REPORT OF THE

BOARD OF DIRECTORS

ON REMUNERATION

(PREPARED PURSUANT TO ARTICLES 123-*TER* OF THE TUF [CONSOLIDATED FINANCIAL ACT] AND 84-*QUATER* OF THE ISSUERS' REGULATION)

Approved by the Board of Directors of Ansaldo STS S.p.A.
on March 30, 2012

GLOSSARY

Ansaldo STS	**Ansaldo STS S.p.A.**
Self-Discipline Code or Code	**The Self-Discipline Code of listed companies approved in March 2006 (and amended in March 2010) by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.**
Remuneration Committee or Committee	**The Remuneration Committee established by Ansaldo STS pursuant to the Code**
Board	**The Board of Directors of Ansaldo STS**
Managers with Strategic Responsibilities	**The managers indicated by Art. 65, subsection 1-*quater*, of the Issuers' Regulation, if any, identified by the Board of Directors.**
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.**
Remuneration Policy or Policy	**The Remuneration Policy approved by the Board of Directors on March 5, 2012, as described in Section I of this Report.**
Committee Regulation	**The Regulation of the Remuneration Committee, as lastly amended by the Board of Directors on March 5, 2012**
Issuers' Regulation	**The Regulation issued by the Consob by resolution no. 11971 of May 14, 1999 regarding issuers, as subsequently amended and integrated**
Report	**This remuneration report drafted pursuant to Articles 123-*ter* of the TUF and 84-*quater* of the Issuers' Regulation**
Company	**Ansaldo STS S.p.A.**
TUF	**The Legislative Decree no. 58 of February 24, 1998, as subsequently amended and integrated**

CONTENTS

SECTION I: REMUNERATION POLICY

a) Bodies or persons involved in preparing and approving the remuneration policy, with specification of their respective roles, as well as bodies and persons in charge of the correct implementation of such policy.

The Board of Directors approves the Remuneration Policy on an annual basis, upon proposal of the Remuneration Committee (see below, letter b)).

The Remuneration Policy, as described in this section of the Report, is submitted to a non-binding resolution of the Shareholders' Meeting, called pursuant to Art. 2364 of the Italian Civil Code.

The Bodies in charge of the correct implementation of the Policy are, in the first place, the Remuneration Committee in the exercise of its tasks as described above, as well as the Chief Executive Officer and the Board of Directors.

b) Action of the remuneration committee, composition (differentiating between non-executive and independent directors), tasks and operating procedures

The Remuneration Committee, which has submitted the Remuneration Policy proposal to the Board of Directors, is composed of a number of Directors set by the Board of Directors upon its appointment, all non-executive and independent as required by Art. 37 of the Consob Regulation no. 16191 of 2007 and by the Committee Regulation. At least one member of the Remuneration Committee has an adequate experience in financial or remuneration policy subjects, to be assessed by the Board of Directors upon their appointment.

The members of the Remuneration Committee appointed by the Board of Directors on April 5, 2011 were the independent directors Maurizio Cereda (Chairman), Giovanni Cavallini and Filippo Milone. Subsequently, the Director Filippo Milone resigned from the Board of Directors and from the Committee, with effect as of December 13, 2011.

The Remuneration Committee is entrusted with the following tasks, in connection with the remuneration policy:

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

regulations, carrying out the tasks reserved to it for the management of the plans adopted by the Company case by case;

- report to the Company's shareholders on the way in which it exercises its tasks.

In the exercise of its tasks, the Committee shall ensure suitable functional and operational links with the competent corporate structures.

The Committee reports to the Board of Directors at least every six months.

c) Name of the independent experts, if any, involved in preparing the remuneration policy

No independent experts have been involved in preparing the Remuneration Policy.

d) Aims of the remuneration policy, underlying principles and changes in such policy, if any, compared to the previous year

The Company's Remuneration Policy aims to attract, retain and motivate managers with high professional qualities, able to successfully conduct the Company.

In particular, the remuneration of the Chief Executive Officers and of the Managers with Strategic Responsibilities, if any, aims:

- to align the interests of the said persons with the priority objective of the creation of value for shareholders in a medium/long term timeframe;
- to create a strong connection between remuneration and performance, both individual and of the Group, by involving and incentivising the said persons, insofar as their action is deemed to be essential to the achievement of the Company and Group targets;
- to enhance the loyalty of the key resources, thus encouraging their permanence within the Company and the Group;
- to convey the Company intent to share the expected increase in the value of the same Company with the top professionals of the Group.

For non-executive Directors, the Remuneration Policy takes into account the commitment required from each of them and their participation, if any, in one or more committees, and it is not linked to the economic results obtained by the Company (*see* paragraph *n)* below).

As regards the year 2011, the Company has not worked out a specific remuneration policy – as it was not required under the applicable laws.

This being said, as regards the policy followed in 2011, we point out that *(i)* the policy concerning the remuneration of non-executive Directors has remained unchanged; whereas *(ii)* the policy concerning the remuneration of the Chief Executive Officer and the Managers with Strategic Responsibilities has privileged, in line with the indication of the Self-Discipline Code, the creation of value for the shareholders in a medium-long term timeframe, by providing, *inter alia*, for general mechanisms of postponement of a significant part of the variable component of the remuneration and, with specific regard to share-based plans, a three-year vesting period and a subsequent two-year share retention period.

e) Description of the policies regarding fixed and variable components of the remuneration, with particular regard to the indication of the relevant weight in the total remuneration, differentiating between short and medium-long term variable components

With regard to the fixed component of the remuneration, the Self-Discipline Code recommends that it should be sufficient to compensate the services of the Chief Executive Officer and of the Managers with Strategic Responsibilities in the event that no variable component is paid.

