



**REPORT OF THE
BOARD OF DIRECTORS
ON THE *CORPORATE GOVERNANCE* SYSTEM
AND ON SUBSCRIPTION TO THE
SELF-DISCIPLINE CODE FOR LISTED COMPANIES
RELEVANT TO THE YEAR 2011
(PREPARED PURSUANT TO ARTICLES 123-BIS OF THE TUF [CONSOLIDATION ACT ON
FINANCE] AND 89-BIS OF THE ISSUERS' REGULATION)**

**Approved by the Board of Directors of Ansaldo STS S.p.A.
on March 5, 2012**

GLOSSARY

Ansaldo STS	Ansaldo STS S.p.A.
Code or Self-Discipline Code	The Self-Discipline Code of listed companies approved in March 2006 (and amended in March 2010) by the <i>Corporate Governance</i> Committee and promoted by Borsa Italiana S.p.A.
Code 2011 or Self-Discipline Code 2011	The Self-Discipline Code of listed companies approved in December 2011 by the <i>Corporate Governance</i> Committee and promoted by Borsa Italiana S.p.A.
Board	The Board of Directors of Ansaldo STS
Corporate Year	The corporate year 2011
Group	Ansaldo STS and its subsidiaries pursuant to Art. 93 of the TUF
Stock Market Regulation Instructions	The Instructions for the Regulation of Markets organised and managed by Borsa Italiana S.p.A.
Stock Market Regulation	The Regulation of Markets organised and managed by Borsa Italiana S.p.A.
Issuers' Regulation	The Regulation issued by the Consob by resolution no. 11971 of May 14, 1999 regarding issuers, as subsequently amended and integrated
Market Regulation	The Regulation issued by the Consob by resolution no. 16191 of October 29, 2007 regarding markets, as subsequently amended and integrated
Related-Party Regulation	The Regulation issued by the Consob by resolution no. 17221 of March 12, 2010 regarding related-party transactions, as subsequently amended and integrated
Report	This <i>corporate governance</i> report drafted pursuant to Articles 123- <i>bis</i> of the TUF and 89- <i>bis</i> of the Issuers' Regulation
Company	Ansaldo STS S.p.A.
TUF	The Legislative Decree no. 58 of February 24, 1998, as subsequently amended and integrated

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1. ISSUER'S PROFILE

The organisation of Ansaldo STS, based on the traditional model, conforms to the provisions on listed issuers and is articulated as follows:

1.1 COMPANY ORGANISATION

- **SHAREHOLDERS' MEETING.** It is competent to deliberate, as ordinary and extraordinary meeting, on the matters reserved to the same by the law or the Articles of Association.
- **BOARD OF DIRECTORS.** It is vested with all powers for the management of the Company, with the authority to take all appropriate actions for the achievement of the corporate purposes, excluding those acts which are reserved – by the law or the Articles of Association – to the Meeting.
- **BOARD OF STATUTORY AUDITORS.** It has the task of supervising:
 - the compliance with the law and the Articles of Association, as well as the observance of the principles of proper administration;
 - the adequacy of the organisational structure of the Company and of its accounting management system, also with respect to the reliability of this latter in representing the operating events in an accurate manner;
 - the adequacy and effectiveness of the internal control, internal audit and risk management systems;
 - the financial reporting process and the legal audit of annual accounts and consolidated accounts;
 - the independence of the legal audit company, particularly as regards the performance of services to the Company, other than audit;
 - the methods for putting into practice the corporate governance rules set out by codes of conduct compiled by companies that manage regulated markets or by trade associations, with which the company declares to comply in its information to the public;
 - the adequacy of the instructions given to subsidiaries with respect to the information to be provided in order to comply with the disclosure obligations.
 - the compliance of the Procedure for related-party transactions adopted by the Company with the principles indicated in the Consob Regulation adopted by resolution no. 17221 of March 12, 2010 and subsequent amendments and integrations, as well as the compliance with the same Procedure.
- **LEGAL AUDIT COMPANY.** The activity of legal audit of accounts is performed by a specialised Company entered in the Consob register, specially appointed by the Meeting of the Shareholders, on a justified proposal of the Board of Statutory Auditors. The company entrusted with the legal audit of the accounts of Ansaldo STS has a similar assignment with almost all subsidiaries of Ansaldo STS.

1.2 COMPANY OBJECTIVES AND MISSION.

Ansaldo STS intends to maintain and reinforce its position as a primary international *competitor* in the industry of railway and underground transport systems. In particular, the Company deals (i) in the sector of design, manufacture, distribution, management and maintenance of systems, subsystems and components for the signalling and supervision of railway and underground traffic (“Signalling”), aimed at increasing the safety and efficiency of railway and underground transport systems, and (ii) in the sector of design, implementation, integration and maintenance of "turnkey" Transport Systems, of which the Signalling systems are an essential part.

Ansaldo STS pursues its own mission in strict compliance with the objective of Shareholder value creation.

2. INFORMATION ON THE OWNERSHIP STRUCTURE AT THE DATE OF MARCH 5, 2012

2.1 STRUCTURE OF THE COMPANY'S SHARE CAPITAL

Amount in Euro of the share capital subscribed and paid in:

- Euro 70,000,000.00 entirely paid up

Classes of shares that comprise the company's share capital:

- 140.000.000 ordinary shares for a value of Euro 0.50 each.

	No. of shares	% with respect to the share cap.	Listed (indicate the markets) / not listed	Rights and obligations
Ordinary shares	140,000,000	100	Listed MTA Star	Right to vote in ordinary and extraordinary meetings, right to dividend and to refund of capital in case of winding-up
Limited-voting shares	–	–	–	–
Non-voting shares	–	–	–	–

Ansaldo STS has not issued any other classes of shares or financial instruments convertible into or exchangeable with shares.

For the sake of completeness, we point out that on April 23, 2010 the Extraordinary Meeting resolved to increase the company's share capital without consideration, pursuant to Art. 2442 of the Italian Civil Code, for total Euro 50,000,000.00 (fifty million) and, therefore, from the current Euro 50.000.000,00 (fifty million) to Euro 100,000,000.00, (one hundred million), through allocation of available reserves to capital.

The first two annual *tranches* of such increase, on a total of five, were paid, respectively, on July 5, 2010 and July 4, 2011.

Each of such *tranches* implied a capital increase by Euro 10,000,000 (ten thousand) by issuing 20,000,000 ordinary shares of the Company, of a nominal value of Euro 0.50 each. The remaining ordinary shares will be issued in three annual *tranches* of the amount of Euro 10,000,000.00, (ten million) each, represented by 20,000,000 newly-issued ordinary shares of the nominal value of Euro 0.50 (zero point fifty) each, within December 31, 2014. The shares will be issued in the second six months of each year and assigned, free of charge, to the shareholders existing at the date of issue, in proportion to those already owned by the same.

2.2 RESTRICTIONS TO THE TRANSFER OF INSTRUMENTS

At the date of the report, there are no restrictions of any nature whatsoever with regard to the transfer of Ansaldo STS instruments.

2.3 SIGNIFICANT INVESTMENTS IN THE CAPITAL

At the date of the Report, pursuant to what results from the Shareholders' Register and taking into account the notices received in accordance with Art. 120 of the TUF and the other information gathered, the following persons own, either directly or indirectly, shares of the Company for an amount exceeding 2% of the company's share capital:

Declarant	Direct shareholder	% share on ordinary capital	% share on voting capital
Columbia Wanger Asset Management LLC(1)	Columbia Wanger Asset Management LLC ⁽¹⁾	2.081%	2.081%
Altrinsic Global Advisors LLC(1)	Altrinsic Global Advisors LLC(1)	2.092% ⁽²⁾	2.092%
FINMECCANICA S.p.A.	FINMECCANICA S.p.A.	40.000%	40.000%

⁽¹⁾ shareholding held within collective savings management

⁽²⁾ of which 0.302 % without the right to vote

Ansaldo STS is subject to direction and coordination by Finmeccanica Società per Azioni, to the effects and purposes of Art. 2497 of the Italian Civil Code.

2.4 INSTRUMENTS THAT GRANT SPECIAL RIGHTS

The Company has not issued any instruments that grant special control rights.

2.5 EMPLOYEE SHARE OWNERSHIP: PROCEDURE FOR THE EXERCISE OF THE VOTING RIGHTS

The incentive plans adopted by the Company do not permit that the voting rights inherent in the shares be exercised by persons other than the plan beneficiaries. For further information on such plans, see the informative documents drafted pursuant to Art. 84-*bis* of the Issuers' Regulation, published on the Company's website <http://www.ansaldo-sts.com/>.

2.6 RESTRICTIONS TO THE RIGHT TO VOTE

There are no restrictions or mandatory terms at the date of the Report for the exercise of the right to vote. Nor there are any financial rights in connection with instruments, being separate from the possession thereof.

2.7 SHAREHOLDERS' AGREEMENTS

At the date of the Report, there are no agreements under Art. 122 of the TUF, known to the Company, concerning the shares of the same.

2.8 CHANGE OF CONTROL CLAUSES AND PROVISIONS OF THE ARTICLES OF ASSOCIATION ON IPO (INITIAL PUBLIC OFFERING OF SHARES)

Ansaldo STS stipulated with Finmeccanica Società per Azioni a licence agreement for use of the "Ansaldo" trademark and a licence agreement for use of the "Globo" trademark, which is the distinctive trademark of Gruppo Finmeccanica in its entirety (jointly "Trademarks"), respectively on December 27, 2005 and July 6, 2007.

Both such licence agreements grant Finmeccanica Società per Azioni a right of withdrawal in the event that there should be a change in the shareholding structure of Ansaldo STS, such as to imply for Finmeccanica Società per Azioni the loss of the control within the meaning of Art. 2359 of the Italian Civil Code.

Ansaldo STS has, in turn, sub-licensed the Trademarks to its own subsidiaries reserving the right, similarly to the provisions of the master licence agreement, to withdraw from the agreement in case of loss of control pursuant to Art. 2359 of the Italian Civil Code.

Further to the merger by incorporation of Ansaldo Trasporti - Sistemi Ferroviari S.p.A. and Ansaldo Segnalamento Ferroviario S.p.A. into Ansaldo STS, moreover, the Company has taken over all rights and obligations of the merged companies. In particular, Ansaldo STS has taken over the Concession Convention for the realization of Line 6 of the Naples Underground, according to which, in case of merger of the Licensee with other Companies outside the Group, the Licensor shall immediately decide the termination of the concession.

The Articles of Association of Ansaldo STS allow no derogations from the *passivity rule* under Art. 104, subsections 1 and 2, of the TUF, nor do they provide for the application of the neutralisation rules under Art. 104-*bis*, subsections 2 and 3, of the TUF.

2.9 INDEMNITY OF DIRECTORS IN CASE OF RESIGNATION, DISMISSAL OR CESSATION OF THE RELATIONSHIP IN CONSEQUENCE OF A TAKEOVER BID

No agreements have been stipulated between Ansaldo STS and the directors, at the date of the Report, granting indemnities for the case of resignation or dismissal/revocation without cause or cessation of the employment in consequence of a takeover bid.

As regards the effects of the cessation of the relationship as set out by the incentive plans adopted by the Company, see the remuneration report drafted pursuant to Articles 123-*ter* of the TUF and 84-*quater* of the Issuers' Regulation, available to the public on the Company's website (http://www.ansaldo-sts.com/en/governance/remuneration_committee/index.html and http://www.ansaldo-sts.com/en/governance/shareholders_meeting) as well as in the other manners required by applicable laws.

2.10 APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

For detailed information on the appointment and replacement of directors, see Part 4, paragraph 4.1.1 of the Report ("*Information on the implementation of the Self-Discipline Code provisions. Board of Directors. Appointment*").

It is specified that in application of Article 5, subsection 2 of the Self-Discipline Code 2011, and taking into account the new provisions introduced on this matter, the Board of Directors did not adopt a succession plan for executive directors during the meeting of January 27, 2012, but decided to postpone the possible establishment of succession plans to a subsequent meeting of the Board, in which the body will also be identified, which is to be entrusted with carrying out the relevant preparatory actions in compliance with the provisions of Art. 5, subsection 2.

In light of the above, at the date of the Report, Ansaldo STS has no succession plan relevant to executive directors.

As to the clauses of the Articles of Association regarding amendments to the same Articles, it is specified that they do not contain any provisions different from those set out by the applicable laws.

It is also specified that the Company Articles of Association, in accordance with the provisions of Art. 2365 of the Italian Civil Code, entrust the Company Board of Directors with adopting deliberations to conform the same Articles to any legal provisions.

2.11 DELEGATIONS TO INCREASE THE COMPANY'S SHARE CAPITAL AND AUTHORISATIONS TO PURCHASE TREASURY SHARES

The extraordinary Meeting of the Shareholders held on April 23, 2010 entrusted the Board of Directors of Ansaldo STS, pursuant to Art. 2443 of the Italian Civil Code, with the authority – to be exercised within April 20, 2015 – to increase the share capital, on one or several

occasions, for consideration and even separately, by an amount up to Euro 50,000,000.00 maximum, through the issue of ordinary shares, the relevant options being offered to those entitled (see art. 5.4 of the Company Articles of Association). The Board of Directors has therefore been delegated to define all terms, procedures and conditions of each capital increase, including the number of shares to be issued and, accordingly, the amount of the capital increase as well as, in accordance with the applicable laws, the offer procedures.

In exercising such delegation, the Board of Directors may decide to increase the share capital excluding the option right under Art. 2441, subsection 4, of the Italian Civil Code, up to a limit of 10% of the pre-existing share capital, on condition that the issuing price corresponds to the market value and this is confirmed by a proper report by the company entrusted with the audit of accounts.

The capital increase with exclusion of the option right under Art. 2441, subsection 4 of the Italian Civil Code may be offered to institutional investors as well as to industrial and/or financial *partners* who, for their activity and the size of their business (qualities to be certified by the Board of Directors) are considered strategic to the Company's business.

As regards the purchase and disposal of treasury shares, it is pointed out that on April 5, 2011 the Ordinary Meeting of the Shareholders of Ansaldo STS authorised the Board of Directors to: (i) purchase, on one or several occasions, treasury shares up to the limit set out by the law; (ii) dispose of such treasury shares, on one or several occasions, in the manner deemed most appropriate in the interest of the Company and in compliance with the applicable provisions. The authorisation to purchase was granted for a duration of 18 months of the meeting resolution, i.e. until October 5, 2012, whereas the authorisation to dispose of treasury shares was granted without any time limit.

At the date of this Report, Ansaldo STS S.p.A. owns 463 ordinary shares of the Company.

2.12 SUBSCRIPTION OF A CODE OF CONDUCT ON CORPORATE GOVERNANCE

For information on the subscription of a code of conduct on corporate governance, see Part 3 of the Report, paragraph 3.1. ("*Governance Structure of Ansaldo STS – Introductory Notes*").

2.13 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS: MAIN CHARACTERISTICS IN RELATION TO THE FINANCIAL REPORTING PROCESS, INCLUDING CONSOLIDATED REPORTING

For information on the main characteristics of the risk management and internal control systems existing in relation to the financial reporting process, including consolidated reporting, see Part 4.3 of the Report ("*Internal Control System*").

2.14 SHAREHOLDERS' MEETING: OPERATING MECHANISMS, MAIN POWERS, RIGHTS OF THE SHAREHOLDERS AND MANNER TO EXERCISE THEM

For information on the operating mechanisms of the shareholders' meeting and its main powers see Part 4.7 of the Report ("*Meeting*").

As to the rights of the shareholders and the manner to exercise them, the Articles of Association do not contain any provisions different from those set out by the applicable laws.

2.15 COMPOSITION AND OPERATION OF THE MANAGEMENT AND SUPERVISING BODIES AND THEIR COMMITTEES

For information on the composition and operation of management and supervising bodies and their committees see, respectively, Part 4.1 ("*Board of Directors*"), 4.5 ("*Board of Statutory Auditors*") and 4.2 ("*Committees*") of the Report.

3. GOVERNANCE STRUCTURE OF ANSALDO STS

3.1 INTRODUCTORY NOTES

By resolution of the Board of Directors dated December 19, 2006, Ansaldo STS subscribed to the Self-Discipline Code. The Code is available on the website of Borsa Italiana at the following address

http://www.borsaitaliana.it/chiamo/ufficiostampa/comunicatistampa/2006/codiceautodisciplina_pdf.htm.

The corporate governance system adopted by the Company has as its primary purpose the creation of shareholder value, being aware of the importance of transparency for the choices and the formation of the business decisions, as well as of the necessity to prepare an effective internal control system. In compliance with the applicable laws, the Report illustrates the “*Corporate Governance*” system of Ansaldo STS and indicates the procedures for the actual implementation of the Code provisions by the Company.

