

ORDINARY AND
EXTRAORDINARY
SHAREHOLDERS MEETING

19 MAY 2016

EXPLANATORY REPORT
OF THE FIRST ITEM ON THE AGENDA
FOR THE EXTRAORDINARY PART

FINCANTIERI

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POINT 1 OF THE AGENDA FOR THE EXTRAORDINARY 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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EXTRAORDINARY PART

Explanatory report pursuant to Article 125-ter, Legislative Decree No. 58/1998.

FIRST ITEM ON THE EXTRAORDINARY AGENDA

Proposal by the shareholder Fintecna S.p.A., drawn up pursuant to Article 2367 of the Civil Code, to amend Article 19 of the By-Laws. Related and consequent resolutions.

Please find below the report on the first item of the extraordinary agenda prepared by the Shareholder Fintecna S.p.A.

By courier

To the Board of Directors of
FINCANTIERI S.p.A.
Via Genova, 1 35121
Trieste

Dear Sirs

Re: Request that an extraordinary Shareholders' Meeting of FINCANTIERI S.p.A. be convened pursuant to Article 2367 of the Italian Civil Code

We refer to our letter of 11 September 2015 and to recent discussions with your company's offices and now write to confirm our request that an extraordinary shareholders' meeting of FINCANTIERI S.p.A. be convened pursuant to Article 2367 of the Italian Civil Code and to set out the agenda of that meeting.

In particular, we ask you to convene the aforementioned Shareholders' Meeting, on the first date possible, in order to resolve on certain proposals to amend Article 19 of the By-laws regarding integrity and ineligibility for election, which, in accordance with the resolutions previously adopted on this matter by the shareholders' meeting of this company and of this company's parent company Cassa Depositi e Prestiti S.p.A. (on 10 July 2015 and 16 October 2015 respectively), we propose to submit to the Shareholders' Meeting of Fincantieri to be voted on.

Article 19 of the By-laws contains a particular stringent ethics clause. The clause in question establishes in particular that, where, anyone found guilty of the specific types of criminal offence referred to in the clause itself are concerned, including where that guilty verdict may still be appealed, and anyone who is indicted in a criminal proceeding, including "abbreviated criminal proceedings" (i.e. without a preliminary hearing), shall be ineligible to act as director or their appointment as director shall lapse for good cause without an entitlement to damages.

As a result, in order to bring the ethics clause in Fincantieri's By-laws in line with the corresponding clause in the By-laws of this company and its parent company, as well as the By-laws of other public listed companies, we propose to submit, to the Extraordinary Shareholders' Meeting of Fincantieri, the text of the draft amendments to Article 19 of the Fincantieri's By-laws set out in detail in the *'Explanatory report by the shareholder Fintecna S.p.A. on the draft amendment to Article 19 of the By-laws prepared in relation to the request that an extraordinary shareholders' meeting of FINCANTIERI S.p.A. be convened in*

accordance with Article 2367 of the Italian Civil Code' attached hereto; we kindly ask that you make this report available to the public in accordance with the procedure and timescale established by the legislation in force in view of the forthcoming Shareholders' Meeting to be convened.

We thank you in advance for your cooperation. Should you require any further information in relation to the above, please do not hesitate to contact us.

Yours faithfully

FINTECNA S.p.A
The
General Manager
(Riccardo Taddei)
[illegible signature]

Attachments: as above

DG/SOC/LV/db

ATTACHMENT***Explanatory report by the shareholder Fintecna S.p.A. on the draft amendment to Article 19 of the By-laws prepared in relation to the request that an extraordinary meeting of the shareholders of FINCANTIERI S.p.A. be convened in accordance with Article 2367 of the Italian Civil Code***

Dear Shareholders,

Pursuant to Article 2367 of the Italian Civil Code, the shareholder Fintecna S.p.A. ('Fintecna') has asked the Board of Directors of FINCANTIERI S.p.A. ('Fincantieri' or the 'Company'), to convene the Company's Shareholders Meeting on the first date possible, including in an extraordinary session, in order to resolve on the draft amendment to Article 19 of the By-laws where it deals with the requirements of integrity and the related grounds for ineligibility as, or lapse of appointment as, a member of the Board of Directors of Fincantieri (referred to as the 'ethics clause'), on the terms and for the reasons set out below.

Article 19 of the By-laws contains a particular stringent ethics clause. The clause in question establishes in particular that, where, anyone found guilty of the specific types of criminal offence referred to in the clause itself are concerned, including where that guilty verdict may still be appealed, and anyone who is indicted in a criminal proceeding, including "abbreviated criminal proceedings" (i.e. without a preliminary hearing), shall be ineligible to act as director or their appointment as director shall lapse for good cause without an entitlement to damages. This clause was added into Fincantieri's By-laws on a date prior to the application for listing of the Company's shares (on 5 May 2014, to be precise), and essentially echoed the provisions in force at the time in the By-laws of Cassa Depositi e Prestiti S.p.A, the controlling shareholder of Fintecna S.p.A., and of the By-laws of Fintecna itself, a company which, at the time, managed and coordinated Fincantieri.