With regard to the variable component, the Self-Discipline Code recommends that the remuneration of the Chief Executive Officer and of the Managers with Strategic Responsibilities should comply with the following criteria:

- the fixed and the variable component should be suitably balanced;
- maximum limits should be indicated for the variable components;
- the *performance* targets should be predefined, measurable and connected with the creation of value for shareholders in a medium/long term timeframe;
- a significant part of the variable component of the remuneration should be suitably postponed by a suitable period, after accrual;

With specific regard to share-based compensation plans, the Self-Discipline Code recommends:

- that shares, options and any other rights assigned to directors and Managers with Strategic Responsibilities to buy shares or be remunerated on the basis of the share price trends, should have an average vesting period of at least three years;
- that the vesting as per the preceding item should be subject to predefined, measurable performance targets;
- that directors should keep part of the shares allocated or acquired through the exercise of such rights until the end of their office.

In line with the above, the Remuneration Policy states that the remuneration consists of:

- a fixed component consisting:
  - (i) for the Chief Executive Officer:
    - of the fee set out by the ordinary Shareholders' Meeting upon appointment for the office of member of the Board of Directors; and
    - of the fee set out by the Board of Directors upon proposal of the Remuneration Committee, after hearing the opinion of the Board of Auditors, received as Company manager;
  - (ii) for non-executive Directors, of the fee set out by the ordinary Shareholders' Meeting upon appointment for the office of member of the Board of Directors; and
  - (iii) for Managers with Strategic Responsibilities, of the annual fixed gross remuneration under the individual agreement signed by the Managers with Strategic Responsibilities, in compliance with the provisions of the applicable collective bargaining regulations;
- a variable component consisting, both for the Chief Executive Officer and for Managers with Strategic Responsibilities:
  - a) of a short-term variable incentive instrument, subject to the achievement of performance targets predefined on an annual basis (so-called *Management by objectives* or "**MBO**"), both of corporate nature (such as the *Earning Before Interests and Taxes* - EBIT, the *Free Operating Cash Flow* – FOCF and the *Economic Value Added* - EVA)**,** and of individual nature, depending on the office held (such as the value of the orders acquired, the achievement of certain values of the sector-specific EBIT and the achievement of certain structural costs, or specific quantity-quality targets).

    The MBO should be structured in such manner as to preset the maximum proportion of the incentive deriving from the achievement of the targets indicated from time to time, which shall not, in any event, exceed 100% of the fixed component of the Chief Executive Officer and of the Managers with Strategic Responsibilities. In addition, the

MBO may provide *(i)* that, in case of achievement of the predefined *budget*, a proportion of the incentive is paid, equal to at least 50% of the maximum attributable value and *(ii)* that, in case of improvement of the targets predefined in the *budget*, the maximum amount of the incentive is paid.

b) of a medium-long term *cash* incentive (so-called *Long Term Incentive Plan* or "**LTIP**"), structured on the basis of three-year rolling cycles, subject to the achievement of the following targets:

- *Net Result* as the access threshold;
- two annual *performance* targets, to be identified among the main economic-financial indicators, such as the achievement of certain values in terms of Orders, ROE, ROA, ROS and FOCF.

The maximum proportion of the fully operational incentive to the service of the LTIP shall be equal to the fixed component of the plan beneficiaries' remuneration.

In order to encourage and compensate the compliance with the results over a medium-long period, the Remuneration Policy also states that LTIP plans shall arrange, for the targets to which they apply, mechanisms both for the recovery, in subsequent years, of any *under performance* registered in previous years, and for carrying over, to subsequent years, any *over performance* registered in each plan year.

In order to align the interests of the plan beneficiaries with the creation of shareholder value in a medium/long term perspective, LTIP plans also provide for the accrual of the incentive portions to occur as follows;

- 25% of the incentive for the first year of the cycle;
- 25% of the incentive for the second year of the cycle; and
- the remaining 50% at the end of the three years.

Also, in order to postpone the attribution of a significant part of the variable remuneration by a suitable period, the Remuneration Policy provides for the payment of the incentive portions accrued with respect to each year and to each target to be postponed by one year from the moment of the approval of the financial statements certifying the achievement of the targets.

c) of a medium-long period variable incentive based on shares (so-called "*Stock Grant Plan* o "**SGP**"), of many years duration.

The allocation of the shares shall be subject to certain conditions precedent, namely the achievement of the following annual performance indicators:

- *Free Operating Cash Flow* (FOCF);
- STS Share vs FTSE IT *All Share*;
- Economic Value Added (EVA).

The incidence of each target for the attribution of the incentives is defined by the Board of Directors, upon proposal of the Remuneration Committee.

