



# Shareholders' Meeting Guide 2017

Questions and Answers



## General Information

The Shareholders' Meeting is called in Ordinary session on 2 and 16 May 2017, in first and second call respectively, and in Extraordinary session on 2, 3 and 16 May 2017, in first second and third call respectively, at 10,30 a.m. in Rome at the “Accademia dei Lincei”, Via della Lungara 230 – 00165.

Shareholders and all those entitled to attend and vote at the Shareholders' Meeting have the right to examine all the documents filed at the registered office and obtain copies thereof.

For any further information relating to the Shareholders' Meeting and, in particular, the procedures for the exercise of the related rights, Shareholders may contact +390645417401 (Computershare S.p.A.) or consult the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), “Corporate Governance/Meeting 2017” section).

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### The agenda

The Shareholders' Meeting is called in ordinary session to discuss and resolve upon the following agenda:

1. Financial Statements at 31 December 2016 of Leonardo S.p.a., Sirio Panel S.p.A. and relevant Reports of the Board of Directors, Reports of the Board of Statutory Auditors and Independent Auditors' Reports. Resolutions related thereto. Presentation of the Consolidated Financial Statements at 31 December 2016.
2. Determination of the number of members of the Board of Directors.
3. Determination of the term of office of the Board of Directors.
4. Appointment of the members of the Board of Directors.
5. Appointment of the Chairman of the Board of Directors.
6. Determination of the remuneration of the Board of Directors.
7. Remuneration Report: resolution pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58/98.
8. Authorization to purchase and dispose of own shares to be put at the service of the Incentive Plans.

The Shareholders' Meeting is called in extraordinary session to discuss and resolve upon the following agenda:

1. Amendment to Article 18.3 of the Articles of Association. Integration of the voting list discipline for the appointment of the Board of Directors.

Resolutions related thereto.

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### The required quorum

The ordinary Shareholders' Meeting is validly established in first call whether at least half of the corporate capital is represented, whilst no quorum is provided for second call. The ordinary Shareholders' Meeting, in both first and second call, adopts decision with the favourable votes of the absolute majority of the attending Shareholders'.

The extraordinary Meeting is validly constituted when it is represented, (i) in first call, more than half of the share capital, (ii) in second call more than one third of the corporate capital, and (iii) in third call more than one fifth of corporate capital.

The extraordinary Shareholders' Meeting adopts resolution, in first second and third call, by the affirmative vote of at least three-quarters of the corporate capital represented at the meeting.

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### Which subjects have the right to attend the Meeting?

Pursuant to Article 83-sexies of Legislative Decree no. 58/98 and Article 13 of the Articles of Association, the right to attend the Shareholders' Meeting and exercise voting rights is subject to receipt by the Company of a statement issued by an authorised intermediary in accordance with the regulations in force, certifying the title to voting rights based on its accounting records at the end of the accounting day of the seventh trading day prior to the date of the first call of the Shareholders' Meeting (*i.e.* 20 April 2017), the so-called "*record date*".

The notice must reach the Company by the end of the third trading day before the date set for the first call of the Shareholders' Meeting (*i.e.* by 26 April 2017). Nevertheless, Shareholders will be entitled to attend and vote even if said notification has reached the Company after said time limit, provided it is received in the course of the Meeting.

Any credit and debit entries made to the accounts after 20 April 2017 (*record date*) are not relevant for the legitimacy of voting rights.

Therefore, anyone who becomes a holder of shares after such date will not be entitled to attend and vote at the Shareholders' Meeting.

### May the holders of shares that are not dematerialised attend the Meeting?

Holders of shares that have not yet been dematerialized may only exercise their right to attend the Shareholders' Meeting only if they deliver their share certificates to an authorised intermediary in time for the same to be entered in the centralized management system in dematerialized form.

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### Is it possible to add items on the agenda and submit motions?

