



# Shareholders' Meeting Guide 2018

Questions and Answers



## General Information

A Shareholders' Meeting is called in Ordinary session on 10 and 15 May 2018, in first and second 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 +390645417413 (Computershare S.p.A.) or consult the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), section “Corporate Governance/Meeting 2018”).

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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 2017 and relevant Report of the Board of Directors, Report of the Board of Statutory Auditors and Report of the Independent Auditors. Resolutions related thereto. Presentation of the Consolidated Financial Statements at 31 December 2017;
2. Appointment of the Board of Statutory Auditors for the three-year period 2018-2020;
3. Appointment of the Chairman of the Board of Statutory Auditors;
4. Determination of the remuneration of the members of the Board of Statutory Auditors;
5. Long-Term Incentive Plan for the management of Leonardo Group. Resolutions related thereto;
6. Remuneration Report: resolution pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58/98;
7. Integration, on the basis of a well-grounded proposal of the Board of Statutory Auditors, of the fees of the independent Auditing Firm KPMG S.p.A., appointed to audit the financial statements for the financial years 2012-2020. 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 (and therefore the Shareholders' Meeting will be validly established with any portion of the corporate capital represented).

The Ordinary Shareholders' Meeting, in both first and second call, adopts decision with the favorable votes of the absolute majority of the attending Shareholders'.

### **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.* 30 April 2018), 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 7 May 2018). 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 30 April 2018 (*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.

### **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, within ten days following the publication of this notice (i.e. not later than 9 april 2018) may 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 suitable 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 this call notice, at least fifteen days prior to the date set for the Meeting in first call (and therefore not later than 25 April 2018). 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

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

In accordance with Article 83-sexies of Legislative Decree no. 58/98, any credit and debit entries made to the accounts after the accounting of the seventh market business day prior to the date of the Meeting in first call (30 April 2018) are not relevant for the purpose 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 documents pertaining 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) (section "Corporate Governance/Meeting 2018") as well as on the website of 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 different 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 2018") or at the registered offices, may be used for this purpose. The proxy may be sent in advance by registered mail with return receipt to the registered offices of the Company to the attention of "Leonardo S.p.a. - Legal, Corporate Affairs and Compliance", 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 2018") 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 transmission", not later than the end of the second trading day before the date set for the Shareholders' Meeting (i.e. by 8 May 2018; if the Shareholders' Meeting takes place in second call, proxies may be accepted even if received by 11 May 2018). 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. in Rome at Via Monte Giberto 33 - 00138 (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@pecserviziotitoli.it](mailto:ufficioroma@pecserviziotitoli.it).

From 30 March 2018 the Appointed Representative will be at Shareholders' disposal for any information they may require at telephone number +390645417413 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 7 May 2018), 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 30 April 2018 (record date).

Questions must be sent by registered mail with return receipt to the Company's registered offices to the attention of "Leonardo S.p.a. – Legal, Corporate Affairs and Compliance", 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).

Any questions received before the above 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 Shareholders' Meeting agenda, nor those which have already been answered as "Questions and Answers" format at the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), section "Corporate Governance/Meeting 2018").

Answers released in printed form 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 concerning the Financial Statements at 31 December 2017?

The Board of Directors of the Company has decided to submit to the Shareholders' Meeting for their approval the Financial Statements for the Year 2017, that closes with a net profit of € 356,115,445.38.

In light of the foregoing, the Board of Directors has resolved to propose to the Shareholders' Meeting, convened to approve the Board of Directors' report and Financial Statements at 31 December 2017, to allocate the 2017 net profit of € 356,115,445.38 as follows:

- Euro 17,805,772.27 equal to 5% of the net profit, to legal reserve;
- Euro 0.14 as the dividend to be paid - before tax, if any – starting from 23 May 2018, with the ex-dividend date of coupon no. 9 falling on 21 May 2018 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 organised and managed by Borsa Italiana S.p.A.) falling on 22 May 2018; the foregoing is with reference to each ordinary share held and outstanding at the ex-dividend date, excluding own shares held in portfolio at that date, without prejudice to the regime of those actually assigned in the current financial year based on the incentive plans in force;
- the residual as retained earnings.

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## What is the mechanism for the appointment of the members of the Board of Statutory Auditors?

Pursuant to Article 28.1 of the Articles of Association, the General Meeting shall elect a Board of Statutory Auditors, composed of five Regular Statutory Auditors, and shall determine their remuneration. The General Meeting shall also elect two Alternate Statutory Auditors.

