



**PROCEDURE FOR RELATED PARTIES TRANSACTIONS**

**PURSUANT TO ARTICLE 4 OF CONSOB REGULATION NO. 17221/2010**

**November 26, 2010**

FINMECCANICA S.P.A.  
Registered office: Piazza Monte Grappa 4, Rome.  
Fully paid-up share capital of Eur 2,543,861,738.00  
Registered in Rome. Registered No and Tax Ref. 00401990585

*Disclaimer*

*This Procedure for Related Parties Transactions 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 Procedure and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.*

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## 1. Background

This procedure (the “**Procedure**”) was approved by the Board of Directors of Finmeccanica S.p.a. (“**FINMECCANICA**” or the “**Company**”) on 26 November 2010, subject to the endorsement of the Procedures Committee pursuant to Article 2391-*bis* of the Italian Civil Code and Article 4, sections 1 and 3 of the Consob Regulation containing provisions relating to transactions with related parties adopted by Consob with Resolution no. 17221 of 12 March 2010, later amended by Resolution no. 17389 of 23 June 2010) (the “**Regulation**”).

The aim of the Procedure is to define, on the basis of the principles indicated in the Regulation, rules aiming at ensuring the transparency and substantial and procedural correctness of Related Party Transactions entered into by the Company, either directly or through its subsidiaries.

The Procedure is an essential part of the Internal Control System of the Group held by the Company and of the structural model provided for in the D.Lgs. n. 231 of 8 June 2001.

The Procedure has the value of an instruction given by FINMECCANICA to its subsidiaries under Art. 114 of the Consolidated Finance Act together with the operational dispositions predisposed in the ambit of the related implementation.

## 2. Definitions

2.1 For the purposes of this Procedure, the following definitions apply:

- a) “**Independent Directors**”: the directors recognised by the Company as independent in accordance with the Borsa Italiana S.p.A. Corporate Governance Code for Listed Companies;
- b) “**Committee for Related Parties Transactions**” or “**Committee**”: the Internal Audit Committee lastly appointed by decision of 26 June 2008 in accordance with principle 8.P.4 of the Borsa Italiana S.p.A. Corporate Governance Code for Listed Companies, which the Company declares to have adopted in accordance with Article 123-*bis*, section 2 of the Consolidated Finance Act;
- c) “**Procedures Committee**”: the committee responsible for issuing the opinion concerning the approval of the Procedure and its related modifications (except for any legislative changes), pursuant to Article 4, section 3 of the Regulation, composed exclusively of independent directors and established by the Board of Directors of the Company on 30 September 2010;
- d) “**Market-equivalent or standard terms**”: conditions similar to those usually adopted for unrelated parties for transactions of a corresponding type, size and risk, or based on regulated tariffs or prices, or adopted for persons with whom the Company is legally obliged to agree a specific valuable consideration;
- e) “**Key management personnel**”: Key Management Personnel have to be considered:
  - (i) the members of the board of directors of the Company;
  - (ii) the actual members of the board of statutory auditors of the Company;
  - (iii) those people holding the offices of Chief Executive Officer or and Joint-Chief Executive Officer of the Company;
  - (iv) the manager in charge of the drafting of the corporate accounting books of the Company according to Art. 154*bis* of the Consolidated Finance Act.
- f) “**FINMECCANICA Group**”: FINMECCANICA and the companies included in the consolidated financial statements of Finmeccanica;
- g) “**Significant Interests**”: for the purposes of Article 14, section 2 of the Regulation and of Article 11 of this Procedure, Significant Interests have to be considered those interests arising from

relations of a participatory or financial nature with the subsidiaries or associates of FINMECCANICA which are counterparties to a specific Transaction, if such relations are able to direct, in an exclusive or priority way, the managing decisions of the Company, the subsidiary or the associate, to the interests of another Related Party of the Company.