3.2 MAIN GOVERNANCE INSTRUMENTS

Here below are reported the main *governance* instruments with which the Company is equipped, also in compliance with the most recent laws and regulations, the Code provisions and the national and international *best practice*:

- Articles of Association
- Code of Ethics
- Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01
- Meeting Regulation
- Regulation of the Board of Statutory Auditors
- Regulation of the Internal Control Committee
- Regulation of the Remuneration Committee
- Related-party transactions - Procedure adopted pursuant to Art. 4 of the Consob Regulation no. 17221 dated March 12, 2010
- Procedure for handling Privileged Information
- *Internal Dealing Code*

Such documents are available to the public on the Company’s website at the address

<http://www.ansaldo-sts.com/en/governance/governance>

For the sake of completeness, we point out that the Board of Directors of March 5, 2012, which approved this Report, also approved the Company’s Remuneration Policy, in accordance with the recommendations of Art. 7 of the Self-Discipline Code, based on the proposal submitted by the Remuneration Committee, dated March 1, 2012.

4. INFORMATION ON THE IMPLEMENTATION OF THE SELF-DISCIPLINE CODE PROVISIONS

4.1 BOARD OF DIRECTORS

4.1.1 APPOINTMENT

The Company is managed by a Board of Directors consisting of a number of members not lower than seven and not exceeding thirteen. The Meeting shall case by case, before electing the board, define the number of its members within the said limits.

Directors are appointed for a period not exceeding three corporate years and may be re-elected pursuant to Art. 2383 of the Italian Civil Code.

The appointment of directors is made by the ordinary Meeting by the 'list' system. Lists may be submitted on the initiative of shareholders who, either alone or together with other shareholders, own the shareholding indicated in compliance with the provisions of the Consob regulation (equal, for the year 2012, to 2% of the share capital of Ansaldo STS).

Without prejudice to the other publication obligations under the Issuers' Regulation, the lists submitted by the shareholders are to be deposited at the company registered office and made available to the public in accordance with the terms and procedures set out by the applicable provisions.

In order to prove the ownership of the number of shares required for the submission of the lists, the shareholders shall deposit the specific certificate proving the ownership of the number of shares represented at the company registered office, within the deadlines indicated by the applicable provisions.

Each list shall include two candidates, endowed with the independence requirements set out by the law, distinctly indicated, one of whom shall appear in the first position of the same list. If such requirements are not fulfilled, the list shall be considered as not submitted.

In order to ensure the actual participation of minorities in the company management, as well as the transparency of the process of selection and appointment of directors, the company Articles of Association expressly provide that each shareholder is entitled to submit or concur to submit only one list. Each person entitled to vote may vote only one list. Any shareholders belonging to the same group or being parties to a shareholders' agreement concerning shares of the Company shall not submit or vote more than one list, even by proxy or through trust companies. Statements shall be filed together with such list, whereby the single candidates accept their nomination and certify, under their own responsibility, the non-existence of any reasons for ineligibility and incompatibility, as well as the existence of the requirements set out by the applicable laws and the Company Articles of Association for their respective offices.

Each candidate shall be nominated in one list only, on pain of ineligibility.

The company Articles of Association condition the assumption of the office of director on the honorability requirements under the applicable laws and regulations, as well as on the possession of certain professional qualifications indicated in the same Articles of Association.

In particular, one cannot be appointed to the office of director of the Company and, if appointed, shall cease from office if one has not gained experience of at least three years altogether in the exercise of:

- management or control activities or executive duties in corporations endowed with a share capital not lower than two million Euro; or
- professional activities or teaching in universities as a professor with tenure of legal, economic, financial and technical-scientific subjects strictly relating to the Company business; or

- managerial duties in public authorities or public administrations operating in the credit, financial and insurance sectors or, however, in sectors strictly connected with the Company business.

Such experience may be evaluated on the basis of the *curriculum vitae* containing exhaustive information on the personal and professional characteristics of each candidate, to be made available to the public together with each list, pursuant to Art. 144-*octies* subsection 1, of the Issuers' Regulation.

The directors shall be appointed as follows: (i) two thirds of the directors to be appointed shall be drawn (any fraction being rounded-down to the nearest whole number) from the list that has obtained the majority of votes expressed by those entitled to vote, in the progressive order in which they appear in the same list; (ii) the remaining directors shall be drawn from the other lists in accordance with the criteria and procedures indicated in the Articles of Association.

In the event that only one list or no list is submitted, the Meeting shall adopt a resolution with the majorities required under law.

If one or more Directors should cease from office during a corporate year, the provisions of Art. 2386 of the It. Civil Code shall apply, on condition that the majority be always formed by Directors appointed by the Meeting.

If the majority of directors appointed by the Meeting cease from office, the entire board shall be considered outgoing and the Meeting shall be called without delay by the Directors who are still in office in order to reform the same.

The Meeting shall elect the Chairperson of the Board of Directors, choosing him/her among the Board members; if the Meeting fails to do so, the Chairperson shall be elected by the same Board. The Board may also elect a Deputy Chairperson, who shall replace the Chairperson in cases of absence or impediment.

We point out that by resolution no. 17221 of March 12, 2010 on related-party transactions, as subsequently amended, the Consob has modified Art. 37, subsection 1, letter d) of the Market Regulation, introducing stricter criteria for the composition of the Board of Directors of subsidiaries subject to direction and coordination by another company, either Italian or foreign, with shares listed on regulated markets. In particular, pursuant to such provision (i) the Board of Directors must be formed for the majority by independent directors and (ii) the Internal Control Committee and the Remuneration Committee must be exclusively formed by independent directors.

The rules under resolution no. 17221 of March 12, 2010 required issuing companies to conform to the mentioned Art. 37 of the Market Regulation within thirty days starting from the first meeting called after October 1, 2010 for the renewal of the corporate bodies. On occasion of the Meeting of the Shareholders held on April 5, 2011, which provided for the renewal of the Board of Directors, the Company also implemented the provisions under the new Art. 37 of the Market Regulation. For such purpose, the Board of Directors, during its first meeting on April 5, 2011, verified the compliance with the independence requirements of the Directors, Ms. Paola Girdinio, Mr. Filippo Giuseppe Maria Milone, Mr. Attilio Salvetti, Mr. Maurizio Cereda, Mr. Giovanni Cavallini and Ms. Tatiana Rizzante pursuant to Art. 148, subsection 3, of the TUF (which applies to directors as per Art. 147-*ter*, subsection 4, of the TUF), to the Code, as well as to Art. 37, subsection 1, letter d) of the Regulation adopted by Consob with resolution no. 16191 of October 29, 2007 and subsequent amendments and integrations..

The Board of Statutory Auditors, in turn, verified the correct application of the standards adopted by the Board of Directors.

During the corporate year, the Board of Directors verified the directors' compliance with the independence requirements once again at the meeting of December 13, 2011.

4.1.2 CURRENT COMPOSITION

The current Board of Directors of the Company was nominated by the Ordinary Meeting of the Shareholders of April 5, 2011; from January 1, 2011 until the date of the Meeting, the Board was formed by the following Directors: Mr. Alessandro Pansa, Mr. Sergio De Luca, Mr. Maurizio Cereda, Mr. Attilio Salvetti, Mr. Sante Roberti, Mr. Gerlando Genuardi, Mr. Gregorio Gitti, Mr. Francesco Lalli and Mr. Eugenio Pinto.

After setting the number of board members at nine, the Meeting of April 5, 2011 appointed the new Board of Directors of the Company for the years 2011 – 2013 by confirming as Directors of the Company the outgoing Board Members Mr. Alessandro Pansa, Mr. Sergio De Luca, Mr. Maurizio Cereda and Mr. Attilio Salvetti, and appointing five new Directors, Mr. Giancarlo Grasso, Ms. Paola Girdinio, Ms. Tatiana Rizzante, Mr. Giovanni Cavallini, Mr. Filippo Giuseppe Maria Milone; concurrently, it appointed Mr. Alessandro Pansa as Chairman of the Board of Directors. The Board term will expire on the date of the Meeting called to approve the Financial Statements for 2013.

On April 5, 2011, the Board then appointed Mr. Sergio De Luca as Chief Executive Officer and Mr. Giancarlo Grasso as Deputy Chairman of the Board of Directors (this latter office was held by the Director Sante Roberti until April 5).

On November 30, 2011 the independent Director Filippo Giuseppe Maria Milone resigned, with effect from December 13, 2011, having been appointed as Under Secretary of Defence of the Government currently in office.

Mr. Filippo Giuseppe Maria Milone had been drawn from the majority list submitted by Finmeccanica Società per Azioni, which held a shareholding equal to 40.065% of the Company's share capital.

After the cessation of Mr. Milone, the Board of Directors currently consists of eight Directors. The Meeting called to approve the Financial Statements for 2011 shall therefore be called to appoint a new Director, whose term will expire together with that of the other Directors currently in office, i.e. on the date of the Meeting called to approve the Financial Statements for 2013.

The current Board of Directors consists of 8 members: 2 executive members, as defined by the Code, and 6 non-executive members, 5 of whom are independent.

Name	Office
Alessandro Pansa	Chairman
Giancarlo Grasso	Deputy Chairman
Sergio De Luca	Chief Executive Officer
Giovanni Cavallini	Independent
Maurizio Cereda	Independent
Paola Girdinio	Independent
Tatiana Rizzante	Independent
Attilio Salvetti	Independent

The Directors Alessandro Pansa, Sergio De Luca, Paola Girdinio, Giancarlo Grasso and Attilio Salvetti were taken from the majority list submitted by Finmeccanica Società per Azioni, which held a shareholding equal to 40.065% of the company's share capital.

The director Maurizio Cereda was taken from the list jointly presented by the minority shareholders Mediobanca – Banca di Credito Finanziario S.p.A. and Banca IMI S.p.A. The

Directors Giovanni Cavallini and Tatiana Rizzante were taken from the list jointly presented by the minority shareholders Allianz Global Investors Italia SGR S.p.A., manager of the fund Allianz Azioni Italia; Anima SGR S.p.A., manager of the funds Europa, Iniziativa Europa and Italia, Visconteo; Arca SGR S.p.A., manager of the funds Arca Azioni Italia and Arca BB; Fidelity Investment Funds - European Fund; Fideuram Investimenti SGR S.p.A., manager of the fund Fideuram Italia; Fideuram Gestions SA, manager of the funds Fonditalia Equity Italy and Fideuram Fund Equity Italy; Interfund Sicav, manager of the fund Interfund Equity Italy; Mediolanum Gestione Fondi SGRpA, manager of the fund Mediolanum Flessibile Italia; Mediolanum International Funds – Challenge Funds; Pioneer Asset Management SA; Pioneer Investment Management SGRpA, manager of the fund Pioneer Azionario Crescita; Prima SGR S.p.A., manager of the fund Prima Geo Italia, which, altogether, held a shareholding equal to 2.176% of the Company's share capital.

Here-below is reported the information on the personal and professional characteristics of each member of the Board of Directors.

It is specified that, for completeness of information, the *curriculum vitae* of the director Filippo Milone is also reported below.

ALESSANDRO PANSA – CHAIRMAN

Was born in Mortara (Pavia) on June 22, 1962. Graduated in Political Economy at the Business University Luigi Bocconi of Milan.

From 1993 to 1999 he was *Senior Partner* of Vitale Borghesi & C. and from 1999 to 2001 *Managing Director* and *Partner* of Lazard.

In 2001 he joined Finmeccanica Società per Azioni, holding the role of *Chief Financial Officer* and in 2004 he became a Co-Director General (in charge of the finance, management and control, strategies and *M&A*, legal, tax and corporate, investor relations, research departments).

In May 2011 he was appointed Director General of Finmeccanica S.p.A. (in charge of the following areas: Group Finance, Administration, Planning and Control, Operations, *M&A*, Legal and Corporate Affairs, Tax Planning, Investor Relations, Real Estate, Group Services, Research Department) and subsequently, in December 2011, he has become part, by co-optation, of the Board of Directors of the same Finmeccanica S.p.A.

He is currently a member of the board of directors in Effe 2005 Gruppo Feltrinelli S.p.A., Fondo Strategico Italiano S.p.A., Librerie Feltrinelli S.r.l., Elettronica S.p.A., as well as a professor of Finance at the Luiss University of Rome.

GIANCARLO GRASSO - DEPUTY CHAIRMAN

Was born in Taranto on August 18, 1940. Graduated in Electronics Engineering at the University of Rome and was a Senior Lecturer in Electrical Communications at La Sapienza University in 1971. From 1963 to 1990 he served as General Manager of Selenia S.p.A. and, subsequently, of Elettronica S.p.A.. Executive Director and Deputy Chairman of Alenia for Business Development and New Projects until 1997, in the same year he became Chief of the Avionics Department. Chairman of the Board of Directors of Alenia Marconi System (1999-2001), Otomelara (2001-2005) and Galileo Avionica (2001-2007), in 2002 he joined Finmeccanica SpA, holding the role of Central Technical Director and taking in 2007 the qualification of Senior Advisor of the Chairman and Chief Executive Officer. Chief Executive Officer of Selex Sensors and Airborne Systems from 2005 to 2007.

Chief Executive Officer of Selex Communications S.p.A. from 2009 to 2011.

Has been a Director of Eurotech S.p.A. and other Companies of the Group since 2011.

SERGIO DE LUCA

Was born in Zungoli (Avellino) on September 3, 1950. Graduated in Electrotechnical Engineering at the Polytechnic University of Turin, started collaborating with the Finmeccanica group in 1975 at Ansaldo – Società Generale Elettromeccanica. Since 1981, he has operated within Ansaldo Trasporti, and in particular in the Signalling Department. In 1996, following the conversion of the three Departments (Vehicles, Systems, Signalling) of Ansaldo Trasporti into Companies, he joined Ansaldo Segnalamento Ferroviario, of which he became the Chief Executive Officer in 1998; from 2006 to the end of 2008 (date of the incorporation into Ansaldo STS) he was also the Chief Executive Officer of Ansaldo Trasporti Sistemi Ferroviari. Since 2007, Mr. De Luca has been the Chief Executive Officer of Ansaldo STS S.p.A..

In September 2011, Mr. De Luca was appointed member of the Board of Directors of AnsaldoBreda S.p.A..

Mr. De Luca is the author of scientific publications and has been engaged in teaching and research at the Polytechnic University of Turin.

GIOVANNI CAVALLINI

Was born in Milan on December 28, 1950. Graduated in Civil Engineering at the Polytechnic University of Milan and served with the “Boston Consulting Group” from 1978 to 1987, being a Deputy Chairman and Partner of the same for three years. Founder and Chief Executive Officer of S.I.C. (“Società Iniziative Commerciali”), as well as Co-founder and Member of the Board of Directors of S.S.C. (“Società Sviluppo Commerciale”) until 1994, he was also the Chairman of OBI Italia for two years.

From 1996 to 2005 he was Chief Executive Officer of Interpump Group S.p.A., of which he is still the Chairman, and he has held the office of Independent Director of Brembo S.p.A. since 2005. He has also been a Director of Migros Turk TSA, a company listed in the Istanbul Stock Market, since 2009.

MAURIZIO CEREDA

Was born in Milan on January 7, 1964. Graduated in Business Economics at the Business University Luigi Bocconi of Milan. For three years, he served at Rasfin S.p.A., SIM of the Ras Group, and then in 1992 he became a member of the financial service of Mediobanca S.p.A.. A Manager at Mediobanca S.p.A. since 1999, he was made head of the Equity Capital Markets area in 2000 and, in the same year, he was promoted central Manager of the Institute. In 2003 he became a co-manager of the Corporate Finance area and in 2006, with the appointment as Central Manager, he undertook full responsibility for the Corporate Finance area as well as for the Coverage Large Corporate structure.

In 2007 he was appointed Deputy Director-General and management advisor of Mediobanca and in 2008 he became a director of Mediobanca.

Mr. Cereda is also a member of the Board of Directors of Enervit S.p.A..

PAOLA GIRDINIO

Was born in Genoa on April 11, 1956. Graduated in Physical Sciences at the University of Genoa; in March 1981 she won a fellowship from Ansaldo S.p.A. on the electrical and mechanical properties of insulating materials. From 1983 to 1987 she was a research worker in "Electrotechnics" at the Faculty of Engineering of the University of Studies of Genoa. In May 1987 she was called as an associate professor at the Faculty of Engineering of the University of Studies of Genoa and in September 2000 she was appointed to the rank of ordinary professor. Having been in charge of several research projects, in June 2001 she was elected President of the Electrical Engineering Program of Studies. Within her coordination activities, she has held

several academic organisation assignments and has collaborated with various local public authorities.

From 2007 to 2008, she chaired the Electrical Engineering Department. In July 2008, she was elected Dean of the Faculty of Engineering at the University of Genoa.

FILIPPO MILONE

Was born in Genoa on May 29, 1952. Graduated in Political Sciences at the University of Catania; from 1975 to 1985 he was a Manager at the IRA Costruzioni S.p.A. Group. In the years 1986-87 he served with Impresa Brambilla S.p.A. Subsequently, he was elected Chairman of the company Grassetto Costruzioni S.p.A., a position he held until 1991. From 1992 to 1995 he was Deputy Chairman of Nuova Finanziaria Moderna S.p.A.; in 1995 he was Chairman of the Company Telelombardia S.p.A..

From 1996 to 2005 he was Chairman of Progestim S.p.A., a real estate company of the Fondiaria Sai Group; from 2005 to 2008 he was Chief Executive Officer of Saiagricola S.p.A. and a Director in Poste Italiane S.p.A. Since 2008, he has been Chairman of the company Quintogest S.p.A.

