

**ORDINARY AND
EXTRAORDINARY
SHAREHOLDERS' MEETING**

11 MAY 2018

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



FOURTH 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 73 of Regulation issued by Consob by Resolution No. 11971 of 14 May 1999

FOURTH ITEM ON THE AGENDA FOR THE ORDINARY PART

Approval to purchase and dispose of the Company's treasury shares after revoking the previous approval resolved at the Ordinary Shareholders' Meeting of 19 May 2017. Related and consequent resolutions.

Dear Shareholders,

You have been convened in ordinary session, pursuant to Articles 2357 *et seq.* of the Italian Civil Code, to discuss and resolve upon the proposal to authorise the purchase and disposal of the Company's treasury shares for the purposes and in accordance with the procedures and deadlines set forth below, subject to revocation of the prior authorisation resolved by the Ordinary Shareholders' Meeting of 19 May 2017.

In this regard, we remind you that the abovementioned meeting of 19 May 2017 vested the Board of Directors with the authorisation to purchase treasury shares for a period of eighteen (18) months from the date of the shareholders' meeting, while the authorisation for disposal was conferred

without time limits. The authorisation to purchase treasury shares will expire, therefore, on 19 November 2018.

In compliance with the abovementioned authorisation and with what has already been communicated to the market, the Company, on 25 October 2017, launched the share buy-back program to service the Performance Share Plan 2016-2018 which ended on 4 December 2017 and at the end of which FINCANTIERI S.p.A. ("Fincantieri" or the "Company") purchased 4,706,890 treasury shares representing 0.28% of the Company's share capital.

Given the opportunity to renew such authorisation on the part of the Board of Directors for a further period, we propose to revoke the existing authorisation, to the extent that it has not already been used, and to resolve on a new authorisation to purchase and dispose of treasury shares under the terms outlined below.

Reasons for the authorisation proposal

The proposal to authorise the purchase and disposal of the Company's treasury shares is based on the view that the Board of Directors of Fincantieri should be given the power to purchase and dispose of treasury shares in compliance with applicable regulatory provisions and prevailing market practices, for the following purposes:

- to facilitate share incentive schemes approved by the Company or by subsidiaries of the latter;
- to meet obligations deriving from debt instruments convertible into equity instruments;
- to establish an inventory of securities for the sale, disposal and/or utilisation of treasury shares, in conformity with the Company's anticipated strategic lines, in the context of extraordinary transactions including, for example, exchanges, barter, contributions or to service capital transactions or other corporate and/or financial transactions and/or other extraordinary transactions e.g. acquisitions, mergers, demergers, issuance of convertible debenture loans, bonds, warrants; etc.;
- to conduct market operations based on a medium and long-term investment strategy, also in order to create durable investments or in the context of transactions associated with day-to-day management, or to reduce the average cost of the Company's share capital or take the opportunity to maximise share value based on favourable market trends;
- to take action to support market liquidity.

Maximum number of shares involved in the authorisation proposal

At the date of this report the Company's share capital consists of 1,692,119,070 ordinary shares, without par value, for a total value of Euro 862,980,725.70 fully subscribed and paid up.

It is proposed, in this context, that the Shareholders' Meeting should authorise the purchase of treasury shares in one or more tranches, up to a maximum number that - taking into account the number of Fincantieri shares periodically held in the portfolio by the Company and its subsidiaries - does not in total exceed one fifth of the Company's share capital, pursuant to Article 2357, paragraph 3, of the Italian Civil Code or any other maximum ceiling provided for by applicable rules in force.

Pursuant to Article 2357, paragraph 1, of the Italian Civil Code, the purchase transactions will be carried out within the limits of distributable profits and available reserves as showed in the most recently approved financial statements.

The authorisation includes the power to dispose of all or some of the shares in the portfolio at a later stage, and on different occasions, even before the maximum quantity of purchasable shares has been used up and, potentially, to repurchase those shares up to the authorised limit of treasury shares that the Company and its subsidiaries can hold.