In order to encourage and remunerate the maintenance of medium-long term period results, the Remuneration Policy requires that the SGP be structured in such manner as to ensure:

(i) that at least 50% of the shares that may be allocated under the plan accrue on achievement of the targets of the last year;

(ii) that, as regards each of the targets, there be *(i)* mechanisms for the recovery of any under performance registered in previous years, as well as *(ii)* mechanisms for carrying over, to subsequent years, any over performance registered in previous years;

(iii) that, with regard to the achievement of each target, a tolerance threshold may be indicated on occasion of the annual final balance, for the failed achievement of 100% of the relevant target, however not exceeding 2.5%, allowing the accrual, in favour of the beneficiary, of a corresponding proportion of the shares owed under the plan.

As for the vesting period, the Stock Grant Plan shall provide – in line with the recommendations of the Self-Discipline Code – for a three-year rolling vesting period, starting, for the first corporate year, from the date of approval of the SGP by the Meeting of the Shareholders and, for the subsequent years, from the corresponding date of each year.

The Remuneration Policy also provides for a lock-up clause to be established at the end of the vesting period mentioned above for the Chief Executive Officer and the Managers with Strategic Responsibilities, on a significant portion of the shares assigned, to be identified under the responsibility of the Board of Directors, upon proposal of the Remuneration Committee, for a period of two years.

f) Policy followed with regard to non-monetary benefits

At the date of this Report, the Company has set no policy regarding non-monetary benefits. In line with the policy adopted within the Group, all Managers with Strategic Responsibilities are granted the use of the corporate car for both business and private use.

g) With regard to the variable components, description of the performance targets, on the basis of which they are granted, differentiating between short and medium-long term variable components, and information on the link between the variation of the results and the variation of the remuneration

Reference is made to what has been indicated under letter e).

h) Criteria used for the assessment of the performance targets on which the allocation of shares, options and other financial instruments or variable remuneration components is based

Each of the performance target values identified by the Remuneration Policy for paying the variable component of the remuneration are selected by giving preference to operating and financial objectives and target values in line with the creation of value for shareholders over the medium-long period. Also, for such purpose, mechanisms are provided for the recovery of any under performance registered in previous years, as well as for carrying over, to subsequent years, any over performance registered in previous years.

Generally speaking, the target values and objectives are based on the specific business of the Company and are indicators of the ability of the same – which mainly operates in the management of multi-year job orders – to be self-financing and to handle the risk associated with its business over the medium-long period. The objectives connected with the performance of the Company’s shares compared to the FTSE IT All Share index trend have been chosen as they represent – in the opinion of the Company – objective criteria to measure the creation of value of the Company’s shares over the medium-long term.

i) Information aimed at enhancing the consistency of the remuneration policy with the pursuit of the long-term interests of the company and the risk management policy

The Remuneration Policy states that the performance targets outlined above, the target values and the procedures for paying the variable component are to be consistent with the risk management policy adopted by the Company, insofar as they have to take into account the risks taken by Ansaldo STS, as well as the necessary capital and liquidity for the Company to deal with the activities undertaken.

As illustrated under letter h), the said parameters are consistent with the pursuit of the long-term interest of the Company.

j) vesting periods, possible deferred payment schemes, with indication of the postponement periods and of the criteria used to define such periods and the ex post correction mechanisms, where arranged

As regards the vesting period and the postponement periods, see what has been indicated under letter e).

The vesting period and the postponement periods are defined in view of the specific activity carried out by the Company – which mainly operates in the management of multi-year job orders – and with a view to aligning the interest of the management with the pursuit of the creation of shareholder value over the medium-long period.

Except for what has been said under letter e) with regard to the mechanisms for recovery of any under performance registered in previous years, as well as for carrying over, to subsequent years, any over performance registered in previous years, the Remuneration Policy has not arranged any *ex post* correction mechanisms.

k) Information on possible clauses on the maintenance of financial instruments in the portfolio after their acquisition, with indication of the maintenance periods and of the criteria used to define such periods

As indicated under letter e), the Remuneration Policy states that, with regard to the Chief Executive Officer and the Managers with Strategic Responsibilities, the SGPs are to provide for an anti-alienation clause on a significant portion of the shares assigned, to be identified under the responsibility of the Board of Directors, upon proposal of the Remuneration Committee, for a period of two years. The duration of such lock-up period, which, as said above, starts after the end of the three-year vesting period, meets the need to align the interests of the top management of the Company with those of the shareholders over the medium-long period.

l) Policy relevant to compensations in case of cessation from office or termination of the employment relationship

The Remuneration Policy does not provide for agreements to be stipulated between the Company, the Chief Executive Officer and the Managers with Strategic Responsibilities, granting indemnities for the case of resignation or dismissal/revocation without cause or cessation of the employment relationship in consequence of a takeover bid.

The regulation of the compensations in case of cessation from office or termination of the employment relationship is left to the stipulation of specific agreements with those ceased, as well as to specific provisions, if any, of the regulations of the LTIP and SGP plans and of the national collective bargaining agreement for company managers.

m) Information on the presence of insurance, social-security or pension benefits, other than mandatory ones

No insurance, social-security and pension benefits are provided in favour of the Chief Executive Officer and the Managers with Strategic Responsibilities, other than those required under the national collective bargaining agreement for the category, applicable to the Group managers.

n) Remuneration policy followed with regard: (i) to independent directors, (ii) to the participation in committees and (iii) to the performance of certain particular tasks.

As recommended by the Self-Discipline Code, the remuneration of non-executive Directors is not linked to the economic results achieved by the Company and/or the Group.

The remuneration of non-executive Directors, as noted above under letter *d)* of the Report, consists only of a fixed component, as resolved by the ordinary Shareholders' Meeting.