TATIANA RIZZANTE

Was born in Ivrea on May 28, 1970. Graduated in Computer Engineering at the Polytechnic University of Turin. In 1995 she served with the Csel (now Tlab), where she was engaged in research and testing on technologies and Internet services addressed to the public. In 1996, she took part in the group that founded Reply, a network of companies, each of which specialises in different application or technological skills. From the outset, she dealt with the creation and development of skills in sectors with high innovation rate, such as value added services for Wireline and Wireless communication providers, new media and new digital channels.

Since 2006, after various experiences in the Innovation Management field, she has taken the role of Chief Executive Officer and Chief Technology Officer in Reply; she is directly responsible for defining the Group's overall offer.

She is also a member of the Supervisory Board of Syskoplan AG - listed on the Frankfurt stock market - the BoD of Ansaldo and the Directorate of Confindustria Digitale (employers' federation for the digital technology industry); the goal of this federation is to promote development of the digital economy to advance competitiveness and innovation in Italy.

ATTILIO SALVETTI

Was born in La Spezia on May 22, 1939. Graduated in Aerospace Engineering at the University of Studies of Pisa, since 1975 he has been Ordinary Professor of Aerospace Construction at the same University, and an External Faculty Member since 2010. He has carried out research, particularly on aerospace structures, methods for the design of aircraft and space vehicles, aircraft dynamics and control.

He is the author of several scientific publications, has been vested for over 20 years with the office of supervisor of research activities at the Aerospace Engineering Department of the University of Pisa in sectors such as Structures and Materials, Flight Dynamics and Control, and has directed many coordinated researches both at national and at international level.

He participates in scientific committees of industries and research centres and has taken part in the *Nato Research and Technology Agency*, in his capacity as member of the "*Applied Vehicle Technology Panel*". He is also a member of the Committee for the Aerospace Industry Development at the Ministry for Economic Development and was in the past a member of the Board of Directors of the Space Agency and coordinator of the Space Engineering work team of ASI. He was the president of the Pisa University Graduate Association until 2011 and is now a section president at the *Associazione Italiana di Aeronautica e Astronautica* [Italian Association of Aeronautics and Astronautics].

4.1.3 ROLE AND DUTIES

The management of the Company is exclusively vested in the Board of Directors, which takes all necessary actions for the achievement of the corporate purpose.

The Board of Directors Regulation, approved on January 29, 2007 and subsequently amended on November 26, 2010 in order to implement the changes implied by the adoption of the new Procedure for Related-Party transactions, has defined the tasks and roles of the administrative body, specifying that the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the Company and of the Group controlled by the same, the corporate governance system of the Company and the Group structure;
- approves the Transactions of Greater Importance, as identified in the Procedure for related-party transactions approved by the Company pursuant to the Related-Party Regulation;
- evaluates, on an annual basis, the adequacy of the general organisational, administrative and accounting structure of the Company, of the Group and of the subsidiaries having strategic importance as prepared by the Chief Executive Officer, with particular regard to the adequacy, effectiveness and actual operation of the internal control system and to the handling of conflicts of interest;
- confers and revokes delegations to the Chief Executive Officer, except for the matters exclusively reserved for the Board of Directors under Art. 2381 of the Italian Civil Code, as well as in relation to the provisions of the Articles of Association, defining the relevant limits and manner of exercise;
- defines, after examining the proposals of the Remuneration Committee and hearing the opinion of the Board of Statutory Auditors pursuant to Art. 2389, subsection 3 of the It. Civil Code, the remuneration and legal treatment of the Chief Executive Officer, through the Remuneration Committee, which has been specially delegated for such purpose, as well as of the other directors vested with particular offices, including participation in the Committees established by the Board of Directors. Determines, furthermore, should the Meeting not have provided for it, the distribution of the overall compensation due the members of the Board;
- evaluates the general company performance, taking into account, in particular, the information received from the delegated bodies, as well as comparing, on a periodical basis, the results achieved with those planned;
- examines and approves in advance the operations of the Company and of its subsidiaries, when such operations have a significant strategic, economic, patrimonial or financial importance for the same Company, focusing the attention in particular on the situations in which one or several Directors have an interest of their own or on behalf of third parties and, in general, on related-party transactions; for such purpose, it sets out the general criteria to identify the transactions of significant importance;
- makes, at least once a year, an evaluation of the size, composition and operation of the same Board and of its committees and expresses directions, where appropriate, on the kind of professional experts it would be deemed appropriate to include in the Board;
- provides information, in its corporate governance report, on the performance of the above-listed tasks and, in particular, on the number of meetings of the Board held during the year and on the relevant attendance percentage of each director.

The Board of Directors of April 5, 2011, without prejudice to the provisions of the law and of the Articles of Association, reserved the following matters to its own exclusive competence:

- definition of the company strategic and organisational lines, including approval of plans, programs and *budgets*;
- approval of investments, both tangible and intangible, not mandatory and of an amount exceeding Euro 500,000;
- approval of Transactions of Greater Importance, as identified in the Procedure for related-party transactions approved by the Company pursuant to the Related-Party Regulation;
- acquisition and assignment of investments and shares in other companies, either already existent or newly-formed, even through the exercise or waiver of rights of option, contribution, usufruct, pledge and any other act of disposal, including within *joint ventures*, or subjection of the same investments to liens;
- assignment, contribution, lease, usufruct and any other act of disposal or subjection to liens with respect to the business or to business branches; acquisition, lease, usufruct of the business or of business branches of other companies;
- operations on the capital, formation, conversion, listing in the Stock Market, merger, split-up, winding-up, stipulation of shareholders' agreements, relevant to direct subsidiaries;
- appointment of Directors and Auditors in direct subsidiaries, excluding non-executive directors within the group;
- medium- and long-term financial sale and purchase transactions excluding transactions for covering exchange risks relevant to job orders;
- grant of securities, including guarantees and mortgages, except for the power of the Chief Executive Officer to grant guarantees and counter-securities in favour of banks or insurance companies for customs operations, for the participation in tenders, for works to be carried out, for the good performance of supplies to be made by the Company and its subsidiaries or invested companies, in Italy or abroad, within the limits set for transactions, to which the issue of such securities is accessory; issue securities and guarantees in the interest of subsidiaries up to the maximum amount of Euro 150,000,000;
- purchase, exchange and sale of real properties, as well as agreements, involving real properties, exceeding nine years duration;
- submission of offers and stipulation of supply contracts for an amount exceeding Euro 150,000,000 (one hundred and fifty million) or, however, implying high commitments or risks, including job orders with value added (EVA) lower than 5% of the total revenue;
- stipulation of consulting agreements of continuous nature exceeding one year duration or the amount of 150,000 Euro;
- recruitment, promotion and dismissal of Managers directly reporting to the Chairperson of the Board of Directors or to the Chief Executive Officer;
- prior authorisation to subsidiaries to stipulate transactions of significant strategic, economic, patrimonial or financial importance for the same company; the submission of offers and the stipulation of supply contracts by subsidiaries are expressly included among such transactions when the same (i) are of an amount exceeding Euro 150,000,000 (one hundred and fifty million) or (ii) imply high commitments or risks, including job orders with value added (EVA) lower than 5% of the total revenue.

During the Corporate Year, the Board of Directors has, inter alia:

- examined the *2011-2015 Budget - Plan*. Such document was approved by the Board at the meeting of January 26, 2011. Subsequently, on the basis of the new commercial, economic and financial forecasts for the year 2011, the Board of Directors, at the meeting

of July 26, 2011 approved the update of the *Budget* for 2011. In January 2012, the Board of Directors also approved the *2012-2016 Budget – Plan*.

- on January 26, 2011 and then on January 27, 2012_ (i) examined and favourably evaluated the governance structure already adopted by the Company, considering suitable the organisational, administrative and accounting structure of Ansaldo STS and its subsidiaries, with particular regard to the internal control system and the handling of conflicts of interest; (ii) acknowledged the updated map of risks relevant to the issuer and its subsidiaries as well as the measures adopted to manage and/or reduce such risks, considering the same to have been correctly identified, managed and monitored for the purposes of a sound and proper management of the business, and therefore giving a favourable opinion on the suitability, effectiveness and actual operation of the internal control system adopted by the Company with respect to the business characteristics;
- certified, on March 1, 2011 with reference to the year 2010, and then on March 5, 2012 with reference to the year 2011, that the Company was in the conditions indicated by Articles 36 and 37 of the Market Regulation;
- after the appointment of the directors for the years 2011-2013 – i.e. on April 5, 2011 – evaluated, in light of the statements provided by each interested person, or however available to the Company, the existence of relations that might be or appear such as to affect the autonomy of judgment of the independent directors, pursuant to the provisions of the applicable laws and regulations as well as in accordance with Art. 3 of the Code and with the Instructions to the Stock Market Regulation. Subsequently, at the meeting held on December 13, 2011 the Board, on the basis of the documentation submitted by each independent director, as well as of the information available to the Company, verified that they still had the said independence requirements;
- verified the compliance with the administrative and accounting procedures under Law 262/2005;
- after the appointment of the directors for the years 2011-2013 - i.e. on April 5, 2011 – as well as on December 13, 2011, verified the compliance by the members of the Board with the Internal Regulation aimed at regulating the limits to the accumulation of positions held in management and/or control bodies in other listed companies or financial, bank, insurance companies or big companies, identified as those companies, other than those indicated before, with an annual revenue amount equal to or exceeding the amount resulting from the consolidated accounts of Ansaldo STS;
- evaluated the general company performance by comparing the results achieved and those planned upon approval of the quarterly and half-yearly reports and of the financial statements;
- approved in advance all subsidiaries' transactions having particular strategic, economic, patrimonial and/or financial importance;

For more information on the actions of the Board of Directors relating to the internal control system, see Part 4, paragraph 4.3 (“*Information on the implementation of the provisions of the Self-Discipline Code. Board of Directors. Internal Control System*”).

4.1.4. EXECUTIVE DIRECTORS: CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The Board of Directors may entrust some of its tasks to an executive committee or to the Chairperson and/or to others of its members, by appointing one or more Chief Executive Officers. The delegated bodies may in turn, within the tasks entrusted to them, delegate single acts or categories of acts to employees of the Company or to third parties, with the authority to *sub-delegate*.

At the date of the Report, the Board of Directors had not appointed an executive committee.

Chairperson of the Board of Directors

Save for the case of impediment, the Chairperson of the Board of Directors shall call the Board meetings, coordinate the relevant activities and direct the development of such meetings, ensuring that the Board Members are suitably and timely informed, so as to allow the same Board to have the necessary knowledge of the matters submitted to it.

The Chairman has not received any particular delegation from the Board and has therefore no executive role within the Company. Nonetheless, he is considered executive, pursuant to the Code provisions, as he holds the office of Director General in Finmeccanica Società per Azioni, the company that exercises the activity of direction and coordination on Ansaldo STS.

Deputy-Chairperson of the Board of Directors

The Deputy Chairman has not received any particular delegation from the Board and has therefore no executive role within the Company.

Chief Executive Officer

The Board of Directors has conferred on the Chief Executive Officer, together with the legal representation of the Company before any judicial or administrative authorities and before third parties, the following powers to be exercised with single signature:

- direct and manage the corporate business in accordance with the guidelines and directives of the Board of Directors;
- perform all acts included in the ordinary management of the Company;
- implement the resolutions of the Board of Directors, carrying out all acts, even of extraordinary management, deliberated by the same Board;

The above powers include, *inter alia*, the authority to delegate appropriate signature powers to managers, to be exercised in the name and on behalf of the company for the performance of the assignments and tasks entrusted to them, and to issue special mandates to employees of the Company or even to third parties, authorising them to perform certain operations, or categories of operations, on behalf of the company, by utilising the corporate signature.

The above does not prejudice the exclusive competence reserved to the Board of Directors for the Transactions of Greater Importance, as identified in the Procedure for Related-party transactions approved by the Company pursuant to the Related-Party Regulation.

Pursuant to the Articles of Association, the Chief Executive Officer reports to the Board of Directors and to the Board of Statutory Auditors at least on a quarterly basis and however on occasion of the meetings of same board, on the activity carried out, on the general company performance and on the business outlook, as well as on the transactions of greater economic, financial and patrimonial importance, or however of particular relevance due to their entity or characteristics, carried out by the Company and its subsidiaries; in particular, the Chief Executive Officer shall report on the transactions in which s/he may have an interest, either on his/her own behalf or on behalf of third parties, as well as on any Related-party transactions of Greater or of Lesser Importance (as defined in the Procedure for related-party transactions approved by the Company pursuant to the Related-Party regulation). Information shall be given, as a rule, in concurrence with the approval of the periodical accounting situations (Financial Statements, Half-Yearly Financial Report and Interim Reports on Operations) by the Board of Directors.

Such communication may be made on occasion of the board meetings or in writing.

It is to be pointed out that in 2011 such information was actually given by the Chief Executive Officer to the Board of Directors and to the Board of Statutory Auditors on a quarterly basis and, as a rule, in concurrence with the approval of the periodical accounting situations (Financial Statements, Half-Yearly Financial Report and Interim Reports on Operations) by the Board of Directors.

4.1.5 NON-EXECUTIVE DIRECTORS

The Board consists, for the largest part, of non-executive members (without operating and/or functional delegations within the company) such as to ensure, thanks to their number and authority, that their opinion may have significant weight in the adoption of decisions by the board.

Non-executive Directors bring their specific expertise in the board discussions, so as to encourage an examination of the issues to be dealt with from different points of view, and a consequent adoption of well-thought out, sensible decisions in line with the interest of the company.

Except for the Chief Executive Officer and the Chairman, the other members of the Board are all non-executive.

4.1.6 INDEPENDENT DIRECTORS

In compliance with the Code provisions, the Board, after the appointment of the directors – i.e. on April 5, 2011- evaluated, in light of the statements provided by each interested person, or however available to the Company, the existence of relations that might be or appear such as to affect the autonomy of judgment of the independent directors. The results of such evaluation were made known to the market through a press release on April 5, 2011.

Subsequently, on December 13, 2011, the Board, on the basis of the documentation submitted by each independent director, verified that they still had the said independence requirements under the laws and regulations in force for the time being, as well as in compliance with Art.3 of the code. In making such evaluations, the Board followed all criteria required by the Code.

Concurrently with the verifications of the Board, the Board of Statutory Auditors, on the basis of the statements made by the Directors and having taken into account the Board evaluations, certified that the assessment criteria and procedures adopted by the same Board to evaluate the independence of its own members had been correctly applied.

The independent Directors met on December 13, 2011.

The main operative subject matter of the meeting was the examination of the relationships between Finmeccanica, which exercises the activity of direction and coordination on Ansaldo STS, and the same issuer.

It should be noted that there are not the conditions which, pursuant to the Code, would require the appointment of a *lead independent director*, considering that the Chairman of the Board of Directors is not the *chief executive officer* in charge of the corporate management, nor does he own a controlling interest in the Company.

4.1.7 OTHER OFFICES OF DIRECTOR OR AUDITOR HELD BY THE BOARD MEMBERS OF ANSALDO STS

On February 14, 2007, the Board of Directors of the Company approved an internal regulation aimed at setting out limits for the accumulation of positions of director or Auditor for the directors of Ansaldo STS.

Pursuant to such internal regulation, the directors of Ansaldo STS shall accept the office when they consider that they will be able to devote the necessary time to the diligent fulfilment of their duties, also taking into account the number of positions held in management and control bodies

in (i) companies with shares listed in regulated markets, even foreign (“Listed Companies”); (ii) companies, even foreign, with shares not listed in regulated markets, that carry out financial, banking or insurance services or that have an annual revenue amount equal to or exceeding the revenue resulting from the consolidated accounts of Ansaldo STS (“Non-Listed Companies”).

The positions held by each director of Ansaldo STS in the management and/or control bodies of other Listed Companies and/or Non-Listed Companies should have a total “weight” not exceeding 15.

In this regard, the mentioned internal regulation, in line with the national and international *best practice*, considers differently, for the purpose of calculating the maximum number of offices of director or Auditor deemed to be compatible with an effective fulfilment of the assignment as director of the Company, the positions of executive and non-executive directors, regardless, on the other hand, of the participation of the board members in the committees established within the same Board.

In calculating the positions, no account is taken of those held in Listed Companies or Non-Listed Companies controlled (either directly or indirectly) or invested in by Ansaldo STS.

The Board of Directors of Ansaldo STS has the authority to grant exceptions, even temporary, allowing the directors to hold offices in management and control bodies of other Listed Companies and Non-Listed Companies which, taken together, exceed the maximum weight of 15.

The Directors shall promptly inform Ansaldo STS of any change in the offices they hold in other Listed Companies and/or Non-Listed Companies, indicating the average monthly commitment they require.

The current composition of the Board of Directors of Ansaldo STS complies with the above general criteria.

