



Ansaldo STS

Una Società Finmeccanica

**REPORT OF THE
BOARD OF DIRECTORS
ON THE *CORPORATE GOVERNANCE* SYSTEM
AND ON SUBSCRIPTION TO THE
CODE OF SELF-DISCIPLINE FOR LISTED COMPANIES
RELATIVE TO 2012**

(PREPARED PURSUANT TO ARTICLES 123-BIS OF THE TUF [CONSOLIDATION ACT ON FINANCE] AND 89-BIS OF THE ISSUERS' REGULATION

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**Approved by the Board of Directors of Ansaldo STS S.p.A.
on 5th march 2013**

GLOSSARY

Ansaldo STS	Ansaldo STS S.p.A.
Code or Code of Self-Discipline	The Code of Self-Discipline of listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
Board	The Board of Directors of Ansaldo STS
Financial year	The financial year 2012
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 corporate governance report, prepared pursuant to article 123- <i>bis</i> of the TUF
Company	Ansaldo STS S.p.A.
TUF	The Italian 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 structured as follows:

1.1 COMPANY ORGANISATION

- **SHAREHOLDERS' MEETING.** It has the authority to resolve, in ordinary and extraordinary sessions, on the matters reserved to it by the law or by the Company's By-laws.
- **BOARD OF DIRECTORS.** It is vested with full powers for the management of the Company, with the authority to take all appropriate actions to achieve the corporate purposes, excluding any actions which are reserved – by the law or by the By-laws – to the Shareholders' Meeting.
- **BOARD OF STATUTORY AUDITORS.** It has the task of supervising:
 - compliance with the law and with the By-laws;
 - compliance with the principles of sound administration;
 - the adequacy and effectiveness of the corporate organisational structure for matters under its responsibility, of the internal control system and of the administrative and accounting system, ensuring that the latter system accurately represents operating management;
 - the methods used to implement the corporate governance rules as prescribed by codes of conduct prepared by companies that manage regulated markets or by trade associations, with which the company declares compliance in the information it discloses to the public;
 - the adequacy of the Company instructions to its subsidiaries pursuant to Art. 114, subsection 2 of the TUF;
 - the financial reporting process;
 - the effectiveness of the internal control, internal audit and risk management systems;
 - the statutory audit of the annual accounts and consolidated accounts;
 - the independence of the statutory auditor or the statutory auditing firm, particularly as concerns the provision of non-auditing services to the Company;
 - compliance of the Company's procedures for related-party transactions with the principles indicated in the Related-Party Regulation, as well as their implementation and reports to the Shareholders' Meeting pursuant to Art. 153 of the TUF.
- **INDEPENDENT STATUTORY AUDITING FIRM.** The accounts are legally audited by a specialised Company entered in the register of statutory auditors, appointed for this purpose by the Shareholders' Meeting, on a justified proposal submitted by the Board of Statutory Auditors. The company entrusted with the statutory audit of the Ansaldo STS accounts has the same appointment with almost all the Ansaldo STS subsidiaries.

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 operates (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 mission in strict compliance with the aim of creating value for its Shareholders.

2. INFORMATION ON THE OWNERSHIP STRUCTURE AT 5th MARCH 2013

2.1 STRUCTURE OF THE COMPANY'S SHARE CAPITAL

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

- Euro 80,000,000.00 fully paid in

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

- 160,000,000 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	160,000,000	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 23rd April 2010, the Extraordinary Meeting resolved to increase the company's share capital without consideration, pursuant to Art. 2442 of the Italian Civil Code, for a total of 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.

Of the increase in question, the first three annual *tranches* of a total of five were paid, respectively, on 5th July 2010, 4th July 2011 and 9th July 2012.

Each of these *tranches* accounted for a capital increase of Euro 10,000,000 (ten thousand), through the issue of 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 four annual *tranches* 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, by 31st December 2014. The shares will be issued in the second six months of each year and assigned, without consideration, to the shareholders existing at the date of issue, in proportion to the shares they already hold.

2.2 RESTRICTIONS TO THE TRANSFER OF SECURITIES

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

2.3 SIGNIFICANT INVESTMENTS IN THE CAPITAL

In accordance with the records in the Shareholders' Register and taking into account the notices received in accordance with Art. 120 of the TUF and other information obtained, at the date of the Report, the following major shareholders directly or indirectly own Company shares amounting to more than 2% of the company's share 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 S.p.A.	FINMECCANICA S.p.A.	40.066%	40.066%

⁽¹⁾ shareholding held as part of collective savings management

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

2.4 SECURITIES THAT GRANT SPECIAL RIGHTS

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

2.5 EMPLOYEE SHARE OWNERSHIP: PROCEDURE FOR EXERCISING VOTING RIGHTS

The incentive plans adopted by the Company do not permit voting rights that come with the shares to be exercised by persons other than the plan beneficiaries. For further information on these 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

At the date of the Report, there are no restrictions or mandatory terms for exercising the right to vote. Nor are there any financial rights in connection with securities, which are separate from the possession thereof.

2.7 SHAREHOLDERS' AGREEMENTS

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

2.8 CHANGE OF CONTROL CLAUSES AND PROVISIONS OF THE BY-LAWS AS REGARDS IPO (INITIAL PUBLIC OFFERING)

Ansaldo STS and Finmeccanica Società per Azioni signed 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") on 27th December 2005 and 6th July 2007, respectively.

Both licence agreements grant Finmeccanica Società per Azioni the right of withdrawal in the event of a change in the shareholding structure of Ansaldo STS that would lead to Finmeccanica Società per Azioni losing control, pursuant to Art. 2359 of the Italian Civil Code.

Ansaldo STS has, in turn, sub-licensed the Trademarks to its own subsidiaries, reserving the right, in the same way as the provisions in the master licence agreement, to withdraw from the agreement if it loses control, pursuant to Art. 2359 of the Italian Civil Code.

Moreover, following the merger by incorporation of Ansaldo Trasporti - Sistemi Ferroviari S.p.A. and Ansaldo Segnalamento Ferroviario S.p.A. into Ansaldo STS, the Company took over all rights and obligations of the merged companies. In particular, Ansaldo STS took over the Concession Agreement 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 terminate the concession.

The By-laws of Ansaldo STS have no provision for derogations from the passivity rule under Art. 104, subsections 1 and 1-*bis*, of the TUF, nor do they have provision for the application of the neutralisation rules under Art. 104-*bis*, subsections 2 and 3, of the TUF.

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

The extraordinary Shareholders' Meeting held on 23rd April 2010 entrusted the Board of Directors of Ansaldo STS, pursuant to Art. 2443 of the Italian Civil Code, with the authority – to be exercised by 20th April 2015 – to increase the share capital, on one or several occasions, for consideration and separately, by up to and no more than Euro 50,000,000.00, through the issue of ordinary shares, offering the options to the eligible shareholders (see art. 5.4 of the Company's By-laws). As a result, the Board of Directors was delegated to define all terms, procedures and conditions for 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 this delegation, the Board of Directors may decide to increase the share capital excluding the pre-emption right under Art. 2441, subsection 4, of the Italian Civil Code, by up to no more than 10% of the existing share capital, on the condition that the issuing price corresponds to the market value and that this is confirmed by a specific report prepared by the company entrusted with the statutory audit of the accounts.

The capital increase excluding the pre-emption 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 are considered strategic for the Company's business, due to their activity and the size of their enterprise (qualities to be certified by the Board of Directors) .

As regards the purchase and disposal of treasury shares, please note that on 7th May 2012, the Ordinary Meeting of the Ansaldo STS Shareholders 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 after the meeting resolution, i.e. until 7th November 2013, 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 752 ordinary shares of the Company.

2.10 DIRECTION AND COORDINATION ACTIVITIES

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.

2.11 INDEMNITY OF DIRECTORS IN THE EVENT OF RESIGNATION, DISMISSAL OR CESSATION OF THE RELATIONSHIP IN CONSEQUENCE OF A TAKEOVER BID

At the date of the Report, no agreements have been stipulated between Ansaldo STS and the directors granting indemnities in the event of resignation or dismissal/termination without just cause or cessation of the employment relationship 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/nomination-and-remuneration-committee>) as well as in the other manners required by applicable laws.

2.12 APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE BY-LAWS

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 Code of Self-Discipline provisions. Board of Directors. Appointment"*).

It is specified that in application of Article 5, subsection 2 of the Code of Self-Discipline, and taking into account the new provisions introduced on this matter, during the meeting held on 27th January 2012, the Board of Directors did not adopt a succession plan for executive directors, but decided to postpone the possible establishment of succession plans to a subsequent meeting of the Board.

During the meeting held on 18th December 2012, the Board of Directors therefore decided to adopt a succession plan containing the guidelines for the succession/replacement of the Chief Executive Officer and assigned the Nomination and Remuneration Committee to carry out background preparation to prepare the plan in compliance with the provisions of Art. 5, subsection 2 of the Code of Self-Discipline.

As to amendments to clauses of the By-laws, it is specified that they do not contain any different provisions from the ones set out by the applicable laws.

It is also specified that the Company's By-laws, in accordance with the provisions of Art. 2365 of the Italian Civil Code, entrust the Company Board of Directors with adopting resolutions to ensure their compliance with any legal provisions.

3. GOVERNANCE STRUCTURE OF ANSALDO STS

3.1 INTRODUCTORY NOTES

With resolution of the Board of Directors meeting held on 19th December 2006, Ansaldo STS subscribed to the Code of Self-Discipline approved by the Corporate Governance Committee of Borsa Italiana S.p.A. in March 2006.

On 18th December 2012, pursuant to the provisions of the new Code of Self-Discipline approved by the Corporate Governance Committee of Borsa Italiana S.p.A. in December 2011, the Board of Directors of Ansaldo STS resolved to conform to the principles included in the new Code of Self-Discipline, also conforming its own Governance system to the new self-discipline provisions. The Code is available on the Borsa Italiana website at the following address

http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovdec2011.en_pdf.htm.

More exactly, during the aforesaid meeting held on 18th December 2012, in compliance with the provisions of the new Code of Self-Discipline, the Board of Directors of Ansaldo STS, resolved to: i) set up a nominations committee, merging it with the already established Remuneration Committee and naming the new committee – vested with a dual function – “Nomination and Remuneration Committee”, and approving its regulation; ii) adopt a succession plan for the Chief Executive Officer, entrusting the Nomination and Remuneration Committee with background preparations for the plan to submit to the Board of Directors for its approval; iii) amend and redefine the tasks and duties of the various individuals and subjects involved in the Company’s internal control and risk management system, also changing the name of these subjects to bring it in line with the new Code of Self-Discipline. In this context, the Board in particular took steps to change the name of the Internal Control Committee to “Control and Risk Committee”, and approved its regulation.

The primary purpose of the corporate governance system adopted by the Company is the creation of shareholder value, being aware of the importance of transparent choices and formation of the business decisions, as well as of the necessity to prepare an effective internal control and risk management 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 the main governance instruments that the Company has adopted, also in compliance with the most recent laws and regulations, with the Code provisions and with national and international best practices:

- By-laws
- Code of Ethics
- Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01
- Meeting Regulation
- Regulation of the Board of Directors
- Regulation of the Control and Risk Committee (formerly Internal Control Committee)
- Regulation of the Nomination and Remuneration Committee (formerly Remuneration Committee)
- Related-party transactions - Procedure adopted pursuant to Art. 4 of the Consob Regulation no. 17221 dated 12th March 2010
- Procedure for handling Insider Information
- Internal Dealing Code

These documents are available to the public on the Company’s website at <http://www.ansaldo-sts.com/en/governance/governance-system>.

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

4.1 BOARD OF DIRECTORS

4.1.1 Appointment

The Company is managed by a Board of Directors consisting of no less than seven and no more than thirteen members. On each occasion, before proceeding with elections the Shareholders' Meeting shall define the number of Board members within the aforesaid limits.

Directors are appointed for no more than three financial years and may be re-elected pursuant to Art. 2383 of the Italian Civil Code.

The directors are appointed by the ordinary Meeting on the basis of slate voting. Slates may be submitted by shareholders who, either alone or together with other shareholders, own the shareholding indicated in compliance with the provisions of the Consob regulation (for the year 2013, equal to 1% of the Ansaldo STS share capital).

Without prejudice to the other publication obligations under the Issuers' Regulation, the slates 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 ownership of the number of shares required to submit the slates, the shareholders shall deposit at the company registered office the specific certificate proving ownership of the number of shares represented, within the deadlines indicated by the applicable provisions.

Each slate shall include two candidates, endowed with the independence requirements set out by the law, indicated separately and one of whom shall appear at the top of the actual slate. If the aforesaid requirements are not fulfilled, the slate 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 By-laws expressly provide that each shareholder is entitled to submit or concur to submit one slate only, that each candidate can be presented in one slate only, on pain of being declared ineligible and that each eligible voter can vote for one slate only. Statements shall be filed together with each slate, within the terms indicated by the applicable laws, whereby the single candidates accept their nomination and certify, under their own responsibility, that no reasons for ineligibility and incompatibility exist, and that they meet the requirements set out by the applicable laws and the Company's By-laws for their respective offices.

According to the Company's By-laws, apart from the integrity requirements set forth under the applicable laws and regulations (or any similar requirements according to equivalent provisions of other rules and regulations), candidates must also possess certain professional qualifications indicated in those By-laws in order to be a director.

In particular, candidates cannot be appointed to the office of director of the Company and, if appointed, shall cease from office if they have less than a total of three years' experience in:

- management or control activities or executive duties in corporations endowed with a share capital of no less than two million Euro; or
- professional activities or teaching in universities as a tenured professor of legal, economic, financial and technical-scientific subjects strictly connected with the Company business; or

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

This experience may be assessed 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 slate, pursuant to Art. 144-*octies*, subsection 1, of the Issuers' Regulation. The Board of Directors shall make sure each of its members is in possession of the aforesaid requirements.

The directors shall be appointed as follows: (i) two thirds of the directors to be appointed shall be taken from the slate that has obtained the majority of votes expressed by eligible voters (any fraction being rounded-down to the nearest whole number), in the progressive order in which they appear on the same slate; (ii) the remaining directors shall be taken from the other slate in accordance with the criteria and procedures indicated in the By-laws.

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

If one or more Directors cease from office during the financial year, the provisions of Art. 2386 of the Italian Civil Code shall apply, in compliance with the replacement criteria indicated in the Company's By-laws, on condition that the majority be always formed of 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 Directors who are still in office shall convene a Shareholders' Meeting without delay in order to re-form the Board.

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

Please note that with resolution no. 17221 of 12th March 2010 on related-party transactions, as subsequently amended, the Consob 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 that provision (i) the majority of the Board of Directors must be formed of independent directors and (ii) the internal committees of the Board of Directors established in compliance with the Code of Self-Discipline – in the case of this Company, the Control and Risk Committee (formerly the Internal Control Committee) and the Nomination and Remuneration Committee (formerly the Remuneration Committee – must be formed of independent directors only.

As regards the aforesaid, the majority of the current Board of Directors – appointed by the ordinary Shareholders' Meeting on 5th April 2011 – is formed of independent directors. By the same token, the directors' committees established by the Board of Directors pursuant to the Code of Self-Discipline are only formed of independent directors.

