

ORDINARY AND
EXTRAORDINARY
SHAREHOLDERS MEETING

19 MAGGIO 2016

EXPLANATORY REPORT
BY THE BOARD OF DIRECTORS
ON THE SECOND ITEM ON THE AGENDA
FOR THE ORDINARY PART

FINCANTIERI

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POINT 2 OF THE AGENDA FOR THE ORDINARY PART

FINCANTIERI S.p.A.
Registered office Via Genova No. 1, Trieste
Share capital €862,980,725.70 - fully paid up
VAT No. 00629440322
Tax code and Trieste Businesses Registry No. 00397130584
Trieste Economic and Administrative Index No. 89063

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ORDINARY PART

POINT 2 OF THE AGENDA FOR THE ORDINARY PART

Appointment of the Board of Directors & related and consequent resolutions

Dear Shareholders

The three-year appointment of the Board of Directors currently in office will expire on the occasion of the Shareholders Meeting called to approve the 2015 financial statements.

You are therefore asked to resolve on (i) the number of members of the Board of Directors; (ii) the term of office of the Board of Directors; (iii) the appointment of the members of the Board of Directors; (iv) the appointment of the Chairman of the Board of Directors; (v) the fees payable to the members of the Board of Directors.

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2.1 Number of members of the Board of Directors

Pursuant to Article 19 of the By-laws, the Company is managed by a Board of Directors comprising seven or more members up to a maximum of thirteen. The number of members is decided upon from time to time by the Shareholders Meeting, subject to the limits referred to above.

The outgoing Board of Directors has abstained from submitting specific proposals on this matter and therefore asks the Shareholders Meeting to establish – subject to the limits specified by the By-laws – the number of members of the Board of Directors on the basis of the proposals that the shareholders are entitled to submit, including at the Shareholders Meeting itself.

2.2 Term of office of the Board of Directors

Pursuant to Article 19 of the By-laws, the directors remain in office for three financial years, and their appointment expires on the date of the shareholders meeting called to approve the financial statements in relation to their last financial year in office.

The outgoing Board of Directors has abstained from submitting specific proposals on this matter and therefore asks the Shareholders Meeting to establish - subject to the limits specified by the By-laws - the term of office of the Board of Directors on the basis of the proposals that the shareholders are entitled to submit, including at the Shareholders Meeting itself.

2.3 Appointment of members of the Board of Directors

The Company's Board of Directors is appointed in accordance with Article 19 of the By-laws, to which express reference is made to the extent that the same is not set out below.

The Directors are appointed by means of the slate voting system. Slates may be submitted by Shareholders who, either alone or together with other Shareholders, represent at least 1% of the share capital. Each Shareholder may submit, or jointly submit with others, one slate only. Those with voting rights shall vote for one slate only.

Set-up of the slates

Each candidate may appear on one slate only, and shall otherwise be ineligible.

Each slate must include at least two candidates that meet the requirements of independence established by law (i.e. the requirements of independence that the internal auditors of listed companies are subject to pursuant to Article 148, paragraph 3 of Legislative Decree No. 58/1998); these candidates must be specifically identified on the slate and one of them must occupy top position.

In order to establish the advisory committees recommended by the Corporate Governance Code, slates should include an adequate number of candidates that meet the requirements of independence referred to in Article 3.C.1 of the same.

In order to ensure compliance with the legislative provisions on gender balance, and, therefore, so that at least one third of the new Board of Directors comprises members of the gender represented to the lesser extent (rounding up to the next whole number in the event of a fraction), the slates are to be drawn up in accordance with the criteria set out in the notice calling the Shareholders Meeting, as set out below:

- in slates with three candidates, the candidates in first and second position must not be of the same gender; and
- slates with more than three candidates must (i) comprise, to the extent of at least one third, members of the gender represented to the lesser extent (rounding up to the next whole number in the event of a fraction), and (ii) must include one of the candidates of the gender represented to the lesser extent in either first or second position on the slate.

Composition of the Board of Directors and requirements regarding directors

Members of the Board of Directors must meet the requirements of professionalism and integrity established by Article 19 of the By-laws and must not be ineligible or in a position of incompatibility as specified by that article.

In addition, the members of the Board of Directors must meet the requirements of integrity specified by the combined provisions of Article 147-*quinquies* and Article 148, paragraph 4 of Legislative Decree No. 58/1998, currently governed by Article 2 of Decree by the Minister of Justice No. 162 of 30 March 2000.

To this end, please note that where the requirements of integrity established by Article 19 of the By-laws are concerned, the shareholder Fintecna has drawn up a draft amendment, the content of which will be illustrated in detail in the explanatory report on the relevant point on the agenda prepared by Fintecna itself; that report will be made available to public in accordance with the timescale and procedure established by the legislation in force.

