



**BOARD OF DIRECTORS' REPORT ON THE CORPORATE GOVERNANCE
SYSTEM AND ON COMPLIANCE IN 2008 WITH THE CODE OF SELF-
DISCIPLINE FOR LISTED COMPANIES
(DRAFTED IN ACCORDANCE WITH ARTICLES 123-BIS OF THE CONSOLIDATED LAW ON
FINANCE, 89-BIS OF THE ISSUERS' REGULATIONS, AND I.A.2.6 OF THE INSTRUCTIONS
ATTACHED TO STOCK EXCHANGE REGULATIONS)**

**Approved by the Board of Directors of Ansaldo STS S.p.A.
on 6th March 2009**

GLOSSARY

Ansaldo STS	Ansaldo STS S.p.A.
Code	The Code of Conduct for Listed Companies, approved in March 2006 by the Committee for Corporate Governance of Listed Companies and promoted by Borsa Italiana S.p.A.
Board	The Board of Directors of Ansaldo STS
Financial Year	The financial year 2008
Group	Ansaldo STS and those companies it controls pursuant to article 93 of the Consolidated Law on Finance
Instructions attached to the Stock Exchange Regulations	The Instructions Attached to the Market Regulations organised and managed by Borsa Italiana S.p.A.
Stock Exchange Regulations	Market Regulations organised and managed by Borsa Italiana S.p.A.
Issuers' Regulations	The Regulations governing issuers, promulgated by Consob pursuant to its decision no. 11971 of 14th May 1999, as subsequently amended and extended.
Market Regulations	The Regulations governing markets, promulgated by Il Consob pursuant to its decision no. 16191 of 29th October 2007, as subsequently amended and supplemented.
Report	The present report on <i>corporate governance</i> drafted in accordance with articles 123- <i>bis</i> of the Consolidated Law on Finance, 89- <i>bis</i> of the Issuers' Regulations, and article IA.2.6. of the Instructions Attached to Stock Exchange Regulations
Company	Ansaldo STS S.p.A.
Consolidated Law on Finance	Legislative Decree no. 58 of 24th February 1998, as subsequently amended and supplemented

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1. PROFILE OF THE ISSUER

Ansaldo STS' organisation, based on the traditional model, conforms to the provisions of the law governing listed companies, and is structured as follows:

1.1. COMPANY ORGANISATION

- **SHAREHOLDERS' MEETING.** The Shareholders' Meeting, whether ordinary or extraordinary, is empowered to rule on those matters for which it is competent under the law or the Company's Articles of Association.
- **BOARD OF DIRECTORS.** The Board is vested with the broadest powers for the administration of the Company, and has the right to carry out all the most appropriate operations to attain the Company objectives, with the exception of those reserved for the Shareholders' Meeting in accordance with the law and the Articles of Association.
- **BOARD OF STATUTORY AUDITORS.** The Board of Statutory Auditors has the duty to ensure the following:
 - observance of the law and of the Articles of Association, and compliance with the principles of proper administration;
 - the adequacy of the company's organisational structure, its internal control system, and its accounting system, and the reliability of the latter in duly representing management facts;
 - the actual implementation of those company governance rules, as set forth in the codes of conduct drawn up by regulatory market management companies or sectoral associations, which the company has publicly declared to follow;
 - the adequacy of those instructions given to subsidiaries regarding the information to be furnished in order to comply with disclosure obligations.
- **EXTERNAL AUDITORS.** Auditing services shall be performed by a specialised Company registered in the Consob register, and specifically appointed by the Shareholders' Meeting, subject to the opinion of the Board of Statutory Auditors. The company appointed to audit the accounts of Ansaldo STS holds the same office at most of Ansaldo STS' subsidiaries.

1.2. COMPANY OBJECTIVES AND MISSION.

Ansaldo STS's aim is to maintain and strengthen its position as a primary international company within the railway and underground railway transportation sector. In particular, the Company operates (i) in the design, production, distribution, management and maintenance of railway and underground railway signalling and traffic signalling systems, sub-systems and components ("Signalling"), designed to improve the safety and efficiency of railway and underground railway systems, and (ii) in the "turnkey" design, production, integration and maintenance of Transport Systems, of which the Signalling systems are an integral part.

In pursuing its mission, Ansaldo STS fully observes its aim of generating added value for its Shareholders.

2. INFORMATION REGARDING OWNERSHIP STRUCTURE AT THE 06.03.2009

2.1. SHAREHOLDING STRUCTURE

Entity of underwritten and paid-up company capital in euros:

- Euro 50.000.000,00 fully paid-up.

Class of shares constituting company capital:

- 100,000,000 ordinary shares each worth Euro 0.50.

	No. of shares	% in relation to company capital	Listed (indicate the markets) / unlisted	Rights and obligations
Ordinary shares	100,000,000	100	Listed MTA Star	Right to vote at ordinary and extraordinary shareholders' meetings; right to dividends and to repayment of capital should the Company be wound up
Shares with limited voting rights	–	–	–	–
Shares with no voting rights	–	–	–	–

Ansaldo STS has not issued any other class of shares, or any other financial instruments that may be converted into, or traded with, shares.