As regards the independence requirements, during its first meeting on 5th April 2011 and on 13th December 2011, the Board of Directors verified compliance with the Code's independence requirements of the Directors, Giovanni Cavallini, Maurizio Cereda, Paola Girdinio, Filippo Milone, Tatiana Rizzante and Attilio Salvetti pursuant to Art. 148, subsection 3, of the TUF (which applies to directors as per Art. 147-*ter*, subsection 4, of the TUF), as well as to Art. 37, subsection 1, letter d) of the Market Regulation.

After Filippo Milone prematurely resigned from his office as independent director, the Board of Directors co-opted Bruno Pavesi to fill the vacancy as independent Director on 30th March 2012; the appointment was then confirmed by the Meeting held on 7th May 2012. When he was appointed, Mr. Pavesi confirmed his independence both pursuant to the law and in terms of the Code of Self-Discipline and of art. 37 of the Market Regulation. During the board meeting held on 23rd May 2012, the Board of Directors then verified that the Director, Bruno Pavesi possessed the independence requirements.

During the 2012 financial year, the Board of Directors verified the directors' compliance with the independence requirements once again at the meeting held on 18th December 2012.

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

With reference to the composition of the Board of Directors, please note that law no. 120 of 12th July 2011 modified some provisions of the Consolidation Act on Finance, with provisions that oblige issuers to introduce in their respective By-laws mechanisms to guarantee the balance of genders in the relative management and supervising bodies.

In particular, as regards the Board of Directors, the new laws make it compulsory to adopt specific provisions in the By-laws concerning (i) the composition of the Board of Directors; (ii) the formation of the slates of candidates; e (iii) the replacement of members of the Board of Directors during their period of office.

Please note that the new rules are to be applied from the first renewal of the management and supervision bodies of the listed companies "one year after the entry into force" of the Law no. 120 of 12th July 2011, and therefore from the first renewal of corporate bodies after 12th August 2012. In relation to the above, please note that, for the purpose of implementing the provisions introduced by the Law no. 120 of 2011 to the By-laws of Ansaldo STS, the Board of Directors of Ansaldo STS will convene – at the same time as the next ordinary Shareholders' Meeting to approve the 2012 financial statements – the extraordinary session of the shareholders' Meeting in order to resolve, among other things, on the adoption of the required amendments to the By-laws.

4.1.2 CURRENT COMPOSITION

The Company's current Board of Directors was appointed by the Ordinary Shareholders' Meeting of 5th April 2011.

To be specific, after setting the number of board members at nine, the Meeting appointed the Company's Board of Directors for the years 2011 – 2013 by confirming as Directors of the Company the outgoing Board Members Messrs. Alessandro Pansa, Sergio De Luca, Maurizio Cereda and Attilio Salvetti, and appointing five new Directors, Giancarlo Grasso, Paola Girdinio, Tatiana Rizzante, Giovanni Cavallini, Filippo Milone; concurrently, it appointed Alessandro Pansa as Chairman of the Board of Directors (¹). The Board term will expire on the date of the Meeting called to approve the Financial Statements for 2013.

On 5th April 2011, the Board of Directors then appointed Sergio De Luca as Chief Executive Officer and Giancarlo Grasso as Deputy Chairman of the Board of Directors.

¹ Please note that on March 5th, 2013 Alessandro Pansa informed the Board of Directors and the Chairman of the Board of Statutory Auditors about the decision to resign as Chairman and Director of the Board of Directors of Ansaldo STS S.p.A., with effect from the end of the Shareholders' Meeting called to approve the financial statements at 31 December 2012. These resignations were made on the basis of the position as Chief Executive Officer of Finmeccanica SpA taken by Alessandro Pansa with effect from February 13th, 2013 - which was added to the position of General Manager held within the same parent company - and the resulting extra work required.

On 30th November 2011, the independent Director Filippo Milone resigned, with effect from 13th December 2011, after his appointment as Undersecretary of Defence in the Monti Government.

On 30th March 2012, the Board of Directors co-opted Bruno Pavesi to replace Filippo Milone. Mr. Pavesi's appointment was subsequently confirmed by the shareholders at the Meeting held on 7th May 2012. His term of office will expire at the same time as the other Directors, i.e. at the Meeting called to approve the 2013 financial statements.

The current Board of Directors consists of 9 members: 2 executive members, as defined by the Code, and 7 non-executive members, 6 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
Bruno Pavesi	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 slate submitted by Finmeccanica Società per Azioni, which held a shareholding equal to 40.066% of the company's share capital and whose winning votes amounted to 64.61% of the voting capital.

The director Maurizio Cereda was taken from the slate jointly presented by the minority shareholders Mediobanca – Banca di Credito Finanziario S.p.A. and Banca IMI S.p.A. and whose winning votes amounted to 9.66% of the voting capital. The Directors Giovanni Cavallini and Tatiana Rizzante were taken from the slate 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 and whose winning votes amounted to 25.10% of the voting capital.

For information about the other candidates on the aforesaid slates, see the documents available on the Company's website: <http://www.ansaldo-sts.com/en/governance/board-directors/appointment>.

Information about the personal and professional characteristics of each member of the Board of Directors is reported here below.

ALESSANDRO PANSA – CHAIRMAN

Born in Mortara (Pavia) on 22nd June 1962. Graduated in Political Economics at Bocconi University, 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 as Chief Financial Officer and in 2004 he became a Co-General Manager (in charge of the finance, administration and control, strategies and M&A, legal, tax and corporate, investor relations, research departments).

In May 2011 he was appointed Chief Operating Officer 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). Then in December 2011, he was co-opted onto the Finmeccanica S.p.A. Board of Directors. Lastly, on 13th February 2013, the Board of Directors of Finmeccanica S.p.A. voted to also vest him with the powers for unified management of the Company and the Group, appointing him Chief Executive Officer and Chief Operating Officer.

He is currently also a member of the board of directors of 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 in Rome.

GIANCARLO GRASSO – DEPUTY CHAIRMAN

Born in Taranto on 18th August 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 as Central Technical Director and in 2007 he became Senior Advisor to 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 in the Group since 2011.

SERGIO DE LUCA

Born in Zungoli (Avellino) on 3rd September 1950. Graduated in Electrotechnical Engineering at the Polytechnic University of Turin, started collaborating with the Finmeccanica group in 1975 at Ansaldo – Società Generale Elettromeccanica. In 1981, he started working with Ansaldo Trasporti, and in particular in the Signalling Department. In 1996, after Ansaldo Trasporti was converted into a three-Division Company (Vehicles, Systems, Signalling), he joined Ansaldo Segnalamento Ferroviario, of which he became the Chief Executive Officer in 1998; from 2006 to the end of 2008 (date of incorporation into Ansaldo STS) he was also the Chief Executive Officer of Ansaldo Trasporti Sistemi Ferroviari. Mr. De Luca has been the Chief Executive Officer of Ansaldo STS S.p.A since 2007.

He was a Director of AnsaldoBreda S.p.A. from 1st September 2011 to 19th April 2012.

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

Born in Milan on 28th December 1950. Graduated in Civil Engineering at the Polytechnic University of Milan and served with the "Boston Consulting Group" from 1978 to 1987, where he was Deputy Chairman and Partner 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 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. Since 2009, he has also been a Director on the Board of Migros Turk TSA, a company listed on the Istanbul Stock Exchange. In June 2012, he was appointed to the Order of Merit for Labour (Cavaliere del Lavoro).

MAURIZIO CEREDA

Born in Milan on 7th January 1964. Graduated in Business Economics at the Bocconi University, Milan. For three years, he worked in Rasfin S.p.A., SIM of the Ras Group, then in 1992 he joined 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

Born in Genoa on 11th April 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 an "Electrical engineering" research worker at the Faculty of Engineering of the University of Genoa. In May 1987 she was named associate professor in the Engineering Faculty of the University of Genoa and in September 2000 she was appointed to the rank of full professor. She was in charge of several research projects and in June 2001 she was elected President of the Electrical Engineering Program of Studies. As part of her coordination activities, she has held several academic organisation positions and has collaborated with various local public authorities.

From 2007 to 2008, she chaired the Electrical Engineering Department. From 2008 to 2012, she was Dean of the Engineering Faculty at the University of Genoa.

BRUNO PAVESI

Born in Milan on 5th May 1941. Graduated with honours in Business and Economics at the Bocconi University, Milan. From 1985 to 1989 he was Chief Executive Officer and General Manager of "Honeywell Information Systems Italia – Milano" operating within the Information Technology sector. From 1989 to 1997, he was Chief Executive Officer and General Manager of the Bull S.p.A. group. From 1998 to 2006, he was Chief Executive Officer and General Manager of the BTICINO Spa, Chairman of the Zucchini and EDM group and Chairman of LEGRAND S.p.A..

He is currently Chief Executive of Bocconi University and Chairman of MISB Bocconi (Mumbai International School of Business) and is a member of the Board of Directors of several Italian companies.

TATIANA RIZZANTE

Born in Ivrea on 28th May 1970. Graduated in Computer Engineering at the Polytechnic University of Turin. In 1995 she worked 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 was a member of 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 skills creation and development in sectors with a 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 held the position 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 exchange - 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

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

He is the author of several scientific publications, and for over 20 years he has been 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, at the head of many coordinated researches both at national and at international level.

He is a member of 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 a member of the Committee for Aerospace Industry Development with the Ministry for Economic Development. In the past he was a member of the Board of Directors of the Space Agency and coordinator of the Space Engineering team of ASI. He was the president of the Pisa University Graduate Association until 2011 and is now a section president of the *Associazione Italiana di Aeronautica e Astronautica* [Italian Association of Aeronautics and Astronautics].

4.1.3 ROLE AND DUTIES

The Board of Directors is fully responsible for the Company management and takes all necessary actions to achieve the corporate purpose.

The Board of Directors Regulation, initially approved on 29th January 2007 and subsequently amended in order to implement the changes deriving from the adoption of the new Procedure for Related-Party transactions, and the modifications as a result of the new Code of Self-Discipline, defines the tasks and roles of the administrative body. To be exact, in compliance with the provisions of the aforesaid Regulation and in line with applicable laws and regulations, the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the Company and of the Group it controls, the corporate governance system of the Company and the Group structure;
- defines the guidelines of the internal control and risk management system, so that the main risks concerning the Company and its subsidiaries are correctly identified and suitably measured, managed and monitored; it also defines the extent to which such risks are compatible with business management that is in line with the established strategic goals;
- evaluates, on an annual basis, the adequacy of the general organisational, administrative and accounting structure of the Company, of the Group and of the strategically important subsidiaries, as prepared by the Chief Executive Officer, with particular regard to the adequacy, effectiveness and actual operation of the internal control and risk management system;
- evaluates the general company performance, taking into account, in particular, the information received from the delegated bodies, as well as periodically comparing the achieved and the planned results;
- assesses, at least on an annual basis, the adequacy of the internal control and risk management system in relation to the business characteristics and the risk profile undertaken, as well as its effectiveness;
- approves, at least on an annual basis, the work plan prepared by the Internal Audit Manager, after consulting the Board of Statutory Auditors and the Director responsible for the Internal Control and Risk Management System;
- grants and revokes powers 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 Company's By-laws, setting their limits and methods of executing them;
- after examining the proposals of the Nomination and Remuneration Committee and consulting the Board of Statutory Auditors pursuant to Art. 2389, subsection 3 of the Italian Civil Code, defines the remuneration and legal treatment of the Chief Executive Officer, through the Nomination and Remuneration Committee (formerly 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. If the Meeting has not already provided for this, also determines how the overall compensation due to the members of the Board is split up;
- examines and approves the operations of the Company and of its subsidiaries in advance, when these operations are of significant strategic, economic, asset or financial value to the Company itself, focusing 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 this purpose, it sets out the general criteria to identify transactions of significant importance;
- evaluates the size, composition and operation of the Board itself and of its committees at least once a year, and expresses guidelines, where appropriate, on the professional experts it deems would be appropriate to include on the Board;

- provides information, in its corporate governance report, on the performance of the above-listed tasks and, in particular, on the number of Board meetings held during the year and on the corresponding attendance percentage of each director.

On 5th April 2011, without prejudice to the provisions of the law and of the By-laws, the Board of Directors 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 Significant Transactions, as identified in the Procedure for related-party transactions approved by the Company pursuant to the Related-Party Regulation;
- acquisition and transfer of investments and shares in other existing or newly established companies, also by exercising or waiving pre-emptive, contribution, usufruct, pledge rights and any other act of disposal, also as part of joint ventures, in other words placing liens on these investments;
- transfer, contribution, lease, usufruct and any other act of disposal, in other words placing liens on the company or on its branches; the acquisition, lease, usufruct of companies or of branches of other companies;
- capital operations, establishment, conversion, stock exchange listing, merger, demerger, winding-up, entering into shareholders' agreements, relative to direct subsidiaries;
- appointment of Directors and Statutory Auditors in direct subsidiaries, with the exception of non-executive directors within the group;
- medium- and long-term lending and borrowing transactions, with the exception of operations to cover exchange risks relative to job orders;
- granting of guarantees, including suretyships and mortgages, with the exception of the power of the Chief Executive Officer to grant suretyships and counter-guarantees in favour of banks or insurance companies for customs clearance, for participation in tenders, for work to be carried out and for supply performance, to be made by the Company and its subsidiaries or investments, in Italy or abroad, within the limits set for the operations to which the issue of such guarantees is accessory; issue of guarantees and suretyships in the interest of subsidiaries up to the maximum amount of Euro 150,000,000);
- purchase, exchange and sale of real property and real property contracts lasting for more than nine years;
- submission of offers and entering into supply contracts amounting to more than Euro 150,000,000 (one hundred and fifty million) or that in any case entail high commitments or risks, including job orders whose economic value added (EVA) is lower than 5% of the total revenues;
- entering into permanent consulting agreements lasting for more than one year or amounting to more than 150,000 Euro;
- appointment, promotion and dismissal of Managers who report directly to the Chairperson of the Board of Directors or to the Chief Executive Officer;

- prior authorisation to subsidiaries to enter into transactions of significant strategic, economic, asset or financial value to the company itself; submission of offers and the entering into supply contracts by subsidiaries are expressly included in the aforesaid transactions when they (i) amount to more than Euro 150,000,000 (one hundred and fifty million) or (ii) entail high commitments or risks, including job orders whose economic value added (EVA) is lower than 5% of the total revenues.