In accordance with Article 126-bis of Legislative Decree no. 58/98, those Shareholders who, even jointly with others, represent at least one fortieth of the share capital may, within ten days following the publication of the notice of call (*i.e.* not later than 27 March 2017) request additions to the items on the agenda or submit motions additional to those already on the agenda, stating the additional items and motions in the relevant application. No additions to the agenda may be considered for those matters in relation to which the Shareholders' Meeting can resolve, by law, only if submitted by the Directors or in relation to projects or reports prepared by said Directors, other than those specified in Article 125-ter, paragraph 1, of Legislative Decree no. 58/98. Applications must be presented in writing by the proposing Shareholders via fax to number +390632657172 or to the certified e-mail address [assemblea@pec.leonardocompany.com](mailto:assemblea@pec.leonardocompany.com), together with the satisfactory documentation issued by an authorised intermediary certifying the ownership of the shareholding on the date of the request. Within the deadline and in the manner indicated above, the proposing Shareholders must submit a report stating the reasons for any proposed motions on additional matters which they propose for discussion or the reasons for any further proposed motions regarding matters already on the agenda. Any additions to the agenda or presentation of proposals for further motions on matters already included on the agenda will be announced by the Company, in the same manner as prescribed for publication of the call notice, at least fifteen days prior to the date set for the Meeting in first call (and therefore not later than 17 April 2017). At the same time as it announces additions to the agenda or additional motions on matters already on the agenda, the Company will make available to the public, in the manner prescribed by Article 125-ter, paragraph 1, of Legislative Decree no. 58/98, such additional motions on matters already on the agenda, the Shareholders' reports as well as any observations made by the Board of Directors.

In accordance with Article 126-bis, paragraph 1, of Legislative Decree no. 58/98, a person entitled to vote may individually submit motions to be considered in the Shareholders' Meeting regarding items on the agenda.

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### Can I dispose of my shares before the Meeting?

In accordance with Article 83-*sexies* of Legislative Decree no. 58/98, credit and debit transactions recorded in accounts after the accounting of the seventh market business day prior to the date of the Meeting in first call (20 April 2017) are not relevant for the purposes of the exercise of the right to vote at the Shareholders' Meeting. Therefore, following such date, the person entitled of the right to vote will be free to dispose of the shares held.

### Where can I find the documentation relating to the Shareholders' Meeting?

In accordance with the current regulation, the documentation relating to the Shareholders' Meeting (also with reference to the provisions of article 125-*quater* of Legislative Decree no. 58/98), including the Explanatory Reports pursuant to Article 125-*ter* of Legislative Decree 58/98 on the items of the agenda, are made available to the public at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website [www.leonardocompany.com](http://www.leonardocompany.com) (in the "Corporate Governance/Meeting 2017" area) and on the authorized storage mechanism eMarket Storage ([www.emarketstorage.com](http://www.emarketstorage.com)).

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### What do I have to do to attend the Meeting?

To attend the Meeting:

- It is sufficient to go to the authorised financial intermediary (Bank, Manager, Broker) where the Leonardo ordinary shares held are deposited and require the issue of the notice for the attendance to the Shareholders Meeting.
- The Company recommends to produce copy of the notice at the attendance of the Shareholders' Meeting.
- Due to the fact that each intermediary follows differens operating procedures, it is advised not to request the delivery of the notice to be submitted to the Company during the last available days and to inquire about the timing provided for such operation in the deposit agreement.
- To attend the Shareholders' Meeting it is also necessary to submit a valid identification document, for the completion of the administrative operations.



## [How can I appoint a representative for the Meeting?](#)

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### **Voting by proxy**

Persons who are entitled to attend the Shareholders' Meeting may be represented by written proxy in accordance with applicable law. The proxy form, which is available for download on the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), section "Corporate Governance/Meeting 2017") or at the registered office may be used for this purpose. The proxy may be sent in advance by registered mail with return receipt to the registered office of the Company to the attention of "Legal, Corporate Affairs and Compliance" Unit, or sent by fax to number +390632657172 or by e-mail to the certified e-mail address [assemblea@pec.leonardocompany.com](mailto:assemblea@pec.leonardocompany.com). If the delegate delivers or sends a copy of the proxy to the Company, he/she must certify under his/her own responsibility that the copy is a true copy of the original proxy and the identity of the delegating party.