On today’s date, we point out that only 5 Directors hold positions in other listed companies or in financial, banking or insurance companies or large companies, these latter being companies, other than those indicated above, that have an annual revenue amount equal to or exceeding the revenue resulting from the consolidated accounts of Ansaldo STS. The table below indicates the offices held by each director in companies as described above:

Director	Office held	Company
Alessandro Pansa	Director Director	Finmeccanica S.p.A. Effe 2005 Gruppo Feltrinelli S.p.A.
Giancarlo Grasso	Director	Eurotech S.p.A.
Giovanni Cavallini	Chairman Director Director	Interpumpgroup S.p.a. Brembo S.p.a. Migros Turk T.s.A.
Maurizio Cereda	Director Director	Mediobanca S.p.A. Enervit S.p.A.
Tatiana Rizzante	Director Supervisory Board Member	Reply S.p.A. Reply Deutschland A.G.

		(formerly Sysko Plan A.G)
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It is pointed out that Mr. Filippo Giuseppe Maria Milone, member of the Board of Directors until December 13, 2011, date of efficacy of his resignation, held, during the period of his assignment, the office of Chairman of Quintogest S.p.A.

4.1.8. DOCUMENTS AND REPORTING TO THE BOARD OF DIRECTORS

The Chairman of the Board of Directors shall ensure that the Board Members be suitably and promptly informed, so as to allow the same Board to have the necessary knowledge of the matters submitted to it for examination.

Pursuant to the Board of Directors Regulation, the supporting documents for the Board meetings shall be sent to each director and each Auditor on the same date on which such meeting is called, if viable, and however within three days before the date fixed for the meeting, except for the cases of urgency, in which the documents shall be made available as soon as possible. If the Chairman deems it appropriate in relation to the contents of the issue and of the relevant resolution, the informative documents may be directly supplied at the meeting, notifying the directors and auditors thereof; the same however may, if they wish, access the information available at the company registered office in the days immediately preceding the meeting.

4.1.9 BOARD MEETINGS – FREQUENCY OF THE MEETINGS OF THE BOARD OF DIRECTORS

The table below indicates the number of meetings of the Board of Directors, in its composition prior to the Meeting of April 4 and 5, 2011, as well as the attendance rate of each director for the year 2011:

Members	No. of Meetings	No. Meetings Attended
Alessandro Pansa	4	4
Sante Roberti	4	3
Sergio De Luca	4	4
Maurizio Cereda	4	4
Gerlando Genuardi	4	4
Gregorio Gitti	4	4
Francesco Lalli	4	4
Eugenio Pinto	4	3
Attilio Salvetti	4	4

The table below indicates the number of meetings of the current Board of Directors as well as the attendance rate of each director for the year 2011

Members	No. of Meetings	No. Meetings Attended
Alessandro Pansa	8	8
Giancarlo Grasso	8	8
Sergio De Luca	8	8
Giovanni Cavallini	8	8

Maurizio Cereda	8	7
Paola Girdinio	8	8
Tatiana Rizzante	8	6
Attilio Salvetti	8	8

It is pointed out that during his assignment, from his appointment until the cessation from office, effective as of the end of the meeting of the Board of Directors of December 13, 2011, Mr. Filippo Giuseppe Maria Milone took part in 7 meetings of the Board of Directors.

In 2011 the Board of Directors, in its composition prior to the Meeting of the Shareholders of April 4-5, 2011, held 4 meetings, whereas the current Board of Directors has held 8 meetings. Each absence was duly justified. 13 meetings have already been scheduled for 2012. Since the beginning of 2012, the Board of Directors met on January 16, 2012, January 27, 2012, February 9, 2012 and March 5, 2012.

The Board of Directors meets, pursuant to the Articles of Association, whenever the Chairperson or his/her substitute deems it necessary, or on a written request of the majority of its members.

The Board of Directors may also be called by each Statutory Auditor.

4.1.10 EVALUATION OF THE OPERATION OF THE BOARD OF DIRECTORS

The Board of Directors makes, at least once a year, an evaluation of the size, composition and operation of the same Board and of its Committees and expresses directions, where appropriate, on the kind of professional experts it would be deemed appropriate to include in the Board.

In order to promote the best actions that may allow to the Board of Directors to carry out its duties in the most efficient and effective manner, the Board has resolved to work out, starting from the year 2008, an evaluation of the same Board and of its Committees, based not only on the opinion expressed by the Board members, but also on the opinion of a consulting company specialising in the field (so-called “*Board Performance Evaluation*”).

From the evaluations made in 2008 the operation, size and composition of the Board Members of the Company resulted to comply with the principles and application guidelines of the Self-Discipline Code and with the Italian and international *best practices*.

In 2009 the Board, with a view to testing various methodological approaches and verifying that the favourable opinions expressed in the past were actually objective, resolved to give continuity to the evaluation process undertaken, and decided to make another evaluation of the same Board, but entrusting the relevant assignment to another consulting company specialising in the field.

The evaluation process was developed through: (i) a specific questionnaire and individual interviews made with each Director as well as with the Chairman of the Board of Statutory Auditors and the General Secretary and Secretary of the Board; (ii) the analysis of the minutes and of the relevant documentation of the meetings of the Board of Directors and of its Committees; (iii) the analysis of the “way of working” of the Board and of the Committees by attending some of their meetings; (iv) the analysis of the indications and comments emerged; (v) the discussion in the Board of the main results and consequent *follow up*.

The procedures utilised were compared with the *best practices* adopted by the most important Italian and foreign companies.

The evaluation concerned:

- the size and composition of the Board and of the Committees (specifically, the adequacy of the number of independent [directors] and of the fields of expertise

represented in the Board and in the Committees, as well as the possible establishment of new committees);

- the way of operating of the Board and of the Committees (specifically, the presence and attendance rate of directors, the frequency and duration of the meetings, the comprehensibility of the agenda and of the informative documents available to directors, the manner in which the meetings are conducted and the possibility to discuss the strategies during such meetings, the completeness of the recording of the discussions intervened);

From the investigation, performed by comparing the main critical factors found, at international level, by the entity in charge of the evaluation on hundreds of Boards of Directors, a substantially positive situation emerged in the Board of Directors of Ansaldo STS.

In particular, the *Board Performance Evaluation* – the results of which were submitted to the Board for evaluation at the meeting of March 29, 2010 – showed that the Board of Directors is “largely compliant with the Self-Discipline Code, and its operation is favourably compared with the international scenario”.

In particular, the following aspects were underlined by the Board Members as areas of excellence:

- a positive internal climate that favours dialogue, also thanks to the very good integration between the Chairman and the Managing Director;
- a dialectical, constructive approach of the Independent Directors both in the Board and in the Committees, with a high level of integration with the *management* of Ansaldo;
- information and presentations, which are clear and timely even on the most delicate issues, and practical operating meetings.

On November 2, 2010, the Board resolved to repeat the *Board Performance Evaluation* conferring the relevant assignment, as in 2009, on the consulting company specialising in the field *Egon Zehnder International* (EZI).

Even for 2010 the *Board Performance Evaluation* – the results of which were submitted to the Board for evaluation at the meeting of March 29, 2011 – showed that the Board of Directors is “largely compliant with the Self-Discipline Code, and moreover its operation is favourably compared with the best corporate governance practices, as emerge from the international scenario”.

On December 13, 2011 the Board of Directors in its new composition resolved to entrust again the Board Performance Evaluation to the consulting company specialising in the field *Egon Zehnder International* (EZI).

The assignment relevant to the *Board Review* for 2011, first year of the Board term of office, was conducted through a series of personal interviews with each member of the Board of Directors, with the Chairman of the Board of Statutory Auditors and with the Secretary of the Board of Directors, as well as through the participation in several meetings of the Board and of the Remuneration and the Internal Control Committees by the appointed consultant. In addition, the minutes of the Board and of the Committees relevant to the meetings held in 2011-2012 were analysed. The evaluation made was also based on the comparison with Italian and foreign companies that have a shareholder composition similar to Ansaldo STS, by availing of the considerable experience gained by EZI both in Italy and abroad. The consultant noted that the authorisation to attend the meetings of the Board and the Committees and to read the relevant Minutes allowed them to carry out the evaluation with an approach even exceeding the Code requirements.

Based on the observations gathered through the interviews and the questionnaire and on the comparative analysis conducted, EZI confirmed the favourable opinion regarding the Compliance of the Board of Directors of Ansaldo STS with the indications of the Self-Discipline Code and the best corporate governance *practices* at international level. As to the renewed composition of the Board, following the appointments made by the Meeting of April 5, 2011, it was noted that the same has maintained an interesting and balanced composition, enriched by gender diversity.

4.1.11 REMUNERATION OF THE DIRECTORS

The information on the directors' remuneration is contained in the remuneration report drafted pursuant to Articles 123-ter of the TUF and 84-quater of the Issuers' Regulation, available to the public on the Company's website (http://www.ansaldo-sts.com/en/governance/remuneration_committee/index.html and http://www.ansaldo-sts.com/it/governance/shareholders_meeting/Shareholders_meetings.html) as well as in the other manners required by applicable laws.

In 2011 the issue of the remuneration of directors and managers with strategic responsibilities was being defined by a regulation, and Borsa Italiana S.p.A. specified, by notice No. 18916 of December 21, 2010 that it would modify the requirements for the companies belonging to the STAR segment, in order to take into account the new Art. 7 of the Self-Discipline Code. For this reason, the Board of Directors deemed appropriate to proceed in 2011 to outline and define the remuneration policy for the chief executive officer and for any other managers with strategic responsibilities as may be identified by the Company, also with a view to defining the principles and criteria of the variable remuneration, which is an essential element of the entire remuneration policy of the Company. The Board of Directors of March 5, 2012, which approved this Report, approved the Company's Remuneration Policy as well, in accordance with the recommendations of Art. 7 of the Self-Discipline Code, on the basis of the proposal submitted by the Remuneration Committee on March 1, 2012.

With regard to the remuneration of the directors of Ansaldo STS for the year 2011, see the mentioned Remuneration Report, Section Two, available on the Company's website (http://www.ansaldo-sts.com/en/governance/remuneration_committee/index.html and http://www.ansaldo-sts.com/it/governance/shareholders_meeting/Shareholders_meetings.html).

We specify that the Company has identified no managers with strategic responsibilities during the relevant Corporate Year.

The incentive mechanisms for the internal control manager and the manager in charge of drafting the company's accounting documents are in line with their respective assignments.

4.2 COMMITTEES

In order to improve the efficacy and effectiveness of the works of the Board of Directors, the Internal Control Committee and the Remuneration Committee have been established within the same.

Considering that the current 'list' voting system ensures a transparent appointment procedure and a balanced composition of the Board, and guarantees, in particular, the presence of a suitable number of independent directors, the Board of Directors has not deemed necessary, so far, to establish, within the same, a committee for proposals of appointment to the office of director.

4.2.1 INTERNAL CONTROL COMMITTEE

The Internal Control Committee in office consists of three directors, all of whom are non-executive and independent, and was appointed by the Board of Directors on April 5, 2011. Its members are the Directors Attilio Salvetti (Chairman), Maurizio Cereda and Paola Girdinio.

Until April 5, 2011, the Internal Control Committee was formed by the following Independent Directors: Gregorio Gitti (Chairman), Maurizio Cereda, Eugenio Pinto and Attilio Salvetti.

Pursuant to the Code, on occasion of their appointment, the Board of Directors certified the suitable experience in accounting and financial matters both of the Chairman of the Committee, Mr. Attilio Salvetti, and of its members, Mr. Maurizio Cereda and Ms. Paola Girdinio.

The activities of the Committee are governed by a Regulation, in line with the Code provisions, approved by the Board on January 29, 2007, amended on April 1, 2008 and subsequently on November 26, 2010. The updated version of the Regulation is available on the Company's website:

http://www.ansaldo-sts.com/en/attachments/governance/asts_Internal_Control_Committee_Regulations_eng.pdf

The main activity of the Internal Control Committee is to assist the Board of Directors with advice, proposals and preparation of proceedings in relation to the activities carried out for the definition of the guidelines of the internal control system and for the periodical assessment of the adequacy and actual operation of the organisational structure relevant to the internal control system.

In particular, the Committee is in charge of verifying the levels of functionality and adequacy of the internal control system as well as the actual compliance with the internal procedures and guidelines adopted, both to ensure a sound and effective management and to identify, prevent and manage, to the extent possible, risks of financial and operating nature and frauds against the Company.

The specific duties of the Committee include, for example and without limitation, the following:

- assist the Board of Directors in the duties entrusted to this latter by the Code in matters of internal control;
- examine the workplan prepared by the Internal Control Manager as well as the periodical reports of the same;
- evaluate, together with the manager in charge of drafting the corporate accounting documents and with the auditors, the adequacy of the accounting principles usable and their consistency for the purposes of the compilation of the consolidated financial statements;
- on request of the executive director in charge, express opinions on specific aspects relating to the identification of the main corporate risks and the planning, implementation and management of the internal control system;
- report to the Board of Directors, at least every six months, on occasion of the meetings called to approve the draft financial statements and the half-yearly report, on the activity carried out and on the adequacy of the internal control system, providing its own evaluations in that regard;
- carry out any other duties as may be assigned by the Board of Directors;
- carry out the duties of the Related-Party Transaction Committee mentioned in the procedure for related party-transactions adopted pursuant to Art. 4 of the Related Party Regulation, and exercise the relevant authorities.

Within its activity, during the Corporate Year the Committee:

- evaluated the potential risk exposure of the company, identified by the Chief Executive Officer with the support of the Internal Control Manager, and the measures adopted by the management to prevent, monitor and control such risks;
- examined, together with the Internal Control Manager, the most significant elements observed, the justifications and the difficulties, if any, met during its activity;
- examined and verified the adequacy of the organisational, administrative and accounting structure of Ansaldo STS and of its subsidiaries, with particular regard to the internal control system and the handling of conflicts of interest;
- examined the progress of certain significant job orders;
- approved the *audit* plan for 2012, 2013 and 2014;
- examined the *audit* plan of the Group for 2011, verifying the main results thereof;
- started the verifications that are its responsibility with regard to the process of formation of the Interim Management Report, the Half-Yearly Financial Report and the Financial Statements, also through meetings with the independent auditor, and informing the Board of the results of such verifications and of any recommendations;
- verified the adequacy and the correctness of the accounting principles used and their consistency for the purposes of the compilation of the consolidated financial statements;
- examined the results of the activities carried out by the Company in order to verify the fulfilment of the requirements under Law 262/2005.

From January 1, 2011, to the date of this Report, the Internal Control Committee met on January 26, March 1, 2011, April 28, 2011, May 23, 2011, July 26, 2011, September 22, 2011, and December 13, 2011. In 2012, the Committee met on January 27, 2012 and March 1, 2012.

The Committee meets at least every six months (in concurrence with the approval by the Board of Directors of the Financial Statements and the Half-Yearly Financial Report).

The table below indicates the number of meetings of the Internal Control Committee in its composition prior to the Meeting of April 4 and 5, 2011 as well as the attendance rate of each member:

Members	No. of Meetings	No. Meetings Attended
Gregorio Gitti (Chairman)	2	2
Maurizio Cereda	2	2
Eugenio Pinto	2	2
Attilio Salvetti	2	2

The table below indicates the number of meetings of the current Internal Control Committee as well as the attendance rate of each member:

Members	No. of Meetings	No. Meetings Attended
Attilio Salvetti (Chairman)	5	5
Maurizio Cereda	5	4 ⁽¹⁾
Paola Girdinio	5	5

⁽¹⁾ The absence was duly justified.

The meetings of the Committee were attended by the Board of Statutory Auditors, the Chief Executive Officer as executive director in charge of supervising the functionality of the internal

control system, the General Secretary of the Company and the Internal Control Manager. The *chief financial officer* and the *risk manager* of the Company also participated, and sometimes the Supervisory Body of the Company as well.

The table below indicates the attendance rate of each member of the Board of Statutory Auditors in its composition prior to the Meeting of April 4 and 5, 2011 with regard to the meetings of the Internal Control Committee held during the Corporate Year:

Members	No. of Meetings	No. Meetings Attended
Giacinto Sarubbi (Chairman)	2	2
Massimo Scotton	2	2
Francesca Tripodi	2	2

The table below indicates the attendance rate of each member of the Board of Statutory Auditors with regard to the meetings of the current Internal Control Committee:

Members	No. of Meetings	No. Meetings Attended
Giacinto Sarubbi (Chairman)	5	5
Renato Righetti	5	5
Massimo Scotton	5	4

The Internal Control Committee meetings were regularly recorded in minutes.

During the Corporate Year, the Committee was able to access all information and corporate functions as required for the performance of its duties.

The Committee has a suitable *budget* of its own for the performance of the duties entrusted to it. Moreover, pursuant to art. 4 of the Committee Regulation, the Committee may avail of the collaboration both of internal employees and of external professionals for the performance of its duties.

4.2.2 REMUNERATION COMMITTEE

Pursuant to the provisions of Art. 37 of the Market Regulation, the Remuneration Committee is entirely comprised of non-executive, independent directors.

The Remuneration Committee appointed by the Board of Directors of April 5, 2011 was comprised of the non-executive, independent directors Maurizio Cereda (Chairman), Giovanni Cavallini and Filippo Giuseppe Maria Milone.

Pursuant to Art. 7, Par. 3 of the Self-Discipline Code, on occasion of the appointment of the Remuneration Committee, the Board of Directors of the Company verified and certified that the Directors Maurizio Cereda and Giovanni Cavallini are knowledgeable and skilled in accounting and financial matters.