During the Financial year, the Board of Directors has, inter alia:

- examined the 2012-2016 Budget – Plan. The Board approved this document during its meeting held on 27th January 2012;
- examined the 2013-2017 Budget – Plan. The Board approved this document during its meeting held on 11th February 2013;
- on 27th January 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 to the handling of conflicts of interest; (ii) acknowledged the updated map of risks relative to the issuer and its subsidiaries as well as the measures adopted to manage and/or reduce such risks, deeming that these risks were correctly identified, managed and monitored for the purposes of sound and correct business management, and therefore judging that the internal control system adopted by the Company was suitable, effective and actually operative with respect to the business characteristics;
- in light of the new self-discipline provisions as set forth in the Code of Self-Discipline of December 2011, on 11th February 2013, after consulting the Control and Risk Committee (formerly “Internal Control Committee” pursuant to the old Code of Self-Discipline) it: (ii) acknowledged the updated map of risks relative to the issuer and its subsidiaries as well as the measures adopted to manage and/or reduce such risks, deeming that these risks were correctly identified, managed and monitored and that they are compatible with Company management that is in line with the established strategic goals; (ii) judged that the internal control and risk management system adopted by Ansaldo STS was suitable and effective with respect to the Company characteristics and to its risk profile; (iii) examined and favourably evaluated the governance structure 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 and risk management system; (iv) after consulting the Control and Risk Committee as well as the Board of Statutory Auditors and the Director in charge of the internal control and risk management system, approved the audit plan prepared by the Internal Audit Manager for the 2013-2014-2015 three-year period;
- on 5th March 2012, and then on 5th March 2013 with reference to the year 2012, certified that the conditions as set forth in Articles 36 and 37 of the Market Regulation continue to exist for the Company;
- after the appointment of the directors for the years 2011-2013 – i.e. on 5th April 2011 – evaluated, in light of the statements provided by each person concerned, or in any case at the Company’s disposal, the existence of relations that might be or appear to affect the independent thinking 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 of the Instructions to the Stock Market Regulation. Subsequently, at the meetings held on

13th December 2011 and on 18th December 2012, on the basis of the documentation submitted by each independent director, as well as of the information available to the Company, the Board verified that they still possessed the aforesaid independence requirements;

- verified 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 5th April 5 2011 – as well as on 13th December 2011 and on 18th December 2012, verified compliance of the members of the Board with the Internal Regulation aimed at regulating the limits to the number of positions held in administrative and/or control bodies in other listed companies or in financial, bank, insurance companies or major companies (the latter identified as those companies, other than the ones indicated before, with annual revenues equal to or exceeding the amount resulting from the consolidated accounts of Ansaldo STS);
- evaluated the general company performance by comparing the achieved and the planned results when the quarterly and half-yearly reports and the financial statements were approved;
- approved in advance all transactions of subsidiaries with significant strategic, economic, asset and/or financial value.

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

During the financial year, in order to make sure the Directors were kept adequately informed of the Ansaldo STS business sector, the corporate dynamics and their developments, and the applicable regulatory framework, the Chairman of the Board of Directors made sure the Directors:

- participated in field visits to some worksites, accompanied by the Company management and by technical personnel;
- received all the updates and information necessary as regards the items on the agenda of the meetings, thanks to the participation of Company management in the board meetings;
- were involved in specific meetings organised by the management for the detailed examination of certain issues.

4.1.4 EXECUTIVE DIRECTORS: CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The Board of Directors may delegate some of its tasks to an executive committee or to the Chairperson and/or to other members of the board, appointing one or more Chief Executive Officers. As part of the tasks entrusted to them, the delegated bodies may in turn 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

Except for the case of impediment, the Chairperson of the Board of Directors shall call the Board meetings, coordinate the relative activities and chair these meetings, ensuring that the Board Members are suitably and timely informed, to give the Board the necessary knowledge of the matters submitted to it.

The Chairman did not receive any particular delegation from the Board and therefore has no executive role within the Company. Nonetheless, he is considered executive, pursuant to the Code provisions, as he holds the office of Chief Operating Manager and, since 13th February 2013, Chief Executive Officer of Finmeccanica Società per Azioni, the company that exercises the activity of direction and coordination on Ansaldo STS ⁽²⁾.

Deputy-Chairperson of the Board of Directors

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

Chief Executive Officer

Together with the legal representation of the Company before all courts of law and administrative authorities and before third parties, the Board of Directors vested the Chief Executive Officer with 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 actions that fall within the Company's ordinary management;
- implement the resolutions of the Board of Directors, performing all actions of ordinary and extraordinary management decided by the same Board.

Please note that, at the date this report was approved, as the primary person responsible for managing the business, the Company's Chief Executive Officer holds no director office for any other issuer not belonging to the same group, of which an Ansaldo STS S.p.A. director is Chief Executive Officer.

The above powers include, *inter alia*, the authority to delegate appropriate signatory 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 Company employees and also to third parties, authorising them to perform certain operations, or categories of operations, on behalf of the company, with the use of the corporate signature.

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

Pursuant to the By-laws, the Chief Executive Officer reports to the Board of Directors and to the Board of Statutory Auditors at least on a quarterly basis and in any case during meetings of that board. This Report covers the activities carried out, the general company performance and the business outlook, as well as significant economic, financial and equity transactions, or in any case, transactions carried out by the Company and/or by its subsidiaries that are particularly important due to their entity or characteristics; in particular, the Chief Executive Officer shall report on the transactions in which s/he may have an interest, either on his/her

2 Please note - as already mentioned above - that Alessandro Pansa, on March 5th, 2013, has communicated to the Board of Directors and to the Chairman of the Board of Statutory Auditors the decision to resign from Chairman and Director of Ansaldo STS SpA, with effect from the end of the Shareholders' Meeting called to approve the financial statements at 31 December 2012.

own behalf or on behalf of third parties, as well as on any Significant or Less Significant Related-party transactions (as defined in the Procedure for related-party transactions approved by the Company pursuant to the Related-Party regulation). As a rule, information shall be given when the Board of Directors approves the periodical accounting situations (Financial Statements, Half-Yearly Financial Report and Interim Reports on Operations). This communication may be made during board meetings or in writing.

It is acknowledged that in 2012, this 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, when the Board of Directors approved the periodical accounting situations (Financial Statements, Half-Yearly Financial Report and Interim Reports on Operations).

4.1.5 NON-EXECUTIVE DIRECTORS

The Board consists, for the most part, of non-executive members (without operational and/or management delegations within the company) whose number and authority shall ensure that their opinion carries significant weight in the adoption of board decisions.

Non-executive Directors bring their specific expertise to 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, rational decisions in line with the interests 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, after the directors were appointed on 5th April 2011 and in light of the statements provided by each person concerned, or in any case available to the Company, the Board assessed the existence of any relations that might be or appear to affect the independent thinking of the independent directors. The results of this assessment were made known to the market through a press release issued on 5th April 2011.

Subsequently, on 13th December 2011, on the basis of the documentation submitted by each independent director, the Board formed the opinion that those directors were still in possession of the requirements of independence under the laws and regulations in force for the time being, as well as in compliance with Art. 3 of the Code. In making the aforesaid assessments, the Board followed all criteria required by the Code.

Concurrently with the Board's assessments, on the basis of the statements made by the Directors and taking into account the opinion formed by the Board of Directors, the Board of Statutory Auditors certified that the assessment criteria and procedures adopted by the same Board to evaluate the independence of its own members had been correctly applied.

During the 2012 financial year, the independent Directors met on 18th December 2012. The key operational subject matter of the meeting was the examination of the relationships between Finmeccanica, which exercises the direction and coordination on Ansaldo STS, and the Company itself. Please note that the conditions which, pursuant to the Code, would require the appointment of a Lead Independent Director do not exist, 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 ANSALDO STS BOARD MEMBERS

On 14th February 2007, the Company's Board of Directors approved an internal regulation aimed at setting out limits to the number of director or Auditor positions that Ansaldo STS board members could hold.

Pursuant to that internal regulation, Ansaldo STS directors shall accept the office when they consider they will be able to devote the necessary time to diligent fulfilment of their duties, also taking into account the number of positions held in management and control bodies in (i) Italian and foreign companies with shares listed on regulated markets ("Listed Companies"); (ii) Italian and foreign companies with shares not listed on regulated markets, which carry out financial, banking or insurance services or that have an annual revenue 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 administrative and/or control bodies of other Listed Companies and/or Non-Listed Companies should have a total "weight" not exceeding 15.

In this regard, please note that for the purpose of calculating the maximum number of positions as director or Auditor deemed to be compatible with effective fulfilment of the appointment as Company director, the aforementioned internal regulation considers the positions of executive and non-executive directors differently, regardless of whether or not the board members are members of committees established within the same Board. During the 2013 financial year, the Board of Directors will adapt its policy regarding the maximum number of positions held in other companies to the new self-discipline provisions set forth in the Code of Self-Discipline and adopted by the Corporate Governance Committee of Borsa Italiana S.p.A. in December 2011.

In these calculations, no account is taken of positions 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 temporary and permanent exceptions, allowing the directors to hold offices in administrative 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 these positions require.

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

On today's date, please note that only 5 Directors hold positions in other listed companies or in financial, banking or insurance companies or large companies, the latter being companies, other than those indicated above, with an annual revenue 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	Finmeccanica S.p.A.

	Director Director	Effe 2005 Gruppo Feltrinelli S.p.A. Fondo Strategico Italiano 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)

4.1.8. DOCUMENTS AND REPORTING TO THE BOARD OF DIRECTORS

The Chairman of the Board of Directors ensures that the Board Members are suitably and promptly informed, so the Board has the necessary knowledge of the matters submitted to it for examination. The Chairman makes sure that enough time is spent on the items on the agenda for constructive debate and encourages the directors to actively contribute during the meetings.

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 that meeting is called, if viable, and in any case within three days before the date fixed for the meeting, except for urgent cases, when the documents shall be made available as soon as possible. Please note that during the 2012 financial year, that deadline was normally respected and the pre-board meeting information was always sent, on average, about three full working days before the meeting.

If the Chairman deems it appropriate in relation to the contents of the item under discussion and of the relative resolution, the informative documents may be directly provided at the meeting, notifying the directors and auditors thereof; however, if they wish, the directors and auditors may access the information available at the company registered office in the days immediately preceding the meeting. This circumstance never arose during the 2012 financial year.

4.1.9 BOARD MEETINGS – FREQUENCY OF THE BOARD OF DIRECTORS MEETINGS

The table below shows the number of Board of Directors meetings held in 2012, as well as the attendance rate for each director:

Members	No. of Meetings	No. of Meetings Attended
Alessandro Pansa	12	12
Giancarlo Grasso	12	12
Sergio De Luca	12	11
Giovanni Cavallini	12	10
Maurizio Cereda	12	12
Paola Girdinio	12	12
Bruno Pavesi	7 ⁽¹⁾	7
Tatiana Rizzante	12	9
Attilio Salvetti	12	12

(1) In relation to the number of Board of Directors meetings and to the attendance at these, please note that the Director Bruno Pavesi was co-opted on 30th March 2012 and his position was confirmed at the shareholders' Meeting of Ansaldo STS on 7th May 2012.

In 2012, the Board of Directors held 12 meetings. Each absence was duly justified. 12 meetings have already been scheduled for 2013. Since the beginning of 2013, the Board of Directors met on 28th January 2013, 11th February 2013 and 5th March 2013.

In 2012, the Company's Board of Directors meetings lasted for an average of about three hours.

The Chief Financial Officer, the Internal Audit Manager, the Risk Manager of the Company, and the "Corporate Affairs & Group Insurances" Manager participated in the Board of Director business, together with other Company Managers, as indicated by the Chairman of the Board, to provide appropriate details relating to the items on the agenda.

Please note that during 2012, the Secretary of the Board of Directors, Mauro Gigante participated in the Board meetings; on 27th September 2012, he was replaced by Grazia Guazzi, who participated as secretary in all the Board meetings.

Pursuant to the By-laws, the Board of Directors meets whenever the Chairperson or his/her substitute deems it necessary, or on written request of the majority of its members.

Any of the Statutory Auditors may also call a Board of Directors meeting.

4.1.10 EVALUATION OF THE OPERATION OF THE BOARD OF DIRECTORS

The Board of Directors evaluates the size, composition and operation of the Board itself and of its Committees at least once a year and if necessary, it expresses guidelines on the kind of professional experts it deems would be appropriate to include on the Board.

In order to promote the best practice for the Board of Directors to perform its duties as efficiently and effectively as possible, starting from the year 2008, the Board resolved to evaluate the Board itself and 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").

Based on the opinions expressed by the Directors and on the comparative analysis conducted, the consulting companies appointed as from that financial year have always expressed a

favourable opinion regarding Compliance of the Board of Directors of Ansaldo STS with the instructions in the Code of Self-Discipline and with the best corporate governance practices at the international level.

For 2012, the Board of Directors of Ansaldo STS performed the second evaluation of the Board and of the Committees for this mandate and the seventh since the Board evaluation was adopted.

The evaluation process was performed in compliance with the recommendations in Art. 1, subsection 1, letter g) of the Code of Self-Discipline of Borsa Italiana for listed companies and in line with best international practices. Again in 2012, the Board decided to avail itself of a professional consulting company that at that moment did not have and had not recently had any other professional or business relationship with Ansaldo STS, confident that the assistance of an external, independent and expert consulting company would provide the best face-to-face assessment of directors and allow comparison with other best practice perspectives.

The consulting company performed the self-evaluation of the Ansaldo STS Board and Committees on the basis of individual interviews conducted with Directors during December 2012 and January 2013. The Secretary of the Board and the members of the Board of Statutory Auditors were also interviewed as other, qualified observers of the performance of the Board and of the Committees. Before conducting the interviews, the consulting company perused the minutes of the Board meetings and the Committee meetings relative to 2012 in order to find out and examine the items the Board dealt with during the year, the expressions of the various Board competences and the debate that took place. The respective Chairpersons of the Board of Directors and of the Committees also invited the consultants to attend some of the meetings, which they did.

The personal interviews of the Directors focused on various aspects concerning the size, composition and operations of the Board and of its Committees. The key evaluations concerned: (i) adequacy of the number of Board members and of its composition; (ii) the Board's strategic and operational monitoring role, its responsibilities and the tasks entrusted to it, as perceived by the Members of the Board; (iii) organisation, information flow, quality of the Board meetings and formation of the decisions; (iv) use and frequency of Induction meetings in order to broaden the visibility and comprehension of the most significant strategic and operational aspects of Ansaldo STS; (v) Board relations with Management; (vi) role, competences and operations of the two internal Board Committees.

The evaluation indicated that Board members gave an overall favourable opinion of the structure and operations of the Ansaldo STS Board of Directors and its Committees. The Directors also expressed their general satisfaction with the work they performed and with the overall performance of the Board and of the Committees. The Board confirmed the favourable evaluation of its size and composition, deeming that it possesses adequate key competence areas necessary to govern Ansaldo STS and to ensure a balanced, and therefore an effective mix of professional and cultural features.

The Board evaluates that its positive performance is also supported by a suitable level of information for its Directors, by how much they see themselves as a "working group" in dealing with the items brought to their attention, by the accurate minutes of the issues discussed and by the efficiency of the Board Secretary.

It also considers that it is facilitated by the positive dialogue set up between the Board and the Chief Executive Officer, in addition to the overall proactive attitude of management in terms of its relationship with and information to the Board. The activities of the two Committees and

their Chairpersons are favourably evaluated, with the total support of company functions and full access to all information required.

In particular, some of the strengths that emerged from the board review of the 2012 financial year include: the diversified and extensive experience, competences and genders, as well as the authoritative personality of the Directors that form the Board; the ongoing, qualified role of the Board in examining and approving plans, programmes and budgets; the timely and exhaustive documentation; the accurate and detailed minutes of the issues discussed in board meetings; the adequate and transparent information provided to the Board by the Management as regards the evolution of the company's management, the significant transactions, the presence of operating and financial risks; the positive performance of the two in-board committees and their positive attitude towards expanding their commitment in relation to the recent changes in their respective roles as a consequence of the adoption of the Nomination and Risk functions, respectively.