Considering the definition of executive directors under Art. 2, subsection 1 of the Self-Discipline Code, the Chief Executive Officer is executive. Likewise, the Chairman of the Board of Directors is considered executive as well – although he has received no particular delegation by the Board of Directors and therefore holds no executive role within the Company – in consequence of the office of General Manager held by the same in Finmeccanica Società per Azioni.

In view of the above, all Independent Directors of the Company are non-executive. The remuneration policy of the Company for such Directors is therefore the same as for all non-executive Directors.

As regards the remuneration of Directors who take part in internal committees of the Board of Directors (the Internal Control Committee, which also carries out tasks as Committee for Related-Party Transactions, and the Remuneration Committee), the Policy states that the same shall receive, for the participation in each committee, an additional fee defined by the Board of Directors, upon a prior proposal from the Remuneration Committee.

The Chairman of the Board of Directors and the Deputy Chairman receive a fixed fee defined by the ordinary Shareholders' Meeting.

o) Indications of the use for reference, if necessary, of the remuneration policy of other companies

The Remuneration Policy has been arranged by the Company without using the policy of any other companies as reference.

SECTION II – FEES RECEIVED IN 2011 BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF AUDITORS

This section of the Report illustrates, name by name, the fees owed for 2011 to the members of the Board of Directors and the Board of Auditors.
The fees of Managers with Strategic Responsibilities are not indicated insofar as, in 2011, the Company has identified no managers with strategic responsibilities.

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FIRST PART- ITEMS COMPRISING THE REMUNERATION

In this part of Section II, a suitable representation is provided for each item comprising the remuneration of the members of the Board of Directors and the Board of Auditors for 2011.

Such items are reflected in the tables contained in the Second Part of this Section.

1.1 Board of Directors

1.1.1 Chief Executive Officer

In 2011, the office of Chief Executive Officer was held by the Director Sergio De Luca, who has been confirmed in such role even after the new appointment of the Board of Directors by the ordinary Shareholders' Meeting of April 5, 2011.

Below is reported a description of each of the items that comprised the remuneration of the Chief Executive Officer in 2011.

- Fixed component for the office of member of the Board of Directors, consisting:
  - of a fee equal to Euro 47,500([1]), as resolved:
    - by the Shareholders' Meeting of April 1, 2008 for the period until April 5, 2011;
    - by the Shareholders' Meeting of April 5, 2011 for the period following April 5, 2011;
  - of a fee equal to Euro 400,000.00, set out by the Board of Directors of July 3, 2009 upon proposal of the Remuneration Committee, after hearing the opinion of the Board of Auditors, received as Company manager;
- Non-monetary benefits: corporate car, insurance and social-security coverage under the national collective bargaining agreement applied to the category, for a value of Euro 90,999.94.
- Variable component: a significant portion of the remuneration of the Chief Executive Officer is linked to the achievement of specific performance targets of the Company. In particular, in 2011 the Chief Executive Officer was a beneficiary of the following plans:
  - MBO 2011 plan, of one year duration, subject to the achievement, at the end of 2011, of the following performance targets: EBIT, FOCF, EVA, value of orders acquired and achievement of certain structural costs and specific quantity-quality targets. The achievement of the targets has been verified after the approval of the draft financial statements and of the consolidated financial statements for 2011. The incentive accrued, equal to Euro 200,600.00, will be paid in 2012.

[1] Please note that Mr. De Luca has renounced such fee.

- LTIP plan for 2009-2011, subject to the achievement for each year, of the following performance targets: *(i)* Net Result as access threshold; *(ii)* ROE and performance of Ansaldo STS's shares. For the portion of the incentive referred to 2011, the achievement of the targets has been verified after the approval of the draft financial statements and consolidated financial statements for 2011. Since the access threshold has not been reached, no incentive will be paid in 2012;
- LTIP plan for 2010-2012, subject to the achievement, for each year, of the following performance targets: *(i)* Net Result as access threshold*; (ii)* ROA and performance of Ansaldo STS's shares. For the portion of the incentive referred to 2011, the achievement of the targets has been verified after the approval of the draft financial statements and consolidated financial statements for 2011. Since the access threshold has not been reached, no incentive will be paid in 2012;
- LTIP plan for 2011-2013, subject to the achievement, for each year, of the following performance targets: *(i)* Net Result as access threshold; *(ii)* ROS and value of orders. For the portion of the incentive referred to 2011, the achievement of the targets has been verified after the approval of the draft financial statements and consolidated financial statements for 2011. Since the access threshold has not been reached, no incentive will be paid in 2012;
- SGP plan for 2011, of one year duration, subject to the achievement of the performance targets indicated in the "*Additional Informative Document, drafted under Article 84-bis, subsection 1, of the Issuers' Regulation, relevant to the plan for the free allocation of shares of Ansaldo STS S.p.A.*", available at the address http://www.ansaldo-sts.com.

  In relation to such plan, the Board of Directors of June 28, 2011 set at 18,464 the maximum number of shares that may be allocated to the Chief Executive Officer under the same plan. The achievement of the targets has been verified after the approval of the draft financial statements and consolidated financial statements for 2011. The shares accrued were 5,385, including the increment linked to the second *tranche* of the free increase of the Company capital resolved by the Extraordinary Meeting of Ansaldo STS on April 23, 2010, and they will be attributed in 2012.