Significant Interests may be considered existing if the Related Party (i) is one of the key management personnel either of FINMECCANICA or of one of its subsidiaries or associates and is the beneficiary of a share incentive plan (or other performance-related remuneration) based on the performance of that subsidiary or associate or (ii) has an equity investment in the subsidiary or associate, the effective weighting of which is greater than the effective weighting of the equity investment held directly or indirectly by that related party in the Company. In considering each Related Party relationship, attention must be paid to the material features of the relationship and not merely on its legal form.

h) **“Related Parties Transaction”** or **“Transaction”**: any transfer of resources, services or obligations between Related Parties, regardless of whether valuable consideration has been agreed;

i) **“Transactions for Smaller Amounts”**:

a) ongoing consultancy works and other professional services, as well as allocation of compensations and economical benefits, of any kind, to members of the bodies of administration and control or to Key Management Personnel, for an amount below €250.000 per year;

b) other transactions for less than €3 millions.

j) **“Transactions of Lesser Importance”**: Transactions with Related Parties other than Transactions of Greater Importance and Transactions for Smaller Amounts;

k) **“Transactions of Greater Importance”**: Transactions in which at least one of the indexes of significance set forth in Annex 3 of the Regulation, applicable depending on the specific transaction, exceeds the thresholds therein. In accordance with paragraph 1.3 of Annex 3 to the Regulation, the Company has decided not to identify significance thresholds lower than the aforementioned criteria for transactions that might have an impact on the operational autonomy of the issuer;

l) **“Regular Transactions”**: Transactions falling in the ordinary course of business and related financial activities of the Company and/or the FINMECCANICA Group; in case of Transactions carried out through subsidiaries it is considered, in order to assess the regular nature of the Transaction, the activity carried out by the subsidiary, except where such subsidiary is a special purpose vehicle set up to perform that Transaction, in which case the regularity must also be verified with regard to at least one of the activities carried out by FINMECCANICA Group;

m) **“Body competent to resolve on the Transaction”**: the Board of Directors for transactions falling in its competence or the Chairman and Managing Director for delegated transactions;

n) **“Related Parties”**: the subjects referred to in Annex 1 to the Procedure, to which we refer in full. Pursuant to Article 4, section 2 of the Regulation, the Company has decided not to extend the Procedure to subjects other than the Related Parties identified in Annex 1 of the Regulation;

o) **“Equivalent Controls”**: the controls set forth in Article 7 below, to be adopted if, with regard to a specific Transaction, one or more members of the Committee for Related Parties Transactions are counterparties to the Transaction, or Related Parties of the counterparty to the Transaction;

2.2 For any terms not specifically defined in the Procedure, please see the Regulation.

### 3. Identification of Related Parties

### ***3.1 Related Parties Register***

3.1.1 For the purposes of the Procedure, the Company shall prepare a special Register in which Related Parties are listed (the “**Register**”).

3.1.2 The Register is divided into different sections, one for “Legal Persons”, one for “Natural Persons” and one for “Other Entities”. The Department for Legal and Corporate Affairs, Office for Legal Affairs, of the Company is responsible for the predisposition and updating of these sections of the Register with the support of the Offices and Departments of Finmeccanica, for matters falling in their competence, of the Secretaries of the Board of Directors and Board of Statutory Auditors, and of the relevant Offices of the companies of FINMECCANICA Group.

3.1.3 The Register will be updated whenever it is deemed necessary, and at least once a year, by the Department for Legal and Corporate Affairs, Office for Legal Affairs. For this purpose, the various departments of Finmeccanica, for matters falling in their competence, the Secretaries of the Board of Directors and the Board of Statutory Auditors, and the relevant Offices of companies in the FINMECCANICA Group, on the basis of the specific information flows and operating procedures existing within the Group, are required to promptly inform the Department for Legal and Corporate Affairs, Office for Legal Affairs of any new circumstances of which they are aware and which might have an impact on, or otherwise influence, the status of a Related Party.

3.1.4 The Register and the corresponding updates shall be made available to the various departments of Finmeccanica, in addition to the relevant Offices of companies within the FINMECCANICA Group, and used by them to verify the existence of a Related Party Transaction relevant for the purposes of the Procedure.

### ***3.2 “Legal Persons” section of the Related Parties Register***

3.2.1 The Department for Legal and Corporate Affairs, Office for Legal Affairs is responsible for preparing and updating the section of the Register listing Related Parties who are classified as “Legal Persons”, on the basis of the information and documents requested by it and received or otherwise made available by the various departments of Finmeccanica for matters falling in their competence, or by the relevant divisions of FINMECCANICA Group companies, according to the specific information flows and operating procedures existing within the Group.