Further information useful for assessing compliance with Article 2357, paragraph 3, of the Italian Civil Code

At the date of this report, the Company holds 4,706,890 treasury shares, representing 0.28% of the shares comprising the share capital of the Company. Neither Fincantieri nor its subsidiaries hold treasury shares.

The subsidiaries will be given special instructions to ensure that they promptly notify any purchase of shares pursuant to Article 2359-*bis* of the Italian Civil Code.

Period of validity of the authorisation sought

The authorisation to purchase treasury shares is requested for a period of 18 (eighteen) months from the date of the Shareholders' Meeting approving such authorisation.

The Board of Directors may - within the period of validity of the authorisation granted - purchase shares on one or more occasions and at any time, in numbers and at times which it freely determines in compliance with applicable regulatory provisions, and in a progressive manner that accords with the Company's interest.

The authorisation for sale is requested without time constraints.

Minimum and maximum price

Purchases shall take place at a price that does not vary upwards or downwards by more than 10% over the reference price registered on the Electronic Stock Market (MTA) organised and managed by the Borsa Italiana S.p.A. (Italian Stock Exchange) in the trading session preceding each individual transaction.

Furthermore, purchases of treasury shares on the market shall comply with the terms, conditions and requirements laid provided for by applicable regulatory provisions (including EU provisions) and accepted market practices.

The sale or other forms of disposal of treasury shares will occur:

- if in cash, at a price no less than 10% below the reference price registered on the Electronic Stock Market organised and managed by the Borsa Italiana S.p.A. in the trading session preceding each individual transaction;
- if part of an extraordinary transaction - including e.g. exchanges, barter, contributions or to service capital transactions or other corporate and/or financial transactions and/or other extraordinary transactions or any other non-cash disposal - according to economic terms and conditions which the Board of Directors will determine based on the nature and features of the transaction, also taking into account the market performance of Fincantieri stock;
- in relation to shares facilitating share incentive plans, based on the terms and conditions indicated by the regulations of those plans. For information on the Company's share incentive and retention plans called the "*Performance Share Plan 2016-2018*" and "*Performance Share Plan 2019-2021*" - this latter, subject of the draft resolution referred to in the third item on the agenda (ordinary part) of the Shareholders' Meeting, - please refer to the respective explanatory reports drawn up pursuant to Article 114-*bis* of Legislative Decree No. 58 of 24 February 1998 (Italian Consolidated Financial Act) and Article 84-*bis* of the Issuers' Regulations adopted by CONSOB by Resolution No. 11971 of 14 May 1999 (the "Issuers' Regulations"), made available within the terms and with the procedures provided for by the regulations in force;

and, in any case, in accordance with the terms, conditions and requirements provided for by applicable regulatory provisions (including EU provisions) and market practices allowed from time to time, particularly if the shares are used to facilitate activities in support of market liquidity.

Methods of purchasing and disposing of treasury shares

The purchase transactions will conform to the provisions of Article 132 of the Italian Consolidated Financial Act, Article 144-*bis* of the Issuers' Regulations and any other regulatory provision (including EU provision) and accepted market practice in force from time to time.

The aforementioned operating procedures will not apply to purchases of treasury shares that are held by employees of the Company or of its subsidiaries and allotted or subscribed pursuant to Articles 2349 and 2441, paragraph 8, of the Italian Civil Code, or deriving from remuneration plans approved under Article 114-*bis* of the Italian Consolidated Financial Act. Shares under the share incentive plans will be allotted in accordance with the procedures and deadlines provided for by the regulations of the plans in question.

The shares may be disposed of - on one or more occasions - even before the quantity of purchasable treasury shares has been used up. The disposal may occur in the manner deemed in the Company's best interests and, in any case, in compliance with applicable regulatory provisions and accepted market practices.