In addition to the above, please note that, in accordance with the recommendations set out in the Corporate Governance Code, the Company's Board of Directors has expressed its view on the maximum number of positions as director or statutory auditor that the members of the Board of Directors of Fincantieri can hold in other companies of significant size that is considered compatible with proper performance of the appointment as Director of the Company. This view can be found on the Company's website at www.fincantieri.com in the section entitled 'Corporate Governance - Board of Directors - Board's stance on the maximum number of directors'.

Submission of slates

Pursuant to Article 147-*ter* of Legislative Decree No. 58/1998, the slates of candidates must be lodged at least twenty-five days before the date of the Shareholders Meeting. Given that this would mean the deadline expiring on a day that is not a working day (i.e. Sunday 24 April 2016), the deadline for submission of slates has been extended to the first working day in Italy following that date, i.e. 26 April 2016. Shareholders are in any event asked to lodge their slates before that deadline, so that the Company can carry out and complete the necessary checks and formalities prior to publication of the slates by the deadline established by the legislation in force (i.e. by 28 April 2016).

Slates may be lodged as follows: *ii*) delivery by hand to the Company's registered office, Via Genova 1, 34121 Trieste, reporting to the Legal Affairs Department during normal office hours (9 a.m. - 5 p.m. - tel + 39 040 3192606); *iii*) by fax to + 39 0403192420; or *iiii*) by certified e-mail to assemblea.fincantieri@pec.fincantieri.it. Ownership of the minimum equity interest required in order to submit the slates, at the percentage set out above, is established on the basis of the shares registered to the Shareholder on the date on which the slates are lodged with the Company. The relevant certification can, however, also be produced after the slate has been lodged, on condition that it is produced at least twenty-one days before the date of the Shareholders Meeting (i.e. by 28 April 2016), by means of a communication issued by an authorised intermediary pursuant to the legislation in force.

Slates lodged must be accompanied by the documentation and information required by the By-laws and the legislation in force. On this point, it should be noted that information must be provided along with the slates that identifies the shareholders submitting the slates and the overall percentage equity interest held. Also to be lodged along with the slates are the candidates CV's and declarations by the individual candidates that they accept their candidature and, on their own responsibility, certify the absence of any grounds for ineligibility or incompatibility and that they meet the requirements established by the By-laws and by the legislation in force in relation to the office of Director of the Company; a failure to lodge these documents along with the slates shall result in the said slates being inadmissible. Where candidates who, on the slate, are referred to as being independent pursuant to law are concerned, declarations must also be lodged in which these candidates certify, on their own responsibility, that they meet the requirements of independence established by law. It should be noted that the Corporate Governance Code recommends that the slates of candidates for the office of director also be accompanied by a statement, if appropriate, that the candidates qualify as independent pursuant to Article 3 of the same.

Please also not that, by way of Communication No. DEM/9017893 dated 26 February 2009, Consob [the Italian securities market authority] recommends that shareholders submitting a minority slate for the appointment of the Board of Directors also lodge, together with the slate, a declaration "*certifying the absence of relationships, including of an indirect nature, as referred to in Article 147-ter, paragraph 3, of Legislative Decree No. 58 of 24 February 1998 and Article 144-quinquies of Consob Resolution No. 11971 of 14 May 1999, with shareholders who hold, either individually or jointly, a controlling or relative majority interest, where identifiable on the basis of the communications of significant shareholdings referred to in Article 120 of Legislative Decree No. 58 of 24 February 1998 or the publication of shareholder agreements pursuant to Article 122 of the said decree*", specifying any connections that in fact exist, where significant, with the said controlling or relative majority shareholders, as well as the reasons on the basis of which said connections are considered not to amount to existence of the relationships referred to.

On this point, on the basis of (i) the communications referred to in Article 120 of Legislative Decree No. 58/1998 and (ii) the shareholders register, the controlling shareholder of Fincantieri, with a 71.636% holding in the share capital, is Fintecna S.p.A., which is in turn a subsidiary of Cassa Depositi e Prestiti S.p.A.

Procedure for appointments

Pursuant to Article 19 of the By-laws, the procedure for electing the directors is as set out below.