### ***3.3 “Natural Persons” section of the Related Parties Register***

3.3.1 The Department for Legal and Corporate Affairs, Office for Legal Affairs is responsible for preparing and updating the section of the Register listing Related Parties who are classified as “Natural Persons”, on the basis of the information received from the Secretary of the Board of Directors and from the Secretary of the Board of Statutory Auditors for matters falling in their competence, and pertaining to key management personnel of the Company and of its parent. In order to identify Related Parties who are classified as “Natural Persons”, the Secretary of the Board of Directors and the Secretary of the Board of Statutory Auditors – for matters falling in their competence – shall request to key management personnel of the Company and of its parent, by sending them an appropriate related party declaration, data concerning: the key management personnel of the Company and of its parent, and close relatives (as defined in accordance with Annex 1 of the Procedure) of key management personnel of the Company and of its parent.

### ***3.4 “Other Entities” section of the Related Parties Register***

3.4.1 The Department for Legal and Corporate Affairs, Office for Legal Affairs is responsible for preparing and updating the section of the Register listing Related Parties who are classified as “Other Entities”, on the basis of the information received from the Secretary of the Board of Directors and from the Secretary of the Board of Statutory Auditors, for matters falling in their competence. In order to identify Related Parties who are classified as “Other Entities”, the Secretary of the Board of Directors and the Secretary of the Board of Statutory Auditors – for matters falling in their competence – shall request to key management personnel of the Company and of its parent, by sending them an appropriate related party declaration, data concerning: companies under common control with the parent; entities in which key management personnel of the company and of the parent and/or a close family relative of said directors exercises control, joint control or a significant influence or holds, directly or indirectly, a significant share, and in any case at least 20%, of the voting rights.

## **4. Identification of Related Parties Transactions**

4.1 Before engaging in any transaction, the Department/Office responsible for the Transaction shall verify, by consulting the Register in accordance with Article 3.1.4 above, whether the counterparty is a Related Party and, if so, whether it is a Transaction for a Smaller Amount.

4.2 If the transaction is with a Related Party and is not for a Smaller Amount, the Department/Office responsible for the Transaction shall send the Department for Corporate and Legal Affairs, Office for Legal Affairs, in accordance with this Procedure, information about the Transaction in question, specifying whether it is a Regular Transaction to be concluded under market or standard terms. The information shall indicate adequate news regarding the features of

the operation such as the parties, the nature, the terms and conditions and the value of the Transaction. The aforesaid Department for Corporate and Legal Affairs, Office for Legal Affairs shall verify with the support of the Department/Office of the Company competent in the matter:

- (i) whether the Transaction qualifies for exemption as referred to in Article 11 below, other than Transactions for Smaller Amounts;
- (ii) whether the purpose of the Transaction is to implement a framework decision adopted in accordance with Article 9 below;
- (iii) whether the Transaction is a Transaction of Lesser Importance or a Transaction of Greater Importance.

4.3 A special committee composed of managers from the Departments for Legal and Corporate Affairs, Administration and Controls and Audit shall arrange to resolve cases in which the nature of the Transaction, for the purposes of the application of Article 11 below, is uncertain. In the event that, even after an analysis by the committee above, the nature of the Transaction is still uncertain, the decision will be submitted to the Committee for Related Parties Transactions,

4.4 If, on the basis of the results of the investigation carried out, it concerns a non-exempt Related Party Transaction, the Department for Legal and Company Affairs, Office for Company Affairs, will submit the Transaction to the Committee for Related Party Transactions, providing it promptly and, as a rule, within five days from the date on which the analysis referred to in Articles 4.2 and 4.3 above was carried out, with the information received from the Department/Office responsible for the Transaction. The Committee on Related Party Transactions will apply the provisions of Article 5 below if it is a Transaction of Lesser Importance or the provisions of Article 6 below if it is a Transaction of Greater Importance. Members of the Committee on Related Parties Transactions must disclose the existence of any related parties with respect to a particular Related Parties Transaction in order to allow the Equivalent Controls to be implemented as referred to in Article 7 below.

4.5 If the Transaction qualifies for exemption under Article 11, without falling into Transactions for Smaller Amounts, or is an implementation of a framework resolution, the Department for Legal and Corporate Affairs, Office for Corporate Affairs, shall inform the Department/Office responsible for the Transaction. The Department/Office responsible for the Transaction shall immediately inform the Department for Administration and Control, Office for Administration and Balance of the completion of the Transaction, so that it may report the Transaction in the list referred to in Article 12 below.