As regards the compensations for the case of termination of the office, see what will be said in the following paragraphs. Except for such provisions, there are no other agreements in force between the Company and the Chief Executive Officer.

1.1.2. Chairperson of the Board of Directors

The remuneration of the Chairperson is not linked to the economic results of the Company and, therefore, it consists only of a fixed pay defined by the ordinary Meeting upon their appointment.

In 2011, the office of Chairman of the Board of Directors was held by the Director Alessandro Pansa, who has been confirmed in such role even by the ordinary Meeting of the Shareholders of April 5, 2011. The Chairman's fee for 2011 is equal to Euro 71,096 ([2]).

No compensations are to be paid in case of termination of the office.

1.1.3 Deputy Chairperson of the Board of Directors

The office of Deputy Chairperson of Ansaldo STS has been held:

- by the Director Sante Roberti for the period between January 1, 2011 and the Meeting of April 5, 2011;

[2] Please note that Mr. Pansa has renounced such fee.

- by the Director Giancarlo Grasso since April 5, 2011.

In 2011, the Deputy Chairman Roberti received a fee of Euro 10,410.00 for the office of member of the Board of Directors, as resolved by the Shareholders' Meeting of April 1, 2008.

In 2011, the Deputy Chairman Grasso received a fee of Euro 36,986 as fee *pro rata temporis* for the office of member of the Board of Directors, as resolved by the Shareholders' Meeting of April 5 2011.

No compensations are to be paid in case of termination of the office.

1.1.4 Other members of the Board of Directors

In 2011, the following Directors have succeeded one another in the office of members of the Board of Directors, apart from the Chief Executive Officer, the Chairman and the Deputy Chairman:

- Gerlando Genuardi, Gregorio Gitti, Francesco Lalli and Eugenio Pinto, appointed by the Meeting of April 1, 2008 and ceased at the date of the Meeting of April 5, 2011;
- Maurizio Cereda and Attilio Salvetti, appointed by the Meeting of April 1, 2008 and confirmed by the Meeting of April 5, 2011;
- Giovanni Cavallini, Paola Girdinio, Giancarlo Grasso, Filippo Milone and Tatiana Rizzante, appointed by the Meeting of April 5, 2011.

The Director Milone resigned with effect as of December 13, 2011.

The remuneration of the said members of the Board of Directors, all non-executive, is not linked to the economic results of the Company and, therefore, it consists only of a fixed pay.

As regards the Directors Genuardi, Gitti, Pinto and Lalli ([3]), the fee for 2011 was equal, for each of them, to Euro 10,410.00 as fee *pro rata temporis* for the office of member of the Board of Directors, as resolved by the Shareholders' Meeting of April 1, 2008.

As regards the Directors Cereda and Salvetti, the fee for 2011 was equal, for each of them, to Euro 47,397.00 as fee *pro rata temporis* for the office of member of the Board of Directors, as resolved by the Shareholders' Meeting of April 1, 2008 and the Shareholders' Meeting of April 5, 2011.

As regards the Directors Cavallini, Girdinio and Rizzante, the fee for 2011 was equal, for each of them, to Euro 36,986.00 as fee *pro rata temporis* for the office of member of the Board of Directors, as resolved by the Shareholders' Meeting of April 5, 2011.

The fee for the Director Milone for 2011 was Euro 34,521.00 as fee *pro rata temporis* for the office of member of the Board of Directors, as resolved by the Shareholders' Meeting of April 5, 2011.

1.1.5 Members of Internal Committees of the Board of Directors

The members of the Internal Control Committee and the Remuneration Committee receive an additional fee defined, in a fixed amount, by the Board of Directors.

In 2011, the Internal Control Committee was formed by the following members of the Board of Directors:

- Maurizio Cereda, for the period between January 1, 2011 and December 31, 2011; the fee for his participation in the Committee in 2011 was Euro 18,699.00 as defined by the Board of Directors of April 1, 2008 and the Board of Directors of April 5, 2011, respectively for the period until April 5, 2011 and the period starting from this latter date;

[3] Please note that Mr. Lalli has renounced such fee.

- Gregorio Gitti (Chairman), for the period between January 1, 2011 and April 5, 2011; the fee for his participation in the Committee in 2011 was Euro 5,205.00 as defined by the Board of Directors of April 1, 2008;
- Paola Girdinio, for the period between April 5, 2011 and December 31, 2011; the fee for her participation in the Committee in 2011 was Euro 14,795.00 as defined by the Board of Directors of April 5, 2011;
- Eugenio Pinto, for the period between January 1, 2011 and April 5, 2011; the fee for his participation in the Committee in 2011 was Euro 3.904,00 as defined by the Board of Directors of April 1, 2008;
- Attilio Salvetti, for the period between January 1, 2011 and December 31, 2011; the fee for his participation in the Committee in 2011 was Euro 22,397.00 as defined by the Board of Directors of April 1, 2008 and the Board of Directors of April 5, 2011, respectively for the period until April 5, 2011 and the period starting from this latter date. Since April 5, 2011 the Director Salvetti has been acting as Chairman of the Committee.