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### **Shareholders' Representative appointed by the Company**

Pursuant to Article 135-*undecies* of Legislative Decree no. 58/98 and Article 14.3 of the Articles of Association, the Company has designated Computershare S.p.A. as the entity to which the Shareholders may grant a proxy free of charge, with voting instructions on all or some of the motions on the agenda. The proxy to the above representative must be granted by signing the relevant form which may be downloaded from the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), section "Corporate Governance/Meeting 2017") or requested at the registered office, and should be received by Computershare S.p.A., in the manner indicated in the proxy form in the special "*Instructions for filling in and submitting the form*", not later than the end of the second trading day before the date set for the Shareholders' Meeting (*i.e.* by 27 April 2017; if the Shareholders' Meeting takes place in calls following the first call, proxies may be accepted even if received by 28 April 2017 with reference to the second call of extraordinary Shareholders' Meeting, or by 12 May 2017 with reference to the third call of extraordinary Shareholders' Meeting and the second call of ordinary Shareholders' Meeting). Any proxy granted in this manner shall be valid only for motions for which voting instructions have been given.

The proxy and voting instructions may be revoked within the same terms and in the same manner provided for their delivery.

The original proxy to the Appointed Representative must be delivered to Computershare S.p.A. at Via Monte Giberto 29 - 00138 Rome (possibly anticipating a copy with a declaration of conformity to the original), or by fax to number +390645417450 or by certified e-mail to [ufficioroma@pecserviziitolitoli.it](mailto:ufficioroma@pecserviziitolitoli.it).

The Appointed Representative will be at Shareholders' disposal for any information they may require from 17 March 2017 on the telephone number +390645427413 and e-mail address [infoleonardo@computershare.it](mailto:infoleonardo@computershare.it).

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### Can I ask questions to the Company before the Meeting?

Anyone who has voting rights may submit questions regarding the items on the agenda even before the meeting. These questions must be received by the Company not later than the third day before the date of the Shareholders' Meeting in first call (i.e. not later than 29 April 2017), pursuant to Article 127-ter of Legislative Decree no. 58/98, together with the applicant's personal data (surname and name, date and place of birth, tax code or all the information required for identification if the inquirer is an entity or a company) and certification attesting the title to the shares as of 20 April 2017 (record date).

Questions must be sent by registered mail with return receipt to the Company's registered office to the attention of "Legal, Corporate Affairs and Compliance" Unit, or sent by fax to +390632657172 or by e-mail to the certified e-mail address [assemblea@pec.leonardocompany.com](mailto:assemblea@pec.leonardocompany.com).

Any questions received before the abovementioned deadline will be answered during the Shareholders' Meeting at the latest; the Company reserves the right to provide a single answer to questions with the same content.

The Company will not take into consideration questions that are not strictly related to the items on the agenda of the Shareholders' Meeting or those which have already been answered in the "Questions and Answers" published on the Company's website section "Corporate Governance/Meeting 2017" ([www.leonardocompany.com](http://www.leonardocompany.com)).

Any answers handed out in hardcopy format to each of the persons having voting rights at the beginning of the meeting are deemed given during the Shareholders' Meeting.

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## [Can I ask information on the first item on the agenda of the Ordinary session concerning the Financial Statements at 31 December 2016 of Leonardo S.p.a. e Sirio Panel S.p.A.?](#)

### **Financial Statements of Sirio Panel S.p.A. at 31 December 2016.**

The Board of Directors has decided to submit to the Shareholders' Meeting for approval the Report of the Board of Directors and the Financial Statements for the Year 2016 of Sirio Panel S.p.A., that closes with a net profit of € 20,894,940.51.

### **Financial Statements of Leonardo S.p.A. at 31 December 2016**

The Board of Directors has decided to submit to the Shareholders' Meeting for approval the Financial Statements of Leonardo S.p.a. for the Year 2016, that closes with a net profit of € 609,111,179.88.

