Framework Agreement between the Italian and French Governments regarding the shipbuilding industry

In their common statement issued on August, 1st 2017, the French and Italian Governments expressed their wish to facilitate the creation of a more efficient and competitive European shipbuilding industry. They shared the objective of moving towards a strong alliance between the two countries, in both the civil and military sectors. Bringing together the strengths of Fincantieri, Naval Group and STX France would allow the creation of a global European leader aiming at being the world's largest exporter in both civil and military markets, with a significant activity in systems and services.

Subject to usual supervisory authorities authorisations, this balanced agreement will first imply the acquisition by Fincantieri of 50% of STX France, while the French State will hold 34,34% of the capital, Naval Group will take a minority stake of 10%, 2% will be proposed to employees and 3,66% to a group of local companies. Additionally, the French State will loan on a long term basis a 1% stake in the share capital of STX France to Fincantieri, keeping the possibility of terminating this loan during three-month periods after 2, 5, 8 and 12 years following the transaction.

In parallel, both Governments will support a deeper cooperation in the military area, with the common objective of progressively building a strong naval Alliance in the coming years.

Acquisition of STX France

Below are the main terms relating to the agreed capital structure and governance structure of STX France, to be formalised in the final Shareholder's agreement and the Share Purchase agreement regarding STX France to be signed up in the coming weeks after consultation of the Workers Council. All the other principles already agreed upon between the parties, in particular all industrial, financial and operational commitments undertaken by Fincantieri in the Heads of Terms dated April 12th and in the current Shareholders' Agreement draft (such as the qualified majority provisions, the rules on the transfer of shares, the provisions on breaches, etc.) are confirmed, as well as all the special protection rights recognized to APE and Naval Group, taking into account the new shareholding structure.

1) Capital structure

Immediately after completion of the acquisition by the French State of the stake currently held by STX Europe, the following capital structure will be put in place:

- Fincantieri : 50%
- French State (APE) : 34,34%
- Naval Group : 10% (or 15,66% if the implementation of the employee ownership plan referred to below or/and the acquisition by a group of local companies cannot be implemented at the same time[1])
- Employee ownership plan: 2%
- Group of local companies: 3,66%

[1] As soon as possible following this date (if these transactions with the employees and the local companies cannot be concluded at the same time), Naval Group will sell part of its stake as following:

- Employees (through an employee ownership plan): 2%
- Group of local companies: 3,66%

In parallel, the French State will lend on a long term basis shares to Fincantieri for a period of 12 years representing 1% of the capital of STX France. This loan may be terminated by the French State during a 3-month period before the 2nd, 5th, 8th and 12th anniversary of the loan after assessment of the respect by Fincantieri of its main obligations concerning the compliance with governance rules, the preservation of intellectual property and know-how and support to the development of the Shipyards, the preservation of employment and subcontractors and the equal treatment within the Group (*as detailed in an Annex to the final Shareholder's agreement*). In the case the French State decides to put an end to the share loan, consultation between the two governments will take place.

Fincantieri will benefit from all rights attached to the lent shares, including voting rights and rights to dividends (except for preferential subscription rights that could be attached to these shares). In case of an early termination of the loan by the French State, Fincantieri will be entitled to sell all of its shares in STX France to the French State at a fair market value within a 3-month period. **2) Governance**

The Board of Directors will be composed as follows:

- 4 members appointed by Fincantieri (including the Chairman and the CEO)
- 2 members appointed by the French State (APE)
- 1 member appointed by Naval Group
- 1 member appointed by the employees

The Chairman of the Board will have a "casting vote".

Military naval alliance

The French and Italian Governments express their intention to build a more efficient European naval industry and actively support initiatives towards a deeper military cooperation between both countries and improved international development. In this spirit, they will study the modalities of a progressive, ambitious and balanced Alliance.

The creation of this strong Alliance will imply a complex and thorough process, which will involve not only Fincantieri and Naval Group but also several other stakeholders (shareholders, industrial partners, customers, employees, etc.) and have significant implications on strategic national interests, therefore requiring the commitment and guidance of both the French and the Italian Governments.

Such a complex project will need to be carried out in several stages and governed by a joint Steering Committee of 6 members to be set up immediately (2 representing the Italian Government, 2 representing the French Government and the two CEOs of Fincantieri and Naval Group). Before the end of June 2018, and after consulting with the main partners and shareholders of both companies, the Steering Committee will propose a mid and long term roadmap to the two Governments describing the implementation process of France and Italy's common ambition in the naval sector, including :

- Governance, structure and organisation of the Alliance, identifying the areas that will request a special treatment for sovereignty reasons and those where cooperation can bring the highest mutual benefit, that should be considered as priorities in the roadmap;
- Guidelines for governmental policies supporting this Alliance, including treatments of possible mutual dependencies and a convergence process for export control rules and security matters;
- A definition of the financial conditions of the convergence process and assets included in its perimeter;
- A definition of the way to take into account all stakeholders' interests in the process of building up the Alliance.

The two Governments will jointly support the Alliance in its export opportunities and will endeavour to launch common programmes in the military segment each time they envisage such investments.

In parallel, the opportunity and modalities of an exchange between the two companies of 5% to 10% of their respective share capital will be analysed, and concrete actions aiming at developing synergies will be defined and presented to both Governments. This roadmap should include the creation of a balanced joint-venture in which common projects would progressively be developed, with a priority given to surface vessels platforms, systems and equipment.

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Annex to the final Shareholder’s agreement agreed upon by both Governments

Main items to be assessed by the French State to decide whether or not to cancel the loan of 1% of STX France’s share capital to Fincantieri at given dates

The French State, in deciding whether or not to cancel the loan of 1% of STX France’s share capital to Fincantieri at given dates, will consult with the Italian State and will take into account the following items:

1. Compliance with the governance rules

The French State will assess whether its qualified majority rights have been complied with and if the relevant matters have been submitted to the Board of Directors.

2. Preservation of intellectual property and know-how and support to the development of the Shipyards

The French State will assess the preservation of the tangible and intangible technological capacities in St-Nazaire as existing at the time of the transaction as well as the means devoted to preserve the innovative capacity of the Shipyards (resources, training, support of the Project Department (*bureau d’étude,* etc.).

The French state will assess the implementation of the commitment regarding the absence of any transfer or licensing of the Company’s technology, know-how or other intellectual property rights out of Europe and especially to China.

The French State will also assess the implementation of a consistent investment plan if it is deemed necessary as well as the capacity given to the Shipyards to diversify.

3. Preservation of employment and subcontractors

With respect to employment, the French State will verify, during the 5-year period following the transaction, that no redundancy plan is implemented and that the 3-year hiring plan is complied with. After this 5-year period, the French State will assess the consistency between the level of employment in the St-Nazaire Shipyard and the global level of activity and development within the Fincantieri Group.

With respect to subcontractors, the French State will assess the evolution of the regional and national subcontractor network following the transaction (proportion of local subcontractors, nature of the tasks subcontracted, etc.).

4. Equal treatment within the Group

In its industrial project, Fincantieri has undertaken to seek synergies and optimise the engineering and production capacities for the benefit of STX France and the Group as a whole. The French State will assess whether these collaborations and synergies have created value for the Shipyards.