In 2011, the Remuneration Committee was formed by the following members of the Board of Directors:

- Maurizio Cereda (Chairman), for the period between January 1, 2011 and December 31, 2011; the fee for his participation in the Committee in 2011 was Euro 23,699.00 as defined by the Board of Directors of April 1, 2008 and the Board of Directors of April 5, 2011, respectively for the period until April 5, 2011 and the period starting from this latter date;
- Giovanni Cavallini, for the period between April 5, 2011 and December 31, 2011; the fee for his participation in the Committee in 2011 was Euro 14,795.00 as defined by the Board of Directors of April 5, 2011;
- Filippo Milone, for the period between April 5, 2011 and December 13, 2011; the fee for his participation in the Committee in 2011 was Euro 13,808.00 as defined by the Board of Directors of April 5, 2011;
- Gerlando Genuardi, for the period between January 1, 2011 and April 5, 2011; the fee for his participation in the Committee in 2011 was Euro 3,904.00 as defined by the Board of Directors of April 1, 2008;
- Francesco Lalli ([4]), for the period between January 1, 2011 and April 5, 2011; the fee for his participation in the Committee in 2011 was Euro 3,904.00 as defined by the Board of Directors of April 1, 2008.

1.2 Board of Statutory Auditors

In 2011, the Board of Statutory Auditors was formed by the following statutory auditors:

- Giacinto Gerlando Sarubbi (Chairman), appointed by the Shareholders' Meeting of April 1, 2008 and confirmed by the Meeting of April 5, 2011; the fee for 2011 was Euro 82,102.00;
- Francesca Tripodi, appointed by the Shareholders' Meeting of April 1, 2008 and ceased at the date of the Meeting of April 5, 2011; the fee for 2011 was Euro 10,411.00;
- Renato Righetti, appointed by the Shareholders' Meeting of April 5, 2011; the fee for 2011 was Euro 44,384.00;

[4] Please note that Mr. Lalli has renounced such fee.

- Massimo Scotton, appointed by the Shareholders' Meeting of April 1, 2008 and confirmed by the Meeting of April 5, 2011; the fee for 2011 was Euro 54,795.00.

1.3 Agreements providing for an indemnity for the case of early termination of the employment relationship

No specific agreements are in force, providing for an indemnity for the case of early termination of the employment relationship.

As specifically regards the Chief Executive Officer, the SGP plan for 2011 provides that:

- in case of termination for cause or resignation without cause occurred prior to the delivery of the shares involved in the Plan, the exclusion from the plan shall take place automatically; accordingly, the allocation of the shares to the Chief Executive Officer shall be intended as cancelled to all effects and purposes and all entitlement to receive the shares assigned or allocated to the Chief Executive Officer and still not delivered at the date of termination of the office shall be immediately cancelled and devoid of any further effect;
- in case of cessation from office not due to termination for cause, or of resignation for cause, occurred prior to the date of expiry of the Plan validity, the Committee shall redefine the targets, on which the attribution of the shares allocated is conditioned, also taking into account the actual permanence (*pro rata temporis*) of the Chief Executive Officer in the Company or, within the scope of the plan beneficiaries, in relation to the period of validity of the same plan, always provided that the conditions and targets required for the actual allocation of the shares have been met. The same provisions apply in case of cessation from office due to death and/or permanent invalidity. It is understood that, in case of death, the rights assigned shall be transferred to the heirs.

No agreements are in force, providing for the allocation or maintenance of non-monetary benefits in favour of the persons who have ceased from office, or for the stipulation of consulting agreements following the cessation of the relationship.

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Please note that all compensation plans adopted by the Company under Art. 114-*bis* of the TUF are available in the "*Governance*" – "*Governance Documents*" section of the Company's website (www.ansaldo-sts.com).

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SECOND PART - TABLES

The following tables detail the fees of the members of the Board of Directors and the Board of Statutory Auditors, paid or to be paid by the Company or by its subsidiaries and affiliates for 2011.

Milan, March 30, 2012

For the Board of Directors

The Chairman(Alessandro Pansa)

Table 1: Fees paid to the members of the Board of Directors and the Board of Auditors in 2011*

First name and surname	Office	Term of office	Date of expiry of the office		Fixed fees	Fees for participation in Committees	Non equity variable fees		Non-monetary benefits	Other fees	Total	*Fair Value of fees*	Indemnity for end of office/termination of employment relationship
							Bonuses and other incentives	Participation in the profits					
Figures in Euro													
Alessandro Pansa	BoD Chairman	01.01.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	71,096(1)	–	–	–	–	–	71,096(1)	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	71,096(1)	–	–	–	–	–	71,096(1)	–	–
Giancarlo Grasso	BoD Deputy Chairman	05.04.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	36,986	–	–	–	–	–	36,986	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	36.986	–	–	–	–	–	36,986	–	–
Sergio De Luca	CEO	01.01.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	522,264(2)	–	200,600(3)	–	90,999.9	–	813,863.9	200,004(4)	
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	522,264(2)	–	200,600(3)	–	90,999.9	–	813,863.9	200,004(4)	–
Giovanni Cavallini	Director and RC Member	05.04.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	36,986	14,795	–	–	–	–	51,781	–	–
				Fees in subsidiaries	–	–	–	–	–	–	–	–	–

* Please note that, with the only exception of the fixed fees and of the non monetary benefits of the Chief Executive Officer, the other fees of the members of the Board of Directors and of the Boar of Statutory Auditors indicated in this table, referring to year 2011, shall be paid during 2012.