In light of this, the Board of Directors has resolved to propose to the Shareholders' Meeting, convened to approve the Board of Directors' report and Financial Statement at 31 December 2016, to allocate the 2016 net profit of Euro 609,111,179.88 as follows:

- Euro 30,455,558.99, equal to 5% of the net profit, to legal reserve;
- Euro 0.14 as the dividend per ordinary share held and outstanding at the ex-dividend date, excluding own shares held in portfolio at that date, to be paid - before tax, if any - starting from 24 May 2017, with the ex-dividend date of coupon no. 8 falling on 22 May 2017 and the record date (i.e., the date in which shareholders are entitled to receive the dividend payment, pursuant to article 83-terdecies of Legislative Decree no. 58 of 24 February, 1998 and article 2.6.6, paragraph 2, of the Rules of the markets organized and managed by Borsa Italiana S.p.A.) falling on 23 May 2017.
- the residual as retained earnings.

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### Why is the Shareholders' Meeting called to approve the Financial Statement at 31 dicembre 2016 of Sirio Panel S.p.A.?

The Shareholders' Meeting has been called to approve the Financial Statements at 31 December 2015 of Sirio panel S.p.A. in consideration of the merger by incorporation of the Company into Leonardo S.p.a. ,with effect from 1 January 2016, Due to the process of identification of the corporate structures involved, the acquiring company, Leonardo S.p.a., has assumed the rights and obligations of the merging company, continuing in all its relationships prior to the merger. In this context it is included the drafting of the said financial statements, relevant the year closed before the effects of the merger, as well as the subsequent approval by the Shareholders of the acquiring Company.

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### What is the mechanism for the appointment of the members of the Board of Directors?

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

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

if, following the above procedure, at least two independent Directors as required by the Articles of Association are not elected, the proportion of votes for each candidate will be calculated according to the method described in Article 18.3 b); consequently, the candidates elected will be those who have not yet been taken from the lists as provided by Article 18.3 subparagraphs a) and b) who satisfy the independence requirements and have obtained the highest proportions of votes, in the number needed to ensure compliance with the Articles of Association, replacing the non-independent Directors who have received the lowest proportion of votes. If the number of candidates does not make possible to comply with the requirement for at least two independent Directors, the Shareholders' Meeting will pass resolution, with the majorities provided by law, to replace the candidates who do not meet the independence requirements and have received the lowest number of votes;

- if application of the procedure referred to in subparagraphs a) and b) does not allow compliance with regulations in force regarding gender balance, the number of votes to allocate to each candidate taken from the lists shall be calculated by dividing the number of votes obtained from each list by the list order number of each of these candidates; the candidate of the gender most represented with the lowest number of votes of the candidates taken from all the lists shall be replaced, without prejudice to the minimum number of independent Directors, by the candidate of the less represented gender who is listed (with the next highest list number) in the same list of the replaced candidate, or, failing this, by a person appointed with the majorities provided by law. If candidates from different lists have obtained the same number of votes, the candidate of the list from which the highest number of Directors was taken will be replaced or, in the alternative, the candidate from the list that received the lowest number of votes or, in the event of a tie, the candidate who obtained less votes from the Shareholders' Meeting in a specific vote.

For the appointment of Directors who for any reason are not elected using the above procedure, as provided by Article 18.4 of the Articles of Association, the Shareholders' Meeting will pass resolution based on the majorities provided by law, in any case ensuring compliance with the above criteria.

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### Who can submit a list for the appointment of the members of the Board of Directors?

In accordance with Article 18.3 of the Articles of Association, each Shareholder may submit, or take part in the submission of, only one list of candidates and each candidate may only appear in one list, failing which shall be deemed ineligible, according to the method of the list vote.

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

The minimum shareholding required to submit lists of candidates is determined by taking into account the shares which are registered in name of any shareholder on the day on which the lists are filed with the Company.

In accordance with Article 18.3 of the Articles of Association, the expiring Board of Directors can submit a list of candidates. In this regard, the expiring Board of Directors has decided not to submit its own list of candidates.

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### Can I know the procedure for presentation of lists of candidates?

The lists of candidates, duly signed by the Shareholders who submit them and accompanied by the documents listed on the notice of call, must be delivered by hand to the Company's registered office in Rome, Piazza Monte Grappa 4, or sent by certified e-mail to [assemblea@pec.leonardocompany.com](mailto:assemblea@pec.leonardocompany.com), not later than the above deadline of 7 April 2017. In particular, Shareholders must file at the Company's registered office, or transmit in the manner above mentioned, the document certifying the ownership of the number of shares represented, even after filing of the list of candidates, provided this is done within the deadline for publication of the lists by the Company (i.e. not later than 11 April 2017).