Information on relevance of the purchase to a share capital reduction

Note that the purchase of treasury shares the subject of the aforementioned authorisation request is not made for the purpose of reducing the share capital.

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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 Board of Directors' Report drawn up pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998 (the "Explanatory Report") and Article 73 of the Regulation adopted by CONSOB by Resolution No. 11971 of 14 May 1999, and in conformity with Annex 3A - Scheme 4 of those regulations and the Board of Directors proposal therein contained;*
- in view of the provisions of Articles 2357 et seq. of the Italian Civil Code, of Article 132 of Legislative Decree no. 58 of 24 February 1998 and of Article 144-bis of the Regulation adopted by CONSOB by Resolution No. 11971 of 14 May 1999, and any other provision applicable,*

resolves

- 1. to revoke the resolution authorising the purchase and the disposal of treasury shares adopted by the Ordinary Shareholders' Meeting of 19 May 2017, to the extent that they are not already used;*
- 2. to authorise the Board of Directors to purchase - on one or more occasions and for a period of eighteen months from the date of this resolution - ordinary shares of Fincantieri S.p.A., for the purposes referred to in the aforementioned Explanatory Report of the Board of Directors and*

subject to the limitations and conditions referred to in said report, which are deemed to be referenced herein in their entirety and, in particular, as specified below:

- the maximum number of shares for purchase is the maximum allowed by law;*
- purchases shall be at a price that does not vary upwards or downwards by more than 10% over the reference price registered on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A. (Italian Stock Exchange) in the trading session preceding each individual transaction. Furthermore, purchases of treasury shares on the market shall comply with the terms, conditions and requirements laid down by applicable regulatory provisions (including EU provisions) and accepted market practices;*
- the purchase transactions will conform to the provisions of Article 132 of Legislative Decree no. 58 of 24 February 1998, Article 144-bis of the Regulation adopted by CONSOB by Resolution No. 11971 of 14 May 1999, and any other regulatory provision (including EU provision) and accepted market practice in force from time to time;*

3. to authorise the disposal of treasury shares - on one or more occasions and without time constraints and in the manner most in keeping with the Company's interests and in compliance with applicable regulatory provisions - for the purposes referred to in the Board of Directors' Explanatory Report and subject to the limitations and conditions referred to in said report, which are deemed to be referenced herein in their entirety and, in particular, as specified below:

- all or some of the shares acquired may be disposed of - on one or more occasions and without time constraints - even before the maximum quantity of shares purchased on foot of this resolution have been used up;*
- if a disposal - and in particular a sale of treasury shares is made in cash, then that disposal cannot be for a price less than 10% below the reference price registered on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A. in the trading session preceding each individual transaction;- shares facilitating the share incentive plans will be allotted to the recipients of the plans in accordance with the procedures and deadlines envisaged by the regulations of the plans in question.*
- if the shares are used in the context of extraordinary transactions including e.g. exchanges, barter, contributions or to service capital transactions or other corporate and/or financial transactions and/or other extraordinary transactions or any other non-cash disposal, then the Board of Directors will determine the economic terms and conditions of the transaction based on the nature and characteristics thereof, also taking into account the market performance of FINCANTIERI S.p.A. stock;*

- the shares at the service of the share incentive plans will be assigned to the beneficiaries of the plans using the procedures and within the terms specified in the regulations of the plans themselves;

and, in any case, in accordance with the terms, conditions and requirements laid down by applicable regulatory provisions (including EU provisions) and market practices allowed from time to time, particularly if the shares are used to facilitate activities in support of market liquidity;

4. to grant the Board of Directors and, through it, the Chairperson and the Chief Executive Officer - separately and with the power to sub-delegate - the widest powers necessary in order to concretely and fully implement the resolutions referred to in the preceding paragraphs and to brief the market of same, in accordance with applicable regulatory provisions (including EU provisions) and accepted market practices in force from time to time”.

Trieste, 27 March 2018

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