First name and surname	**Office**	**Term of office**	**Date of expiry of the office**		**Fixed fees**	**Fees for participation in Committees**	**Non equity variable fees**		**Non-monetary benefits**	**Other fees**	**Total**	***Fair Value of fees***	**Indemnity for end of office/termination of employment relationship**
							Bonuses and other incentives	**Participation in the profits**					
Figures in Euro													
				and affiliates									
				Total	36,986	14,795	–	–	–	–	51,781	–	–
Maurizio Cereda	Director and ICC and RC Member	01.01.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	47,397	42,398[5]	–	–	–	–	89,795	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	47,397	42,398[5]	–	–	–	–	89,795		–
Paola Girdinio	Director and ICC Member	05.04.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	36,986	14,795	–	–	–	–	51,781	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	36,986	14,795	–	–	–	–	51,781	–	–
Filippo Milone	Director and RC Member	05.04.2011-13.12.2011	Ceased on Dec. 13, 2011	*Fees in Ansaldo STS*	34,521	13,808	–	–	–	–	48,329	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	34,521	13,808	–	–	–	–	48,329	–	–
Tatiana Rizzante	Director	05.04.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	36,986	–	–	–	–	18,493[6]	55,479	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–

First name and surname	Office	Term of office	Date of expiry of the office		Fixed fees	Fees for participation in Committees	Non equity variable fees		Non-monetary benefits	Other fees	Total	*Fair Value of fees*	Indemnity for end of office/termination of employment relationship
							Bonuses and other incentives	Participation in the profits					
Figures in Euro													
				Total	36,986	–	–	–	–	18,493[(6)]	55,479	–	–
Attilio Salvetti	Director and ICC Member	01.01.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	47,397	22,397	–	–	–	–	69,794	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	47,397	22,397	–	–	–		69,794	–	–
Gerlando Genuardi	Director and RC Member	01.01.2011-05.04.2011	Ceased on Apr. 5, 2011	*Fees in Ansaldo STS*	10,410	3,904	–	–	–	–	14,314	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	10,410	3,904	–	–	–	–	14,314	–	–
Gregorio Gitti	Director and ICC Member	01.01.2011-05.04.2011	Ceased on Apr. 5, 2011	*Fees in Ansaldo STS*	10,410	5,205	–	–	–	–	15,615	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	10,410	5,205	–	–	–	–	15,615	–	–
Francesco Lalli	Director and RC Member	01.01.2011-05.04.2011	Ceased on Apr. 5, 2011	*Fees in Ansaldo STS*	10,410[(7)]	3,904[(7)]	–	–	–	–	14,314[(7)]	–	–
				Fees in subsidiaries and affiliates	–	–	–		–	–	–	–	_
				Total	10,410[(7)]	3,904[(7)]	–	–	–	–	14,314[(7)]	–	_

First name and surname	Office	Term of office	Date of expiry of the office		Fixed fees	Fees for participation in Committees	Non equity variable fees		Non-monetary benefits	Other fees	Total	*Fair Value of fees*	Indemnity for end of office/termination of employment relationship
							Bonuses and other incentives	Participation in the profits					
Figures in Euro													
Eugenio Pinto	Director and ICC Member	01.01.2011-05.04.2011	Ceased on Apr. 5, 2011	*Fees in Ansaldo STS*	10,410	3.904	–	–	–	5.250[8]	19,519	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	10,410	1,904	–	–	–	5.250[8]	19,520	–	–
Sante Roberti	Director	01.01.2011-05.04.2011	Ceased on Apr. 5, 2011	*Fees in Ansaldo STS*	10,410	–	–	–	–	–	10,410		–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	10,410	–	–	–	–	–	10,410	–	–
Giacinto Gerlando Sarubbi	Chairman Board of Statutory Auditors	01.01.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	82,192	–	–	–	–	–	82,192	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	82,192	–	–	–	–	–	82,192	–	–
Renato Righetti	Statutory Auditor	05.04.2011-31.12.2011	Meeting for approval of 2013 fin. statements	*Fees in Ansaldo STS*	44,384	–	–	–	–	–	–	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	44,384	–	–	–	–	–	–	–	–
Massimo Scotton	Statutory Auditor	01.01.2011-31.12.2011	Meeting for approval of	*Fees in Ansaldo STS*	54,795	–	–	–	–	–	54,795	–	–

First name and surname	Office	Term of office	Date of expiry of the office		Fixed fees	Fees for participation in Committees	Non equity variable fees		Non-monetary benefits	Other fees	Total	*Fair Value of fees*	Indemnity for end of office/termination of employment relationship
							Bonuses and other incentives	Participation in the profits					
Figures in Euro													
			2013 fin. statements	*Fees in subsidiaries and affiliates*	–	–	–	–	–	–	–	–	–
				Total	54,795	–	–	–	–	–	54,795	–	–
Francesca Tripodi	Statutory Auditor	01.01.2011-05.04.2011	Ceased on Apr. 5, 2011	*Fees in Ansaldo STS*	10,411	–	–	–	–	–	10,411	–	–
				Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–
				Total	10,411	–	–	–	–	–	10,411	–	–

(1) Please note that, as said in paragraph 1.1.2 above of the first part, Second Section of the Report, Mr. Pansa renounced his fee.