4.6 The Department for Administration and Control, Office for Administration and Balance, in order to determine the Transactions of Greater Importance and also in order to implement Article 10.2 herein:

- a) periodically determines the standards that must be used to calculate the significance indexes mentioned in Annex 3 of the Regulation;
- b) periodically communicates to the Department for Legal and Corporate Affairs, Office for Corporate Affairs and also to the Holdings Coordinating Service, at the approval of the periodical accounting statements, the value of the significance threshold in order to apply the similar value index pursuant to Art. 1.1, letter a) of Annex 3 of the Regulation;
- c) records and updates the value concerning the Transaction of Lesser Importance, of the same nature or realized to implement a unitary plan, started during the fiscal year with the same Related Party or with subjects related to both the latter and the Company, with the exception of Transactions exempted under Art. 11 of the Procedure.

## **5. Transactions of Lesser Importance**

### ***5.1 Investigation of Transactions of Lesser Importance***

5.1.1 The Committee for Related Parties Transactions, after receiving complete and adequate information from the Department for Legal and Corporate Affairs, Office for Corporate Affairs regarding the features of the Transaction of Lesser Importance which the Company intends to carry out, shall express – in time to allow the competent body to adopt a decision and, as a rule, at least five days prior to the date set for the approval of the Transaction itself – an explained non-binding opinion on the benefits to the Company of performing the Transaction and on the convenience and substantial correctness of the corresponding terms.

5.1.2 If the Committee for Related Parties Transactions considers it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue the non-binding opinion. When choosing such experts, the Committee shall look to persons with recognised professionalism and expertise in the matter in question, judged to be independent and without any conflict of interests.

### ***5.2 Approval of Transactions of Lesser Importance***

5.2.1 The body competent to resolve on transactions shall approve Transactions of Lesser Importance subject to an explained non-binding opinion of the Committee for Related Parties Transactions and subject to the reception from the Department for Legal and Corporate Affairs, Office for Corporate Affairs of complete and adequate information regarding the features of the Transaction which the Company intends to carry out promptly and, as a rule, five days prior to the date scheduled for the approval of the Transaction.

5.2.2 Where the Board of Directors is responsible for the Transaction, the minutes of resolutions approving Transactions of Lesser Importance must contain an appropriate explanation of the benefits deriving to the company from the completion of the Transaction itself and the convenience and substantial correctness of the corresponding terms.

5.2.3 In relation to Transactions of Lesser Importance which are in the responsibility of the Shareholders' Meeting or which must be authorised by it pursuant to Article 2364, section 1, subsection 5 of the Italian Civil Code for the preliminary phase and approval phase of the motion submitted to the Shareholders' Meeting, the terms of the previous paragraph shall apply subject to proper adjustments.

5.2.4 Without prejudice to the information required under Articles 5, section 8, and Article 6 of the Regulation:

(i) the Chairman and Managing Director shall provide the Board of Directors and the Board of Statutory Auditors, at least once a quarter, with information about the performance of Transactions of Lesser Importance;

(ii) without prejudice to the terms of Article 114, section 1 of the Consolidated Finance Act, the Company, through the Department for Legal and Corporate Affairs, Office for Corporate Affairs, within two weeks from the end of each quarter, shall make available to the public, at its registered office and in the manner indicated in Title II, Part I of the Regulation adopted by Consob Resolution No. 11971 of 14 May 1999, a document containing an indication of the counterparty, purpose and valuable consideration of Transactions of Lesser Importance approved during that quarter in the presence of a negative opinion of the Committee for Related Parties Transactions, and also of the reasons of the decision to disregard such opinion. Within the same timeframe, the



opinion shall be published as an annex to the information document or on the Company's website. If the Committee's opinion is conditional on the acceptance of certain specific observations, the publication of said document will not be necessary in the event that such observations have been adopted by the body competent to resolve on the Transaction.

## **6. Transactions of Greater Importance**

### ***6.1 Investigation of Transactions of Greater Importance***

6.1.1 In case of Transactions of Greater Importance, the Committee for Related Parties Transactions, if necessary through one or more specially appointed members, must be involved in the negotiation and investigation phase by timely receiving, from the Department for Legal and Corporate Affairs, Office for Corporate Affairs, a complete information flow transmitted according to Art. 4.4. above and, as a rule, within five days from the date on which the controls referred to in Articles 4.2 and 4.3 above were carried out. The Committee, or its appointed representative, may ask for information and make observations to the relevant bodies and individuals in charge of the negotiations or investigation.

6.1.2 The Committee for Related Parties Transactions, once the investigation phase is complete, shall express, in time to allow the relevant body to reach a decision and, as a rule, at least five days prior to the date scheduled for the approval of the Transaction itself, an explained and binding opinion on the benefits to the Company deriving from the completion of the Transaction of Greater Importance and the convenience and substantial correctness of its terms.