Some of the limited areas of improvements pointed out by a few board members, include the following: in addition to the documentation of voluminous materials presented for the Board Members to study, to include briefs that summarise the most significant contents; to develop the advisability of the Board to intensify its contribution to training and to monitoring the implementation of the corporate strategies during a specific "Strategies Meeting" held annually and, lastly, to increase the "specific induction" sessions as an occasion to broaden the visibility and the comprehension of the operational and strategic aspects.

In light of this overall picture, which emerged from the interviews and from the questionnaires, the appointed consulting company shared the favourable opinion expressed by the Board members as regards the performance of the Board and the Committees, according to high professional standards and confirmed their good level of compliance with the guidelines set forth in the Code of Self-Discipline, applying the best corporate practices at the international level.

In its meeting on 5th March 2013, the Board of Directors of Ansaldo analysed and discussed the results of the evaluation activity carried out and confirmed its favourable overall evaluation with reference to 2012, also compared to the evaluations from previous years. Lastly, in addition to emphasising the satisfaction and appreciation for the structure, operations and performance of the Board and of the Committees of Ansaldo to date, it also sought to specify the agreement amongst the Board Members to work to assure an even higher level of operations of the Board in the future. In the end, it confirmed how useful it was to carry out the self-evaluation and to have the assistance of an external, specialist and independent consulting Company.

4.1.11 REMUNERATION OF DIRECTORS AND OF MANAGERS WITH STRATEGIC RESPONSIBILITIES

The information relative to remuneration of directors and of managers with strategic responsibility 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/nomination-and-remuneration-committee> and http://www.ansaldo-sts.com/en/governance/shareholder-meeting/shareholder_meeting_2013) as well as in the other manners required by applicable laws.

During 2011, in the course of defining the remuneration of directors and of managers with strategic responsibility as per the regulations, the Board of Directors set up and defined the remuneration policy for the Company's Chief Executive Officer and Managers with Strategic Responsibilities; in particular, it defined the principles and criteria of variable remuneration. The Board of Directors approved this policy on 5th March 2012, based on the proposal of the Remuneration Committee of 1st March 2012.

After the approval of what was then the Remuneration Committee, on 30th March 2012, the Company's Board of Directors approved the Remuneration Report of Ansaldo STS, prepared pursuant to Article 123-ter of the TUF. Pursuant to subsection six of the aforesaid Article 123-ter, the first section of the aforementioned Report containing the explanation of the remuneration policy adopted by the Company and of the procedures used to adopt and implement that policy was submitted to the non-binding vote of the Shareholders' meeting held on 7th May 2012. The Meeting voted in favour.

With reference to the Company's remuneration policy and based on the proposal of the Nomination and Remuneration Committee, the policy approved on 5th March 2012 was most recently confirmed by the Board of Directors at its meeting of 5th March 2013. At the same time, after the approval of the Nomination and Remuneration Committee, the Remuneration Report pursuant to Article 123-ter of the TUF was also approved. In compliance with the provisions of the aforesaid Art. 123-ter, subsection 6, of the Consolidation Act on Finance, the ordinary shareholders' Meeting that will be called to approve the 2012 financial statements will also be called to vote in favour of or against the resolution on the first section of the Remuneration Report, according to the provisions set forth in Art. 123-ter, subsection 3 of the Consolidation Act on Finance, explaining the remuneration policy as regards administrative bodies and managers with strategic responsibilities, as well as the procedures utilised to adopt and implement that policy.

With regard to the remuneration of the directors of Ansaldo STS for the year 2012, see Section Two of the Remuneration Report, approved by the Board of Directors on 5th March 2013 and available on the Company's website at (<http://www.ansaldo-sts.com/en/governance/nomination-and-remuneration-committee> and http://www.ansaldo-sts.com/en/governance/shareholder-meeting/shareholder_meeting_2013).

With reference to the beneficiaries of the remuneration policy of Ansaldo STS, please note that at its meeting on 5th March 2012, the Board of Directors identified as managers with strategic responsibilities in the Company, proposed by what was at the time the Remuneration Committee, the managers of the Signalling, Standard Product & Platform and Transportation Solutions business units.

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

4.2 COMMITTEES

The Board of Directors has established the Control and Risk Committee (formerly Internal Control Committee) and the Nomination and Remuneration Committee (formerly Remuneration Committee) to make it more efficient and effective.

As regards this, as already mentioned, after the new Code of Self-Discipline was approved in December 2011, the Company resolved to adopt the principles contained in such new edition of the Code, conforming its own governance system to the new self-discipline provisions.

Following its adoption of the Code, the Company therefore resolved to: i) set up a nominations committee, merging it with the already established Remuneration Committee and naming the new committee – vested with a dual function – “Nomination and Remuneration Committee”, and approving its regulation; ii) adopt a succession plan for the Chief Executive Officer, entrusting the Nomination and Remuneration Committee with the background preparations for the plan to submit to the Board of Directors for its approval; iii) amend and redefine the tasks and duties of the various individuals and subjects involved in the Company’s internal control and risks management system, also changing the name of these subjects to bring it in line with the new Code of Self-Discipline. In this context, the Board in particular took steps to change the name of the Internal Control Committee to “Control and Risk Committee”, and approved its regulation.

The tasks, features and duties of the former Internal Control Committee and of the former Remuneration Committee are described in the Board of Directors' report on the corporate governance system and on the adoption of the Code of Self-Discipline for listed companies relevant to 2011, available on the Company website at http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/docs/2012_04_04_corporate_governance_report_2011_eng.pdf

4.2.1 CONTROL AND RISK COMMITTEE

The Control and Risk Committee in office consists of three directors, all of whom are non-executive and independent. Its members are the Directors Attilio Salvetti (Chairman), Maurizio Cereda and Paola Girdinio. The Committee was initially appointed by the Board of Directors on 5th April 2011, and its members were confirmed by the Board of Directors on 18th December 2012, when the same Committee was modified to conform to the new Code of Self-Discipline. Pursuant to the Code, in appointing the Committee members, the Board of Directors examined the accounting and financial experience of the Committee Chairman, Mr. Attilio Salvetti, and of its members, Mr. Maurizio Cereda and Ms. Paola Girdinio and deemed that Mr. Maurizio Cereda possessed adequate experience.

The Committee activities are governed by its own Regulation, in line with the Code provisions, most recently amended by the Board on 18th December 2012, in conformity with the provisions of the new Code of Self-Discipline of December 2011.

The updated version of the Regulation is available on the Company website at http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/docs/7_regolamento_comitato_controllo_e_rischi_en.pdf.

The main functions of the Control and Risk Committee is to assist the Board of Directors with advice, proposals and preliminary briefs in relation to the activities carried out to define the guidelines of the Internal Control and Risk Management System (“SCIGR”) and for the periodic assessment of the adequacy and actual operation of the organisational structure relevant to the internal control and risk management system.

In particular, the Committee is in charge of verifying the levels of functionality and adequacy of the internal control and risk management system as well as actual compliance with the internal procedures and guidelines adopted, both to ensure sound and effective management and as far as possible, to identify, prevent and manage financial and operating risks and fraud having an impact on the Company.

The Control and Risk Committee shall carry out all duties assigned to it by the Code of Self-Discipline, and in particular it shall:

- support, with appropriate background preparation, the assessments and resolutions of the Board of Directors relative to:
 - the Internal Control and Risk Management System and
 - the approval of interim financial reports;
- express its opinion to the Board of Directors with regard to:
 - the definition of the guidelines of the SCIGR, so that the main risks inherent in the Company and in its subsidiaries are correctly identified and suitably measured, handled and monitored, as well as to the definition of the extent to which such risks are compatible with company management that is consistent with the set strategic goals;
 - the assessment, at least on a yearly basis, of the adequacy of the SCIGR in relation to the business characteristics and the risk profile undertaken, as well as to its effectiveness;
 - the approval, at least on a yearly basis, of the work plan prepared by the Internal Audit Manager (formerly the Internal Control Manager);
 - the description, within the corporate governance report, of the main features of the SCIGR, and to the assessment of its adequacy;
 - the assessment of the results reported by the statutory auditor in its letter of suggestions, if any, and in the report on the fundamental issues that emerged during the statutory audit;
- express its opinion to the Board of Directors with regard to:
 - the appointment and revocation of the Internal Audit Manager;
 - whether this latter is endowed with suitable resources to carry out his duties;
 - whether the remuneration of the Internal Audit Manager is defined in keeping with corporate policy;
- evaluate, together with the Manager in charge of drafting the corporate accounting documents and after consulting the statutory auditor and the Board of Auditors, the correct use of the accounting principles and their consistency for the purposes of preparing the consolidated financial statements;
- express opinions on specific aspects relating to the identification of the main business risks;
- examine the interim reports concerning the assessment of the SCIGR and the reports of major importance prepared by the Internal Audit function;
- examine, with the assistance of the Risk Manager, the trend of the main job orders and of the relevant risks, based on the summaries of such job orders, asking the Risk Manager for details about projects of major significance and critical points;
- monitor the independence, adequacy, effectiveness and efficiency of the Internal Audit Function;
- ask the Internal Audit Function, where it is deemed necessary or advisable, to carry out audits on specific operating areas, at the same time notifying the Chairman of the Board of Auditors;

- report to the Board of Directors on the activity carried out and on the adequacy of the SCI GR at least every six months, upon approval of the half-yearly and the yearly financial report;
- evaluate the notices given by the Director in Charge of the Internal Control and Risk Management System (formerly “executive director in charge of supervising the internal control system operability”) regarding problems and critical points of the Company’s SCI GR and take appropriate actions;
- carry out any other duties that the Board of Directors may assign to it.

In addition, the Control and Risk Committee carries out the duties of the Related-Party Transaction Committee mentioned in the procedure for related party-transactions adopted pursuant to Art. 4 of the Consob Regulation 17221 of 12th March 2010 (as amended), and exercises the relevant powers.

In carrying out the duties entrusted to it, the Control and Risk Committee may examine and discuss the most significant findings, justifications given and any difficulties encountered during its activity with management and with the Internal Audit Manager; it may also avail itself of the assistance of both Company employees and of external consultants, as long as they are duly bound by the necessary confidentiality restrictions.

The Control and Risk Committee shall promptly share any relevant information for the performance of its tasks with the other Company bodies and functions that carry out significant tasks in connection with internal control and risk management.

As part of its activity, during 2012, the Committee:

- assessed the company’s potential risk exposure, identified by the Chief Executive Officer, and the measures adopted by the management to prevent, monitor and control such risk;
- examined, together with the Internal Audit Manager (formerly Internal Control Manager), the most significant findings, the justifications and any difficulties encountered 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 to the handling of conflicts of interest;
- examined the performance of certain significant job orders;
- approved the audit plan for 2012, 2013 and 2014;
- examined the progress of the Group’s audit plan for 2012, verifying the key results relevant to the first three quarters in the year;
- initiated the verifications under its responsibility with regard to the process of preparing the Interim Management Report, the Half-Yearly Financial Report and the 2011 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 preparing the 2011 consolidated financial statements;
- examined the results of the activities carried out by the Company in order to verify compliance with the provisions under Law 262/2005;

- examined and approved the Organisation, Management and Control Model update pursuant to Legislative Decree 231/02 and the Company's Code of Ethics, subsequently submitted to the Board of Directors for its approval.

During the first few months of the 2013 financial year, the Committee has, inter alia:

- assessed the company's potential risk exposure, identified by the Chief Executive Officer, and the measures adopted by the management to prevent, monitor and control such risk;
- given a favourable assessment of the adequacy of the organisational, administrative and accounting structure of Ansaldo STS and of its subsidiaries, with particular regard to the internal control and risk management system;
- assessed the interim report for 2012, prepared by the Internal Audit Manager, giving a favourable assessment of the adequacy, effectiveness and actual operation of the internal control and risk management system in relation to its characteristics and to the risk profile undertaken;
- examined the progress of the Group's audit plan for 2012, verifying the key results relevant to the last quarter in that year;
- examined the audit plan for 2013, 2014 and 2015, expressing its favourable opinion on that plan and submitting it to the Board of Directors for approval;
- initiated the verifications under its responsibility with regard to the process of preparing the 2012 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 preparing the consolidated financial statements;
- examined the progress of certain significant job orders.

From 1st January 2012 to the date of this Report, the Control and Risk Committee met on 27th January 2012, 5th March 2012, 23rd May 2012, 28th June 2012, 26th July 2012, 27th September 2012 and 16th November 2012. In 2013, the Committee met on 11th February 2013 and 5th March 2013.

The Committee meets at least every six months (in concurrence with Board of Directors approval of the Financial Statements and the Half-Yearly Financial Report). The Committee business is coordinated by its Chairman, Attilio Salvetti.

In 2012, the Company's Control and Risk Committee meetings lasted for an average of about two hours.

The table below shows the number of meetings of the Control and Risk Committee (formerly the Internal Control Committee) held during 2012, as well as the attendance rate for each member:

Members	No. of Meetings	No. Meetings Attended
Attilio Salvetti (Chairman)	7	7
Maurizio Cereda	7	7
Paola Girdinio	7	7

The Committee meetings were attended by the Board of Statutory Auditors, the Chief Executive Officer as director in charge of the internal control and risk management system (formerly “Executive director in charge of supervising the functionality of the internal control system”), and the Internal Audit Manager (formerly “Internal Control Manager). The Company’s Risk Manager and Chief Financial Officer also attended, and on invitation of the Chairman of the Committee, other Company Managers, to provide whatever detailed information was required relevant to the items on the agenda.

Please note that during 2012, the Secretary of the Board of Directors, Mauro Gigante also attended the Committee meetings; on 27th September 2012, he was replaced by Grazia Guazzi, who attended all the Committee meetings as secretary.

The table below shows the attendance rate of each member of the Board of Statutory Auditors with regard to the Committee meetings held during the 2012 financial year:

Members	No. of Meetings	No. Meetings Attended
Giacinto Sarubbi (Chairman)	7	7
Renato Righetti	7	5
Massimo Scotton	7	6

The Control and Risk Committee meetings were regularly recorded in minutes.

During the Financial Year, the Committee was given access to all corporate functions and information it required for the performance of its duties.

The Committee has its own budget that adequately covers the performance of the duties entrusted to it. Moreover, pursuant to art. 4 of the Committee Regulation, the Committee may avail itself of the assistance of both internal employees and of external consultants, at the Company’s expense, for the performance of its duties.

4.2.2 NOMINATION AND REMUNERATION COMMITTEE

As stated in paragraph 4.2 above, in line with the recommendations of the Code of Self-Discipline, on 8th December 2012 the Board of Directors decided to set up a nominations committee, merging it with the already established remuneration committee. The two committees were merged into one for the Company’s internal organisation, since the members of the already existing remuneration committee possess the requirements of independence, professionalism and experience also required to be a member of the nominations committee. This new committee, called Nomination and Remuneration Committee was therefore given both the tasks and functions set forth in Art. 5 of the Code of Self-Discipline regarding the appointment of directors, and the tasks and function set forth in Art. 6 of the Code of Self-Discipline regarding remuneration of directors.