There is, however, no similar clause in the By-laws of other state-controlled listed companies.

Certain significant amendments to the ethics clauses in the respective By-laws were approved in 2015, including by the extraordinary Shareholders Meeting of Cassa Depositi e Prestiti S.p.A and of Fintecna, which resolved (on 10 July 2015 and 16 October 2015) to remove, appealable guilty verdicts and orders of indictment, including in "abbreviated proceedings" (i.e. without a preliminary hearing) from the grounds for ineligibility as a director and lapse of appointment as a director.

In light of the above, in accordance with the resolutions already adopted on this matter by the Shareholders Meeting of Fintecna and of its parent company, Cassa Depositi e Prestiti S.p.A, Fintecna considers it appropriate for a similar amendment to be made to the By-laws of Fincantieri, so that they are more in line with those of other state-controlled listed companies.

Against this backdrop, the aim of this draft amendment to the By-laws is, in our view, to ensure a greater degree of stability in the management of the business by those whose job, as directors, is to establish the direction that the business should take; this stability is at risk where there is a clause in place that dictates that an appointment as a director must lapse where the court has simply issued an indictment order or where a guilty verdict can still be appealed.

The draft amendment would not affect the principle that, following proceedings pursuant to Article 309 or Article 311, paragraph 2, of the Criminal Procedure Code, or after the related time limits for commencement have expired, where a director with executive powers is, as an individual, made subject to precautionary measures such that make it impossible for him/her to exercise those powers, his/her appointment as director with executive powers would lapse automatically for good cause, without any entitlement to damages.

It is therefore proposed that Article 19 of the By-laws be amended as set out in detail in the table below. The text currently in force appears in the left-hand column, while the draft amendments appear in the right-hand column.

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Article 19	
Text currently in force	Text with draft amendments shown in tracking
- omissis -	- omissis -
<p>Conviction for the crimes provided by the following regulations will be ground for ineligibility or disqualification from the office of director “for good cause” without any right to damages, even if not final and without prejudice to any rehabilitation:</p> <p>a) regulations on banking, financial, securities and insurance activities and on financial markets, securities and payment instruments;</p> <p>b) Title XI of Book V of the Italian Civil</p>	<p><u>Directors must satisfy the requirements of integrity established by Legislative Decree No. 58 of 24 February 1998 and by the implementing regulatory provisions and, in addition, by any other legislative or regulatory provision in force that applies to the directors of the Company.</u></p> <p><u>A failure to satisfy the aforesaid requirements shall result in ineligibility for election to office or appointment to office automatically lapsing.</u></p> <p>Conviction for the crimes provided by the following regulations will be ground for ineligibility or disqualification from the office of director “for good cause” without any right to damages, even if not final and without prejudice to any rehabilitation:</p> <p>a) regulations on banking, financial, securities and insurance activities and on financial markets, securities and payment instruments;</p> <p>b) Title XI of Book V of the Italian</p>

<p>Code and Royal Decree no. 267 of 16 March 1942;</p> <p>c) regulations on crimes against the public administration, public trust, property, public order, public assets or tax crimes;</p> <p>d) Article 51, paragraph 3-bis of the Italian Code of Criminal Procedure and Article 73 of Presidential Decree no. 309 of 9 October 1990.</p> <p>A decree ordering the judgment or abbreviated proceedings for any of the crimes under a), b), c) and d) and does not result in an acquittal, even if subject to appeal, or a final conviction ascertaining an intentional damage to the State treasury also constitute grounds for ineligibility.</p> <p>Directors who, during their office, are served with the decree ordering the judgment or the abbreviated proceedings for any of the crimes under a), b), c) and d), or a final conviction ascertaining the intentional commission of damage to the State treasury shall immediately notify the board of directors, who will act under a confidentiality obligation. The board of directors will assess whether one of the above cases has occurred at the earliest possible meeting and in any event within ten days after becoming aware of the measures above.</p> <p>If the result of the verification is positive, the director shall be removed from office for good cause, without any right to damages unless the board of directors, within ten days, convenes a shareholders' meeting to be held within the following sixty days, and submits to the shareholders' vote</p>	<p>Civil Code and Royal Decree no. 267 of 16 March 1942;</p> <p>e) regulations on crimes against the public administration, public trust, property, public order, public assets or tax crimes;</p> <p>d) Article 51, paragraph 3-bis of the Italian Code of Criminal Procedure and Article 73 of Presidential Decree no. 309 of 9 October 1990.</p> <p>A decree ordering the judgment or abbreviated proceedings for any of the crimes under a), b), c) and d) and does not result in an acquittal, even if subject to appeal, or a final conviction ascertaining an intentional damage to the State treasury also constitute grounds for ineligibility.</p> <p><u>Whenever an appointment lapses, the director shall not be entitled to damages.</u></p> <p>Directors who, during their term of office, <u>no longer satisfy the requirements of integrity referred to above</u>, are served with the decree ordering the judgment or the abbreviated proceedings for any of the crimes under a), b), c) and d), or a final conviction ascertaining the intentional commission of damage to the State treasury shall notify the board of directors of the same immediately. who will act under a confidentiality obligation. The board of directors will assess whether one of the above cases has occurred at the earliest possible meeting and in any event within ten days after becoming aware of the measures above.</p> <p>If the result of the verification is positive, the director shall be removed from office for good cause, without any right to damages unless the board of directors, within ten days, convenes a shareholders' meeting to be held within the following sixty days, and</p>
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a proposal for the director to remain in office and that this in the best interest of the Company. If the assessment by the board of directors is made after the end of the financial year, the proposal is submitted to the shareholders' meeting convened for approval of the financial statements, without prejudice to any term imposed by applicable law.