Further to the resignation of Mr. Milone, submitted on November 30, 2011 and effective as of December 13, 2011, the Remuneration Committee is currently comprised of two Directors. The Board of Directors will proceed to integrate the Remuneration Committee in its first meeting subsequent to the Meeting of the Shareholders called to approve the financial statements for the Corporate Year, which shall also be called to appoint a new Director.

Until April 5, 2011, the Remuneration Committee consisted of the following Independent Directors: Maurizio Cereda (Chairman), Gerlando Genuardi and Francesco Lalli.

The activities of the Committee are governed by a Regulation, in line with the Code provisions, approved by the Board on January 29, 2007 and subsequently amended on May 12, 2008 and March 5, 2012.

Such Regulation is available on the Company's website at the address http://www.ansaldo-sts.com/en/attachments/governance/asts_Remuneration_Committee_Regulations_eng.pdf

In particular, also in view of the amendments brought to the Regulation which have implemented the provisions of Art. 7 of the Self-Discipline Code and Art. 6 of the Self-Discipline Code 2011, the Committee is entrusted with the following tasks:

- submit proposals to the Board of Directors on the remuneration policy for directors and managers having strategic responsibilities, if any;
- make periodical evaluations of the adequacy, overall consistency and actual implementation of the remuneration policy mentioned in the preceding item by availing, as concerns managers having strategic responsibilities, of the information provided by the Chief Executive Officer, and submit proposals in this matter to the Board of Directors, where appropriate;
- submit proposals or give opinions to the Board of Directors on the remuneration of executive directors and of any other directors holding particular offices as well as on the performance targets linked to the variable part of such remuneration, monitoring the implementation of the decisions taken by the same Board and verifying the actual achievement of the *performance* targets;
- evaluate the proposals of the Chief Executive Officer relevant to the general remuneration and incentive policy, as well as to the management development systems and plans, for the key resources of the Group and the directors entrusted with powers of the Group companies;
- assist the Company top management in the definition of the best policy for handling the managerial resources of the Group;
- propose share-based compensation plans in favour of Directors and Managers of the Company and of the other companies of the group and the relevant implementing regulations, carrying out the tasks reserved to it for the management of the plans adopted by the Company case by case;
- report to the Company's shareholders on the way in which it exercises its tasks.

During the Corporate Year, the Remuneration Committee exercised a role of support to the Board of Directors and the *Human Resources & Organization* Department of ASTS on certain priority issues in the examination of the management systems of the Company and the relevant variable remuneration plans.

More exactly, the Committee:

- within the medium/long term incentive system of the Group, favourably evaluated and approved the proposal of the *Human Resources & Organization* Department of the company regarding the *Long Term Incentive Plan* for the three years 2011-2013;
- examined and favourably considered the MBO Program for the Corporate Year for the *management* of the Group and expressly approved the MBO for the Chief Executive Officer;
- examined and approved (i) the proposal of the *Human Resources & Organization* Department of the company regarding the *Stock Grant Plan* 2011 intended for key management resources of the Group; (ii) the Regulation for the said *Stock Grant Plan* 2011;
- examined the development and the results of the *Stock Grant Plan* 2008-2010 for the year 2010 and of the *Stock Grant Plan* 2010-2012, still for the year 2010;
- examined the development and the results for 2010 of the LTIPs, 2008-2010, 2009-2011, 2010-2012;

- expressly provided for the adjustment of the rights assigned in 2011 pursuant to the share plans named *Stock Grant Plan 2010-2012* and *Stock Grant Plan 2011* following the operation of increase of the company's share capital without consideration, resolved by the Meeting of the Shareholders on April 23, 2010;
- expressly provided for the attribution of the economic benefit deriving to the Chief Executive Officer from the mentioned *Long Term Incentive Plan* and *Stock Grant Plan 2008-2010*;
- expressly provided for the attribution of the economic benefit deriving to the Chief Executive Officer from the MBO program;
- examined, in *compliance* with Art. 7 of the Self-Discipline Code, the new remuneration policy of Ansaldo STS for executive directors and managers having strategic liabilities.

During the Corporate Year, the Committee was able to access all information and corporate functions as required for the performance of its duties.

The Committee reports to the Board of Directors at least every six months. From January 1, 2011, to the date of this Report, the Committee met on February 18, 2011, March 1, 2011, March 29, 2011, June 28, 2011, July 26, 2011, and November 7, 2011. In 2012, the Committee met on January 31, 2012 and March 1, 2012.

The Remuneration Committee meets on a periodical basis for the performance of the functions and duties entrusted to it.

The table below indicates the number of meetings of the Remuneration Committee in its composition prior to the Meeting of April 4 and 5, 2011 as well as the attendance rate of each member:

Members	No. of Meetings	No. Meetings Attended
Maurizio Cereda (Chairman)	3	3
Gerlando Genuardi	3	3
Francesco Lalli	3	3

The table below indicates the number of meetings of the current Remuneration Committee as well as the attendance rate of each member:

Members	No. of Meetings	No. Meetings Attended
Maurizio Cereda (Chairman)	3	3
Giovanni Cavallini	3	3

It is pointed out that during his assignment, from his appointment on April 5, 2011 until his cessation from office on December 13, 2011, Mr. Filippo Giuseppe Maria Milone, took part in all (3) meetings of the Remuneration Committee held during such period.

The meetings of the Remuneration Committee were also attended by the Chairman of the Board of Statutory Auditors, and sometimes by the Statutory Auditors, the General Secretary of the Company and, pursuant to the provisions of art. 1.4 of the Committee regulation, the *Human Resources & Organization* Department Manager.

The table below indicates the attendance rate of each member of the Board of Statutory Auditors, in its composition prior to the Meeting of April 4 and 5, 2011, regarding the meetings of the Remuneration Committee:

Members	No. of Meetings	No. Meetings Attended
Giacinto Sarubbi (Chairman)	3	3
Massimo Scotton	3	2
Francesca Tripodi	3	3

The table below indicates the attendance rate of each member of the current Board of Statutory Auditors appointed by the Meeting of April 4 and 5, 2011 with regard to the meetings of Remuneration Committee held after such Meeting during the Corporate Year:

Members	No. of Meetings	No. Meetings Attended
Giacinto Sarubbi (Chairman)	3	3
Renato Righetti	3	2
Massimo Scotton	3	2

The Remuneration Committee meetings were regularly recorded in minutes.

The Committee has a suitable *budget* of its own for the performance of the duties entrusted to it. Moreover, pursuant to art. 4 of the Committee Regulation, the Committee may avail of the collaboration both of internal employees and of external professionals, at the cost of the Company, for the performance of its duties.

4.3 INTERNAL CONTROL SYSTEM

4.3.1. ESSENTIAL ELEMENTS OF THE INTERNAL CONTROL SYSTEM

The Board of Directors, with the assistance of the Internal Control Committee and also through the activity of the executive Director entrusted with supervising the operability of the internal control system, defines the internal control system guidelines, so that the main risks regarding the Company and its subsidiaries may be correctly identified, as well as suitably measured, handled and monitored, also defining criteria of compatibility of such risks with a sound and correct management of the company.

Moreover, at the meeting of April 5, 2011, the Board of Directors, with the assistance of the Internal Control Committee, appointed the chief executive officer, Mr. Sergio De Luca, as the executive director entrusted with supervising the operability of the internal control system; also, at the same Meeting, on a proposal of the same executive director and after hearing the opinion of the Internal Control System Committee, the Board appointed the *Internal Audit* department manager, Mr. Mauro Giganti as Person in Charge of the internal control.

The internal control system is the whole of rules, procedures and organisational structures aimed at permitting, through a suitable process of identification, measurement, handling and monitoring of the main risks, a sound and correct conduction of the business, consistent with the set objectives.

The essential elements of the internal control system may be described with reference to the following components:

a) Internal environment: forms the essential identity of an organisation, determines the ways in which the risk is considered and dealt with by the people who operate in the business. In this regard, it is noted that:

- Ansaldo STS has defined a set of rules for the governance of the group through specific procedures;
- the Company has a Code of Ethics for the Group updated on the basis of the evolutions of the organisational and business structure; as regards Ansaldo STS, specific conduct

standards have been enunciated in the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, according to the requirements set out by the provisions of the same;

- powers and responsibilities are defined in the corporate procedures in compliance with the principle of segregation of the duties considered incompatible;
- the management of human resources conforms to principles of transparency, promotion of dignity, health, freedom and equality of workers and competence development.

b) Risk management, in the following elements: definition of objectives, identification of events, risk assessment, risk response.

The Group avails of risk management processes with regard to offers and projects, financial risks, as well as to corporate processes, monitored and updated in relation to the business targets. The process of management of business process risks refers to the *Enterprise Risk Management* methodology of the *Committee of Sponsoring Organizations of the Treadway Commission* (COSO report).

c) Control activities: may be defined as the policies and procedures that ensure to the *management* that the risk responses be carried out. In this regard, it is noted that:

- periodical “*management reviews*” are conducted on the offers and the progress of projects and of the overall corporate performance. The company management verifies, moreover, that the objectives of the processes managed be achieved;
- there are *policies* and procedures, including computer ones, that define the control activities.

d) Information and communication: the relevant information must be identified, gathered and spread in a form and according to a time schedule allowing everyone to correctly fulfil their own duties. In this regard it is noted that information:

- is managed through IT systems constantly monitored with regard to the efficacy and effectiveness and updated according to the business needs;
- is spread at various levels according to the business objectives and needs, including through specific IT instruments.

e) Monitoring: the internal control system is to be monitored by evaluating the presence and uninterrupted operation of its members over time. In this regard, it is noted that:

- there are specific corporate departments that carry out periodical monitoring of the internal control system, such as the process, quality and systems department and the *Internal Audit* department. The Manager in charge of the compilation of accounting and corporate documents carries out periodical monitoring on the processes feeding the financial information;
- the improvement actions identified further to such monitoring are subject to evaluation by the management and to specific monitoring.

On the basis of the representations made by the Chairman of the Internal Control Committee at the meeting of the Board of Directors of January 26, 2011, the same Board considered the internal control system adopted by the Company to be effective and actually operative in relation to the business features, and gave a favourable opinion on the governance structure adopted by the Company: the organisational, administrative and accounting structure of Ansaldo STS and of its subsidiaries was judged as suitable, with particular reference to the internal control system and the handling of conflicts of interest.. Such opinion, as indicated below, was confirmed at the meeting of the Board of Directors of January 27, 2012.

For the purposes of the above evaluation, in particular, the Internal Control Committee examined during the Corporate Year:

- the outcome of the *risk assessment* activity;
- the outcome of the *assessments* carried out by the *Risk Management* department on the projects pursuant to a workplan previously examined;
- the outcome of the *audit* activities conducted by the *Internal audit* department, pursuant to an *audit* plan previously examined;
- the outcome of the meetings with the independent auditor;
- the reports of the Supervisory Body on the Organisation, Management and Control Model under the aspects mentioned by Legislative Decree no. 231/2001.

During the meeting of January 27, 2012, the Chairman of the Internal Control Committee reported to the Board of Directors on the updated map of the risks inherent in the Company and in its subsidiaries' business, prepared by the Executive director in charge of supervising the operability of the internal control system with the collaboration of the Internal Control Manager, with identification of the relevant risk management/mitigation measures. At the same meeting, the Board, further to the examination of the above information, considered that the risks relevant to the Company have been correctly identified, handled and monitored for the purposes of a sound and correct business management, and it therefore judged the internal control system adopted by the Company as suitable, effective and actually operative with respect to the business features.

4.3.2 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS EXISTING IN RELATION TO THE FINANCIAL REPORTING PROCESS

The internal control system on financial reporting is defined as the set of activities aimed at identifying and evaluating the cases in which the fact that an action or event occurs, or does not occur, may hinder, either totally or in part, the achievement of the targets of credibility, accuracy, reliability and timeliness of the financial reporting. It is a part of the overall internal control and risk management system.

Such system is aimed at verifying that the administrative/accounting procedures adopted and their implementation are suitable to ensure the reliability of the financial reporting and the ability of the process for drafting the financial statements to produce timely and reliable accounting and financial reporting, in accordance with the reference accounting standards.

The internal control system on financial reporting has been defined in consistency with the generally accepted *frameworks* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* – COSO Report, integrated, as regards IT aspects, by the *Control Objectives for Information Technology* – COBIT.

4.3.2.1. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS EXISTING IN RELATION TO THE FINANCIAL REPORTING PROCESS

Administrative-accounting procedures imply the analysis of the risk that errors, either intentional or not, may occur in the processes leading to the formation of the financial reporting. Therefore, for the definition of such system, the risk areas are identified and evaluated, in which events might occur such as to endanger the achievement of the financial reporting reliability.

On the basis of the identification and evaluation of risk areas, the components of the internal control system in relation to the financial reporting have been analysed through

- a synthetic overall analysis regarding the main companies of the Group, and particularly the control components relevant to the financial reporting reliability;

- an analysis for each operating process, relevant to financial statements entries being significant for financial reporting purposes, through a correlation matrix between targets identified on the process activities and the controls associated therewith.

The system developed includes the following macro-stages for the most important companies of the Group:

- identification and assessment of risks;
- assessment of the adequacy of control activities;
- verification of the operability of the control system;
- monitoring and evolution of the control system.

Identification and assessment of risks

The identification of risks is made in relation to the financial statements assertions (existence and materialisation, completeness, rights and obligations, evaluation and registration, presentation and reporting) and other control objectives such as, for example, compliance with the authorisation limits, segregation of incompatible tasks, controls on physical safety and on the existence of assets, documentation and traceability of transactions.

Assessment of the adequacy of control activities

On the basis of the risk assessment, specific control activities are identified, which can be divided into two categories:

- controls applicable to the entire corporate organisation (Group/Company) which, being common across the entire organisation to be evaluated, represent structural elements of the internal control system on financial reporting (so-called "*Entity Level Control*");
- controls specific to each process ("*Process Level Control*").

At Group/company level, controls of a "pervasive" type have been identified, that is controls that characterise the company in its entirety, such as: attribution of responsibilities, powers, tasks, general controls on IT systems, segregation of incompatible tasks.

At process level, the controls identified are of a "specific" type, such as: verifications based on documentation supporting the correct recording in the accounts, regular release of authorisations, implementation of account reconciliations and controls of consistency.

Process level controls may be of "*preventive*" type, aimed at preventing undesired events or results, or of "*detective*" type, aimed at discovering, *a posteriori*, undesired events or results. In addition, such controls may be "manual" or "automatic", these latter being, for ex., the application controls referring to technical and parametric features of the IT systems in support of the *business*.

Specific control activities are carried out both with respect to routine processes developed during the year and to non-routine processes mainly put in place on occasion of sub-annual and annual closures of accounts. Even extraordinary operations are subject to specific control procedures involving the appropriate management levels.

Control procedures, particularly regarding routine processes, are largely based on the SAP software system. The quality of input and output data is verified on the basis of the degree of importance of the information and of the software system updates.

As regards consolidated reporting, it should be noted that specific consolidation procedures exist, updated in relation to the business needs and monitored by the structures in charge within the administrative department. Consolidated information is received by the various companies of the group and processed through the Hyperion application.

Verification of the operability of the control system

In order to verify and ensure the operability of the internal control system on financial reporting, specific monitoring activities are to be performed both by the persons in charge of the processes (so-called “*process owners*”) and by independent third parties with respect to the operability of the processes (*Internal Audit*).

Monitoring and evolution of the control system

In order to permit suitable monitoring of the system, the “design” of its components is subject to systematic assessment and, at any rate, whenever significant events occur. The operability of the controls indicated by the procedures for verification of the administrative-accounting system is assessed every six months through specific testing activities.

Any deficiencies either in the design or in the operability of the controls are notified to the *process owners* and to the Manager in Charge of drafting the corporate accounting documents in order to plan remedial actions, the actual implementation of which is then subjected to verification.

The Manager in Charge of drafting the corporate accounting documents, together with the Chief Executive Officer, provide the certificate under Art. 154-*bis*, subsection 5 of the TUF.

4.3.3 MANAGER IN CHARGE OF SUPERVISING THE INTERNAL CONTROL SYSTEM OPERABILITY

The person in charge of supervising the internal control system operability is the Chief Executive Officer, Mr. Sergio De Luca, as resolved by the Board of Directors at the meeting of April 5, 2011, who implements the guidelines defined by the Board, providing for the design, implementation and management of the internal control system.

The Director in charge of supervising the internal control system operability, with the support of the Internal Control Manager:

- proceeded to identify the main corporate risks, taking into account the characteristics of the business conducted by the Company and its subsidiaries, submitting them to the Board for examination on a periodical basis;
- proceeded to the planning, implementation and management of the internal control system, constantly verifying the relevant overall adequacy, efficacy and effectiveness;
- took actions to conform such system to the dynamics of the operating conditions and of the legal and regulatory scenario.

4.3.4 INTERNAL CONTROL MANAGER

At the meeting of April 5, 2011, the Board of Directors, on a proposal of the Director in charge of supervising the internal control system operability, and after hearing the opinion of the Internal Control Committee, appointed Mr. Mauro Giganti, Manager of the *Internal Audit* department, as Internal Control Manager.

The Internal Control Manager is responsible for verifying that the internal control system be always adequate, fully operative and working.