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

The Committee initially appointed by the Board of Directors on 5th April 2011 (which at the time was required only to carry out the remuneration committee functions) was composed of the non-executive, independent directors Maurizio Cereda (Chairman), Giovanni Cavallini and Filippo Milone.

Pursuant to Art. 6, Par. 3 of the Code of Self-Discipline, in appointing the members of the Committee, the Board of Directors of the Company verified and certified that the Directors

Maurizio Cereda and Giovanni Cavallini are knowledgeable and experienced in accounting and financial matters.

After Filippo Milone resigned and was replaced – as stated in paragraph 4.1.2 of this Report – by independent director, Mr. Bruno Pavesi, the latter was also appointed as member of the Committee, first of all when he was a co-opted director – on 30th March 2012 – and then again by the Board of Directors on 23rd May 2012, after he was confirmed as director at the Shareholders' Meeting on 7th May 2012.

So, with the appointment of Mr. Pavesi to the Committee, it is now composed of Maurizio Cereda (Chairman), Giovanni Cavallini and Bruno Pavesi. The Board of Directors confirmed this composition again on 18th December 2012, when the nominations committee was established and then merged with the already existing remuneration committee.

Therefore, the current Nomination and Remuneration Committee consists of the following Independent Directors: Maurizio Cereda (Chairman), Giovanni Cavallini and Bruno Pavesi.

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

The Committee Regulation was then amended again on 18th December 2012 in order to add the provisions relative to the new tasks given to the committee as nomination committee.

This Regulation is available on the Company website at http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/docs/5_regolamento_comitato_nomine_e_remunerazione_en.pdf.

In particular, as regards the Committee's role in terms of appointing Directors pursuant to Art. 5 of the Code of Self-Discipline, the Committee has the main task of performing the following functions:

- submitting opinions to the Board of Directors regarding the dimension and composition of the same Board and expressing recommendations regarding the professional positions that it may be deemed appropriate to bring onto the Board, as well as on the issues mentioned in Criteria 1. subsection 3 (maximum number of positions as director and auditor) and 1. subsection 4 (exceptions to the non-competition clause) of the Code of Self-Discipline;
- submitting to the Board of Directors the names of candidates for the office of director in cases of co-option, where it is necessary to replace independent directors;
- on an assignment from the Board of Directors, carrying out the background preparation to prepare the succession plan for Executive directors;

On the other hand, as the remuneration committee, pursuant to Art. 6 of the Code of Self-Discipline, the Committee has the main task of performing the following functions:

- submitting proposals to the Board of Directors on the remuneration policy for directors and for any managers with strategic responsibilities;
- making periodical assessments of the adequacy, overall consistency and actual implementation of the remuneration policy mentioned in the point above, as concerns managers with strategic responsibilities, availing itself of the information provided by the Chief Executive Officer, and submitting proposals in this matter to the Board of Directors, where appropriate;

- submitting proposals or giving 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 Board itself and verifying the actual achievement of the performance targets;
- evaluating 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 vested with powers of the Group companies;
- assisting the Company top management in defining the best policy for handling the managerial resources of the Group;
- proposing 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;
- reporting the way it exercises its tasks to the Company's shareholders.

During the Financial Year, in performing its functions as remuneration committee, it exercised a role of support to the Board of Directors and the Human Resources & Organization Department of Ansaldo STS on certain priority issues in the examination of the Company's management systems and the relevant variable remuneration plans.

More exactly, the Committee:

- defined and approved the Remuneration Policy of the Ansaldo STS Group;
- approved the Remuneration Report pursuant to Art. 123-ter of the TUF;
- as part of the Group's medium/long term incentive system, favourably evaluated and approved the proposal of the Company's Human Resources & Organization Department regarding (i) the Long Term Incentive Plan for the 2012-2014 three year period and (ii) the relevant Regulation;
- examined and favourably acknowledged the MBO Plan for 2012 for the management of the Group and expressly approved the 2012 MBO for the Chief Executive Officer and for the Company Managers with Strategic Responsibilities;
- examined and approved (i) the Company's Human Resources & Organization Department proposal for the 2012-2013 Stock Grant Plan intended for the Chief Executive Officer, for Managers with Strategic Responsibilities and other key management resources of the Company and of the Group; (ii) the Regulation for said 2012-2013 Stock Grant Plan;
- examined the development and the results of the 2010-2012 Stock Grant Plan for the year 2011 and of the 2011 Stock Grant Plan for the year of reference;
- examined the development and the results for 2011 of the LTIPs, 2009-2011, 2010-2012, 2011-2013;
- examined the development and the results of the 2011 MBO for the year of reference, establishing the amount to be paid to the Chief Executive Officer;
- expressly ordered the attribution of the economic benefit to the Chief Executive Officer deriving from the 2010-2012 Stock Grant Plan and from the 2011 Stock Grant Plan;

- expressly ordered the attribution of the economic benefit to the Chief Executive Officer deriving from the 2011 MBO programme;
- assigned a specialised company to benchmark the Chief Executive Officer's remuneration.

During the Financial Year, the Committee was given access to all the corporate functions and information it required for the performance of its duties.

The Committee reports to the Board of Directors at least every six months and meets on a periodical basis to perform its functions and duties.

During 2012, the Committee met on 31st January 2012, 1st March 2012, 30th March 2012, 25th June 2012, 26th July 2012, 29th October 2012 and 18th December 2012. In 2013, and to the date this Report was approved, the Committee met on 1st March 2013.

The Committee business is coordinated by its Chairman, Mr. Maurizio Cereda.

The table below shows the number of meetings of the Committee as well as the attendance rate of each member:

Members	No. of Meetings	No. Meetings Attended
Maurizio Cereda (Chairman)	7	7
Giovanni Cavallini	7	6
Bruno Pavesi	4 ⁽¹⁾	4

(1) In relation to the number of Committee meetings and to the attendance at these, please note that the Director Bruno Pavesi was appointed a member of Committee first of all when he was co-opted as director on 30th March 2012 and then by the Board of Meetings on 23rd May 2012, after his position was confirmed at the shareholders' Meeting on 7th May 2012.

Please note that between Mr. Milone's resignation on 13th December 2011 and the appointment of Mr. Pavesi as the new Committee member, the Committee was composed of two Directors: Mr. Cereda (Chairman) and Mr. Cavallini.

The meetings of the Nomination and Remuneration Committee were also attended by the Chairman of the Board of Auditors, and sometimes by the Statutory Auditors, and pursuant to the provisions of art. 1.4 of the Committee regulation, the Human Resources & Organization Manager; and at the invitation of the Committee Chairman, depending on the subjects under discussion other Company managers also attended.

Please note that during 2012, the Secretary of the Board of Directors, Mauro Gigante also attended the Committee meetings; on 27th September 2012, he was replaced by Grazia Guazzi, who attended all the Committee meetings as secretary.

The table below shows the attendance rate of each member of the Board of Statutory Auditors with regard to the Committee meetings:

Members	No. of Meetings	No. Meetings Attended
Giacinto Sarubbi (Chairman)	7	7
Renato Righetti	7	5
Massimo Scotton	7	3

The Committee meetings were regularly recorded in minutes.

The Committee has its own budget that adequately covers the performance of the duties entrusted to it. Moreover, pursuant to art. 4 of the Committee Regulation, the Committee may

avail itself of the assistance of both internal employees and external consultants, at the Company's expense, for the performance of its duties.

4.3 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

4.3.1. ELEMENTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors, with the assistance of the Control and Risk Committee (formerly "Internal Control Committee") and also through the activity of the Director in charge of the Internal Control and Management System (formerly "Executive Director entrusted with supervising the operability of the internal control system"), defines the guidelines of that system, so that the main risks inherent in the Company and its subsidiaries are correctly identified, as well as suitably measured, handled and monitored, also defining how compatible such risks are with business management that is consistent with the set strategic goals. As part of the definition of the strategic, industrial and financial plans, the Board of Directors defined the nature and level of risk compatible with the Issuer's strategic goals.

In its meeting on 5th April 2011, the Board of Directors, with the assistance of the Control and Risk Committee (formerly "Internal Control Committee") appointed the Chief Executive Officer, Mr. Sergio De Luca, executive Director in charge of supervising the internal control system functions; during the same meeting, on a proposal of the executive Director and after hearing the opinion of the Control and Risk Committee, the Board also appointed the Internal Audit Manager, Mr. Mauro Giganti as Internal Control Manager.

After Ansaldo STS adopted the principles contained in the Code of Self-Discipline of December 2011 on 18th December 2012, the Company's Board of Directors decided to confirm the Chief Executive Officer, Mr. Sergio De Luca, formerly executive director in charge of supervising the internal control system functions, as "Director in charge of the Internal Control and Management System", pursuant to the new Art. 7, subsection 4 of the Code of Self-Discipline; it also confirmed the former "internal control manager", Mr. Mauro Giganti as Internal Audit Manager, pursuant to the new Art. 7, subsection 5 of the Code of Self-Discipline.

The internal control and risk management system is the set of rules, procedures and organisational structures aimed at permitting the identification, measurement, management and monitoring of the main risks. Such system is integrated into the more general corporate organisation and governance structures adopted by the issuer and takes into account Italian and international models of reference and best practice. The internal control and risk management system helps the business to be run in keeping with the company goals defined by the Board of Directors, encouraging aware decision-making. It helps to guarantee protection of the corporate assets, the efficiency and effectiveness of the company processes in addition to the reliability of financial information and compliance with laws and regulations, as well as with the Company's By-laws and internal procedures.

The internal control and risk management system reduces – but cannot eliminate – the possibility of incorrect decisions, human error, fraudulent breach of the control systems, unforeseeable occurrences as well as risk intrinsic to exercising the business activity. The internal control and risk management system therefore provides reasonable but not absolute assurance that there are no obstacles to the Company and its subsidiaries achieving their business targets or to the ordinary and legitimate performance of its activities, arising from circumstances that could be reasonably predicted.

The Company's internal control and risk management system, in line with international best practice, consists of the following components:

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

- Ansaldo STS has defined a set of rules for governance of the group through specific procedures;
- the Company has a Code of Ethics for the Group updated on the basis of developments in the organisational and business structure; as regards Ansaldo STS, specific standards of conduct have been put forward 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 separating incompatible duties;
- human resources management conforms to principles of transparency, promotion of dignity, health, freedom and equality of workers and development of competences.

b) Risk management, as follows: definition of objectives, identification of events, risk assessment, risk response.

The Group has in place risk management processes with regard to offers and projects, financial risks, as well as to corporate processes; these processes are monitored and updated in relation to the business targets. The management process for 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: policies and procedures assuring management that risk responses are carried out. In this regard, it is noted that:

- periodic “management reviews” are conducted on the offers and the progress of projects and of the overall corporate performance. Moreover, the company management verifies that the targets of the managed processes are implemented;
- computerised and non-computerised policies and procedures are used to define the control activities. As regards this, please note that the parent company, Finmeccanica put into place initiatives to improve the internal control system, also adopted by the Ansaldo STS Group, which made the necessary adjustments to the existing control safeguards, in pursuance of the directives of the Finmeccanica Group. In 2012, these initiatives concerned the following areas:
 - agreements to support business activities (initiative already undertaken by Finmeccanica and by Ansaldo STS in 2011), to define rules for establishing and managing relations with consultants and trade facilitators;
 - sponsorships, advertising initiatives and contributions to associations and bodies to define roles, responsibilities and traceability of the approval process of this expenditure;
 - conferment of consulting and professional services assignments, to define roles, responsibilities and traceability of the process of signing these contracts;
 - gifts, hospitality, payments for facilitation and entertainment expenses, to define roles, responsibilities and traceability in managing these issues;

- M&A operations to define roles, responsibilities and traceability in the approval process for extraordinary financial transactions, in particular referring to transactions for the purchase and sale of companies, businesses and business branches;
- promotion, management and protection of intellectual property, for the adoption of a single, coordinated system for the promotion, management and protection of intellectual property belonging to the Finmeccanica Group;
- “Trade Compliance” to regulate (i) import/export of equipment for military, dual or commercial use that are subject to specific regulatory requirements and (ii) sanctions or other trade restrictions that affect Countries or persons deemed sensitive.

d) Information and communication: the form and timeframe for identifying, collecting and disseminating the relevant information must enable everyone to correctly perform their own duties. In this regard, please note that information:

- is managed through IT systems constantly monitored with regard to the efficiency and effectiveness and updated according to the business needs;
- is disseminated at various levels according to the business goals and needs, including through specific IT tools.

e) Monitoring: the internal control and risk management system is to be monitored by assessing the ongoing operations and presence of the people who make it up through time. In this regard, it is noted that:

- there are specific corporate functions that carry out periodic monitoring of the internal control and risk management system, including the strategy, quality and process improvement function, and the Internal Audit function. The Manager in charge of preparing the accounting and corporate documents periodically monitors the processes providing the financial information;
- the improvement actions identified further to such monitoring are subject to management assessment and to specific monitoring.

On the basis of the representations made by the Chairman of the Control and Risk Committee (formerly “Internal Control Committee”) during the meeting of the Board of Directors on 26th January 2011, the same Board assessed the internal control and risk management 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 and risk management system and the handling of conflicts of interest.

Lastly, after consulting the Control and Risk Committee, on 11th February 2013, the Board of Directors assessed the internal control and management system adopted by the Company to be adequate and effective in relation to the business features and to its risk profile, 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 and risk management system .

For the purposes of the above assessment, during the financial year, the Control and Risks Committee examined in particular:

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

During the meeting on 11th February 2013, the Chairman of the Control and Risk Committee also reported to the Board of Directors on the examination and assessment of the updated map of the risks inherent in the Company and its subsidiaries, prepared by the Executive director in charge of the internal control and risk management system, identifying the relevant risk reduction plans. At the same meeting, after the Board also examined the information above, it decided that the risks inherent in the Company and its subsidiaries are correctly identified, measured, managed and monitored and that they are compatible with Company management that is in line with its strategic goals.

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

The internal control and risk management 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 capability 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 and risk management system on financial reporting has been defined in keeping 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.

In 2012, that system was supplemented with a specific component for fraud risk management, with a fraud risk assessment and subsequent identification of existing controls or controls to implement to offset the fraud risk connected with the development of the financial reporting process.

4.3.2.1. DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Administrative and accounting procedures imply the analysis of the risk that errors, whether intentional or not, may occur in the processes leading to the development of the financial reporting. Therefore, to define such system, the risk areas where there is a possible occurrence of events that could endanger financial reporting reliability are identified and assessed.

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

- a brief overall analysis regarding the main companies of the Group, and particularly the control components relevant to financial reporting reliability;
- an analysis of each operating process, relevant to significant financial statement items for financial reporting purposes, through a correlated matrix between targets identified for the process activities and the controls associated therewith.

The system has been developed in the following macro-stages for key companies in the Group:

- identification and assessment of risk;
- assessment of the adequacy of controls;
- verification of the control system's operability;
- monitoring and evolution of the control system.

Identification and assessment of risk

Risk is identified 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 compliance with the authorisation limits, separation of incompatible tasks, controls on physical safety and on the existence of assets, documentation and traceability of transactions.