If the shareholders' meeting does not approve the board of directors' proposal, the director is immediately removed for good cause, without any right to damages.

Without prejudice to the above, if the managing director becomes subject to:

- a) imprisonment, or
- b) pre-trial detention or house arrest, following the procedure under Article 309 or Article 311, paragraph 2, of the Italian Code of Criminal Procedure, or after the expiration of the term thereof,

he or she shall automatically be removed for good cause, without any right to damages, and all powers delegated to him or her are immediately revoked.

The managing director shall automatically be removed if he or she is subject to other restrictions of personal freedom, whenever the board of directors considers such

~~submits to the shareholders' vote a proposal for the director to remain in office and that this in the best interest of the Company. If the assessment by the board of directors is made after the end of the financial year, the proposal is submitted to the shareholders' meeting convened for approval of the financial statements, without prejudice to any term imposed by applicable law.~~

~~If the shareholders' meeting does not approve the board of directors' proposal, the director is immediately removed for good cause, without any right to damages.~~

Without prejudice to the above, **if the director with executive powers becomes subject to precautionary measures such that make it impossible for him/her to exercise his/her powers:**

- ~~a) imprisonment, or~~
- b) ~~pre-trial detention or house arrest, following the procedure under Article 309 or Article 311, paragraph 2, of the Italian Code of Criminal Procedure, or after the expiration of the term thereof,~~ **this shall amount to grounds for ineligibility as director or automatic lapse for good cause of the appointment as director with executive powers without any right to damages.**

~~he or she shall automatically be removed for good cause, without any right to damages, and all powers delegated to him or her are immediately revoked.~~

~~The managing director shall automatically be removed if he or she is subject to other restrictions of personal freedom, whenever the board of directors considers such~~

<p>measures to be incompatible with the performance of the director's duties.</p> <p>For the purposes of this provision, a plea bargain judgment under Article 444 of the Italian Code of Criminal Procedure is equivalent to a final conviction judgment, except in case of extinction of the crime.</p> <p>For the purposes of this provision, the board of directors shall ascertain the existence of the facts provided for therein, for cases governed in whole or in part by foreign laws, on the basis of substantial equivalence.</p> <p style="text-align: center;">- omissis -</p>	<p>measures to be incompatible with the performance of the director's duties.</p> <p>For the purposes of this provision, a plea bargain judgment under Article 444 of the Italian Code of Criminal Procedure is equivalent to a final conviction judgment, except in case of extinction of the crime.</p> <p>For the purposes of this provision, the board of directors shall ascertain the existence of the facts provided for therein, for cases governed in whole or in part by foreign laws, on the basis of substantial equivalence.</p> <p style="text-align: center;">- omissis -</p>
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Please note that, if accepted, the draft amendments do not entitle those Shareholders who do not approve them to withdraw, as these amendments do not fall within the cases that entitle to withdrawal under Article 2437 of the Italian Civil Code.

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The shareholder Fintecna S.p.A. therefore submits the following resolution for your approval:

"Having considered the explanatory report by the shareholder Fintecna S.p.A., the extraordinary Shareholders Meeting of FINCANTIERI S.p.A.

resolves

- *to amend Article 19 of the By-laws as set out in the right-hand column of the table containing the wording currently in force and the draft amendments in parallel in the explanatory report by the shareholder Fintecna S.p.A. and made available to the Company within the timescale and in the manner established by the legislation in force;*
- *to delegate the Chairman of the Board of Directors and the Managing Director, jointly and individually and with the power to delegate the said authority, to comply with any requirements and complete any formalities connected with or consequential to this resolution and to make any amendments, additions and/or deletions to/from this resolution for the purposes of registration at the Companies Registry".*