

**ORDINARY AND
EXTRAORDINARY
SHAREHOLDERS' MEETING**

11 MAY 2018

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



THIRD 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 Article 114-bis of the Legislative Decree No. 58 of 24 February 1998 and Article 84-bis of the Regulation issued by Consob by Resolution No. 11971 of 14 May 1999

THIRD ITEM ON THE AGENDA FOR THE ORDINARY PART

Approval of the Performance Share Plan 2019-2021, drawn up pursuant to Article 114-bis of Legislative Decree No. 58 of 24 February 1998 and Article 84-bis of the Regulation issued by Consob with resolution No. 11971 of 14 May 1999. Related and consequent resolutions.

Dear Shareholders,

You have been convened in ordinary session to discuss and resolve upon the Performance Share Plan 2019-2021 (the "Plan" or the "LTI Plan 2019-2021") for the management of Fincantieri, devised by the Board of Directors, upon proposal by the Remuneration Committee, at the meeting held on 27 March 2018.

With a view to continuing the former Performance Share Plan 2016-2018, the Plan, seeks to better align the interests of its beneficiaries with those of Shareholders, by linking remuneration of the

management to specific performance targets, whose achievement is closely linked to improved company performance and enhanced corporate value in the medium to long term.

In doing so, Fincantieri intends to demonstrate, as of now, its intent to establish strong incentives and employment retention for management, with the aim of motivating the performance thereof in the Company and achieving its strategic goals.

The Plan is also conceived as a mean to enhance retention of key resources of Fincantieri, aligning the Company's Remunerations Policy with best market practices which, typically, provide for medium to long-term incentives.

Furthermore, in view of the increasing expectations of the financial community on sustainable development, Fincantieri introduced the targets of the LTI Plan 2019-2021, in addition to the EBITDA and TSR parameters, already provided for by the Performance Share Plan 2016-2018, as well as an additional parameter (sustainability index), that allow for measuring the achievement of sustainability targets that the Company has provided together with and/or in addition to those of financial economic performance, in order to meet European best practice standards. The characteristics of the abovementioned Plan are described in the information document drawn up by the Company pursuant to art. 84-bis of the Regulation issued by Consob (the Italian Securities Market Authority) by Resolution No. 11971 of 14 May 1999, made available to the public at the Company's registered office and on the Company's website (www.fincantieri.com) in the section dealing with this Shareholders' Meeting and elsewhere, in accordance with applicable regulatory deadlines in force.

You are therefore invited to consult the aforementioned information document.

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In view of the foregoing, we hereby submit for your approval the following draft resolution:

"The Ordinary Shareholders' Meeting of FINCANTIERI S.p.A., having examined the information document drawn up by the Board of Directors pursuant to Article 84-bis of the Regulation issued by Consob by Resolution No. 11971 of 14 May 1999,

resolves

- 1. to approve the Performance Share Plan 2019-2021 for the persons who will be identified by the Board of Directors, in accordance with the terms and conditions described in the information document drawn up pursuant to Article 84-bis of the Regulation issued by Consob by Resolution No. 11971 of 14 May 1999, including the following: Chairperson of the Board of*

Directors (if granted executive powers), Chief Executive Officer, General Manager (if any), other Executives with Strategic Responsibilities, other Key Executives and other key employees;

- 2. to grant the Board of Directors - and through it, the Chief Executive Officer - all the necessary powers to concretely implement the Performance Share Plan 2019-2021, to be exercised in accordance with the criteria described in the information document drawn up pursuant to Article 84-bis of the Regulation issued by Consob by Resolution No. 11971 of 14 May 1999”.*

Trieste, 27 March 2018

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