6.1.3 If the Committee for Related Party Transactions considers it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue the non-binding opinion. When choosing such experts, the Committee shall look to persons with recognised professionalism and expertise in the matter in question, judged to be independent and without any conflict of interests.

### ***6.2 Approval of Transactions of Greater Importance***

6.2.1 Except for Transactions of Greater Importance which are in the responsibility of the Shareholders' Meeting or which must be authorised by it (see Articles 6.2.4 and 6.2.5 below), the Board of Directors of the Company is responsible for authorising Transactions of Greater Importance, subject to the reasoned and binding opinion of the Committee and prior to the reception of complete and adequate information regarding the characteristics of the Transaction which the Company intends to carry out, sent by the Department for Legal and Corporate Affairs, Office for Corporate Affairs promptly and, as a rule, five days prior to the date scheduled for the approval of the Transaction.

6.2.2 If the Committee for Related Parties Transactions has expressed an explained opinion against the completion of the Transaction of Greater Importance or has expressed a conditional opinion or any observations, the Board of Directors of the Company may: (i) approve the Transaction of Greater Importance subject to full implementation of the observations made by the Committee for Related Parties Transactions, or alternatively (ii) approve the Transaction of Greater Importance despite the negative opinion or disregarding the Committee's observations, on condition that the Transaction is authorised by the Shareholders' Meeting in accordance with Article 6.2.5 below; or finally (iii) not approve the Transaction of Greater Importance and therefore not proceed with it.

6.2.3 The minutes of the resolutions authorising the Transaction of Greater Importance must provide a proper explanation of the benefit deriving to the Company from the completion of the Transaction itself and the convenience and substantial correctness of its terms.

6.2.4 In relation to Transactions of Greater Importance which are in the responsibility of the Shareholders' Meeting or which must be authorised by it pursuant to Article 2364, section 1, subsection 5 of the Italian Civil Code, for the negotiation, investigation and approval phase of the motion to be submitted to the Shareholders' Meeting, the terms of the previous paragraph shall apply subject to proper adjustments.

6.2.5 If the Board of Directors intends to submit the Transaction of Greater Importance to the Shareholders' Meeting, despite the negative opinion or disregarding the observations made by the Committee for Related Parties Transactions, the Transaction may not be carried out if the majority of unrelated voting shareholders effectively vote against the Transaction, on condition however that the unrelated shareholders present at the meeting represent at least 10% of the voting share capital.

6.2.6 Without prejudice to the information required under Articles 5 and 6 of the Regulation, the Chairman and Managing Director shall provide the Board of Directors and the Board of Statutory Auditors, at least once a quarter, with information about the performance of Transactions of Greater Importance.

## **7. Equivalent controls**

7.1 For Related Parties Transactions in which one or more members of the Committee for Related Parties Transactions is a counterparty or a Related Party of the counterparty of a Transaction (related Directors), the following equivalent controls must be adopted, in the following order:

(i) if one of the members of the Committee for Related Parties Transactions should find himself in the situation above, the opinion referred to in Articles 5 and 6 above shall be issued with the majority of the three remaining unrelated Independent Directors of the Committee;

(ii) if two of the members of the Committee for Related Parties Transactions should find themselves in the situation above, the opinion referred to in Articles 5 and 6 above shall be issued unanimously by the two remaining unrelated Independent Directors of the Committee;

(iii) if three of the members of the Committee for Related Parties Transactions should find themselves in the situation above, the opinion referred to in Articles 5 and 6 above shall be issued by the remaining unrelated member of the Committee;

(iv) in the event that the controls referred to in subparagraphs (i), (ii) and (iii) cannot be applied, the opinion referred to in Articles 5 and 6 above shall be issued by the Board of Statutory Auditors on condition that if the members of this body have an interest, either on their own account or on behalf of third parties, in the Transaction, they shall inform the other auditors, specifying the nature, terms, origin and extent;

(v) in the event that the controls referred to in subparagraphs (i), (ii), (iii) and (iv) cannot be applied, the opinion referred to in Articles 5 and 6 above shall be issued by an independent expert, identified and appointed by the Board of Directors from among those with recognised professionalism and expertise in the matter in question, judged to be independent and with no conflict of interests.

7.2 If the Equivalent Controls are applied, the provisions referred to in the Procedure shall also apply to, and for the benefit of, the persons identified in accordance with Article 7.1 above.