- a) The following shall be taken from the slate that secures the majority of votes cast, and shall be taken in the order in which they are listed on that slate: (i) two thirds of the directors to be elected, rounding down to the next whole number in the event of a fraction, where the Board of Directors has up to a maximum of nine members; (ii) seven directors to be elected where the Board of Directors has ten members; (iii) eight directors to be elected where the Board of Directors has eleven members; (iv) nine directors to be elected where the Board of Directors has twelve members; (v) ten directors to be elected where the Board of Directors has thirteen members.
- b) The remaining directors shall be taken from the other slates that are completely unconnected, either directly or indirectly, with the shareholders who submitted or voted for the slate that came first on the basis of number of votes. To this end, the votes secured by the said slates shall subsequently be divided by one, two or three, depending on the number of directors to be elected. The quotients thereby obtained shall be allocated progressively to the candidates on each of the said slates, following the order of the same specified respectively. The quotients allocated to the candidates on the various slates shall be arranged in one single descending order of ranking. Those elected shall be those with the highest quotients. Where more than one candidate secures the same quotient, the rules established for this scenario by Article 19, paragraph 26 (b) of the By-laws shall apply.
- c) Where, having applied the procedure set out above, the minimum number of independent directors required by the legislation in force has not been elected, then the quotient of votes to be allocated to each candidate taken from the slates is calculated, dividing the number of votes obtained by each slate by the number in which each of the said candidates appears in order, thereby forming one single descending order of ranking; those candidates who do not meet the requirements of independence with the lowest quotients amongst the candidates taken from all of the slates shall, starting with the last and until the minimum number of independent directors required by the legislation in force, be replaced by the independent candidates, if any, appearing in the same list as the candidate being replaced (in the order in which they appear) or by individuals meeting the requirements of independence and appointed in accordance with

the procedure set out at point (e) below. Where candidates from different slates secure the same quotient, the rules established for this scenario by Article 19, paragraph 26 (c) of the By-laws shall apply.

- d) Where application of the procedures at points (a) and (b) results in non-compliance with the legislation in force on gender balance, a calculation is carried out of the quotient of votes to be allocated to each candidate taken from the slates made up of a number of candidates of three or more, dividing the number of votes secured by each slate by the number in which each of the said candidates appears in order, thereby forming one single descending order of ranking. Candidates of the gender represented to the greater extent with the lowest quotients amongst the candidates taken from the aforementioned slates shall, up until a sufficient number of directors is reached in order to comply with the legislation in force on gender balance and in compliance with the minimum number of independent directors, be replaced by the member of the gender represented to the lesser extent appearing, if any, (with the lower next number in order) in the same slate as the candidate being replaced. Where candidates from more than one of the aforementioned lists secure the same quotient, the rules established for this scenario by Article 19, paragraph 26 (d) of the By-laws shall apply.
- e) For the appointment of directors for any reason not appointed in accordance with the procedures set out above, the shareholders meeting shall resolve with the majorities required by law, in such a way as to ensure in any event that the composition of the Board of Directors complies with the law and with the By-laws and, in addition, to ensure compliance with the legislation in force on gender balance.

On the basis of the above, the shareholders are asked to vote at the Shareholders Meeting for one of the slates of candidates for the position of director on the Board of Directors that will be drawn up, lodged and published in accordance with the provisions referred to above.

2.4 Appointment of the Chairman of the Board of Directors

Pursuant to Article 20 of the By-laws, appointment of the Chairman of the Board of Directors is a task that falls first and foremost to the Shareholders Meeting. Article 20 in fact states that the Board of Directors can only elect a chairman from amongst its members where the Shareholders Meeting has not made such an appointment.

The outgoing Board of Directors has abstained from submitting specific proposals on this matter and therefore asks the Shareholders Meeting to appoint the Chairman of the Board of Directors from amongst the directors elected as a result of the voting procedures in relation to point 2.3 above on the agenda, on the basis of the proposals that the shareholders are entitled to submit, including at the Shareholders Meeting itself.

2.5 Fees payable to members of the Board of Directors

Pursuant to Article 28 of the By-laws, members of the Board of Directors are entitled to reimbursement of expenses incurred in the exercise of their office and to payment of fees to be established by the ordinary Shareholders Meeting, which may also rely on the power pursuant to Article 2389, paragraph 3, of the Civil Code. Once adopted, that resolution is also valid for the purposes of subsequent financial years until the Shareholders Meeting decides otherwise.

Article 28 of the By-laws also stipulates that directors' fees for directors with particular duties and responsibilities are instead established by the Board of Directors in compliance with the legislation in force and with any resolutions by the Shareholders Meeting pursuant to Article 2389, paragraph 3 of the Civil Code as referred to above.

On this point, it should be noted that the fees payable to the current members of the Board of Directors were established by the ordinary Shareholders Meeting on 27 June 2013, and before shares in the company were listed, in the following amounts: (i) EUR 40,000 for the Chairman; (ii) EUR 27,000 for the other members.

The outgoing Board of Directors has abstained from submitting specific proposals on this matter and therefore asks the Shareholders Meeting to establish the fees payable to the directors, on the basis of the proposals that the shareholders are entitled to submit, including at the Shareholders Meeting itself.

Rome, 31 March 2016

The Chairman of the Board of Directors

Vincenzo Petrone