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

| A                                         | B                                        | Financial instruments allocated during previous financial years that are not vested during the financial year |                                          |                | Financial instruments allocated during the financial year |                                      |                |                    |                            |                                          | Financial instruments vested during the financial year but not imputed | Financial instruments vested during the financial year and imputable |      | Financial instruments for the financial year |
|-------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------|-----------------------------------------------------------|--------------------------------------|----------------|--------------------|----------------------------|------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------|------|----------------------------------------------|
|                                           |                                          | (1)                                                                                                           | (2)                                      | (3)            | (4)                                                       | (5)                                  | (6)            | (7)                | (8)                        | (9)                                      |                                                                        | (10) (*)                                                             | (11) |                                              |
| First and Last Name                       | POSITION held in the 2012 financial year | Plan                                                                                                          | Number and type of financial instruments | Vesting period | Number and type of financial instruments                  | Fair Value at the date of allocation | Vesting period | Date of allocation | Market price at allocation | Number and type of financial instruments | Value at the vesting date                                              | Fair Value                                                           |      |                                              |
| Pansa Alessandro                          | Director - Chief Operating Officer(1)    |                                                                                                               | 0                                        |                | 0                                                         |                                      |                |                    |                            | 0                                        |                                                                        |                                                                      |      |                                              |
| Orsi Giuseppe                             | Chairman and CEO (2)                     |                                                                                                               | 0                                        |                | 0                                                         |                                      |                |                    |                            | 0                                        |                                                                        |                                                                      |      |                                              |
| Executive with strategic responsibilities |                                          |                                                                                                               | 0                                        |                | 0                                                         |                                      |                |                    |                            | 0                                        |                                                                        |                                                                      |      |                                              |

(1) Chief Executive Officer and Chief Operating Officer from 13/02/2013

(2) Resignation from the office of Chairman from 15/02/2013, termination of office of Chief Executive Officer from 13/02/2013.

TABLE 3B

## CASH INCENTIVE PLANS TO THE BENEFIT OF THE MEMBERS OF THE ADMINISTRATIVE BODY, GENERAL MANAGERS AND ANY OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

| A                                                | B                                              | (1)                                                             | (2)           |          |                       | (3)                     |               |                | (4)           |
|--------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------|---------------|----------|-----------------------|-------------------------|---------------|----------------|---------------|
|                                                  |                                                |                                                                 | Annual Bonus  |          |                       | Previous Years' Bonuses |               |                | Other Bonuses |
| First and last Name                              | POSITION<br>held in the 2012 financial<br>year | Plan                                                            | (A)           | (B)      | (C)                   | (A)                     | (B)           | (C)            |               |
|                                                  |                                                |                                                                 | Payable/ paid | Deferred | Period of<br>deferral | No longer<br>payable    | Payable/ paid | Still deferred |               |
| Pansa Alessandro                                 | Director - Chief Operating<br>Officer (1)      | MBO 2012                                                        | 0,00          | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |
| Pansa Alessandro                                 | Director - Chief Operating<br>Officer (1)      | Long Term Incentive Plan 2010-<br>2012 resolution of 20/09/2005 | 0,00          | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |
| Pansa Alessandro                                 | Director - Chief Operating<br>Officer (1)      | Long Term Incentive Plan 2012-<br>2014 resolution of 20/09/2005 | 0,00          | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |
| Pansa Alessandro                                 | Director - Chief Operating<br>Officer (1)      | Performance Cash Plan 2012-<br>2014 resolution of 26/01/2012    | 140.000,00    | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |
| Orsi Giuseppe                                    | <i>Chairman and CEO (2)</i>                    | MBO 2012                                                        | 0,00          | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |
| Orsi Giuseppe                                    | <i>Chairman and CEO (2)</i>                    | Long Term Incentive Plan 2012-<br>2014 resolution of 20/09/2005 | 0,00          | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |
| Orsi Giuseppe                                    | <i>Chairman and CEO (2)</i>                    | Performance Cash Plan 2012-<br>2014 resolution of 26/01/2012    | (*)           |          |                       | 0,00                    | 0,00          | 0,00           |               |
| Executive with strategic<br>responsibilities (a) |                                                | MBO 2012                                                        | 154.190,82    | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |
| Executive with strategic<br>responsibilities     |                                                | Long Term Incentive Plan 2010-<br>2012 resolution of 20/09/2005 | 0,00          | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |
| Executive with strategic<br>responsibilities     |                                                | Long Term Incentive Plan 2012-<br>2014 resolution of 20/09/2005 | 0,00          | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |
| Executive with strategic<br>responsibilities (a) |                                                | Performance Cash Plan 2012-<br>2014 resolution of 26/01/2012    | 25.026,08     | 0,00     | 0,00                  | 0,00                    | 0,00          | 0,00           |               |

The payable amounts are subject to the approval by the Board of Directors, while, as regards those relating to Executive Directors, to the approval by the Remuneration Committee.

(\*) Remuneration that is not payable on the basis of the Plan's Regulations

(a) amounts are calculated on a proportional basis from the date of appointment as Office in charge (14/06/2012)

(1) Chief Executive Officer and Chief Operating Officer from 13/02/2013

(2) Resignation from the office of Chairman from 15/02/2013, termination of office of Chief Executive Officer from 13/02/2013.

## SECTION III

The following tables show the shareholdings in the Company or in its subsidiaries, which are held by persons who held the position of member of the Governing and Supervisory Bodies, General Manager or Executive with Strategic Responsibilities in the course of the 2012 financial year, even if only for a fraction of the period in question, as well as by their respective spouses that are not legally separated and minor children. Except as otherwise specified, said shareholdings must be deemed to be held indirectly and by way of property.

**SHAREHOLDINGS OF MEMBERS OF ADMINISTRATIVE AND SUPERVISORY BODIES, GENERAL MANAGERS AND ANY OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

| FIRST AND LAST NAME                       | POSITION<br>held in the 2012 financial<br>year | INVESTEE<br>COMPANY | Number of shares held at<br>the<br>end of the previous financial<br>year<br>(2011) | Number of shares<br>purchased | Number of<br>shares<br>sold | Number of shares held<br>at<br>the end of the year in<br>question<br>(2012) |
|-------------------------------------------|------------------------------------------------|---------------------|------------------------------------------------------------------------------------|-------------------------------|-----------------------------|-----------------------------------------------------------------------------|
| Pansa Alessandro                          | Director - Chief Operating<br>Officer (1)      | Finmeccanica        | 74.442                                                                             | 0                             | 0                           | 74.442                                                                      |
| Venturoni Guido                           | Director (2)                                   | Finmeccanica        | 0                                                                                  | 5.000<br>(3)                  | 5.000<br>(3)                | 0                                                                           |
| Orsi Giuseppe                             | Chairman and CEO (4)                           | Finmeccanica        | 77.673                                                                             | 0                             | 0                           | 77.673                                                                      |
| Executive with Strategic Responsibilities | ---                                            | Finmeccanica        | 19.063<br>(5)                                                                      | 0                             | 0                           | 19.063                                                                      |

(1) Chief Executive Officer and Chief Operating Officer from 13/02/2013

(2) Vice-Chairman from 13/02/2013

(3) Shares held by the spouse

(4) Resignation from the office of Chairman from 15/02/2013, termination of office of Chief Executive Officer from 13/02/2013.

(5) Shares held at the date of appointment as Officer in charge (14/06/2012)