With regard to the mechanism for the appointment of Auditors elected by “list mechanism”, please refer to Article 28.3 of the Articles of Association, which, in brief, provides as follows:

- each person entitled to vote may vote at the Meeting only one list;
- at least two of the Statutory Auditors and at least one of Alternate Auditors will be chosen from among those registered in the register of auditors and possessing at least three years’ experience as a statutory account auditor;
- auditors that do not meet these requirements will be chosen among those who have at least three years’ experience in the activities or duties listed in Article 28.1 of the Articles of Association, with reference to matters and sectors that are useful for the activities listed in Article 4 of the Articles of Association (corporate purpose);
- three Statutory Auditors and one Alternate Auditor shall be taken from the list that obtains the majority of votes of Shareholders attending the Meeting;
- two Statutory Auditors and one Alternate Auditor will be taken from the minority lists, in accordance with the provisions of Article 28.3, paragraph 11 letter b), of the Articles of Association;

Pursuant to Article 28.3bis of the Articles of Association, for the appointment of one or more Statutory Auditor and Alternate Auditor that, for any reason, are not elected with the above procedures, the Shareholders’ Meeting shall resolve with the majorities provided by law in compliance with the law and the Articles of Associations.

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### Gender Diversity.

The lists that, considering both sub-lists, present a number of candidates equal to or greater than three must include, in the sub-list of the Statutory Auditors, candidates of different genders, considering that the number of representatives candidates of the less represented gender in the Board of Statutory Auditors of Leonardo shall be – as provided by law - in number equal to two (inasmuch where the application of the provisions in force in terms of gender balance does not allow to appoint a whole number of members of the Board of Statutory Auditors of the less represented gender, this number shall be rounded up to the next whole number).

If the sub-list of Alternate Auditors of such lists shows two candidates, they must belong to different genders.

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### Has the Company adopted a Diversity Policy of the control body?

The Company adopted a policy concerning the diversity of the control body, including gender diversity, aimed at identifying profiles and requirements suitable to promote an optimum composition of the body even in order to offer a useful tool in favour of those Shareholders who will submit a list for the appointment of the new Board of Statutory Auditors.

The policy (in line with the new provision of Article 123-bis, paragraph 2, lett.d-bis of Legislative Decree no. 58/98) is illustrated in the Report on Corporate Governance and Shareholder Structure 2018 of Leonardo, made available to the public on the Company website ([www.leonardocompany.com](http://www.leonardocompany.com), section “Corporate Governance/Meeting 2018”), to which reference should be made.

[GO TO THE REPORT ON CORPORATE GOVERNANCE](#)



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### **Who can submit a list for the appointment of the Board of Statutory Auditors?**

Pursuant to Article 28.3 of the Articles of Association, each shareholder may submit or participate in the submission of only one list.

The right to submit lists is granted only to those Shareholders who, alone or jointly with other Shareholders, hold at least 1% of the share capital entitled to vote at the Ordinary Shareholders' Meeting. The ownership of the minimum shareholding for submission of lists is determined considering the shares registered in the name of Shareholders on the day that the lists are filed with the Company.

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

The lists of candidates, signed by the Shareholders who submit them, 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 deadline of 16 April 2018 (first business day subsequent the termination of the deadline). Lists must be accompanied by the documentation mentioned in the notice of call of the Meeting; in particular, Shareholders must file at the Company's registered office the document certifying the ownership of the number of shares represented, in the manner required for the submission of lists, even after filing of the list of candidates, provided this is done within the deadline for publication of the lists by the Company (i.e. not later than 19 April 2018), together with information about the Shareholders who have submitted the list, including the percentage of share capital held by the same and together with the documentation indicated in the notice of call of the Meeting (also included the certification proving the ownership of the number of shares represented, even after the filing of the list but in any case by the deadline of 19 April 2018).

Shareholders who wish to submit a list of candidates are requested to previously contact the "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, will be made available to the public at the registered office, at Borsa Italiana S.p.A., on the Company's website ([www.leonardocompany.com](http://www.leonardocompany.com), section "Corporate Governance/Meeting 2018") and on the website of the authorized storage mechanism eMarket STORAGE ([www.emarketstorage.com](http://www.emarketstorage.com)), within twenty-one days before the date of the first call (i.e. not later than 19 April 2018).