The Internal Control Manager, who reports to the Chairman, does not report to the operating area managers, including the administration and finance area, has direct access to all useful information and has the availability of all appropriate means to carry out his assignment; he reports on his activity, on a periodical basis, to the Chairman, the Internal Control Committee, the Board of Statutory Auditors and the executive Director in charge of supervising the internal control system operability.

In particular, during the Corporate Year the Internal Control Manager:

- constantly verified that the internal control system was adequate, operative and working properly;
- reported to the executive Director in charge of supervising the internal control system operability, to the Internal Control Committee and to the Board of Statutory Auditors on the methods, according to which the risk management is conducted, as well as on the compliance with the risk reduction plans;
- in light of the evaluation of the risk map and of the general activity of monitoring of the internal control system, expressed a favourable opinion on the suitability of the internal control system to reduce overall risk to an acceptable level.

4.3.5. ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

In relation to the enactment of Legislative Decree no. 231 of June 8, 2001 and subsequent amendments and additions, which has introduced a specific corporate liability regime for certain classes of criminal offences, the Company has adopted measures, in accordance with the provisions of the same Decree, suitable to avoid being charged with such liability, by establishing specific protocols and supervision systems aimed at preventing certain types of offences.

For such purpose, the Company has adopted, by resolution of the Board of Directors dated June 27, 2006, the Organisation, Management and Control Model pursuant to Legislative Decree 231/01, which was then amended, following legal and organisational changes, by the Board resolutions of November 11, 2008, March 6, 2009 and July 6, 2010. Also, the Company adopted the Code of Ethics by resolution of the Board of Directors dated June 27, 2006; the Code of Ethics was then updated by the resolutions of November 11, 2008 and July 6, 2010. The Organisation Model has been drafted in accordance with the Guidelines of Confindustria.

The Model is comprised of a general part and five special parts.

The general part essentially focuses on the Supervisory Body (hereinafter S.B.) and on the information flows to be transmitted to the same, as well as on the *reporting*, by the same S.B., to the corporate bodies; on personnel training, on the diffusion of the Model within the company and outside and on the disciplinary system for the case of non-compliance with the Model prescriptions.

The special parts, relevant to the various offences described in the decree, which might, in theory, apply to the Company, are the following: (i) offences against the Public Administration, (ii) corporate and *market abuse* offences, (iii) occupational health offences, (iv) receiving and 'laundering' or using stolen goods, money or other things from an illegal source, (v) computer-related offences and illegal processing of data. The special parts of the Model list the risk areas for the relevant type of offence, refer to the specific decisional protocols in force and the relevant rules of conduct for those who operate in such areas and define the monitoring procedures in that regard.

Annexes and integral part of Ansaldo STS's Organisational Model are:

- Code of Ethics;
- organisational structure of Ansaldo STS;
- subdivision of powers and delegation system;
- Evidence file indicating the relations with Public Administrations;
- Periodical statement of compliance with the Model and regarding the delegation powers and the signature limits;

- list of relevant persons in the meaning of the “Internal Dealing Code”.

The Organisation, Management and Control Model under Legislative Decree 231/2001 and the Code of Ethics are available on the company website (<http://www.ansaldo-sts.com>) within the *Governance* section.

As regards the provisions of Art. 6 of the mentioned Decree, on June 27, 2006 the Board resolved to establish a Supervisory Body as a collective body. In particular, the Supervisory Body bylaws – approved by the Board of Directors on October 24, 2006 and updated on July 6, 2010 – provide that its term of office is three years and that it must be comprised of three members, chosen as follows: (i) the chairperson of the Body, chosen by the Board of Directors among the independent, non-executive Directors in office; (ii) the person in charge of the *Internal Audit department for the time being* and (iii) the person in charge of the *Corporate Affairs department for the time being*. During the Corporate Year, the Supervisory Body was formed: (i) until April 28, 2011, by the independent, non-executive Director Eugenio Pinto (Chairman), as well as by the Managers, *for the time being*, of the Corporate Business Department, Ms. Grazia Guazzi, and of the *Internal Audit Department*, Mr. Mauro Giganti; and (ii) since April 28, 2011, *by the independent, non-executive Director Tatiana Rizzate and by the mentioned Managers of the Corporate Business and Internal Audit Departments*.

The tasks, activities and operation of the Body are regulated by the mentioned bylaws and by the internal regulation of the Supervisory Body, as acknowledged by the Board of Directors in its meeting of October 24, 2006 and July 6, 2010.

The S.B. transmits to the Board of Directors, on a half-yearly basis, a written report regarding the implementation and actual operation of the Organisation, Management and Control Model.

The S.B. has a suitable *budget* of its own for the performance of the duties entrusted to it.

The S.B. autonomously approves, on a yearly basis, its own supervision plan, which includes both activities of verification of the Model adequacy and of *compliance* with the same Model.

4.3.6. MANAGER IN CHARGE OF DRAFTING THE CORPORATE ACCOUNTING DOCUMENTS

Art. 23.2 of the Company’s Articles of Association states, in accordance with Art. 154-*bis* of the TUF, that the Board of Directors is to appoint a manager in charge of drafting the corporate accounting documents, after hearing the binding opinion of the Board of Statutory Auditors. The same provision of the Articles of Association also states that the manager in charge must have gained at least three years experience in the exercise of:

- a) management or control activities or executive duties in corporations endowed with a company capital not lower than two million Euro, or
- b) professional activities or teaching in universities as a professor with tenure of legal, economic, financial and technical-scientific subjects strictly relating to the Company business and to the tasks, which the manager in charge is to carry out, or
- c) managerial duties in public authorities or public administrations operating in the credit, financial and insurance sectors or, however, in sectors strictly connected with the Company business.

Considering the favourable opinion given by the Board of Statutory Auditors, and having verified the satisfaction of the professional requirements as described above, at the meeting of April 5, 2011 the Board of Directors appointed Mr. Alberto Milvio, *Chief Financial Officer* of the Company, as Manager in Charge of drafting the corporate accounting documents until the date of expiration of the term of office of the same Board.

The Manager in Charge, in accordance with the provisions of the applicable laws, has set up proper administrative and accounting procedures for the compilation of the annual financial

statements and the consolidated financial statements, as well as of any other communication of financial nature.

In addition, the Manager in Charge, together with the Chief Executive Officer, certified, by a specific report annexed to the annual financial statements, the consolidated financial statements and the half-yearly financial report: (i) the adequacy and actual implementation of the administrative and accounting procedures as indicated above for the period to which such accounting documents refer; (ii) the compliance of the contents of such documents with the international accounting standards that apply within the European Unit pursuant to the (EC) Regulation no. 1606/2002 of the European Parliament and the Council, dated July 19, 2002; (iii) the consistency of the same documents with the data resulting from the accounting books and records and their suitability to provide an accurate and correct representation of the equity, economic and financial situation of the Company and of the whole of the companies included in the consolidation; (iv) that the directors' report accompanying the annual financial statements and the consolidated financial statements contains a reliable analysis of the performance and of the operating results, as well as of the situation of the Company and of the whole of the companies included in the consolidation, together with a description of the main risks and uncertainties to which these latter are exposed; (v) that the interim management report included in the half-yearly management report contains a reliable analysis of the information under subsection 4 of Art. 154-*ter* of the TUF.

4.3.7. INDEPENDENT AUDITOR

The audit of the accounts is carried out by PricewaterhouseCoopers S.p.A., an independent auditor entered in the special register under Art. 161 of TUF, appointed by the Ordinary Meeting of the Shareholders on February 24, 2006, after obtaining the favourable opinion of the Board of Statutory Auditors. Such assignment, originally conferred for the years 2006-2011, was extended by the Ordinary Meeting on May 22, 2007, pursuant to the then applicable Art. 159 of the TUF, on a justified proposal of the Board of Statutory Auditors, to the years 2012, 2013 and 2014.

4.3.8. REQUIREMENTS UNDER ARTICLES 36 AND 37 OF THE MARKET REGULATION

In January and March 2012, both the Board of Statutory Auditors and the Board of Directors of the Company verified the *compliance* of Ansaldo STS with the rules set out by the Consob in Articles 36 and 37 of the Market Regulation in matters of (i) conditions for the listing of parent companies of companies established and operating under laws of non-member Countries of the European Union ("extra-EU foreign subsidiaries") and of (ii) conditions preventing the listing of subsidiaries subject to direction and coordination by other companies.

In particular, it was confirmed, with respect to the verifications carried out in the Corporate Year, that:

- in application of the parameters of significance as per Art. 36, subsection 2, of the Market Regulation, the following extra EU foreign subsidiaries have been identified: Ansaldo STS USA Inc., Ansaldo STS Australia Pty Ltd. and Ansaldo STS Transportation System India Pvt Ltd;
- the Balance Sheet and the Income Statement for 2011 of all companies mentioned above will be made available to the public by the Company within the dates indicated by the law (in accordance with the provisions of Art. 36, subsection 1, letter a) of the Market Regulation);
- the articles of association, the composition and the powers of the corporate bodies of all companies mentioned above have been acquired by Ansaldo STS and will be kept at the disposal of the Consob, in their updated version, if this latter should make a specific request

of exhibition for purposes of supervision (in accordance with the provisions of Art. 36, subsection 1, letter b) of the Market Regulation);

- all companies indicated above: (i) supply the Company auditor with the information required by this latter in order to carry out the audit of the annual and sub-annual accounts of Ansaldo STS (in accordance with the provisions of Art. 36, subsection 1, letter c), item (i), of the Market Regulation); (ii) have an administrative-accounting system suitable to transmit to the management and to the auditor of the Company, on a regular basis, the necessary economic, equity and financial data for the compilation of the consolidated financial statements of Ansaldo STS (in accordance with the provisions of Art. 36, subsection 1, letter c), item (ii) of the Market Regulation);
- the publication requirements under Art. 2497-*bis* of the Italian Civil Code have been complied with (in accordance with the provisions of Art. 37, subsection 1, letter a), of the Market Regulation);
- the Company has autonomous capacity to negotiate with customers and suppliers (in accordance with the provisions of Art. 37, subsection 1, letter b) of the Market Regulation);
- the Company has no cash pooling relationship with Finmeccanica or other companies of the group it belongs to (in accordance with the provisions of Art. 37, subsection 1, letter c) of the Market Regulation);
- the Internal Control Committee and the Remuneration Committee are formed by Independent Directors (in accordance with the provisions of Art. 37, subsection 1, letter d) of the Market Regulation).
- the Board of Directors consists of a majority of Independent Directors (in accordance with the provisions of Art. 37, subsection 1, letter d) of the Market Regulation).

In light of the above, the Board of Directors has certified the existence of the conditions under Articles 36 and 37 of the Market Regulation (in accordance with Art. 2.6.2, subsections 10 and 11, of the Stock Market Regulation).

4.4 RELATED-PARTY TRANSACTIONS

The Procedure regarding related-party transactions (the “**Procedure**”) was approved by unanimous vote by the Board of Directors of the Company on November 26, 2010, upon the favourable opinion unanimously expressed by the Procedure Committee, pursuant to Art. 2391-*bis* of the It. Civil Code and Art. 4, subsections 1 and 3, of the Consob Regulation on related-party transactions adopted by resolution no. 17221 of March 12, 2010 and subsequently amended by resolution no. 17389 of June 23, 2010 (the “**Regulation**”). On the same date, the Board of Statutory Auditors of the Company confirmed the compliance of such Procedure with the principles indicated in the Regulation.

The Procedure, available on the Company’s website (http://www.ansaldo-sts.com/en/attachments/governance/Procedure_Related_Parties_Transactions_ENG.pdf) is aimed at defining the rules, methods and principles to ensure the transparency and the substantial and procedural correctness of the related-party transactions conducted by the Company, either directly or through subsidiaries.

4.4.1 RELATED-PARTY TRANSACTIONS OF GREATER IMPORTANCE - PREPARATION AND APPROVAL

Pursuant to the provisions of art. 8 of the Regulation and art. 6.2 of the Procedure, except for Transactions of Greater Importance for which the Meeting is responsible, or to be authorised by the same, the Board of Directors of the Company is competent to deliberate the approval of Transactions of Greater Importance, upon a binding, justified favourable opinion of the Committee for Related-Party Transactions (which, pursuant to the Procedure, coincides with the

Internal Control Committee established in accordance with principle 8, subs. 4 of the Code), provided that a timely, complete and suitable information flow has been previously received on the characteristics of the Transaction, which the Company intends to carry out.

The Committee for Related-Party Transactions, even through one or more of its members delegated for such purpose, must be involved during the negotiations and during the preparatory stage. The Committee, or the member delegated by the same, is entitled to ask for information and to formulate observations to the delegated bodies and the persons in charge of carrying out the negotiations or the preparatory stage.

Once the preparatory stage is completed, the Committee for Related-Party Transactions, after receiving the final data and information relevant to the Transaction, will express - in due time to allow the competent body to take a resolution in that regard - a binding, justified opinion on whether it is in the interest of the Company to perform the Transaction of Greater Importance as well as on the advantage and substantial correctness of the relevant terms.

The Committee for Related-Party Transactions may, if it so deems necessary or appropriate for the issue of the mentioned opinion, avail of the advice of one or more independent experts chosen by the same.

If the Related-Party Committee has expressed a prior justified contrary opinion to the performance of a Transaction of Greater Importance, or a conditioned or qualified opinion, the Board of Directors of the Company may: (i) approve the Transaction of Greater Importance after conforming entirely to the censures formulated by the Committee for Related-Party Transactions, or, as an alternative, (ii) approve the Transaction of Greater Importance notwithstanding the contrary opinion of, or however without taking into account the observations formulated by, the Committee, on condition that the performance of such Transaction is authorised by the Meeting or, lastly (iii) not approve the Transaction of Greater Importance and therefore abstain from carrying out the same.

In relation to Transactions of Greater Importance for which the Meeting is responsible or, however, that are to be authorised by the same, pursuant to Art. 2364, subsection 5, no. 1, It. Civil Code, during the negotiations, the preparatory stage and the stage of approval of the proposed resolution to be submitted to the Meeting, the above rules shall apply, *mutatis mutandis*.

If the Board of Directors intends to submit to the Meeting a Transaction of Greater Importance notwithstanding a contrary opinion of, or however without taking into account the observations formulated by, the Committee for Related-Party Transactions, the Transaction shall not be carried out if the majority of the non-related voting shareholders vote against such Transaction, provided, though, that the non-related shareholders present at the Meeting represent at least 10% of the share capital entitled to vote.

Without prejudice to the information obligations under Articles 5 and 6 of the Regulation, the Chief Executive Officer shall supply the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, with a report on the performance of Transactions of Greater Importance.

4.4.2 RELATED-PARTY TRANSACTIONS OF LESSER IMPORTANCE - PREPARATION AND APPROVAL

The body competent to deliberate approves the Transactions of Lesser Importance after obtaining a prior, justified opinion – not binding – from the Committee for Related-Party Transactions and after receiving from the *Corporate Affairs and Group Insurances* Department a timely, complete and suitable information flow on the characteristics of the Transaction, which the Company intends to carry out.

The Committee for Related-Party Transactions, after receiving the complete and final information relevant to the Transaction of Lesser Importance, which the Company intends to carry out, will express - in due time to allow the competent body to take a resolution in that regard - a justified opinion, not binding, on whether it is in the interest of the Company to perform the Transaction, as well as on the advantage and substantial correctness of the relevant terms.

The Committee for Related-Party Transactions may, if it so deems necessary or appropriate for the issue of its non-binding opinion, avail of the advice of one or more independent experts chosen by the same.

In relation to Transactions of Lesser Importance for which the Meeting is responsible or, however, that are to be authorised by the same, pursuant to Art. 2364, subsection 1, no. 5, It. Civil Code, during the preparatory stage and the stage of approval of the proposed resolution to be submitted to the Meeting, the above rules shall apply, *mutatis mutandis*.

Without prejudice to the information obligations under Articles 5, subsection 8, and 6 of the Regulation:

- (i) the Chief Executive Officer supplies the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, with a report on the performance of Transactions of Lesser Importance;
- (ii) save for the provisions of Art. 114, subsection 1, of the Consolidation Act on Finance, within fifteen days of the end of each quarter of the corporate year, the Company puts at the disposal of the public a document containing the indication of the other party, the subject matter and the consideration of the Transactions of Lesser Importance approved during the relevant quarter notwithstanding a contrary opinion of the Committee for Related-Party Transactions, as well as of the reasons for which such opinion was not accepted.

4.4.3 TRANSACTIONS CARRIED OUT THROUGH SUBSIDIARIES

Transactions carried out through subsidiaries are to be subjected to a prior, non-binding opinion of the Committee for Related-Party Transactions, which is to give its opinion in due time to allow the competent body to authorise, examine or evaluate the Transaction.

4.4.4 EXEMPT TRANSACTIONS

The Procedure rules do not apply to Transactions of Small Amount (i.e. of an amount not exceeding Euro 150,000.00 when the Related Party is a natural person or not exceeding Euro 1,000,000.00 when the Related Party is a legal person).