Shareholders who wish to submit a list of candidates are requested to previously contact the "Leonardo S.p.a. Legal, Corporate Affairs and Compliance" Unit at the e-mail address [assemblea@pec.leonardocompany.com](mailto:assemblea@pec.leonardocompany.com) or by phone +390632473529 in order to define all the operational details.

### When will the submitted lists of candidates be published?

The lists of candidates properly submitted, together with the above mentioned information and documentation, are made available to the public at the registered office, at Borsa Italiana S.p.A. and on the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), "Corporate Governance/Meeting 2017" area) within twenty-one days before the date of the first call (i.e. not later than 11 April 2017).

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*How can I know the "Guidelines of the Board of Directors of Leonardo SpA to the Shareholders on the size and composition of the new Board of Directors"?*

With reference to the appointment of the new Board of Directors, taking into account the opinion of the Nomination, Governance and Sustainability Committee and the results of the Board self assessment, the Leonardo's Board of Directors – in accordance with the recommendations of the Corporate Governance Code – has issued its advice to the Shareholders about the composition of the new Board of Directors.

The relevant document, "*Guidelines of the Board of Directors of Leonardo SpA to the Shareholders on the size and composition of the new Board of Directors*", attached to the Explanatory Reports pursuant to Article 125-ter of Legislative Decree no. 58/98 with reference to the items 2, 4 and 5 on the agenda of the Ordinary Shareholders' Meeting, is also available on the "Corporate Governance/Meeting 2017" area of the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com)).

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## How will the number and the term of office of the new Board of Directors be determined?

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

### **Number of members of the Board of Directors:**

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

The Board of Directors submitted its advice to the Shareholders on the number of members of the Board of Directors to be appointed, and therefore reference should be made to such document entitled “*Guidelines of the Board of Directors of Leonardo SpA to the Shareholders on the size and composition of the new Board of Directors*” .

### **Term of office of the Board of Directors**

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

The Board of Directors has not submitted resolutions concerning the number of members and the term of the new Board of Directors, therefore the Shareholders' Meeting is requested to determine the number of members and the term of office of the Board of Directors based upon proposals that may be submitted by the Shareholders, within the abovementioned limit of three financial years

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## How will the Chairman of the Board of Directors be appointed?

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

The advice of the Board of Directors related to this item on the agenda are contained in the document “*Guidelines of the Board of Directors of Leonardo SpA to the Shareholders on the size and composition of the new Board of Directors*”.

The Board of Directors has not submitted resolutions concerning the appointment of the Chairman of the Board of Directors, therefore The Shareholders' Meeting is requested to appoint the Chairman of the Board of Directors among the members appointed at the outcome of the votes set out in the previous item on the agenda, based upon the proposals that may be submitted by the Shareholders.

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### How will the emoluments of the Board of Directors be determined?

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

In this regard it should be noted that the Ordinary Shareholders' Meeting held on 15 May 2014 determined the emoluments for the Board of Directors, now expiring, as follows: € 90,000.00 gross per annum for the Chairman and € 80,000.00 gross per annum for each of the other Directors.

The Board of Directors has not submitted resolutions concerning the emoluments, therefore the Shareholders' Meeting is requested to determine the emoluments due to the Board of Directors based upon proposals submitted by the Shareholders.

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### Can I ask information on the seventh item on the agenda of the Ordinary session, concerning the Remuneration Report?

The Shareholders' Meeting is called to express, through non-binding resolution, its vote on the first section of the Remuneration Report provided in Article 123-ter, paragraph 3, of Legislative Decree no. 58/98, which illustrates the Company's policy on remuneration of members of the Administrative Body, General Managers and any other Executives with strategic responsibilities, and the procedures used for the adoption and implementation of this policy.

With the proposed resolution not binding on the seventh item on the agenda, the Board of Directors proposes to the General Meeting to issue an option in its favor in the first section of that Report.