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### **How will the Chairman of the Board of Statutory Auditors be appointed?**

Pursuant to Article 148, paragraph 2-*bis*, of Legislative Decree no. 58/98 and Article 28.3, paragraph 15, of the Articles of Association, the Chairman of the Board of Statutory Auditors is appointed by the Shareholders' Meeting from among those elected by the minority list.

### **How will the remuneration of the members of the Board of Statutory Auditors be determined?**

Pursuant to Article 2402 of the Italian Civil Code and art. 28.1 of the Articles of Association, the General Meeting shall determine the remuneration of the members of the Board of Statutory Auditors, for the entire term of their mandate.

### **How long will the Board of Statutory Auditors remain in office?**

Pursuant to art. 2400 of the Italian Civil Code, the Board of Statutory Auditors will remain in office for the three-year period 2018-2020 and will expire on the date of the Shareholder's Meeting called for the approval of the Financial Statements at 31 December 2020.

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### **Can I ask information on the fifth item on the agenda, concerning the Long-Term Incentive Plan?**

Pursuant to Article 114-bis of the Legislative Decree no. 58/98, the Board of Directors deliberated to submit to the Shareholders' Meeting the proposal of approval of a Long-Term Incentive Plan based on financial instruments for the management of Leonardo Group.

The characteristics of the Plan are described in the Disclosure Document drawn up by the Company pursuant to Article 84-bis of the Consob Regulation no. 11971/99 ("Issuers Regulations"), that is 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), section "Corporate Governance/Meeting 2018"), as well as on the website of the authorized storage mechanism eMarket STORAGE ([www.emarketstorage.com](http://www.emarketstorage.com)) within the terms and conditions provided by the existing provisions of law.

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### **Can I ask information on the sixth item on the agenda concerning the Remuneration Report?**

The Shareholders' Meeting is called to express, through non-binding resolution pursuant to Art. 123-ter, paragraph 6, of Legislative Decree 58/98, 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 management bodies and other executives with strategic responsibilities, as well as the procedures used for the adoption and implementation of this policy.

With the proposed not binding resolution on the sixth item on the agenda, the Board of Directors proposes to the Shareholders Meeting to vote in 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 of Legislative Decree no.58/98 and in accordance with Article 84-*quater* by Consob no. 11971/1999 Regulation (Issuers' Regulations), is available to the public in accordance with terms and conditions required by law.

In particular, the first section of the report illustrates the remuneration policy adopted with reference to the year 2018 and subsequent financial years, presenting the criteria and guidelines adopted by the Company in reference to the remuneration of the management bodies and other executives with strategic responsibilities. The second section, drafted in accordance with paragraph 4 of the abovementioned Art. 123-ter, shows analytically and in registered form the payment actually paid or attributed during the year 2017 to the members of the Administrative and Supervisory Bodies, as well as to the General Managers and any other Executives with strategic responsibilities.

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### **Can I ask information in the seventh item on the agenda concerning the integration of the fees for the Independent Auditors KPMG S.p.A.?**

The Board of Statutory Auditors, upon motion by the Independent Auditors KPMG S.p.A., has requested to the Board of Directors to include on the agenda of the Shareholders' Meeting a specific item concerning the integration of the fees for the Independent Auditors appointed to audit the financial statements for the financial years 2012-2020, limited to the financial years 2017 and following.

This integration is required for the performance of new and additional activities for the statutory audit of the financial statements, made necessary due to the important regulatory amendments to the Legislative Decree no. 39/2010 introduced by the Legislative Decree 135/2016 and by the Regulation (EU) no. 537/2014, functional for the proper performance of the statutory audit of the separate accounts and of the consolidated accounts.

For further information reference should be made to the well-grounded proposal of the Board of Statutory Auditors to the Shareholders' Meeting, made available to the public within terms and conditions provided by law.

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[DOWNLOAD THE BOARD OF STATUTORY AUDITORS PROPOSAL](#)

### **Leonardo's share capital**

As of the date of the notice of call (30 March 2018), the share capital of Leonardo 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.

### **Who are Leonardo's Shareholders?**

Foreign institutional investors hold a stake of about 53,7% of the share capital of Leonardo, Italian institutional investors hold a stake of about 3,4%, individual investors hold a stake of about 12,1%. Italian Ministry of Economy and Finance holds a stake of about 30,2% of the share capital of Leonardo.

The company owns treasury shares, equal to about 0,6% of the share capital of Leonardo.

THANK **YOU** FOR YOUR ATTENTION