(2) Of which:

- Euro 47,500, renounced by Mr. De Luca, as fixed fee resolved by the Meeting of April 1, 2008 and of April 5, 2011 for the office of Director;
- Euro 400,000 as fixed fee assigned to Mr. De Luca by the Board of Directors of July 3, 2009 upon proposal of the Remuneration Committee, after hearing the opinion of the Board of Auditors, received as company Manager; Euro 56,908 as employment remuneration, with particular regard to holidays, seniority bonus and other emoluments.
- Euro 17,856, as lump-sum cost refund.

(3) Relevant to the MBO plan for 2011, the targets of which accrued in 2011; such amount will be paid in 2012.

(4) *Fair value* based on the maximum number of shares that may be attributed under the Stock grant plan for 2011.

(5) Of which: (i) Euro 18,699 as member of the Internal Control Committee; and (ii) Euro 23,699 as member of the Remuneration Committee.

(6) Remuneration for the assignment as a member of the Supervisory Board pursuant to Legislative Decree No. 231/2001 during the period from April 5, 2011 to December 31, 2011.

(7) Please note that Mr. Lalli has renounced such fee.

(8) Remuneration for the assignment as a member of the Supervisory Board pursuant to Legislative Decree No. 231/2001 during the period from January 1, 2011 to April 5, 2011.

Table 2: Incentive plans based on financial instruments, other than *stock options*, in favour of the Chief Executive Officer

				Financial instruments allocated in previous years, not *vested* during the year		Financial instruments allocated during the year					Financial instruments *vested* during the year and not allocated	Financial instruments *vested* during the year that may be allocated		Financial instruments accrued during the year
First name and surname	**Office**		**Plan**	**No. and type of financial instruments**	***Vesting* period**	**No. and type of financial instruments**	***Fair value* at the date of allocation (Euro)**	***Vesting* period**	**Date of allocation**	**Market price at the allocation date (Euro)**	**No. and type of financial instruments**	**No. and type of financial instruments**	**Value at accrual date**	***Fair Value (Euro)***
Sergio De Luca	CEO	*Fees in Ansaldo STS*	SGP 2011 (Meeting 05.04.2011)	–	–	18,464[1] Ansaldo STS shares	10.8321	1 year	April 5, 2011	10.8321	–	–	–	200,004[2]
		Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–	–	–	–	–
		Total	–	–	–	18,464	10.8321	–	–	10.8321	–	–	–	200,004

[1] Maximum number of shares that may be attributed to the Chief Executive Officer under the *Stock grant* plan for 2011. After the *vesting* period, ended in 2011, the shares accrued are 5,385, including the increment linked to the second *tranche of the free increase of the Company capital resolved by the Extraordinary Meeting* of Ansaldo STS on April 23, 2010 and they will be attributed in 2012. [2] *Fair value* based on the maximum number of shares that may be attributed under the *Stock grant* plan for 2011 (see the previous note).

Table 3: Monetary incentive plans in favour of the Chief Executive Officer

				Bonus for the year (Euro)			***Bonus for previous years*** **(Euro)**			**Other *bonuses* (Euro)**
First name and surname	**Office**		**Plan**	**Payable/Paid**	**Postponed**	**Postponement period**	**No longer payable**	**Payable/Paid**	**Further postponed**	
Sergio De Luca	CEO	*Fees in Ansaldo STS*	MBO 2011 (BoD March 29, 2011)	200,600[(1)]	–	–	–	–	–	–
			LTIP 2009-2011 (BoD July 3, 2009)	0	–	–	–	–	–	–
			LTIP 2010-2012 (BoD May 27, 2009)	0	–	–	–	–	–	–
			LTIP 2011-2013 (BoD June 28, 2011)	0	–	–	–	–	–	–
		Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–
		Total		200,600[(1)]	–	–	–	–	–	–

[(1)] Relevant to the MBO 2011 plan, the targets of which accrued in 2011; such amount will be paid in 2012.

SECTION III: INFORMATION ON THE SHAREHOLDINGS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF AUDITORS

The following table indicates, name by name, the shareholdings of the members of the Board of Directors and the Board of Auditors in Ansaldo STS and its subsidiaries.

Surname and first name	Office	Invested company	No. of shares owned at the end of 2010	No. of shares bought	No. of shares sold	No. of shares owned at the end of 2011
Alessandro Pansa	BoD Chairman	–	–	–	–	–
Giancarlo Grasso	BoD Deputy Chairman	–	–	–	–	–
Sergio De Luca	CEO	Ansaldo STS	37,422	31,638	-	69,060[(1)]
Giovanni Cavallini	Director	–	–	–	–	–
Maurizio Cereda	Director	–	–	–	–	–
Paola Girdinio	Director	–	–	–	–	–
Filippo Milone	Director	–	–	–	–	–
Tatiana Rizzante	Director	–	–	–	–	–
Attilio Salvetti	Director	–	–	–	–	–
Gerlando Genuardi	Director	–	–	–	–	–
Gregorio Gitti	Director	–	–	–	–	–
Francesco Lalli	Director	–	–	–	–	–
Eugenio Pinto	Director	–	–	–	–	–
Sante Roberti	Director	–	–	–	–	–
Giacinto Gerlando Sarubbi	Chairman of the Board of Statutory Auditors	–	–	–	–	–
Renato Righetti	Statutory Auditor	–	–	–	–	–
Massimo Scotton	Statutory Auditor	–	–	–	–	–
Francesca Tripodi	Statutory Auditor	–	–	–	–	–

[(1)] Shares held in ownership.