Assessment of the adequacy of controls

On the basis of the risk assessment, specific controls 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, "pervasive" controls have been identified, so controls that characterise the company in its entirety, such as: attribution of responsibilities, powers, tasks, general controls on IT systems, separation of incompatible tasks.

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

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

Verification of the control and risk management system operability

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

To make sure the system is adequately monitored, the “design” of its components is subject to systematic assessment and, at any rate, whenever significant events occur. Specific tests are carried out every six months to assess the operability of the controls indicated by the administrative and accounting system supervision procedures.

The process owners and the Manager in Charge of drafting the corporate accounting documents are notified of any deficiencies either in the design or in the operability of the controls so they can plan remedial action, with follow-up to make sure such actions have been implemented.

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

As we already reported, in 2012, that control and risk management system was supplemented with a specific component for fraud risk management, with a fraud risk assessment followed up by identification of existing controls or controls to implement to offset the fraud risk connected with the development of the financial reporting process. Control operability monitoring implemented in 2012 also included such anti-fraud controls.

4.3.3 DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Director in charge of the internal control and risk management system is the Chief Executive Officer, Mr. Sergio De Luca, as resolved by the Board of Directors at its meeting on 18th December 2012. Please note, as already reported in paragraph 4.3.1, that Mr. De Luca previously held the same position as “Executive director in charge of supervising the internal controls system operability” (pursuant to the previous, March 2006 edition of the Code of Self-Discipline). The Director in charge of the internal control and risk management system identifies the main business risks, implements the guidelines defined by the Board of Directors and makes sure the internal control and risk management system is adapted accordingly, promptly reporting to the Control and Risk Committee and/or the Board any problems and critical issues that emerge in the performance of his actions or that in any case come to his notice.

The Director in charge of the internal control and risk management system:

- identified the main business risks, taking into account the characteristics of the business conducted by the Company and its subsidiaries, periodically submitting them to the Board for examination;
- implemented the guidelines defined by the Board of Directors, supervising the planning, completion and management of the internal control and risk management system and constantly making sure it was adequate and effective;
- took actions to adapt such system to the dynamics of the operating conditions and of the legislative and regulatory scenario.

4.3.4 INTERNAL AUDIT MANAGER

At its meeting on 18th December 2012, on a proposal of the Director in charge of the internal control and risk management system, and after hearing the opinion of the Control and Risk Committee, the Board of Directors appointed Mr. Mauro Giganti – formerly the Company’s Internal Control Manager – Internal Audit Manager.

The Internal Audit Manager verifies the operability and suitability of the internal control and risk management system – both on an ongoing basis and in relation to specific needs – in compliance with international standards; this is done through an audit plan approved by the

Board of Directors, after hearing the opinion of the Control and Risk Committee, based on a structured process of analysing and prioritising the main risks. In its meeting on 11th February 2013, the Board of Directors, based on a proposal submitted by the Control and Risk Committee, approved the 2013 work plan prepared by the Internal Audit Manager, after consulting the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System.

The Internal Audit Manager is not responsible for any operational area and is directly responsible to the Board of Directors. The Internal Audit Manager also has access to any information required to carry out the assignment.

During the financial year, the Internal Audit Manager:

- verified the operability and suitability of the Internal Control And Risk Management System and the reliability of the IT systems, including the accounts recording systems, as part of the 2012 audit plan examined by the Control and Risk Committee during its meeting on 27th January 2012;
- reported on his activity to the Director in charge of the internal control and risk management system, to the Control and Risk Committee and to the Board of Statutory Auditors;
- during the Control and Risk Committee meeting on 27th January 2012, in light of the evaluation of the risk map and of the overall monitoring activity of the internal control and risk management system, expressed a favourable opinion on the suitability of the internal control and risk management system to reduce overall risk to an acceptable level.

The Internal Audit Manager also prepared his own 2012 report on his activities, on the procedures used to conduct risk management and on compliance with the risk reduction plans, which was examined by the Control and Risk Committee in its meeting on 11th February 2013. Such report contains an assessment of the suitability of the internal control and risk management system and was transmitted to the chairpersons of the Board of Statutory Auditors, of the Control and Risk Committee and of the Board of Directors, as well as to the Director in charge of the internal control and risk management system.

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

In relation to the entry into force of Legislative Decree no. 231 of 8th June 2001, as amended, which 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, by resolution of the Board of Directors on 27th June 2006, the Company adopted the Organisation, Management and Control Model pursuant to Legislative Decree 231/01, which was then amended, following legislative and organisational changes, with Board resolutions of 11th November 2008, 6th March 2009, 6th July 2010 and 28th June 2012. Assessments for the purpose of updating the Model are underway following the changes made by Law no. 190 of 6/11/2012 to Legislative Decree 231/2001. The Organisation Model is drafted in accordance with Confindustria guidelines.

The Company also adopted the Code of Ethics by resolution of the Board of Directors on 27th June 2006; the Code of Ethics was then amended by the resolutions of 11th November 2008, 6th

July 2010 and 28th June 2012. In particular, the most recent amendments to the Code of Ethics on 28th June 2012 were basically made to bring it in line with the principles contained in the “Charter of Values of the Finmeccanica Group”, implemented with resolution of the Board of Directors of Ansaldo STS S.p.A. during the same meeting.

The Model is comprised of a general part and seven special sections.

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 inside and outside the company and on the disciplinary system for the case of non-compliance with the Model prescriptions.

The special sections, relevant to the various offences described in the decree, which might, in theory, apply to the Company, are as follows: (i) offences to the detriment of the Public Administration and the administration of justice, (ii) corporate and market abuse offences, (iii) occupational health and safety offences, (iv) receiving stolen goods, money laundering and using money, goods or other property of illicit origin, (v) computer-related offences and illicit processing of data plus infringement of copyright, (vi) organised crime offences, (vii) offences relating to breach of environmental standards. The special sections of the Model list the relevant risk areas for the type of offence, refer to the specific decision-making protocols in force and the relevant rules of conduct for anyone operating in the aforesaid areas and define the monitoring procedures in that regard.

Annexes and integral part of Ansaldo STS’s Organisation Model are:

- Code of Ethics;
- organisational structure of Ansaldo STS;
- subdivision of powers and delegation system;
- Evidence file indicating relations with Public Administrations;
- Periodic statement relating to compliance with the Model and with the powers of attorney and the limits of signatory powers;
- list of significant parties under 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 at <http://www.ansaldo-sts.com/en/governance/governance-system>.

As regards the provisions of Art. 6 of the mentioned Decree, on 27th June 2006 the Board resolved to establish a multiple-member Supervisory Body. In particular, the Supervisory Body bylaws – approved by the Board of Directors on 24th October 2006 and updated on 28th June 2012 – 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, which the Board of Directors selects from the independent, non-executive Directors in office; (ii) the *pro tempore* Internal Audit Manager and (iii) the *pro tempore* Corporate Affairs Manager. In particular, at the moment such body is formed of non-executive independent Director, Ms. Tatiana Rizzante (Chairman), as well as the *pro tempore* Corporate Affairs Manager, Ms. Grazia Guazzi, and the *pro tempore* Internal Audit Manager, Mr. Mauro Giganti. The duties, actions and operation of the Body are regulated by the aforesaid bylaws and by the internal regulations of the Supervisory Body, as most recently acknowledged by the Board of Directors in its meeting on 6th June 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 its own budget that adequately covers the performance of the duties entrusted to it.

The S.B. independently approves, on a yearly basis, its own supervision plan, which includes both actions to verify Model adequacy and actions of compliance with the same Model.

4.3.6 INDEPENDENT AUDITOR

The accounts are legally audited by KPMG S.p.A., a specialised Company entered in the register of statutory auditors, appointed by the ordinary Shareholders' Meeting on 7th May 2012, on a justified proposal submitted by the Board of Statutory Auditors. The appointment was conferred for the 2012-2020 financial years.

4.3.7 MANAGER IN CHARGE OF DRAFTING THE CORPORATE ACCOUNTING DOCUMENTS

In accordance with Art. 154-*bis* of the TUF, Art. 23.2 of the Company's By-laws states 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 in the By-laws 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 with a share capital of no less than two million Euro, or
- b) professional activities or university professorship with tenure in law, economics, finance or technical and scientific subjects strictly pertaining to the company's business and to the functions, which the manager in charge is to carry out, or
- c) a managerial position in a public organisation operating in the field of credit, financial and insurance or, in any case, in sectors strictly connected with the company's field of business.

Please note that after ensuring compliance with the aforementioned professional requirements, effective from 1st September 2012, the Board of Directors appointed Mr. Christian Andi as the new Chief Financial Officer of the Company, and subject to the favourable opinion of the Board of Statutory Auditors, as Manager in charge of drafting the corporate accounting documents pursuant to Art. 154-*bis* of the TUF. Mr. Andi accepted both positions, replacing Mr. Alberto Milvio.

In accordance with the provisions of the applicable laws, the manager in charge has set up proper administrative and accounting procedures for preparing the annual financial statements and the consolidated financial statements, as well as for any other financial disclosure.

In addition, the Manager in Charge, together with the Chief Executive Officer, annexed a specific report on the consolidated financial statements and the half-yearly financial report to the annual financial statements, certifying: (i) adequacy and actual implementation of the administrative and accounting procedures as indicated above for the period to which such accounting documents refer; (ii) compliance of the contents of such documents with the international accounting standards that apply within the European Union pursuant to the (EC) Regulation no. 1606/2002 of the European Parliament and the Council, dated 19th July 2002; (iii) 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 position of the Company and of all 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 position of the Company and of all 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 director's 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.

4.3.8 COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

With different roles and as part of their competences, the Company's internal control and risk management system consists of the following parties:

- the Board of Directors;
- one or more Directors in charge of setting up and maintaining an effective internal control and risk management system:
- the Control and Risk Committee;
- the Internal Audit Manager;
- the other company positions and functions with specific duties relating to internal control and risk management, including in particular, (i) the Risk Management function, (ii) the Manager in charge of drafting the corporate accounting documents and (iii) the Supervisory Body set up under Legislative Decree no. 231/2001 ("SB");
- the Board of Statutory Auditors, also in its role as the internal control and audit committee.

In order to ensure adequate coordination of the various parties involved in the internal control and risk management system, the Company has put in place an information flow system that guarantees timely sharing of information.

4.3.9 REQUIREMENTS UNDER ARTICLES 36 AND 37 OF THE MARKET REGULATION

In January, March and December 2012, both the Board of Statutory Auditors and the Board of Directors of the Company verified compliance of Ansaldo STS with the rules set out by 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 ("non-EU foreign subsidiaries") and of (ii) conditions preventing the listing of subsidiaries subject to direction and coordination by other companies.

In particular, with respect to the verifications carried out in the financial year, the following was confirmed:

- in application of the parameters of significance as per Art. 36, subsection 2, of the Market Regulation, identification of the following non-EU foreign subsidiaries: Ansaldo STS USA Inc., Ansaldo STS Australia Pty Ltd.;
- the Balance Sheet and the Income Statement for 2012 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);

- Ansaldo STS has acquired the by-laws, the composition and the powers of the corporate bodies of all companies mentioned above and the updated versions of these documents will be kept at the disposal of the Consob, if it specifically requests them to be exhibited for supervision purposes (in accordance with the provisions of Art. 36, subsection 1, letter b) of the Market Regulation);
- all companies indicated above: (i) provide the Company auditor with the information it requires in order to carry out the audit of the annual and interim 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 and accounting system that can regularly transmit to Company management and auditor the necessary economic, equity and financial data to prepare 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);
- compliance with the publication requirements under Art. 2497-*bis* of the Italian Civil Code (in accordance with the provisions of Art. 37, subsection 1, letter a), of the Market Regulation);
- the Company can independently 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 Control and Risk Committee (formerly “Internal Control Committee”) and the Nomination and Remuneration Committee (formerly “Remuneration Committee”) are formed only of 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 compliance with the conditions under Articles 36 and 37 of the Market Regulation (pursuant to Art. 2.6.2, subsections 10 and 11, of the Stock Market Regulation).

4.4 RELATED-PARTY TRANSACTIONS

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

The Procedure, available on the Company’s website (http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/Procedure_Related_Parties_Transactions_ENG.pdf), has the scope of 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 SIGNIFICANT RELATED-PARTY TRANSACTIONS – BACKGROUND PREPARATION AND APPROVAL

Pursuant to the provisions of art. 8 of the Regulation and art. 6.2 of the Procedure, except for Significant Related-Party Transactions for which the Meeting is responsible, or that it must authorise, the Company Board of Directors is competent to authorise Significant Related-Party Transactions, subject to the binding and justified favourable opinion of the Committee for Related-Party Transactions (which, pursuant to the Procedure, coincides with the Internal Control Committee – now the Control and Risk Committee – established in accordance with the Code of Self-Discipline), subject to receipt of timely, complete and adequate information about the characteristics of the Transaction, which the Company intends to carry out.

Even if it is through one or more of its members delegated for such purpose, the Committee for Related-Party Transactions must be involved during negotiations and during the background preparation stage. The Committee, or its delegated member, 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 background preparation.

Once the background preparation is completed, after receiving the final data and information relevant to the Transaction, the Committee for Related-Party Transactions, will express – in time to allow the responsible body to reach a decision – a binding, justified opinion on the benefits to the Company of performing the Significant Transaction and on the advantage and substantial correctness of the relevant terms.

If the Committee for Related-Party Transactions deems it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue said opinion.

If the Related-Party Committee has expressed a prior justified opinion opposing a Significant Transaction, or if it has expressed a conditional opinion or recommendations, the Board of Directors of the Company may: (i) approve the Significant Transaction subject to adopting all the recommendations made by the Committee for Related-Party Transactions, or alternatively, (ii) approve the Significant Transaction despite the negative opinion of the Committee, or without otherwise taking into account its recommendations, on condition that the Transaction is authorised by the Shareholders' Meeting or lastly, (iii) not approve the Significant Transaction and therefore not proceed with it.

In relation to Significant Transactions which are the responsibility of the Shareholders' Meeting or which must be authorised thereby pursuant to Art. 2364, subsection 5, no. 1, Italian Civil Code, for the negotiation, background preparation and approval stage of the motion to be tabled before the Meeting, the terms set forth above shall apply *mutatis mutandis*.

If the Board of Directors intends to submit a Significant Transaction to the Shareholders' Meeting despite the negative opinion or without otherwise taking into account the recommendations made by the Committee for Related-Party Transactions, the Transaction shall not be carried out if the majority of non-related voting shareholders vote against the Transaction, on condition, however, that the non-related shareholders present at the Meeting represent at least 10% of the voting share capital.

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

4.4.2 LESS SIGNIFICANT RELATED-PARTY TRANSACTIONS – BACKGROUND PREPARATION AND APPROVAL

Subject to the justified and non-binding opinion of the Committee for Related-Party Transactions and subject to receipt from Corporate Affairs and Group Insurances of timely, complete and adequate information about the characteristics of the Transaction, which the Company intends to carry out, the body responsible for making such decisions shall approve Less Significant Transactions.

After receiving the final data and information relevant to the Transaction, the Committee for Related-Party Transactions will express – in time for the responsible body to reach a decision – a non-binding, justified opinion on the benefits to the Company of performing the Transaction, and on the advantage and substantial correctness of the relevant terms.