## **8. Transactions carried out through subsidiaries**

8.1 Transactions carried out through the subsidiaries of FINMECCANICA with Related Parties of FINMECCANICA itself, which, on the basis of the company's bylaws or of proxies, are subject to the prior authorisation, examination or assessment of FINMECCANICA or one of its officers and that are neither of Smaller Amount, nor fall in one of the other hypothesis of exemption provided for by following Article 11, nor are an implementation of a framework resolution, shall be subject to the prior, non-binding opinion of the Committee for Related Parties Transactions.

8.2 Before conducting the Transactions subject to prior authorisation, examination or assessment of FINMECCANICA or one of its officers, the subsidiary, through the Office indicated by the relevant Bodies, shall verify that the counterparty is one of the persons identified as a Related Party by consulting the Register in accordance with Article 3.1.4 above and, in that case, whether the transaction is for a Smaller Amount.

8.3 If the Transaction is carried on with a Related Party and is not for a Smaller Amount, the subsidiary shall provide the Department for Legal and Corporate Affairs, Holdings Coordinating Service, as soon as possible according to the nature of the Transaction and the minimum information available, with information about the Transaction in question, specifying whether this is a Regular Transaction to be completed under market or standard terms, so that the Department/Service of the Company, with the support of the Department for Administration and Control, Office for Administration and Balance, as well as, eventually, of the Department/Office of the Company in charge for the matter, may proceed with the controls referred to in Article 4.2 above and, if the Transaction neither falls into one of the exemption hypothesis provided for by the following Art. 11, nor is the implementation of a framework resolution, submit the Transaction to the Committee for Related Parties Transactions.

8.4 The Committee for Related Parties Transactions shall issue its opinion in time to allow the competent body to authorise or examine or assess the Transaction (taking into account the different typologies of it) and, as a rule, at least five days prior to the date scheduled for the authorisation, examination or assessment above.

8.5 Following the authorisation or examination or assessment of the competent body of the Company, the Department for Legal and Corporate Affairs, Holdings Coordinating Service shall promptly inform the relevant Office of the subsidiary.

8.6 Following the approval of the Transaction or its accomplishment, the relevant Office of the subsidiary shall promptly provide:

- (i) the Department for Legal and Corporate Affairs, Holdings Coordinating Service with the necessary information so that the Company may fulfil its reporting obligations as required under Articles 5 and 6 of the Regulation and referred to in Article 9.4 below;
- (ii) the Department for Administration and Control, Office for Administration and Balance with the necessary information to update the list referred to in Article 12.2 below.

## **9. Framework resolutions**

9.1 For the purposes of the Procedure, framework resolutions are allowed providing for the completion by the Company, directly or through subsidiaries, of a series of homogeneous Transactions with certain Related Parties identified from time to time by the Board of Directors.

9.2 Framework resolutions shall be adopted by the Board of Directors on the recommendation of the Chairman and Managing Director, having consulted the Committee for Related Parties Transactions. Such resolutions shall be effective for no more than one year and shall indicate, with

a sufficient degree of precision, the transactions in question, the expected maximum amount of the Transactions to be carried out during the relevant period and the reasons for the conditions envisaged in relation to such Transactions.

9.3 With reference to the framework resolutions, and subject to the proper adjustments, the provisions of Articles 5 and 6 above shall apply, depending on the foreseeable maximum amount of the Transactions covered by the specific framework resolution, considered on a cumulative basis. Each Transaction concluded as implementation of a framework resolution is not covered by the terms of Articles 5 and 6.

9.4 The implementation of each framework resolution shall be notified to the Board of Directors at least once a quarter by the Department/Office responsible for the Transaction or by the Holdings Coordinating Service in case of Transactions made through a subsidiary.

## **10. Public information**

10.1 When Transactions of Greater Importance must be carried out by subsidiaries of the Company, whether Italian or foreign, the latter, through the Department for Legal and Corporate Affairs, Office for Corporate and Legal Affairs, with the support of the Departments/Offices responsible for the Transaction or of the Holdings Coordinating Service in case of Transactions made through a subsidiary, shall prepare an information document for the purposes and the effects referred to in Article 5 of the Regulation. For this purpose, the Secretary of the Board of Directors of the Company/Department/Office responsible for the Transaction, or the relevant Offices of the subsidiaries, shall immediately inform the Department for Legal and Corporate Affairs of the approval of the Transaction/execution of the contract, promptly providing them with the information necessary for the arrangement of the document.

