

ORDINARY AND
EXTRAORDINARY
SHAREHOLDERS' MEETING
19 MAY 2017

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



SECOND ITEM ON 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 Venezia Giulia Business Registry No. 00397130584
Trieste Economic and Administrative Index No. 89063

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ORDINARY PART

*Explanatory Report pursuant to art. 125-ter of the Legislative Decree No. 58 of 24 February 1998
Relazione illustrativa redatta ai sensi dell'art. 125-ter del D.Lgs. del 24 febbraio 1998, n. 58*

SECOND ITEM ON THE AGENDA FOR THE ORDINARY PART

Appointment of the Board of Statutory Auditors for the three-year period 2017-2019. Related and consequent resolutions.

- 2.1 Appointment of three Permanent Auditors and three Alternate Auditors;*
- 2.2 Appointment of the Chairperson of the Board of Statutory Auditors;*
- 2.3 Fees payable to the permanent members of the Board of Statutory Auditors.*

Dear Shareholders,

The office of the currently serving Board of Statutory Auditors is due to expire at the Shareholders' Meeting called to approve the financial statements for 2016. You are therefore called upon to pass resolutions: (i) appointing three Permanent Auditors and three Alternate Auditors; (ii) appointing the Chairperson of the Board of Statutory Auditors; and (iii) determining the fees payable to the permanent members of the Board of Statutory Auditors.

2.1. Appointment of three Permanent Auditors and three Alternate Auditors

The Board of Statutory Auditors is appointed pursuant to the provisions of Article 30 of the Company's By-laws.

Specifically, pursuant to Article 30.1 of the Company's By-laws, the Shareholders' Meeting appoints the Board of Statutory Auditors, which is to consist of three Permanent Auditors and three Alternate Auditors. The appointed Auditors will remain in office for three financial years (2017-2019), and their office expires on the date of the Shareholders' Meeting called to approve the financial statements in relation to their last financial year in office.

The Permanent Auditors and Alternate Auditors are appointed on the basis of slates submitted by Shareholders who - individually or together with other Shareholders - own at least 1% of the share capital.

Each Shareholder may submit or contribute to the submission of only one slate, and may vote on one slate only. Shareholders who are part of the same group and Shareholders who have signed a shareholders' agreement involving the Company's shares may not submit or vote on more than one slate, including through an intermediary or through a trust company.

The following provisions are to be noted, with particular reference to the preparation of slates and the composition of the Board of Statutory Auditors.

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

The slates are divided into two sections: one for candidates for the office of Permanent Auditor and the other for candidates for the office of Alternate Auditor; within each section, the candidates' names must be given in numbered sequential order. There shall not be a higher number of candidates' names than there are members to be elected. The first candidate in each section must be enrolled in the Roll of Statutory Auditors and must have at least three years of experience in statutory auditing.

Furthermore, slates that (in relation to both sections) present three or more candidates must include candidates of different genders in the first two positions of the section of the slate related to Permanent Auditors, and in the first two positions of the section of the slate related to Alternate Auditors, thus ensuring that the composition of the Board of Statutory Auditors complies with applicable regulatory provisions on gender balance.

Candidates for the office of Statutory Auditor must satisfy the requirements of professionalism and integrity provided for by the Decree by the Italian Ministry of Justice No. 162 of 30 March 2000. For the purposes of Article 1, subsection 2, letters b) and c) of the afore mentioned Decree, commercial law, tax law, business economics and corporate finance matters, as well as sectors of activity related to naval engineering, are deemed to be closely associated with the Company's activities.

Candidates must also satisfy the requirements of independence provided for by applicable regulatory provisions. Existing legislative and regulatory provisions in force are applicable to situations of ineligibility and to the limits on multiple offices that members of the Board of Statutory Auditors can hold as director and/or auditor.

In line with the specifics of the notice of call, the candidate slates must be filed by the Shareholders by **24 April 2017**, as follows: (i) by hand delivery to the Company's registered office, Via Genova 1, 34121 Trieste, c/o the Legal Affairs Department - Company Secretary's Office during normal office hours from 9 a.m. to 5 p.m. - tel. + 39 040 3192606); or (ii) by certified electronic mail to assemblea.fincantieri@pec.fincantieri.it.

In any event, information must be provided at time of filing which enables the person transmitting the slates to be identified. The Company will then make the slates available to the public at least twenty-one days prior to the date of the Shareholders' Meeting (i.e. by **28 April 2017**), in the manner envisaged by the legislation in force.

The ownership of the minimum equity interest required in order to submit slates, as indicated above, is determined having regard to the shares registered to the Shareholder at the date on which the slates are filed with the Company. The relevant certification may, however, also be produced after the slate has been filed, on condition that it is produced at least twenty-one days before the date of the Shareholders Meeting (i.e. by **28 April 2017**), by communication issued by an authorised intermediary pursuant to applicable law.