If the Committee for Related-Party Transactions deems it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue said non-binding opinion.

In relation to Less Significant Transactions which are the responsibility of the Shareholders' Meeting or which must be authorised thereby pursuant to Art. 2364, subsection 1, no. 5, Italian Civil Code, for the background preparation and approval stage of the motion to be tabled before the Meeting, the terms set forth above shall apply *mutatis mutandis*.

Without prejudice to the information required under Article 5, subsection 8, and Article 6 of the Regulation:

- (i) the Chief Executive Officer provides the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, with a report on the performance of Less Significant Transactions;
- (ii) without prejudice to the provisions of Art. 114, subsection 1, of the Consolidation Act on Finance, within fifteen days of the end of each financial year quarter, the Company makes available to the public a document containing the indication of the other party, the subject matter and the fee of the Less Significant Transactions approved during that quarter despite the negative opinion of the Committee for Related-Party Transactions, in addition to the reasons why it decided to disregard that opinion.

4.4.3 TRANSACTIONS CARRIED OUT THROUGH SUBSIDIARIES

Transactions carried out through subsidiaries shall be subject to the prior, non-binding opinion of the Committee for Related-Party Transactions, which shall issue its opinion in time to allow the responsible body to authorise, examine or assess the Transaction.

4.4.4 EXEMPT TRANSACTIONS

The terms of the Procedure do not apply to Transactions for Small Amounts (i.e. for no more than Euro 150,000.00 when the Related Party is a natural person or no more than Euro 1,000,000.00 when the Related Party is a legal person).

Without prejudice to the periodic financial reporting obligations under Art. 5, subsection 8 of the Regulation, the Procedure does not apply to the following Transactions, where applicable:

- (a) Transactions relevant to share-based compensation plans approved by the Meeting pursuant to Art. 114-*bis* of the TUF, and all relevant implementing operations;
- (b) resolutions relating to the remuneration of directors vested with particular positions, other than those referred to in Art. 13, subsection 1 of the Regulation,

other managers with strategic responsibilities, on condition of compliance with the requirements under Art. 13 of the Regulation;

- (c) Regular Transactions concluded under the same conditions as those normally adopted for non-related parties for transactions of a corresponding nature, size and risk, or based on regulatory tariffs or imposed prices, or adopted for persons with whom the Company is legally obliged to agree to a specific fixed fee, without prejudice to the obligation to comply with the information requirements as per Art. 13 of the Regulation;
- (d) urgent Transactions which do not fall within the remit of the Shareholders' Meeting or do not need to be authorised thereby, on condition of compliance with the requirements under Art. 13 of the Regulation;
- (e) Transactions with or between companies individually or jointly controlled by the Company, as well as Transactions with associates of the Company, if other Related Parties of the Company have no Significant Interests in the subsidiaries or associates that are parties to such Transaction.

Such cases of exemption also apply, *mutatis mutandis*, to Transactions carried out through subsidiaries. With regard in particular to the exemption for Regular Transactions, the activity carried out by the subsidiary is used to assess the regular nature of the Transaction, except where such subsidiary is a special purpose vehicle established to perform the Transaction, in which case the regularity must be verified 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 auditors are appointed by the ordinary Shareholders' Meeting on the basis of the slate voting system.

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

Like the presentation of slates of candidates for appointment as members of the Board of Directors, if the slates of candidates for the office of Statutory Auditor are not deposited within the above terms, the slates shall be considered as not submitted.

Slates may be submitted only by Shareholders who, on their own or together with other shareholders, own the shareholding indicated in compliance with the provisions of the Consob regulation (equal, for the year 2013, to 1% of the share capital of Ansaldo STS). Each Shareholder may submit or concur to submit one slate only, and may only vote for one slate. Any shareholders belonging to the same group or being parties to a shareholders' agreement concerning shares of the Company shall not submit or vote for more than one slate, even by proxy or through trust companies.

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

The slates shall indicate the names of one or more candidates, which in any case shall not exceed the number of members to be elected. Each candidate can be nominated in one slate only, on pain of being declared ineligible.

The slates are divided into two sections: one for candidates to the office of Statutory Auditor and the other for candidates to the office of Deputy Auditor. The first of the candidates in each section must be entered in the Register of Statutory Auditors and must have exercised statutory auditing activities for no less than three years.

Statements shall be filed together with each slate, without prejudice to the provisions of the applicable laws, whereby the single candidates accept their nomination and certify, under their own responsibility, that no reasons for ineligibility and incompatibility exist and that they meet the requirements set out by the applicable laws and the Company's By-laws.

The Auditors shall be appointed as follows:

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

In the event that (i) only one slate is submitted, or (ii) no slate is submitted, or (iii) to fill a vacancy on the Board of Statutory Auditors, the Meeting shall adopt a resolution on a legal majority basis, without following the procedure indicated above, but in any case in such a way as to ensure that the Board of Statutory Auditors is formed as specified in Art. 1, subsection 1 of Decree of the Minister of Justice no. 162 of 30th March 2000.

If more than one candidate receives the same ratio, the candidate of the slate, which has not elected any Auditor yet, or has elected the lowest number of Auditors shall be elected.

If none of such slates has elected an Auditor yet, or all of them have elected the same number of Auditors, the candidate elected shall be, within such slates, the candidate of the one that has obtained the highest number of votes. In the event of equal slate votes, and always provided that the ratio 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 the event of replacement of an Auditor taken from the slate that obtained the highest number of votes, the Deputy Auditor taken from the same slate shall be appointed. In the event of replacement of the Auditor taken from the other slates, the Deputy Auditor elected by means of the methods under art. 16.3, letter b) shall be appointed. The Shareholders' Meeting convened pursuant to Art. 2401, subsection 1 of the Italian Civil Code shall replace the auditors in accordance with the principle of mandatory representation of minorities.

The Chairperson of the Board of Statutory Auditors is appointed by the Shareholders' Meeting and is the Statutory Auditor elected by the minority, unless only one slate or no slates have been submitted, in which case, the Chairperson of the Board of Statutory Auditors shall be appointed by the Shareholders' Meeting on a legal majority basis.

With reference to the composition of the Board of Statutory Auditors, please note that law no. 120 of 12th July 2011 modified some provisions of the Consolidation Act on Finance, with provisions that oblige issuers to introduce in their respective By-laws mechanisms to guarantee the balance of genders in the relevant administration and control bodies.

In particular, as regards the control body, the new laws make it compulsory to adopt specific provisions in the By-laws concerning (i) the composition of the Board of Statutory Auditors; (ii) the formation of the slates of candidates; and (iii) the replacement of members of the Board of Statutory Auditors during their period of office.

Please note that the new rules are to be applied from the first renewal of the administration and control bodies of the listed companies “one year after the entry into force” of Law no. 120 of 12th July 2011, and therefore from the first renewal of corporate bodies after 12th August 2012.

In relation to the above, please note that, for the purpose of adopting the provisions introduced by the Law no. 120 of 2011 in the By-laws of Ansaldo STS, the Board of Directors of Ansaldo STS will convene – at the same time as the next ordinary Shareholders’ Meeting to approve the 2012 financial statements – the extraordinary session of the shareholders’ Meeting in order to resolve, among other things, on the adoption of the required amendments to the By-laws.

4.5.2 COMPOSITION

The Company’s current Board of Statutory Auditors was appointed by the Ordinary Shareholders’ Meeting on 5th April 2011.

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

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

Statutory Auditors, Massimo Scotton and Renato Righetti and Deputy Auditor, Pietro Cerasoli were taken from the majority slate submitted by Finmeccanica Società per Azioni, which held a shareholding equal to 40.066% of the company’s share capital and whose winning votes amounted to 64.61% of the voting capital.

The Chairman of the Board of Statutory Auditors Giacinto Sarubbi, and the Deputy Auditor Bruno Borgia were taken from the slate 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 and whose winning votes amounted to 28.12% of the voting capital. The shareholders who submitted the minority slate have certified that they are not associates, in the meaning of Art. 144-*quinquies* of the Issuers' Regulation, with Finmeccanica Società per Azioni.

For information about the other candidates on the aforesaid slates, see the documents available on the Company's website: <http://www.ansaldo-sts.com/en/governance/shareholder-meeting/documents-meeting>.

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

The Board of Statutory Auditors 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. The independence requirements were again verified on 13th December 2011 and 18th December 2012.

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

Personal and professional information about each member of the Board of Statutory Auditors is reported here below.

GIACINTO SARUBBI

Born in Milan on 8th January 1963, he graduated in Economy and Commerce. He is qualified to exercise the profession, as a Certified Auditor and Accounting Professional in the register of Milan and a Registered Auditor (Ministerial Decree dated 12th April 1995, published in the Official Journal no. 31 bis of 21st April 1995).

As the owner of his own professional firm and as partner and managing director of leading international companies dealing in the audit and business consulting fields, he has carried out activities relating to tax and corporate advice, business organisation and industrial accounting for various corporations, also operating at international level.

As regards professional training, he has taught tax and budget courses and was a lecturer in Financial Statements analysis at the "Luigi Bocconi" University, Milan.

Apart from in Ansaldo STS, he is currently Chairman of the Board of Statutory Auditors, Auditor, Chairman of the Board of Directors and Member of the Board of Directors in other companies, none of which are listed.

MASSIMO SCOTTON

Born in Genoa on 26th November 1956 and graduated with honours in Economy and Commerce at the University of Genoa. He is qualified to exercise the profession, as a Certified Auditor and Accounting Professional in the register of Milan and became a Registered Auditor under Ministerial Decree dated 12th April 1995, published in the Official Journal no. 31 bis of 21st April 1995.

He has experience in the tax and corporate advice sector, as well as in business restructuring and reorganisation. He is Chairman of the Association of Certified Auditors and Accounting Professionals in Genoa; he acts as a Court-appointed expert and auditor (court-appointed) in connection with technical matters and settlement of disputes; he is also an official receiver.

Apart from in Ansaldo STS, he is currently acting as an Auditor in other companies, including two that are publicly listed, namely Banca Carige S.p.A. and Boero Bartolomeo S.p.A..

RENATO RIGHETTI

Born in Rome on 4th December 1946, he graduated in Law at Rome University. He became a Registered Auditor under Ministerial Decree dated 12th April 1995, published in the Official Journal no. 31 bis of 21st April 1995. From 1990 to 1994 he was a Manager at the Italian Exchange Office and, until 2008, he was in charge of domestic and international anti-laundering activities under the responsibility of the Central Bank. From 1995 to 1998 he was a member of the team of financial experts in the Committee for Coordination of Information Services, and was the representative of the Central Bank, for two years, on 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 terrorism financing.

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

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

He has been a Statutory Auditor in Ansaldo STS S.p.A., and in ENI S.p.A., both listed companies.

PIETRO CERASOLI

Born in Rome on 3rd July 1944. He became a Registered Auditor under Ministerial Decree dated 12th April 1995, published in the Official Journal no. 31 bis of 21st April 1995 and he worked in the Inspectorate, Finance and Financial Statements service at Finmeccanica Società per Azioni from 1971. He was then appointed manager and passed to the Financial Statements, Economic Control and Planning service (1977) of which he was appointed Deputy Central Manager in 1989. He retired in 2000. He has been Director, Chairman of the Board of Statutory Auditors and Auditor in investments of the Finmeccanica Group. He is currently acting as chairman of the Board of Statutory Auditors, Statutory Auditor and Chairman of the Supervisory Body in some other companies. At the date of this report, he is not vested with any direction or control assignments in any other listed companies.

BRUNO BORGIA

He was born in Naples on 21st March 1944 and graduated in Economics and Commerce at the Università Cattolica, Milan. Certified Auditor and Accounting Professional, he is a professor 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. As a partner of KPMG, from 1985 to 2006 he was responsible for auditing the accounts of Italian and foreign listed and unlisted companies, as well as being Manager of the Industrial Market sector for Italy (1995-2006) and of the Mid Market sector for Europe, the Middle East and Africa (2002-2006).

He is currently the Chairman of the Board of Statutory Auditors, an Auditor and the Chairman of the Supervisory Body in other companies, none of which are listed.

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

11 meetings were held during the financial year.

From the beginning of 2013 to the date of this Report, four meetings were held.

In 2012, the meetings of the Board of Statutory Auditors of Ansaldo STS lasted for an average of about two hours.

The table below reports the data concerning the attendance rates of each Auditor at such meetings of the Board of Statutory Auditors, as well as at the meetings of the Board of Directors held in 2012:

Members	Attendance at Board of Statutory Auditors' Meetings	Attendance at Board of Directors' Meetings
Giacinto Sarubbi	11/11	12/12
Renato Righetti	10/11	11/12
Massimo Scotton	8/11	10/12

Each absence was duly justified.

4.5.4 ROLE AND DUTIES

In light of the changes introduced by Legislative Decree no. 39 of 27th January 2010 (*"implementation of Council Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC"*), the Board of Statutory Auditors has the duty of supervising, *inter alia*, the statutory audit of annual accounts and consolidated accounts and the independence of the independent auditor or audit firm, particularly as regards the performance of services other than audit to the entity that is subject to the statutory audit of accounts.

In particular, in carrying out its activity, the Board: (i) supervised the independence of the auditing firm, verifying both compliance with the relevant legal provisions, and the nature and entity of the services, other than audit, 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 function and the Control and Risk Committee (formerly Internal Control Committee) for the performance of its own activity, through specific meetings; (iii) at the meetings held on 27th January 2012, 28th June 2012, 15th October 2012 and 23rd January 2013 adopted the reports on the quarterly audits carried out by the independent auditor pursuant to Article 19 of Legislative Decree 39/2010 and to the CONSOB Notice no. 23932 of 29th March 1999, aimed at ascertaining that the corporate accounts were regularly kept and the management events were duly entered in the accounting records.

Both at the moment of the appointment and subsequently, on 13th December 2011 and 18th December 2012, 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 assess the independence of its own members were correctly applied.

The results of the assessment carried out at the time of the appointment were made known to the market through a press release on 5th April 2011.

During the financial year, in order to make sure the Auditors were kept adequately informed of the Ansaldo STS business sector, the corporate dynamics and their developments, and the applicable regulatory framework, the Chairman of the Board of Statutory Auditors made sure the members:

- participated in field visits to some worksites, accompanied by the Company management and by technical personnel;
- received all the updates and information necessary as regards the items on the agenda of the Board of Statutory Auditors' meetings, thanks to the participation of Company management in the board meetings;
- were involved in specific meetings organised by the management for the detailed examination of certain issues.

4.6 HANDLING OF CONFIDENTIAL INFORMATION

4.6.1 INSIDER INFORMATION REGULATION AND ESTABLISHMENT OF THE REGISTER

An Internal Regulation governs the management and handling of insider information; this was approved by the Board of Directors of the Company on 24th March 2006. Such regulation is aimed at ensuring Ansaldo STS compliance with its obligations as a listed company, regulating:

- the ways in which the "Register of people with access to insider information" is kept and updated to the effects and purposes of Art. 115-*bis* of the TUF;
- the information flowing between the Group companies and Ansaldo STS, with particular regard to the events and circumstances that amount to, or might amount to insider information under Art. 181 of the TUF;
- the management and processing of insider information as well as the relevant ways of disseminating 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 to optimise 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 insider 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 to make sure the Group Register is correctly and duly kept. The General Secretary of the Company has been appointed as person in charge of keeping the Group Register, the substitute being the Corporate Affairs Manager.