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### Where can I find information concerning the Remuneration Policy?

the Remuneration Report, drafted in accordance with Article 123-ter D. Decree no.58/98 and in accordance with Article 84-quater by Consob no. 11971/1999 Regulation (Issuers' Regulations), is available in accordance with terms and conditions required by law on the Company's website [www.leonardocompany.it](http://www.leonardocompany.it) and on the website of the authorized storage mechanism eMarket Storage ([www.emarketstorage.com](http://www.emarketstorage.com)).

In particular, the first section of the report discusses the remuneration policy adopted with reference to the year 2017 and subsequent financial years, presenting the criteria and guidelines adopted by the Company in reference to the remuneration of members of the Administrative Body, General Managers and any other Executives with strategic responsibilities. This section is subject to non-binding resolution by the General Shareholders' Meeting, pursuant to paragraph 6, Article 123-ter TUF. The second section shows analytically and in registered form the payment actually paid or attributed during the year 2016 to members of the Administrative and Supervisory Bodies, General Managers and any other Executives with strategic responsibilities.

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[Can I ask information on the eight item on the agenda of the Ordinary session concerning the authorization to purchase and dispose of own shares to be put at the service of the Incentive Plans?](#)

The Board of Directors decided to submit to the Shareholders' Meeting the proposal of authorization to purchase own shares, pursuant to Article 144-bis, paragraph 1, letter b) of Consob Regulation no. 11971/99 (revoking at the same time the previous authorization to purchase approved on 11 May 2015) up to a maximum of 2,000,000 ordinary Leonardo shares, to be used for the purposes of the existing Incentive Plans.

The authorization to purchase is requested for a period of eighteen months from the date of the Shareholders' resolution. The authorization to dispose of the shares purchased, as well as the shares already held, is requested for the time limits necessary for the execution of the Plans.

The proposal provides that the purchase shall be carried out, in an appropriately gradual manner, at a maximum and minimum unit price equal to the reference price observed on the Electronic Stock Market on the day prior to the day of the intended purchase (plus or minus 5% for the maximum and minimum price, respectively).

The Company currently holds no. 3.844.152 treasury shares, equal to 0.6649% of share capital; therefore the maximum number of shares to be purchased falls within the limit set by law (art. 2357, co.3, Civil Code).

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Can I ask information on the first item on the agenda of the Extraordinary session: "Amendment to Article 18.3 of the Articles of Association. Integration of the voting list discipline for the appointment of the Board of Directors Amendment"?

The extraordinary Shareholders' Meeting is called to approve the proposed amendments to Article 18.3 of the Articles of Association as follows:

"Article 18.3

*omissis*

*Directors shall be elected as follows:*

- a) *two thirds of the directors to be elected shall be taken from the list that receives the most votes (the "Majority List"), according to the order in which they appear on the list, rounded down to the lower whole number where necessary;*
- b) *the remaining directors shall be taken from the other lists (the "Minority Lists"); for this purpose, the votes received by the lists shall be divided once, twice, three times and so on, according to the numbering of the directors to be elected. The ratios thus obtained shall be assigned in consecutive order to the candidates on each list, based on the order shown in the list. The ratios thus allocated to the candidates on the various lists shall be arranged in decreasing order in a single list. Those candidates who have obtained the highest ratios shall be elected. If several candidates obtain the same ratio, the director shall be chosen from the list which has not yet elected a director or which has elected the fewest directors. If none of these lists has elected a director, or if all of them have elected the same number of directors, the candidate on the list with the highest number of votes shall be elected. In case of a tied vote, where the same ratios are obtained, the entire meeting shall hold another vote and the candidate that receives the simple majority of votes shall be elected;*
- b-bis) *if the Majority List does not have a suitable number of candidates in order to achieve the number of directors to be elected pursuant to letter a) above: i) all candidates shall be drawn from the same Majority List in the progressive order in which they are listed, ii) the other Directors shall be drawn from the Minority Lists, pursuant to letter b) above for a number of candidates equal to one third, according to the number of places reserved to such Lists iii) the remaining Directors shall be drawn, for the places not covered by the Majority List, from the Minority List that has obtained the highest number of votes among the Minority Lists (the "first Minority List") in relation to the capacity of such List; should the capacity of such List be insufficient, the remaining Director shall be drawn, with the same modalities, from the following List and so forth, according to the number of votes and to the capacity of such Lists. Lastly, if the overall number of candidates listed in the submitted Lists, both Majority and Minority, is lower than the number of Directors to be elected, the remaining Directors shall be appointed by a Shareholders' Meeting resolution pursuant to art. 18.4 below.*
- c) *if, following application of the aforesaid procedures, the minimum number of independent Directors required by the Articles of Association has not been appointed, the ratio of votes to be allocated to each candidate taken from the lists will be calculated by dividing the number of votes obtained for each list by the sequential order number of each of said candidates; candidates not fulfilling the requirements of independence with the lowest ratio among the candidates taken from all the lists are replaced, starting with the last, by any independent candidates appearing on the same list as the replaced candidate (following the order in which they are named). If the list in question does not contain other candidates, the above replacement will be carried out by the General Meeting based on the majorities provided by law, in accordance with what is contemplated in Article 18.4 below. If candidates on different lists have obtained the same ratio, the candidate replaced will be the one on the list from which the greater number of Directors has been taken or, at a secondary level, the candidate taken from the list which has obtained the lesser number of votes or, in the event of a tied vote, the candidate who obtains fewer votes from the General Meeting when the relevant vote is taken;*
- c-bis) *if application of the above mentioned procedures do not allow to comply with the provisions in force regarding gender balance, the vote ratio to be allocated to each candidate on the lists will be calculated by dividing the number of votes obtained for each list by the sequential order number of each of the candidates; the candidate of the more representative gender with the lowest ratio among the candidates from all the lists is replaced – taking into account the minimum number of independent Directors – by the candidate belonging to the less representative gender that may be shown (with the next highest successive ranking) on the same list as the replaced candidate, otherwise by persons appointed in accordance with the procedure stated in Article 18.4 below. In the event that candidates from different lists have obtained the same ratio, the candidate replaced will be the one on the list from which the greater number of Directors has been taken or, at a secondary level, the candidate taken from the list that has obtained the fewer number of votes or, in the event of a tied vote, the candidate who has obtained fewer votes from the General Meeting when the relevant vote is taken.*

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### Why is it proposed to amend to Article 18.3 of the Articles of Association?

The proposal is submitted to the Shareholders in order to ensure, for the future, an easier and more immediate functioning of the Shareholders' Meeting for the appointment of the Board of Directors, in case if the list that obtained the majority of votes (the "Majority List") would not contain a number of candidates equal to the two thirds of the Directors to be appointed, pursuant to Article 18.3, letter a) of the Articles of Association.

in this case, in fact, the Meeting should adopt additional specific resolutions, in accordance with Article 18.4 of the Articles of Association, that would considerably complicate the regular management of the Meeting and that, at the same time, would make impossible for the Shareholders' voting by proxy to properly express their votes, taking into account time and modality by which they give voting instructions to their representatives.

In the abovementioned situation, with the proposed amendments to Article 18.3 of the Articles of Association:

- all candidates listed in the Majority List shall be drawn;
- the other Directors shall be drawn from the lists that have not obtained the majority of the votes (the "Minority Lists"), pursuant to letter b) of Article 18.3, for a number of candidates equal to one third of the Directors to be elected, as reserved to such Lists;
- for the places not covered by the Majority List, the remaining Directors shall be drawn from the Minority List that has obtained the highest number of votes among the Minority Lists (the "first Minority List") in relation to the capacity of such list; should the capacity of that list be insufficient, the remaining Director shall be drawn, with the same modalities, from the following List and so forth, according to the number of votes and to the capacity of such Lists.

On a residual basis, if the total number of candidates listed in the submitted lists were lower than the number of Directors to be appointed, Article 18.4 of the Articles of Associations should be applied.

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## Leonardo's share capital

As of the date of the notice of call (27 March 2017), Leonardo's share capital is equal to € 2.543.861.738,00, represented by 578.150.395 shares, all ordinary shares with a nominal value of € 4.40 each.

[SEE SHARE CAPITAL](#)

## Who are Leonardo's Shareholders?

### DISTRIBUTION OF SHAREHOLDERS



[SEE SHAREHOLDER BASE](#)



THANK YOU FOR YOUR ATTENTION