Slates filed must be accompanied by the documentation and information required by the Company's By-laws and by the legislation in force. Note, in particular, that the following must be filed together with the slates: (i) information on the identity of Shareholders submitting the slates, indicating the total equity interest held; (ii) exhaustive information on the personal and professional qualifications of the candidates and the declarations by which individual candidates accept their candidature and certify -

accepting full responsibility - that they satisfy the requirements of the legislation in force; and (iii) a declaration by shareholders - other than those who hold (jointly or otherwise) a controlling or relative majority shareholding - that they have no relations or dealings with the latter pursuant to Article 144-quinquies of the Issuers' Regulations adopted by CONSOB (the Italian securities market authority) by Resolution No. 11971 of 14 May 1999 (the "Issuers' Regulations") (also taking into account the recommendations of CONSOB contained in its Communication No. DEM/9017893 dated 26 February 2009). Note, in this context, that Fincantieri is directly controlled by Fintecna S.p.A. and indirectly controlled by Cassa depositi e prestiti S.p.A.

Moreover, it is recommended to include all the relevant information in the *curriculum vitae* of individual candidates filed together with the slates, given that - pursuant to Article 2400, last subsection of the Italian Civil Code - offices as directors and auditors held in other companies must be disclosed to the Shareholders' Meeting at the time when Statutory Auditors are appointed and before they accept their office, and also taking into account the provisions limiting multiple offices referred to in Article 148-bis of Legislative Decree No. 58 of 24 February 1998 (the "Italian Consolidated Financial Act").

Note that if - upon the expiry of the aforementioned deadline for filing the slates (24 April 2017) - only one slate has been filed, or if only slates are filed which have been submitted by Shareholders who are related within the meaning of Article 144-quinquies of the Issuers' Regulations, other slates may be submitted until the third day following that date (i.e. until **27 April, 2017**). In this case, the threshold for the submission of the slates will be reduced by one half and will therefore be equal to 0.5% of the share capital.

In relation to the mechanism for appointing the Board of Statutory Auditors and the Alternate Auditors, note that the following procedure is applicable, pursuant to Article 30.6. of the Company's By-laws.

Two Permanent Auditors and two Alternate Auditors are drawn from the slate that obtained the highest number of votes, in the sequential order in which they are listed in the sections of that slate.

The remaining Permanent Auditor and the remaining Alternate Auditor are appointed in accordance with applicable rules and with the procedures detailed in Article 19.9, letter b) of the Company By-laws for the appointment of Directors drawn from the minority slates, to be applied separately to each of the sections comprising the other slates.

If only one slate is submitted, or if no list is submitted, then the Shareholders' Meeting shall adopt resolutions in accordance with applicable legal majorities, without the need to follow the procedure mentioned above, but the composition of the Board of Statutory Auditors shall continue to comply with the provisions of Article 1, subsection 1 of the Decree by the Ministry of Justice No. 162 of 30 March 2000, and with the legislation on gender balance in force.

In consideration of all of the foregoing, the Shareholders are invited to approve the appointment of three Permanent Auditors and three Alternate Auditors, voting for one of the slates submitted and published in accordance with the aforementioned provisions.

2.2. Appointment of the Chairperson of the Board of Statutory Auditors

Note that - pursuant to Article 148, subsection 2-bis of the Italian Consolidated Financial Act and Article 30.7 of the Company's By-laws - the Chairperson of the Board of Statutory Auditors is appointed by the Shareholders' Meeting from among Statutory Auditors elected by the minority.

Subject to the foregoing, if only one slate is submitted or if no slate is submitted, then the Chairperson of the Board of Statutory Auditors is appointed by the Shareholders' Meeting in accordance with applicable legal majorities.

In consideration of the foregoing, the Shareholders are invited to appoint the Chairperson of the Board of Statutory Auditors in accordance with the foregoing provisions.

2.3. Fees payable to the permanent members of the Board of Statutory Auditors.

In determining the fees payable to the permanent members of the Board of Statutory Auditors, note that - pursuant to Article 2402 of the Italian Civil Code and Article 30.1 of the Company's By-laws - the fees payable to the Permanent Auditors are determined by the Ordinary Shareholders' Meeting at the time of appointment, for their entire term of office.

Note, in this context, that the fees payable to currently serving members of the Board of Statutory Auditors are as follows: i) for the Chairperson, EUR 37,000/p.a.; and ii) for the other Permanent Auditors, EUR 26,000/p.a.

The outgoing Board of Directors refrains from drawing up specific proposals in this matter and invites the Shareholders to determine the fees payable to the permanent members of the Board of Statutory Auditors, based on proposals which the Shareholders may also formulate during the Shareholders' Meeting.

Trieste, 29 March 2017

*For the Board of Directors
Chairperson of the Board of Directors
Giampiero Massolo*