This aforesaid Regulation is available on the Company website at http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/2012_03_15_regolamento_informazioni_privilegiate.pdf

4.6.2 INTERNAL DEALING CODE

As part of the procedures for the management and transmission of information relating to the Company, on 24th March 2006 the Board of Directors adopted the Code of Conduct for Internal Dealing matters ("Internal Dealing Code"), to regulate the information flow relevant to transactions identified by Consob concerning the shares issued by the Company or other,

connected financial instruments (so-called relevant transactions) and conducted, also by proxy, by the "relevant persons" of the Company or by "closely associated persons" 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 day-period preceding 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 its Chairperson and/or the Chief Executive Officer, separately and/or jointly decide to ban or restrict the Relevant Transactions.

The Internal Dealing Code is available on the Company website at http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/docs/asts_Internal_Dealing_eng.pdf.

4.7 SHAREHOLDERS' MEETING

In calling, planning and managing shareholders' meetings, particular attention is given to encourage maximum attendance on the part of the Shareholders, as well as to ensure that they receive as much information as possible in those circumstances, in compliance with the restrictions and disclosure procedures regarding price sensitive information.

We would like to point out in this regard that Legislative Decree no. 27 of 27th January 2010 – which implemented in Italy directive 2007/36/EC (so-called Shareholders' Rights) – has significantly modified the attendance procedures for shareholders' meetings, also introducing new rules relevant to the methods and terms for calling the meeting as well as the entitlement to participate and vote therein.

On 26th November 2010, the Company, by resolution of the Board of Directors taken in accordance with Art. 2365, subsection 2 of the Italian Civil Code, amended its own By-laws to bring them into line with the mandatory rules given by Legislative Decree no. 27/2010, aimed at facilitating shareholder attendance at meetings. Then the Extraordinary Shareholders' Meeting held on 5th April amended the By-laws again, adopting some more provisions introduced by the aforementioned Legislative Decree no. 27/2010.

Shareholders' Meetings are called by a meeting notice published on the Company's website (www.ansaldo-sts.com) together with a summarised version in at least one daily newspaper with national diffusion (this latter requirement being included in resolution no. 17002 of 17th August 2009).

The meeting notice must be published at least thirty 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 forty days is required; (ii) make decisions on defensive measures in the event of a takeover bid, in which case the period is reduced to fifteen days; and (iii) make decisions on the reduction of the share capital and the appointment of the liquidator, in which case the period is twenty-one days.

The ordinary Shareholders' Meeting shall be called at least once a year for approval of the financial statements, within one hundred and twenty days from the end of the financial year, or within one hundred and eighty days insofar as the Company is obliged to prepare consolidated financial statements, or whenever particular needs relating to the Company

structure and purpose so require. Ordinary and extraordinary Meetings are normally held in separate sessions. However, if it deems it appropriate and gives a specific indication thereof in the meeting notice, the Board of Directors may decide to hold single, combined ordinary and extraordinary meetings.

In relation to this latter provision, please note that Legislative Decree no. 91 of 18th June 2012 – which introduced some amendments and additions to the aforesaid Legislative Decree no. 27 of 27th January 2010 – also modified the second sentence in subsection one of Article 2369 of the Italian Civil Code, relevant to the terms and conditions of calling the Shareholders' Meetings. Pursuant to the new provision, unless the requirements in the By-laws are different, the shareholders' meetings of companies that use the venture capital market shall be held in a single session.

In consideration of the aforesaid change, the Board of Directors of Ansaldo STS intends to submit to the extraordinary shareholders' Meeting to be held in a single, combined session with the ordinary shareholders' Meeting to approve the 2012 financial statements tabling an amendment to the current By-laws (Article 11.4 in particular) to include the provision for the Company's shareholders' Meeting to be held as a rule in a single, combined session, unless in relation to specific shareholders' Meetings the Board of Directors deems it appropriate to separate the sessions, with express indication thereby in the meeting notice.

The Meeting may be attended by those, in favour of whom the company has received notification from a qualified intermediary attesting to the ownership of the Shares based on the accounting records at the close of trading of the seventh market trading day prior to the date of the first notice of the Meeting. Any debit and credit entries recorded after that date shall give no voting entitlements. 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 conditions are met, both to file an action for annulment of the meeting resolution and to exercise the right of withdrawal.

Those entitled to participate and vote in the Meeting may appoint a representative by proxy conferred in writing or by electronic means pursuant to Art. 21, subsection 2 of Legislative Decree no. 82 of 7th March 2005.

The proxy may be transmitted to the Company by electronic media, using the specific section in the Company 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 collect proxies from Shareholders who are employees of the Company or its subsidiaries and members of Shareholders' associations who comply with the requirements under the applicable laws, the By-laws state that premises may be made available to the same associations, according to terms and formalities arranged with their legal representatives on a case-by-case basis, to be used for providing information about the proxies and collecting them.

In addition, under Art. 135-*undecies* of the TUF, for each Shareholders' Meeting, the company appoints a party that the persons entitled to vote may entrust with a proxy, at no cost to them, including voting instructions for all items on the agenda. In this regard, in fact, in order to further encourage attendance at Meetings, Ansaldo STS decided not to avail itself of the possibility, under the same Art. 135-*undecies* of the TUF, to exclude, in the By-laws, the appointment of its appointed 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 shall be answered during the same at the latest. The meeting notice includes the deadline by which the Company must receive the questions asked before the meeting. This deadline may not be earlier than three days before the date of the single or first meeting called, or no earlier than five days if the meeting notice states that the company must answer any questions it receives before the shareholders' meeting. In that case, answers shall be given at least two days before the shareholders' meeting, also published in a specific section in the company's website. If the relevant information relating to a question is already available in the "FAQ" section of the Company's website or if the answer has been published on the same website, the answer is deemed to be given. The answers provided on paper at the disposal of all those entitled to vote at the start of the actual Meeting are considered as being given during the Meeting.

As to the regulations governing Meeting proceedings, at the Meeting on 12th December 2005 the Shareholders approved a Meeting Regulation, subsequently amended at the Ordinary Shareholders' Meeting on 5th April 2011 in order to bring it in line with the new provisions of the law and the By-laws regarding the rights of shareholders. Such Regulation defines the procedures allowing the orderly and functional proceedings of meetings, ensuring that each shareholder is able to speak on items on the agenda, and at the same time specifying certain aspects (maximum duration of the speeches; voting procedure and conduction of voting operations, etc.) aimed at making sure the meeting business is conducted correctly. In particular, it is specified that anyone who wishes to take the floor shall request permission from the Chairperson or – if indicated by the Chairperson – from the Secretary, by submitting a written request indicating which item the request refers to, after the items on the agenda have been read out. All Shareholders receive a copy of the Regulations for Shareholders' Meetings at each meeting, and they are also available on the Company's website at http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspace/asts_regulations_shareholders_meetings_eng.pdf.

The Board reports to the Shareholders' 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 on the agenda (for those items that are under its responsibility). Such reports are also available on the Company website at <http://www.ansaldo-sts.com/en/governance/shareholder-meeting/documents-meeting>.

INVESTOR RELATIONS

With reference to the importance – emphasised in the Code – to establish an ongoing and professional relationship with most 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.

Investor Relations has ongoing relations with the financial community in order to find out its needs for information and to support Top Management in their communication choices.

The goal is to keep up ongoing communications with the Italian and international financial community, providing prompt and transparent sensitive market information and guaranteeing a correct company value, in keeping with the industrial model, the strategies and the set goals.

The company and the stakeholders communicate through meetings organised in the major financial markets.

About 26 days were organised in 2012, including roadshows and conferences (35 in 2011 and 42 in 2010); the market analyses, policies and strategies implemented by the Company were communicated at this time.

In pursuit of the cost efficiency target, travelling days were reduced and incentives provided for video conferences/conference calls and site visits.

The company organises an annual Investor Day: this event provided the opportunity to update the financial community, to ensure the best market performance of its shares and to review the business sector in which Ansaldo STS operates.

During this important event, the key elements of the medium and long-term strategic plan were reported; together with the quarterly figures, these form the basis for the periodic assessments of analysts and investors.

An important business opportunity (signing of the contract for the Honolulu metro) meant that the 2011 Investor Day was held over until 2012 and it was used to provide the preliminary closing figures for 2011, the Guidance (end of year estimates) for 2012 and the targets for 2014.

On a quarterly basis, before the financial results are disclosed, the analysis of consent that gathers the estimates processed by all the brokers and analysts working on the coverage activity is updated; this is then confirmed with the figures provided by the leading market analysis agencies (Bloomberg, Reuters and Facset) and, lastly, shared with Top Management.

Lastly, the Company website is another fundamental tool used for investor, institutional and retail communications and relations.

In 2012, the website – and the Investor Relations section – continued its process of renewal. The effectiveness of this process was confirmed when for the second consecutive year it was awarded the Best Improver 2012 by KWD Webranking which monitors and assesses listed companies' web content and then ranks them annually. The criteria it bases its ranking on cover every single aspect of corporate communications, including investor and media relations, implementation of social networks, and transparent management of governance information. In these months, Ansaldo STS has climbed from 26th to 14th place (it was 40th in 2010).

Investor Relations coordinates with the internal sustainability committee and applies its guidelines; it is also responsible for preparing the Sustainability Report and internal promotion of the CSR policies and activities. The new certified Sustainability Report for 2013 will be presented at the 2013 Shareholders' Meeting.

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Genoa, 5th March 2013

For the Board of Directors
The Chairman
(Alessandro Pansa)

TABLE 1: INFORMATION on 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	160,000,000	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 at the service of conversion/exercise	No. of shares at the service of conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-
SIGNIFICANT INVESTMENTS IN THE CAPITAL				
DECLARANT	DIRECT SHAREHOLDER	% SHARE OF ORDINARY CAPITAL	% SHARE OF VOTING CAPITAL	
Altrinsic Global Advisors LLC	Altrinsic Global Advisors LLC (1)	2.092% (2)	2.092%	
FINMECCANICA S.p.A.	FINMECCANICA S.p.A.	40.066%	40.066%	

(1) shareholding held as part of collective savings management

(2) of which 0.302 % without voting rights

TABLE 2: BOARD OF DIRECTORS AND INTERNAL COMITTEES STRUCTURES

Board of Directors											Control and Risk Committee		Nomin & Remun. Committee		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	5 th April 2011 ⁽¹⁾	End Of Meeting for fin. Statements 2012	M	X ⁽²⁾	-	-	-	100	3	-	-	-	-	-	-	-	-
Deputy Chairman	GIANCARLO GRASSO	5 th April 2011	Meeting for fin. Statements 2013	M	-	X	-	-	100	1	-	-	-	-	-	-	-	-
CEO	SERGIO DE LUCA	5 th April 2011 ⁽³⁾	Meeting for fin. Statements 2013	M	X	-	-	-	91,6	-	-	-	-	-	-	-	-	-
Director	GIOVANNI CAVALLINI	5 th April 2011	Meeting for fin. Statements 2013	m	-	X	X	X	83,3	3	-	-	X	85,7	-	-	-	-
Director	MAURIZIO CEREDA	5 th April 2011 ⁽⁴⁾	Meeting for fin. Statements 2013	m	-	X	X	X	100	2	X	100	Chairman	100	-	-	-	-
Director	PAOLA GIRDINIO	5 th April 2011	Meeting for fin. Statements	M	-	X	X	X	100	-	X	100	-	-	-	-	-	-

			2013															
Director	BRUNO PAVESI	7 th May 2012 ⁽⁵⁾	Meeting for fin. Statements 2013	- ⁽⁷⁾	-	X	X	X	100	-	-	-	X	100	-	-	-	-
Director	TATIANA RIZZANTE	5 th April 2011	Meeting for fin. Statements 2013	m	-	X	X	X	75	2	-	-	-	-	-	-	-	-
Director	ATTILIO SALVETTI	5 th April 2011 ⁽⁶⁾	Meeting for fin. Statements 2013	M	-	X	X	X	100	-	Chairman	100	-	-	-	-	-	-

-----DIRECTORS WHO LEFT OFFICE DURING THE REFERENCE FINANCIAL YEAR-----

-

Indicate the quorum required for the submission of slates on occasion of the latest appointment:
The quorum for the submission of slates at the shareholders' meeting of 5th April was equal to 2%

No. of meetings held during the reference financial year:	<i>BoD: 12</i>	<i>CRC: 7</i>	<i>NRC: 7</i>		<i>EC:</i>	<i>Other Committee:</i>
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- (1) Appointed for the first time on 21st November 2005 and then confirmed at the Shareholders' Meeting on 1st April 2008.
- (2) Executive under the Code of Self-Discipline rules, but no operating delegations have been conferred on him.
- (3) Co-opted by the Board of Directors pursuant to Art. 2386 of the Italian Civil Code on 14th June 2007 and then appointed by the Shareholders' Meeting on 1st April 2008.
- (4) Appointed for the first time on 14th June 2006 and then confirmed at the Shareholders' Meeting on 1st April 2008.
- (5) Co-opted by the Board of Directors on 30th March 2011, to replace Filippo Milone, and then appointed by the Shareholders' Meeting on 7th May 2012.
- (6) Appointed for the first time on 14th March 2006 and then confirmed at the Shareholders' Meeting on 1st April 2008.
- (7) Please note that Bruno Pavesi was not on any of the slates submitted for appointment to the Board of Directors at the Shareholders' Meeting held on 5th April 2011.

NOTES

* This column includes M/m depending on whether the member was elected from the slate voted by the majority (M) or by a minority (m).

** This column indicates the attendance rate of directors in 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 relevant person as director or auditor in other companies listed in domestic and foreign regulated markets, 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, "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	5 th April 2011 ⁽¹⁾	Meeting for fin. Statements 2013	m	X	100	9
Statutory Auditor	RENATO RIGHETTI	5 th April 2011	Meeting for fin. Statements 2013	M	X	90,9	1
Statutory Auditor	MASSIMO SCOTTON	5 th April 2011 ⁽¹⁾	Meeting for fin. Statements 2013	M	X	72,7	11
Deputy Auditor	PIETRO CERASOLI	5 th April 2011 ⁽²⁾	Meeting for fin. Statements 2013	M	X	-	-
Deputy Auditor	BRUNO BORGIA	5 th April 2011 ⁽¹⁾	Meeting for fin. Statements 2013	m	X	-	-
-----AUDITORS WHO LEFT OFFICE DURING THE REFERENCE FINANCIAL YEAR-----							
-							
Indicate the quorum required for the submission of slates on occasion of the latest appointment: The quorum for the submission of lists at the meeting of 5th April 2011 was equal to 2%.							
Number of meetings held during the reference financial year: 11							

NOTES

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

*** This column indicates the number of offices as director or auditor, being significant for the purposes of Art. 148 *bis* of the TUF, held by the person concerned at 31st December 2011.

(1) Appointed for the first time on 1st April 2008.

(2) Appointed for the first time on 29th November 2005 and then confirmed at the Shareholders' Meeting on 1st April 2008.

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