In addition, without prejudice to the obligations of periodical accounting information under Art. 5, subsection 8 of the Regulation, where applicable, the Procedure does not apply to the following Transactions:

- (a) Transactions relevant to compensation plans based on financial instruments approved by the Meeting pursuant to Art. 114-*bis* of the TUF, and all relevant implementing operations;
- (b) resolutions regarding the remuneration of directors vested with particular offices, other than those under Art. 13, subsection 1 of the Regulation, as well as of the other managers with strategic responsibilities, provided that the requirements under Art. 13 of the Regulation are met;
- (c) Ordinary Transactions stipulated at the same conditions as those normally applied to non-related parties for transactions of similar nature, entity and risks, or based on regulated tariffs or imposed prices, or applied to persons, with which the Company is bound under law to stipulate a fixed consideration, without prejudice to the

obligation to comply with the provisions on information as per Art. 13 of the Regulation;

- (d) Urgent transactions not included in the responsibilities of the Meeting, and that are not to be authorised by the same, on condition that the requirements under Art. 13 of the Regulation are met;
- (e) Transactions with or between companies controlled by the Company, even together with others, as well as Transactions with affiliates of the Company, if there are no Significant Interests of other Related Parties of the Company in the subsidiaries or affiliates that are parties to such Transaction.

Such cases of exemption apply, *mutatis mutandis*, even to Transactions carried out through subsidiaries. As regards, specifically, the exemption for Ordinary Transactions, what matters for the purposes of the evaluation of the ordinary nature of the Transaction is the activity carried out by the subsidiary, except for the case that such subsidiary is a special purpose vehicle established just to carry out such Transaction, in which case the verification of the ordinary nature should also be conducted with regard to at least one of the activities carried out by the ASTS Group.

4.5 BOARD OF STATUTORY AUDITORS.

4.5.1 APPOINTMENT

The appointment of auditors is made by the ordinary Meeting by the 'list' voting system.

The current provisions of the Articles of Associations, updated on November 26, 2010 following the enactment of the provisions of Legislative Decree no. 27 of January 27, 2010, which implemented the EU directive so-called "*Shareholders' Rights*", requires that the lists be deposited at the company registered office and made available to the public in accordance with the applicable laws.

Similarly to the presentation of lists of candidates to the office of members of the Board of Directors, if the lists of candidates to the office of Auditor are not deposited within the above terms, the lists shall be considered as not submitted.

Lists may be submitted only by Shareholders who, either alone or together with other shareholders, own the shareholding indicated in compliance with the provisions of the Consob regulation (equal, for the year 2012, to 2% of the share capital of Ansaldo STS). Each Shareholder may submit or concur to submit one list only, and vote only one list. Any shareholders belonging to the same group or being parties to a shareholders' agreement concerning shares of the Company shall not submit or vote more than one list, even by proxy or through trust companies.

In order to prove the ownership of the number of shares required for the submission of the lists, the shareholders shall deposit at the company registered office, within the deadlines indicated by the applicable provisions, the specific certificate proving the ownership of the number of shares represented.

The lists shall indicate the names of one or more candidates, however not exceeding the number of the members to be elected. Each candidate shall be nominated in one list only, on pain of ineligibility.

The lists shall be divided in two sections: one for candidates to the office of Statutory Auditor and the other one for candidates to the office of Deputy Auditor. The first of the candidates of each section must be entered in the Register of Auditors of accounts and must have exercised the activity of legal audit of accounts for no less than three years.

Statements shall be filed together with each list, without prejudice to the provisions of the applicable laws, whereby the single candidates accept their nomination and certify, under their

own responsibility, the non-existence of any reasons for ineligibility and incompatibility, as well as the existence of the requirements set out by the applicable laws and the Company Articles of Association.

The Auditors shall be appointed as follows:

- two Statutory Auditors and one Deputy Auditor shall be drawn from the list that has obtained the majority of votes, in the progressive order in which they appear in the relevant sections of the same list;
- the remaining Statutory Auditor and the remaining Deputy Auditor shall be drawn from the other lists, with the same methods indicated for the appointment of the Board of Directors by Art. 16.3, letter b) of the Articles of Association; for such purpose, the votes obtained by each section of such other lists shall be divided by one. The quotients thus obtained shall be progressively assigned to the candidates of each section of each list, according to the order respectively indicated by the same lists. The quotients thus assigned to the candidates of each section of the various lists shall then be ranked in a single list in decreasing order. For each section, those who have obtained the highest quotients shall be elected.

In the event that (i) only one list is submitted, or (ii) no list is submitted, or (iii) it is not a case of renewal of the entire Board of Statutory Auditors, the Meeting shall adopt a resolution with the majority required by law and without following the procedure indicated above, but however in such manner as to ensure a composition of the Board of Statutory Auditors complying with the provisions of Art. 1, subsection 1 of the Decree of the Minister of Justice No. 162 of March 30, 2000.

If more than one candidates receive the same quotient, the candidate of the list, which has not elected any Auditor yet, or has elected the lowest number of Auditors shall be elected.

If none of such lists has elected an Auditor yet, or all of them have elected the same number of Auditors, the candidate elected shall be, within such lists, the candidate of the one that has obtained the highest number of votes. In case of equal list votes, and always provided that the quotient is equal, a new vote shall be taken by the whole Meeting, and the candidate elected shall be the one that obtains the simple majority of votes.

In case of replacement of an Auditor taken from the list that obtained the highest number of votes, the Deputy Auditor taken from the same list shall take over; in case of replacement of the Auditor taken from the other lists, the Deputy Auditor appointed by the methods under art. 16.3, letter b) shall take over. The Meeting mentioned by Art. 2401, subsection 1 of the It. Civil Code shall proceed to the replacement in accordance with the principle of mandatory representation of minorities.

The Chairperson of the Board of Statutory Auditors is appointed by the Meeting in the person of the Statutory Auditor elected by the minority, except for the case that only one list or no lists are submitted; in such event, the Chairperson of the Board of Statutory Auditors shall be appointed by the Meeting with the majority required by law.

4.5.2 COMPOSITION

The current Board of Statutory Auditors of the Company was appointed by the Ordinary Meeting of April 5, 2011; from January 1, 2011 until the date of the Meeting, the Board of Statutory Auditors was formed by the Statutory Auditors Giacinto Sarubbi (Chairman), Massimo Scotton and Francesca Tripodi and by the Deputy Auditors Bruno Borgia and Pietro Cerasoli.

The Board of Statutory Auditors currently in office consists of the following members:

Members	Office
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Giacinto Sarubbi	Chairman
Renato Righetti	Statutory Auditor
Massimo Scotton	Statutory Auditor
Bruno Borgia	Deputy Auditor
Pietro Cerasoli	Deputy Auditor

The Statutory Auditors Massimo Scotton and Renato Righetti and the Deputy Auditor Pietro Cerasoli were taken from the majority list submitted by Finmeccanica Società per Azioni, which held a participation interest equal to 40.065% of the company's share capital.

The Chairman of the Board of Statutory Auditors, Giacinto Sarubbi, and the Deputy Auditor Bruno Borgia were taken from the minority list submitted by Allianz Global Investor Italia SGR S.p.A. manager of the Allianz Azioni Italia fund; Anima SGR S.p.A. manager of the funds named Europa, Iniziativa Europa and Italia, Visconteo; Arca SGR S.p.A., manager of the funds Arca Azioni Italia and Arca BB; Fidelity Investment Funds-European Fund; Fideuram Investimenti SGR S.p.A., manager of the Fideuram Italia fund; Fideuram Gestions SA, manager of the funds Fonditalia Equity Italy and Fideuram Fund Equity Italy; Interfund Sicav, manager of the Interfund Equity Italy fund; Mediolanum Gestione Fondi SGRpA, manager of the Mediolanum Flessibile Italia fund; Mediolanum International Funds - Challenge Funds; Pioneer Asset Management SA; Pioneer Investment Management SGRpA, manager of the Pioneer Azionario Crescita fund; Prima SGR S.p.A., manager of the Prima Geo Italia fund) which, together, held a participation interest equal to 2.176% of the company's share capital. The shareholders who submitted the minority list have certified that they are not associates, in the meaning of Art. 144-*quinquies* of the Issuers' Regulation, with Finmeccanica Società per Azioni.

The term of office of the members of the Board of Statutory Auditors will expire at the date of the Meeting called to approve the Financial Statements as at December 31, 2013.

The Board of Statutory Auditors has verified that the Auditors had the independence requirements under the applicable laws and the Code, as already stated by the same Auditors upon their appointment.

Moreover, no member of the Board of Statutory Auditors has notified the existence of interests owned, on his/her own behalf or on behalf of third parties, in any transactions of the Company.

Here-below is reported the information on the personal and professional characteristics of each member of the Board of Statutory Auditors.

GIACINTO SARUBBI

Was born in Milan on January 8, 1963, graduated in Economy and Commerce, is qualified for the exercise of the profession, being entered in the Register of Chartered and Expert Accountants of Milan and in the Register of Auditors of Accounts (Ministerial Decree dated Apr. 12, 1995, published in the Official Journal no. 31 bis of Apr. 21, 1995).

He has carried out – both as the owner of a law firm of his own and as *partner* and managing director of leading international companies dealing in the audit and business consulting fields – activities relating to tax and corporate advice, business organisation and industrial accounting for various corporations, even operating at international level. Since 1995, moreover, he has been registered at the Register of Expert Consultants with the Court of Milan, specialising in "business valuation and accounting expert reports".

As regards professional training, he has taught tax and budget courses and, since the academic year 2007-2008, he has been temporary lecturer in Financial Statements analysis at the Business University "Luigi Bocconi" of Milan.

At present, apart from Ansaldo STS, he is Chairman of the Board of Statutory Auditors, Auditor, Chairman of the Board of Directors and Member of the Board of Directors in other companies, although none of them listed.

MASSIMO SCOTTON

Was born in Genoa on November 26, 1956, graduated with honours in Economy and Commerce at the University of Studies of Genoa, is qualified for the exercise of the profession of Chartered Accountant and entered in the Register of Chartered and Expert Accountants for the district of the Court of Genoa since July 13, 1983. He was appointed Auditor of Accounts by Ministerial Decree dated Apr. 12, 1995, published in the Official Journal no. 31 bis of Apr. 21, 1995.

He has gained experience in the tax and corporate advice sector, as well as in business restructuring and reorganisation. He is the Chairman of the Board of Chartered and Expert Accountants of Genoa; carries out assignments as Court-appointed expert for technical matters, the composition of disputes and as a bankruptcy trustee.

At present, apart from Ansaldo STS, he is an Auditor even in other companies, including two listed ones, namely Banca Carige S.p.A. and Boero Bartolomeo S.p.A..

RENATO RIGHETTI

Was born in Rome on December 4, 1946; graduated in Law at the Rome University; was appointed Auditor of Accounts by Ministerial Decree dated Apr. 12, 1995, published in the Official Journal no. 31/bis of Apr. 21, 1995. From 1990 to 1994 he was a Manager at the Italian Foreign Exchange Office and, until 2008, was in charge of domestic and international anti-money laundering activities in the responsibility of the Central Bank. From 1995 to 1998 he was a member of the group of financial experts at the Committee for Coordination of Information Services, and was the representative of the Central Bank, for two years, in the Greco Commission set up at the Ministry of Justice for the recovery of legal costs. From 2001 to 2008 he took part in the Financial Security Committee set up at the Ministry of Economy and Finance for combating money laundering and the financing of terrorism.

In 2009 and 2010 he was appointed by the Governor to coordinate the consulting activities in matters of financial crimes conducted, for the Public Prosecutor's office of Milan, by the group of experts of the Bank of Italy.

Since 1995, he has been an anti-money laundering consultant for the Judiciary and the Parliamentary Commissions.

PIETRO CERASOLI

Was born in Rome on July 3, 1944. Appointed as Auditor of Accounts by Ministerial Decree of Apr. 12, 1995 published in the Official Journal no. 31/bis of Apr. 21, 1995., he served at Finmeccanica Società per Azioni from 1971 in the Inspectorate, Finance and Budget service, later being appointed manager and passing to the Budget, Economy Control and Planning service (1977) of which he was appointed Vice Central Manager in 1989. Retired since 2000. He held the offices of Director, Chairman of the Board of Statutory Auditors and Auditor in invested companies of the Finmeccanica Group. At the moment, he holds offices as chairman of the Board of Statutory Auditors, Statutory Auditor and Chairman of the Supervisory Body in some companies. At the date of this report, he is not vested with direction or control assignments in any other listed companies.

BRUNO BORGIA

Was born in Naples on March 21, 1944, graduated in Economics and Commerce at the Università Cattolica of Milan. Chartered Accountant and Statutory Auditor, he is a teacher at the Centro Universitario di Organizzazione Aziendale (CUOA, University Centre for Business Organisation) as well as a member of the Osservatorio Legislazione e Mercati (Legislation and

Markets Observatory) at CUOA Finance. A partner of KPMG, he held from 1985 to 2006 the role of manager of the audit of accounts of listed and non-listed companies, both Italian and foreign, as well as the role of Manager of the *Industrial Market* sector for Italy (1995-2006) and of the *Mid Market* sector for the Europe, *Middle East* and Africa area (2002-2006).

At the date of this report, he is the Chairman of the Board of Statutory Auditors, an Auditor and the Chairman of the Supervisory Body even in other companies, none of them listed.

4.5.3. MEETINGS OF THE BOARD OF STATUTORY AUDITORS AND ATTENDANCE RATES AT THE BOARD OF DIRECTORS' MEETINGS

During the Corporate Year, 11 meetings were held.

From the beginning of 2012 to the date of this Report, 3 meetings were held.

The table below reports the data concerning the presence rates of each Auditor, in the period preceding the Meeting of April 4 and 5, 2011, at the meetings of the Board of Statutory Auditors, as well as at the meetings of the Board of Directors held in the same period of 2011:

Members	No. of Board of Statutory Auditors' Meetings Attended	No. of Board of Directors' Meetings Attended
Giacinto Sarubbi	4/4	4/4
Massimo Scotton	4/4	3/4
Francesca Tripodi	4/4	4/4

The table below reports the data concerning the presence rates of each Auditor at the meetings of the Board of Statutory Auditors appointed by the Meeting of April 4 and 5, 2011, as well as at the meetings of the Board of Directors appointed by the same Meeting, held in 2011.

Members	No. of Board of Statutory Auditors' Meetings Attended	No. of Board of Directors' Meetings Attended
Giacinto Sarubbi	7/7	8/8
Renato Righetti	6/7	8/8
Massimo Scotton	7/7	7/8

Each absence was duly justified.

4.5.4 ROLE AND DUTIES

During the year, it was necessary to conform the duties of the Board of Statutory Auditors to the amendments introduced by Legislative Decree no. 39 of January 27, 2010 ("*Implementation of directive 2006/43/EC, on statutory audit of annual accounts and consolidated accounts, which has amended the directives 78/660/EEC and 83/349/EEC and has abrogated the directive 84/253/EEC*"). In particular, such provisions entrust the Board of Statutory Auditors, inter alia, with supervising the statutory audit on the annual accounts and consolidated accounts and the independence of the statutory auditor or of the legal audit company, especially as regards the performance of services other than audit in favour of the entity subjected to the statutory audit.

In particular, in carrying out its activity, the Board: (i) supervised the independence of the auditor, verifying both the compliance with the relevant legal provisions, and the nature and entity of the services, other than audit of account, provided to the same Company and its subsidiaries by the independent auditor and the companies belonging to its network; (ii) coordinated with the *internal audit* department and the ICC for the performance of its own activity, through specific meetings; (iii) implemented, at the meetings of January 26, 2011, June 28, 2011 and January 27, 2012 the *reports* on the quarterly verifications carried out by the independent auditor pursuant to Article 19 of Legislative Decree 39/2010 and to the CONSOB

Notice no. 23932 of March 29, 1999, aimed at ascertaining that the corporate accounts were regularly kept and the management events were duly entered in the accounting records.

Also, both at the moment of the appointment and subsequently, on December 13, 2011, on the basis of the statements made by the Directors and having taken into account the evaluations of the Board [of Directors], the Board [of Statutory Auditors] certified that the assessment criteria and procedures adopted by the same Board [of Directors] to evaluate the independence of its own members were correctly applied.

The results of the evaluation carried out at the moment of the appointment have been made known to the market through a press release on April 5, 2011.

4.6 HANDLING OF CONFIDENTIAL INFORMATION

4.6.1 PRIVILEGED INFORMATION REGULATION AND ESTABLISHMENT OF THE REGISTER

The management and processing of privileged information are governed by an Internal Regulation approved by the Board of Directors of the Company on March 24, 2006. Such regulation is aimed at ensuring the compliance by Ansaldo STS with its obligations as a listed company, regulating:

- the ways in which the “Register of those that have access to privileged information” is kept and updated to the effects and purposes of Art. 115-*bis* of the TUF;
- the information flow between the companies of the Group and Ansaldo STS, with particular regard to the events and circumstances that amount, or might amount, to privileged information in the meaning of Art. 181 of the TUF;
- the management and processing of privileged information as well as the relevant ways of spreading it to the public.

