

Board of Director's report on the third item on the agenda of the ordinary part of the meeting.

Authorization to the purchase and disposal of Company's shares required by incentive plans for the years 2002-2004 and the years 2005-2007.

Shareholders,

As you aware, the Ordinary Shareholders Meeting of 23 May 2006 authorized, within the meaning of and pursuant to Article 2357 of the Italian Civil Code, the purchase, in one or more tranches and for a period of 18 months from the date of the resolution, of a maximum of 7,500,000 ordinary shares of Finmeccanica – Società per azioni at a maximum and minimum unit price equivalent to the reference price on the MTA organised and managed by Borsa Italiana S.p.A., on the day prior to that of the intended purchase, plus or minus 5%, for the maximum and minimum price respectively, intended to support both the 2005-2007 Share Incentive Plan, formally established by the Board of Directors on 29 September 2005, and the previous 2002-2004 Share Incentive Plan.

The Shareholders Meeting has also authorized the Board of Directors and the Chairman and Chief Executive Officer, acting on its behalf, to proceed pursuant to the applicable law, by a public issue if necessary, with the purchase of Company's shares under the aforementioned conditions and at the time of its choice, and has also simultaneously authorized the availability at any time, in whole or in part and in one or more tranches, of 223,605 Company's shares already in the portfolio to support the aforementioned Share Incentive Plans, in addition to shares purchased following the resolution of the Shareholders' Meeting, subject to the resolution of the Board of Directors of 15 June 2006 and in accordance with the legal provisions and terms and conditions set out in the Plans themselves and/or in the corresponding implementing regulations.

In 2006, the Company purchased 1,075,901 own shares to immediately meet the needs connected to the implementing procedures of both the 2005-2007 and the 2002-2004 Share Incentive Plans. The deadline for exercising Stock Options under the Plans will expire on 31 December 2009. After confirming the existence of the conditions of performance associated with the 2005-2007 Share Incentive Plan for the 2005 financial

year, 642,115 shares were delivered on 1st December 2006. Following the shares deducted to comply with tax and social security obligations connected with this Plan, 433,786 shares are still available.

With reference to the 2002-2004 Share Incentive Plan, of the 258,605 options granted to persons not employed by the Company, 91,790 options were exercised to purchase Company's shares, leaving a residual 166,815 Company's shares to support the aforementioned Plan.

Currently therefore, the Company holds 600,601 own shares, which may be used for the purposes of the aforementioned Plans.

In view of the outstanding requirements associated with shares to be allocated to support the 2002-2004 and 2005-2007 Share Incentive Plans, it is proposed to authorize the disposal of the 600,601 own shares currently in the Company's portfolio, and that authorization is also granted to purchase up to a maximum of 4,200,000 Company's shares, establishing a maximum and minimum unit price directly correlated to the trading price and thus to the reference price on the Stock Exchange on the day prior to that of the intended purchase, plus or minus 5% for the maximum and minimum price respectively.

Wherefore, we submit for your approval the following:

Agenda

The Ordinary Shareholders Meeting of Finmeccanica – Società per azioni:

- having read the resolution of the Ordinary General Meeting of 23 May 2006 relating to the authorization to purchase and disposal of Company's shares to support the 2005-2007 and 2002-2004 Share Incentive Plans;
- acknowledging the provisions contained in Articles 2357 and 2357-ter of the Italian Civil Code and Article 132 of the Italian Financial Services Act;
- taking account of own shares already held by the Company,

resolves

1. to authorize, within the meaning of and pursuant to Article 2357 of the Italian Civil Code, the disposal of 600,601 Company's shares already in the portfolio and the purchase, in one or more tranches and for a period of 18 months from the date of this resolution, of an additional 4,200,000 ordinary shares of Finmeccanica – Società per azioni, subject to a limit of 10% (ten per cent) of the share capital, taking account of the Company's shares already held, at a maximum and minimum unit price that must be equivalent to the reference price on MTA organised and managed by Borsa Italiana S.p.A. on the day prior to that of the intended purchase, plus or minus 5% (five per cent) for the minimum and maximum price respectively, to support both the 2005-2007 Share Incentive Plan and the 2002-2004 Share Incentive Plan;
2. accordingly, to consider henceforth revoked the authorization to purchase and disposal of Company's shares granted by the Shareholders at their meeting of 23 May 2006;
3. to authorize the Board of Directors and the Chairman and Chief Executive Officer, acting on its behalf, to proceed, under the aforementioned conditions and at the time of its choice, with the purchase of Company's shares in accordance with the following procedures:
 - purchase on the market in accordance with the operating procedures laid down by the market regulations (Article 144-bis, paragraph 1(b) of the Issuer's Regulations adopted by CONSOB Resolution no. 11971 of 14/05/1999, as subsequently amended);
 - the purchase and sale of derivative instruments traded on regulated markets (Article 144-bis, paragraph 1(c) of the Issuer's Regulations adopted by CONSOB Resolution no. 11971 of 14/05/1999, as subsequently amended).
4. to authorize the disposal at any time, in whole or in part, in one or more tranches, of Company's shares already in the portfolio and of those purchased pursuant to this resolution, to support, subject to a resolution of the Board of Directors and in accordance with the statutory provisions, the aforementioned Share Incentive Plans in accordance with the terms and conditions set out in the plans themselves and/or in the corresponding implementing regulations.

For the Board of Directors
The Chairman and Chief Executive Officer
(Pier Francesco Guarguaglini)