10.2 If, during the financial year the Company concludes with the same Related Party, or with parties related to both the latter and the Company, Transactions which are homogenous or carried out as part of the same unitary plan, which, while not individually classified as Transactions of Greater Importance, if considered on a cumulative basis exceed the thresholds of significance indicated in Annex 3 of the Regulation, the Department for Legal and Corporate Affairs, Office for Corporate Affairs, with the support of the Departments/Offices responsible for the Transaction or of the Holdings Coordinating Service in case of Transactions made through a subsidiary, shall prepare an information document. In that case, the provisions of Article 5 of the Regulation shall apply. The Department for Administration and Control, Office for Administration and Balance shall supervise the Transactions of Lesser Importance carried out by FINMECCANICA and by the subsidiaries in order to examine the existence of the conditions for the accumulation of Transactions. Exempted Transactions within the meaning of Article 11 of the Procedure do not count for accumulation purposes.

10.3 The interim management report and the annual management report must contain the information referred to in Article 5, paragraph 8, subparagraphs a) to c) and Article 13, paragraph 3, subparagraph c) *ii)* of the Regulation. Information about individual Transactions of Greater Importance may be incorporated by reference to published documents, with an indication of any significant updates.

10.4 If a Related Party Transaction is also subject to the duty of the information required under Article 114, section 1 of the Consolidated Finance Act, the public document shall include, in addition to the information to be published in accordance with that regulation, the information referred to in Article 6, section 1, subsections a) to e) of the Regulation.

10.5 In the event of a Transaction of Lesser Importance being carried out despite the negative opinion of the Committee for Related Parties Transactions, the terms of Article 5.2.4 (ii) above shall apply.

## **11. Exempt transactions**

11.1 The terms of this Procedure do not apply to Transactions for a Smaller Amount.

11.2 Without prejudice to the duties of periodic financial reporting provided for by Article 5, section 8 of the Regulation, where applicable, this Procedure does not apply to the following Transactions:

(a) Transactions relating to share-based compensation plans approved by the Shareholders' Meeting pursuant to Article 114-bis of the Consolidated Finance Act and the relevant implementation operations;

(b) resolutions concerning the remuneration of executive directors, other than those referred to in Article 13, section 1 of the Regulation, and other key management personnel, on condition that the requirements set forth in Article 13, section 3, subsection b) of the Regulation are observed;

(c) Regular Transactions concluded under market-equivalent or standard terms, without prejudice to the obligation to comply with the provisions of information set forth in Article 13 of the Regulation; to allow the timely compliance with the obligation referred to in Article 13, section 3, subsection (c) i) of the Regulation in the event of Transaction of Bigger Importance, the Secretary of the Board of Directors of the Company, or the relevant Offices of the subsidiaries, shall immediately inform the Department for Legal and Corporate Affairs, Office for Corporate Affairs or the Holdings Coordinating Service, of the approval of the Transaction, indicating the counterparty, purpose and valuable consideration of the Transaction which qualified for exemption;

(d) urgent Transactions which do not fall within the competence of the Shareholders' Meeting or must not be authorised by it, on condition that the criteria set forth in Article 13, section 6 of the Regulation are observed and without prejudice to the reporting obligations indicated in Article 5 of the Regulation, where applicable;

(e) Transactions with or between companies controlled, individually or jointly, by the Company, and Transactions with associates of the Company, if in the associates or subsidiaries which are counterparties to the Transaction there are no Significant Interests of other Related Parties of the Company.

## **12. List of Related Parties Transactions**

12.1 In order to comply with the periodic financial reporting obligations and to coordinate with the administrative and accounting procedures referred to in Article 154-bis of the Consolidated Finance Act, the Departments/Offices of the Company responsible for the Transaction and the competent Offices of the subsidiaries must immediately inform the Department for Administration and Control, Office for Administration and Balance about any Related Party Transactions concluded during the period.

12.2 The aforementioned Department/Office shall prepare a list in electronic format, indicating all Related Parties Transactions arranged either directly or through subsidiaries, with the indication of the counterparty, amount of each Transaction, and of the date of issue of the Committee opinion and approval by the competent body; the list must also contain specific evidence of Regular Transactions of Greater Importance carried out, under market-equivalent or standard terms, and qualifying for the exemption referred to in Article 11.2, section (c) of this Procedure.