As concerns Ansaldo STS and its subsidiaries, pursuant to the provisions of Art. 152-*bis*, subsection 4, of the Issuers’ Regulation and for the purposes of enhancing processes, a single register (so-called “Group Register”) has been established, directly managed by Ansaldo STS, which therefore fulfils the relevant obligation both for Ansaldo STS and for all of its subsidiaries. The provisions of the Regulation regarding subsidiaries are therefore aimed at regulating the handling of privileged information as well as the requirements to be met by the companies in order to allow Ansaldo STS to acquire in a correct and timely manner the necessary elements for a correct and regular compilation of the Group Register . The General Secretary of the Company has been appointed as person in charge of keeping the Group Register, and his substitute is the Manager of the Corporate Business Department of the Company.

Such Regulation is available on the Company’s website at the address http://www.ansaldo-sts.com/IT/AnsaldoSTS/private/private_files/Codici_Interni/D_02_CG_Informazioni_privilegiate.pdf

4.6.2 INTERNAL DEALING CODE

Within the procedures for the management and transmission of information relating to the Company, on March 24, 2006 the Board of Directors adopted the Code of Conduct for *Internal Dealing* matters (“*Internal Dealing Code*”), to regulate the information flows relevant to transactions identified by Consob concerning the shares issued by the Company or other, connected financial instruments (the so-called relevant transactions) and conducted, even by proxy, by the “relevant persons” of the Company or persons “closely related” to the latter, as defined by Art. 152-*sexies* of the Issuers’ Regulation.

The *Internal Dealing Code* has also indicated certain so-called “*Blocking periods*” during which the relevant persons are expressly forbidden from carrying out relevant transactions.

Such “*Blocking Periods*” have been identified as:

- the 15 days preceding the approval by the Board of Directors of the draft Financial Statements, the half-yearly report and the quarterly reports, up to the moment that the press release concerning the resolutions adopted by the Board is disclosed to the market;
- any other periods in which the Board, or in case of urgency the Chairperson of the same and/or the Chief Executive Officer, even separately, decide to ban or restrict the Relevant Transactions.

The *Internal Dealing Code* is available on the Company’s website at the address http://www.ansaldo-sts.com/en/attachments/governance/asts_Internal_Dealing_eng.pdf .

4.7 MEETING

In calling, planning and managing meetings, particular attention is given to encourage maximum attendance on the part of the Shareholders, as well as to ensure the maximum level of information offered to the same in the circumstance, in compliance with the restrictions and disclosure procedures regarding *price sensitive* information.

It should be reminded in this regard that the Legislative Decree no. 27 of January 27, 2010 – which has implemented in Italy the directive 2007/36/EC (so-called *Shareholders’ Rights*) – has significantly modified the attendance procedures for shareholders’ meetings, introducing new rules on, inter alia, the methods and terms for calling the meeting as well as the title to participate and vote therein.

On November 26, 2010, the Company, by a resolution of the Board of Directors taken in accordance with Art. 2365, subsection 2 of the Italian Civil Code, has conformed its own Articles of Association to the mandatory rules given by Legislative Decree no. 27/2010, aimed at enhancing the shareholder attendance at meetings. Then the Extraordinary Meeting of the Shareholders of April 5, 2011 modified the Articles of Association again, by implementing some more provisions introduced by the mentioned Legislative Decree no. 27/2010.

Pursuant to such new provisions, Meetings are called by a meeting notice published on the Company’s website (www.ansaldo-sts.com) as well as on at least one daily newspaper with national diffusion (this latter requirement being included in the resolution no. 17002 of August 17, 2009).

The meeting notice must be published at least 30 days before the date of the same meeting, except for meetings called to (i) appoint the members of the corporate bodies, for which a period of 40 days is required; (ii) deliberate defensive measures in case of takeover bid, in which event the period is reduced to 15 days; and (iii) deliberate on the reduction of the share capital and the appointment of the liquidator, for which the period is 21 days.

The ordinary meeting shall be called at least once a year for approval of the financial statements, within one hundred and twenty days of the end of the corporate year, or within one hundred and eighty days insofar as the Company is obliged to compile consolidated financial statements, or whenever particular needs relating to the Company structure and purpose so require. Ordinary and extraordinary meetings are normally held further to more than one calls. However, the Board of Directors may decide, if it so deems appropriate and giving a specific indication thereof in the meeting notice, that both ordinary and extraordinary meetings may be held further to one single call.

The Meeting may be attended by those, in favour of whom the company has received a notice by a qualified intermediary made on the basis of the accounting records as result at the closing of the seventh accounting day of open market prior to the date set for the meeting in first call.

Any credit or debit entries in the accounts subsequent to such date have no effects for the purposes of the entitlement to vote. An assignee who has purchased shares after such date but before the beginning of the Meeting shall be considered absent and therefore entitled, if the relevant preconditions are met, both to file an action for annulment of the meeting resolution and to exercise the right of withdrawal.

Those entitled to attend may appoint a substitute, by a written proxy, which may be transmitted to the Company by electronic media, through the proper section of the Company's website or by certified electronic mail, according to the procedures indicated, case by case, in the meeting notice. The Company keeps at the disposal of the persons entitled a proxy form for representation at each Meeting.

In order to make it easier to gather proxies from shareholders who are employees of the Company or its subsidiaries and members of shareholders' associations, and who comply with the requirements under the applicable laws, the Articles of Association state that premises may be made available to the same associations, according to terms and formalities agreed upon, on a case-by-case basis, with their legal representatives, to be used for the communication and the conduction of activities of collection of proxies.

In addition, under Art. 135-*undecies* of the TUF, the company appoints a person, on occasion of each Meeting, whom the persons entitled to vote may entrust with a proxy with instructions to vote the proposals included in the Meeting agenda, at no cost. In this regard, in fact, in order to further encourage attendance at Meetings, Ansaldo STS has decided not to avail of the possibility, under the same Art. 135-*undecies* of the TUF, to exclude, in the Articles of Association, the appointment of a designated representative..

Pursuant to the new Art. 127-*ter* of the TUF, the shareholders are entitled to ask questions on the items of the agenda even before the Meeting. Questions received before the Meeting must be answered during the same Meeting, at the latest. No answer is necessary when the information requested is already available in the "question and answer" (Q&A) format in the proper section of the Company's website.

As to the Meeting development rules, on December 12, 2005 the same Meeting approved a Meeting Regulation, subsequently amended by the Ordinary Meeting of the Shareholders of April 5, 2011 in order to conform it to the new provisions of the law and the articles of association regarding the rights of the shareholders. Such Regulation defines the procedures allowing the orderly and functional proceedings of meetings, ensuring that each shareholder is enabled to speak on the items of the agenda, and specifying at the same time certain aspects (maximum duration of the interventions; procedure of votes and conduction of the voting operations, etc.) aimed at favouring the correct conduction of the meeting sessions. In particular, it is specified that anyone who intends to speak should apply to the Chairperson or - if so indicated by this latter - to the Secretary - by submitting a written request containing the indication of the subject to which the same refers, after that the items of the agenda have been read. The Meeting Regulation, distributed to all Shareholders at each meeting, is also available on the Company's website at the address http://www.ansaldo-sts.com/en/attachments/governance/asts_regulations_shareholders_meetings_eng.pdf

The Board reports to the Meeting on the activity carried out and planned at least on occasion of the approval of the annual financial statements, and at any rate, whenever it so deems appropriate. In order to allow the shareholders to knowingly take the decisions for which the meeting is competent, the Board publishes detailed reports on each item of the agenda (for those items that are under its responsibility). Such reports are also available on the Company's website at the address www.ansaldo-sts.com.

4.8 INVESTOR RELATIONS

With reference to the importance – emphasised in the Code – to establish a continuous and professional relationship with the generality of the Shareholders and with institutional investors, the specific “*Investor Relations*” corporate department has been set up, headed by a Manager entirely devoted to the relevant activity.

The Department provides, first of all, the key elements for the financial market to view the Company in a perspective more in line with the intrinsic value of the Group activities.

The goal pursued is to develop a transparent and continuous dialogue with the Italian and international financial community, founded on a clear strategic vision of the Company’s businesses and of the relevant development.

The *Investor Relations* Department has regular contacts with the Shareholders and with Analysts, also through the elaboration of *Guidances* and the careful monitoring of the *consensus estimate*.

Some events are planned to take place during the year, aimed at improving the knowledge of the Group by the financial market and at presenting its own economic and financial results and their foreseeable development (Economic-financial guidances)

The target is to organise at least two institutional lectures during the year with the *Top Management* of the Company, preferably on occasion of the publication of the annual and half-yearly results, in line with the *best practices* which are common among listed companies.

In 2011 a lecture was organised on occasion of the publication of the results for 2010 (Milan – Italian Stock Market) as well as the first *site visit* reserved for analysts, which was held in Copenhagen in July.

Roadshows are organised in the main financial markets at European and global level on a periodical basis, aimed at taking direct contact with the main shareholders and at meeting new prospective investors. During the Corporate Year, 18 road shows were organised in various towns around the world, as well as 7 visits at the Genoa offices, and the Management took part in 7 international lectures.

Also, the company organised an *Investor Meeting*, an event open to the entire global financial community representing an occasion of verification and closer examination of the reference business sector, with the participation of experts and specialists in the field. For logistic business reasons the event, which had initially been scheduled for November 2011, was held on February 9, 2012.

The other events organised by the *Investor Relations* Department include: video-conferences and calls for the financial markets on occasion of the publication of quarterly results, of update meetings with analysts and/or of important extraordinary transactions or specific rumours circulating on the shares; and visits to the plants, normally preceded by a presentation on the company by the Top Management of the same.

The *Investor Relations Department* is also responsible for managing the complete preparation of the Sustainability Financial Statements, coordinating the various corporate functions, auditors and supporting resources; with the aim of promoting an internal culture, encouraging significant actions and fostering possible opportunities and synergies also with the corporate *business*.

The *Investor Relations* Department Manager is Mr. Andrea Razeto.

Contact details

Andrea Razeto
c/o Ansaldo STS S.p.A.
Via Paolo Mantovani 3-5
16151 Genoa

Tel: +39 010 655 2068

Fax: + 39 010 655 2055

dedicated e-mail: investorelations@ansaldo-sts.com

Genoa, march 5, 2012

For the Board of Directors
The Chairman
(Alessandro Pansa)

TABLE 1: INFORMATION OF THE OWNERSHIP STRUCTURES

STRUCTURE OF THE COMPANY'S SHARE CAPITAL				
	No. of shares	% with respect to the share cap.	Listed (indicate the markets) / not listed	Rights and obligations
Ordinary shares	140.000.000	100	Listed MTA Star	Right to vote in ordinary and extraordinary meetings, right to dividend and to refund of capital in case of winding-up
Limited-voting shares	-	-	-	-
Non-voting shares	-	-	-	-
OTHER FINANCIAL INSTRUMENTS (conferring the right to subscribe newly-issued shares)				
	Listed (indicate the markets) / not listed	No. of circulating instruments	Class of shares to the service of the conversion/exercise	No. of shares to the service of the conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-
SIGNIFICANT INVESTMENTS IN THE CAPITAL				
DECLARANT	DIRECT SHAREHOLDER	% SHARE ON ORDINARY CAPITAL	% SHARE ON VOTING CAPITAL	
Altrinsic Global Advisors LLC	Altrinsic Global Advisors LLC(1)	2.092% (2)	2.092%	
FINMECCANICA SPA	FINMECCANICA S.p.A.	40.000%	40.000%	
Columbia Wanger Asset Management LLC	Columbia Wanger Asset Management LLC	2.081%	2.081%	

(1) shareholding held within collective savings management

(2) of which 0.302 % without the right to vote

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES

Board of Directors											Internal Control Committee		Remun. Committee		Appointment Committee, if any		Executive Committee, if any		Other Committees, if any	
Office	Members	In office since	In office until	List (M/m)*	Exec.	Non-exec.	Indep. from Code	Indep. from TUF	(%)**	Number of other offices***	****	**	****	**	****	**	****	**	****	**
Chairman	ALESSANDRO PANSA	April 5, 2011 ¹	Meeting for fin. Statements 2013	M	X ²	-	-	-	100	2	-	-	-	-	-	-	-	-	-	-
Deputy Chairman	GIANCARLO GRASSO	April 5, 2011	Meeting for fin. Statements 2013	M	-	X	-	-	100	1	-	-	-	-	-	-	-	-	-	-
MD	SERGIO DE LUCA	April 5, 2011 ³	Meeting for fin. Statements 2013	M	X	-	-	-	100	-	-	-	-	-	-	-	-	-	-	-
Director	MAURIZIO CEREDA	April 5, 2011 ⁴	Meeting for fin. Statements 2013	m	-	X	X	X	87.5	2	X	80	Chairman	100	-	-	-	-	-	-
Director	PAOLA GIRDINIO	April 5, 2011	Meeting for fin. Statements 2013	M	-	X	X	X	100	-	X	100	-	-	-	-	-	-	-	-
Director	FILIPPO MILONE	April 5, 2011	December 13, 2011 ⁵	M	-	X	X	X	100	<u>1</u>	-	-	X	100	-	-	-	-	-	-
Director	GIOVANNI CAVALLINI	April 5, 2011	Meeting for fin. Statements 2013	m	-	X	X	X	100	3	-	-	X	100	-	-	-	-	-	-

¹ Appointed for the first time on November 21, 2005 and then confirmed by the Meeting of April 1, 2008.

² Executive under the Self-Discipline Code rules, but no operating delegations have been conferred on him.

³ Co-opted by the Board of Directors pursuant to Art. 2386 of the It. Civil Code on June 14, 2007 and then appointed by the Meeting of April 1, 2008.

⁴ Appointed for the first time on June 14, 2006 and then confirmed by the Meeting of April 1° 2008.

⁵ The director Mr. Filippo Giuseppe Maria Milone submitted his resignation on November 30, 2011 with effect as of December 13, 2011.

Director	TATIANA RIZZANTE	April 5, 2011	Meeting for fin. Statements 2013	m	-	X	X	X	75%	2	-	-	-	-	-	-	-	-	-
Director	ATTILIO SALVETTI	April 5, 2011 ⁶	Meeting for fin. Statements 2013	M	-	X	X	X	100	-	Chairman	100	-	-	-	-	-	-	-

⁶ Appointed for the first time on March 24, 2006 and then confirmed by the Meeting of April 1, 2008.

-----DIRECTORS CEASED DURING THE REFERENCE CORPORATE YEAR-----													
Sante Roberti	Gerlando Geruardi	Gregorio Gitti	Fratesco Lalli	Eugenio Pinto	Filippo Giuseppe Maria Milone								
Indicate the <i>quorum</i> required for the submission of lists on occasion of the latest appointment: The quorum for the submission of lists at the meeting of April 5 was equal to 2%													
No. of meetings held during the reference Corporate Year:				<i>BOD: 12</i>		<i>ICC: 7</i>	<i>RC: 6</i>	<i>AC:</i>	<i>EC:</i>	<i>Other Committee:</i>			

NOTES

*In this column there is indicated M/m depending on whether the member was elected from the list voted by the majority (M) or by a minority (m).

** This column indicates the attendance rate of directors to the meetings, respectively, of the B.o.D. and of the committees (no. of meetings attended/held during the actual period of office of the relevant director).

***This column indicates the number of offices held by the interested person as director or auditor in other companies listed in regulated markets, even foreign, or in financial, banking or insurance companies or in large companies. For the list of such companies referred to each director, see paragraph 4.1.7 of this Report (“Other offices as Director or Auditor held by the Directors of Ansaldo STS”).

****In this column, the “X” indicates that the B.o.D. member participates in the committee.

TABLE 3 STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors							
<i>Office</i>	Members	In office since	In office until	List (M/m)*	Independence from Code	** (%)	Number of other offices ***
Chairman	GIACINTO SARUBBI	April 5, 2011 ⁷	Meeting for fin. Statements 2013	m	X	100	12
Statutory Auditor	MASSIMO SCOTTON	April 5, 2011 ⁷	Meeting for fin. Statements 2013	M	X	100	12
Statutory Auditor	RENATO RIGHETTI	April 5, 2011	Meeting for fin. Statements 2013	M	X	86%	1
Deputy Auditor	PIETRO CERASOLI	April 5, 2011 ⁸	Meeting for fin. Statements 2013	M	X	-	-
Deputy Auditor	BRUNO BORGIA	April 5, 2011 ⁷	Meeting for fin. Statements 2013	m	X	-	-
-----AUDITORS CEASED DURING THE REFERENCE CORPORATE YEAR-----							
	Francesca Tripodi						
Indicate the <i>quorum</i> required for the submission of lists on occasion of the latest appointment: The quorum for the submission of lists at the meeting of April 5, 2011 was equal to 2%.							
Number of meetings held during the reference Corporate Year: 11							

NOTES

** This column indicates the attendance rate of the auditors to the Board of Statutory Auditors' meetings (no. of meetings attended/held)

*** This column indicates the number of offices of directors or auditor, being significant for the purposes of Art. 148 *bis* of the TUF, held by the relevant person at Dec. 31, 2011.

The complete and updated list of offices has been made available by Consob on its own website, pursuant to Art. 144-*quinquiesdecies* of the Issuers' Regulation.

⁷ Appointed for the first time on April 1, 2008.

⁸ Appointed for the first time on November 29, 2005 and then confirmed by the Meeting of April 1, 2008.