

**WELL-GROUNDED PROPOSAL OF THE BOARD OF STATUTORY AUDITORS TO
THE ORDINARY SHAREHOLDERS' MEETING OF LEONARDO S.P.A.**

**ON THE INTEGRATION OF THE FEES OF THE INDEPENDENT AUDITING FIRM
PURSUANT TO ARTICLE 13 OF LEGISLATIVE DECREE NO. 39 of 27 JANUARY 2010**

Dear Shareholders,

in the framework of the Ordinary Shareholders' Meeting, you are called to resolve on the integration of the fees to be paid to KPMG SpA ("KPMG") appointed to audit the financial statements of Leonardo S.p.a. ("Leonardo") for the financial years 2012-2020, with limited reference to the financial years 2017 and following.

Pursuant to Article 13, paragraph 1, of Legislative Decree no. 39 of 27 January 2010, the Shareholders' Meeting is vested with the power to determine the fees of the Independent Auditing Firm "upon well-grounded proposal by the supervisory body".

It is recalled that KPMG has been appointed as Independent Auditing Firm for the financial years 2012-2020 by resolution of Leonardo Ordinary Shareholders' Meeting held on 16 May 2012, upon well-grounded proposal by the Board of Statutory Auditors.

On 28 April 2016 such assignment, with reference to the fees, has been amended following the operations of mergers by incorporation and of partial spin-off in Leonardo S.p.a., with effect from 1 January 2016, within the project of constitution of the "One Company".

As effect of these amendment, the fees for the year 2017 are currently of € 2.240.000, against a commitment of 40.000 hours, the fees for the year 2018 are of € 2.050.000, against a commitment of 36.500 hours, the fees for the years 2019 and 2020 are of € 1.700.000 per each year, against a commitment of 30.000 hours per year.

On 9 March 2018 KPMG has required an integration of the fees for the years from 2017 to 2020 for the performance of additional activities for the statutory audit of the financial statements for the year 2017 and following, made necessary due to the important regulatory amendments introduced by the Legislative Decree no. 135 of 17 July 2016 and by the Regulation (EU) no. 537/2014, that have amended the Legislative Decree no. 39/2010 ("Decree").

The request for integration of the fees is detailed as follows:

	Existing Contract		Integration		New Proposal	
	Hours	Fee	Hours	Fee	Hours	Fee
Year 2017	40.000	2.240.000	2.500	145.000	42.500	2.385.000
Year 2018	36.500	2.050.000	1.600	90.000	38.100	2.140.000
Year 2019	30.000	1.700.000	1.600	90.000	31.600	1.790.000

Year 2020	30.000	1.700.000	1.600	90.000	31.600	1.790.000
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The request for integration of the fees has been illustrated as follows:

	2017		2018		2019-2020	
	Ore	Corrispettivi	Ore	Corrispettivi	Ore	Corrispettivi
Statutory audit of the separate accounts and of the consolidated accounts and limited audit of the abbreviated six-monthly consolidated financial report of the Group as per our engagement letter dated 12 March 2012, integrated by our letter dated 7 March 2016	40.000	2.240.000	36.500	2.050.000	30.000	1.700.000
Audit procedures required by Legislative Decree no. 135 of 17 July 2016 and by EU Regulation n. 537/2014	2.500	145.000	1.600	90.000	1.600	90.000
ISTAT adjustment at 1 July 2017 (by 75% of the variation in the consumer price Istat index of 2017 compared to 2016)	n.a.	18.480	n.a.	n.a.	n.a.	n.a.
Total of the Statutory audit of the separate accounts and of the consolidated accounts and limited audit of the abbreviated six-monthly consolidated financial report of the Group	42.500	2.403.480	38.100	2.140.000	31.600	1.790.000

In accordance with the specific internal procedure, the Chief Financial Officer and the Group General Counsel of Leonardo provided the Board of Statutory Auditors their opinions on the request of the Independent Auditing Firm, after reviewing:

- *the consistency of the request with the provisions of the contract between Leonardo and KPMG concerning the statutory audit services for the period 2012-2020;*
- *the contents of the additional activities carried out by KPMG.*

As a result, the *Chief Financial Officer and the Group General Counsel* represented to the Board of Statutory Auditors that:

- the hourly rate is substantially aligned to the one on whose basis KPMG has been appointed, in the year 2012, to audit the financial statements of Leonardo Group;
- the new activities required to the Independent Auditors on the Report on Operations are particularly relevant, as they require the execution of specific audit procedures aimed at:
 - gain a general understanding of the law provisions regarding the Report on Operation applicable to Leonardo and to its sector of activity, as well as the way the

Company complies with the mentioned law provisions in drafting the Report on Operations;

- verify that the information required by the law in force are included in the Report on Operations;
- verify if the informations provided by the Report on Operations are consistent with the knowledge and the understanding of the Company and of the relevant contest in which Leonardo operates.

- the new audit report as well as the additional report to the Internal Control Committee and Internal Audit require the execution of analyses and specific procedures.

Based on the above considerations, the Board of Statutory Auditors, in relation to the request for the integration of fees to be paid to KPMG for additional services relating to the statutory audit of the financial statements for the financial years 2017-2020,

taking into account that:

- the additional activities carried out are functional to the proper performance of the statutory audit of the separate accounts and of the consolidated accounts;
- Article 6.2 of the contract between Leonardo and KPMG provides for the granting of additional fees in case of *“circumstances involving an increase in the time required, significant changes in the timing of performing of the assignment and/or a change of the professional level of the audit team members assigned to the task compared with such estimated in the current letter of assignment...”* among which are included, inter alia, *“...regulatory changes (also included regulations/proceedings that will be issued in implementation of the Decree) of accounting and auditing standards...”*;

having acknowledged and shared the assessment of the Chief Financial Officer and the Group General Counsel,

submits the following resolution for your approval:

“ The Ordinary Shareholders’ Meeting of Leonardo S.p.a.

- *taking into account the request for additional fees made by KPMG on 9 March 2018 following the additional audit activities to be carried out with reference to the financial statements for the years 2017-2020 and the events that will occur until their approval;*
- *considering the provision of Article 6.2 of the contract with KPMG, which regulates additional fees;*
- *having evaluated the well-grounded proposal of the Board of Statutory Auditors pursuant to Article 13, paragraph 1, of Legislative Decree no. 39 of 27 January 2010 and in agreement with their grounds*

resolves

to integrate the fees payable to KPMG S.p.A. for an amount of € 145.000 for the year 2017 (against a supplemental commitment of 2.500 hours) and of € 90.000 (against a supplemental commitment of 1.600) for each of the years 2018, 2019, 2020.

Rome, 20 March 2018

On behalf of the BOARD OF STATUTORY AUDITORS
The Chairman

RICCARDO RAUL BAUER