12.3 The financial reporting officer is entitled to access the list referred to in Article 12.2 above at any time.

### **13. Final and transitional provisions**

13.1 The suitability of this Procedure shall be periodically assessed by the Procedures Committee in accordance with the legislation in force and in any case every three years.

13.2 Having consulted the Procedures Committee, the Chairman and Managing Director can introduce in this Procedure the amendments made necessary by changes in the structure of the Company of the Group.

13.3 The provisions referred to in Articles 6.2.2 (ii), 6.2.5 and 11.2, subparagraph (d), of this Procedure will apply subject to the inclusion of a special clause in the Bylaws.

13.4 The Company has decided not to adopt the grounds for exemption for urgent Transactions carried out in the crisis situations referred to in Article 11, section 5 of the Regulation.

### **14. Effective date**

The provisions of this Procedure will be enforced from 1 January 2011.

## **Annex 1 – Related parties definitions**

In accordance with Annex 1 of Consob Resolution no. 17221 of 12.3.2010, amended by Resolution no. 17389 of 23 June 2010, a person is a related party to Finmeccanica (“FNM”) if it:

- a) directly or indirectly, through subsidiaries, trustees or intermediaries:
  - 1) controls Finmeccanica, is controlled by it, or is under common control with it;
  - 2) holds a stake in FNM that gives it significant influence over the company;
  - 3) exercises control over FNM jointly with others;
- b) is an associate of FNM;
- c) is a joint venture in which FNM is a participant;
- d) is one of the key management personnel of FNM or its parent;
- e) is a close relative of a person referred to in paragraphs (a) or (d) above;
- f) is an entity in which a person referred to in paragraphs (d) or (e) above exercises control, joint control or significant influence or owns, directly or indirectly, a significant portion, in any case not lesser than 20% of the voting rights;
- g) is a supplementary pension fund, whether collective or individual, Italian or foreign, established for the employees of FNM, or of any other entity with it associated.

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### **Control and joint control**

**Control** is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities.

It is assumed that control exists when a person owns, directly or indirectly through its subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when a person owns half or less of the voting rights exercisable at a shareholders’ meeting if they have:

control of more than half of the voting rights by virtue of agreement with other investors;

the power to decide the financial and operating policies of the entity under a statute or an agreement;

the power to appoint or remove the majority of the members of the board of directors or equivalent corporate governance body, and control of the entity is held by that board or body;

the power to exercise the majority of the voting rights at meetings of the board of directors or equivalent corporate governance body, and control of the entity is held by that board or body.

**Joint control** is the contractually agreed sharing of control over any economic activity.

### **Significant influence**

**Significant influence** is the power to participate in the determination of financial and operating policies of an entity without having control. Significant influence may be gained through share ownership, statutory provisions or agreements. If a person owns, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, it is presumed to have significant influence, unless it can be clearly demonstrated otherwise. On the contrary, if the person owns, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the investor has no significant influence, unless such influence cannot be clearly demonstrated. The presence of a person owning the absolute or relative majority of voting rights does not necessarily preclude another person from having significant influence. The existence of significant influence is usually evidenced by one or more of the following circumstances:

representation on the board of directors or equivalent governing body of the investee;

participation in decision making, including participation in decisions about the dividend or other distribution of profits;

the presence of significant transactions between the investor and the investee;

exchange of management personnel;

the provision of essential technical information.

### **Key Management Personnel**

**Key Management Personnel** are considered to be those subjects that have the power and the responsibility, directly or indirectly, of the planning, management and control of FNM activities or of its parent, including directors (executive or not) and the statutory auditors of the company itself.

### **Close relatives**

**Close relatives** of an individual are considered to be those family members who may be expected to influence or be influenced by that individual in their dealings with FNM. In any case, the concept of close relatives includes the spouse or partner and the children and dependents of the person, spouse or partner, provided that they are not legally separated.

### **Subsidiary company**

A **subsidiary company** is an entity, even without legal personality, as in the case of a partnership, controlled by another entity.

### **Associated companies**

An **associated company** is an entity, even without legal personality, as in the case of a partnership, in which a shareholder exercises significant influence but not control or joint control.

### **Joint venture**

A **joint venture** is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control.



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In considering each possible related parties relationship, attention is directed to the substance of the relationship and not to its mere legal form.

The interpretation of the definitions above shall be made by referring to the set of international accounting standards adopted by the procedure established in Article 6 of Regulation (EC) No. 1606/2002.