2.2. RESTRICTIONS ON THE TRANSFER OF SECURITIES

At the date of the Report, there are no restrictions of any kind on the transfer of Ansaldo STS' securities.

2.3. SIGNIFICANT SHAREHOLDINGS

At the date of the Report, on the base of the information contained in the Shareholders' Book, and taking account of the communications received pursuant to article 120 of the Consolidated Law on Finance, and of other information received, the following subjects hold, either directly or indirectly, Company shares amounting to 2% or more of total company capital:

Declarant	Direct shareholder	% share of ordinary company capital	% share of company capital with voting rights
Altrinsic Global Advisors LLC	Altrinsic Global Advisors LLC ⁽¹⁾	2.092% ⁽²⁾	2.092%
Artisan Partners Limited Partnership	Artisan Partners Limited Partnership ⁽¹⁾	2.042%	2.042%
Fidelity International Limited (FIL) ⁽³⁾	Fidelity International Limited (FIL) ⁽¹⁾	4.863%	4.863%
Finmeccanica S.p.A.	Finmeccanica S.p.A.	40.065%	40.065%
JP Morgan Asset Management Limited	JP Morgan Asset Management (UK) Limited ⁽¹⁾	2.020%	2.020%
Norges Bank	Norges Bank	2.036%	2.036%

⁽¹⁾ Shareholding held within the context of collective asset management.

⁽²⁾ 0.302% of which without voting rights.

⁽³⁾ As manager of the Fidelity European Fund which holds 3.53%.

Ansaldo STS is subject to the management and supervision of Finmeccanica S.p.A., pursuant to article 2497 of the Italian Civil Code.

2.4. SECURITIES ATTRIBUTING SPECIAL RIGHTS

The Company has not issued any securities attributing special rights of control.

2.5. EMPLOYEES' SHAREHOLDINGS: EXERCISE OF VOTING RIGHTS

At the date of the Report, the Stock Grant Plan 2008 – 2010 is being implemented: this plan provides for the gratuitous allocation of Ansaldo STS shares to the Chief Executive Officer, the Vice-Chairman and to certain executive managers of Ansaldo STS and its subsidiaries. Within the context of the aforesaid plan, there are no provisions for the exercise of those voting rights pertaining to the shares allocated, by subjects other than those addressed by the plan. For further information on the plan, see the information document drafted in accordance with article 84-bis of the Issuers' Regulations published on the Company's website at the following address:

http://www.ansaldo-sts.com/IT/AnsaldoSTS/private/private_files/reports/informazioni_per_azionisti/Documento_Informativo_SGP_14_03_2008.pdf

2.6. RESTRICTIONS ON VOTING RIGHTS

At the date of publication of the Report, there are no restrictions or terms set for exercise of the right to vote. Nor are there any financial rights pertaining to the securities in question other than possession of said securities.

2.7. SHAREHOLDERS' AGREEMENTS

At the date of publication of the Report, there is no evidence of any agreements pursuant to article 122 of the Consolidated Law on Finance pertaining to the Company's shares.

2.8. APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

With regards to the statutory clauses concerning amendments to the Articles of Association, it should be pointed out that said Articles of Association do not contain any provisions other than those established by the law in force.

Furthermore, in conformity with article 2365 of the Italian Civil Code, the Company Articles of Association grant the Board of Directors the power to decide on any amendment of same Articles of Association in accordance with the provisions of the law .

2.9. DELEGATED POWER TO RAISE COMPANY CAPITAL AND AUTHORISATION TO PURCHASE TREASURY SHARES

In accordance with article 5.4 of the Company's Articles of Association, Ansaldo STS' Board of Directors, pursuant to article 2443 of the Italian Civil Code, has the power, to be exercised by 1st December 2010, to raise, in one or more instalments, company capital by way of payment, and in a divisible manner, by up to 60,000,000.00 euros, through issue of ordinary shares to be offered in option to those entitled. The Board of Directors is thus empowered to establish all the terms, means and conditions of each capital increase, including the number of ordinary shares to be issued, the entity of the capital increase and, in conformity with the provisions of the law, the terms of the offer.

In exercising the aforesaid delegated power, the Board of Directors may decide on capital increases without the purchase option, in accordance with article 2441, subsection 4, of the Italian Civil Code, up to a limit of 10% of the pre-existing company capital, provided that the issue price corresponds to the market value of the shares, and that this is confirmed in a specific report drawn up by the company entrusted with the auditing of the accounts, without prejudice to the provisions of article 2441, subsection 6, of the Italian Civil Code.

The increase in capital through the issue of non-voting shares may be addressed to institutional investors, as well as to industrial and/or financial partners who, as a result of their activities and size (characteristics that shall be confirmed by the Board of Directors in the report issued pursuant to article 2441, subsection 6, of the Italian Civil Code), are deemed to be of strategic importance for the Company's business.

As regards the purchase and placement of treasury shares, on 1st April 2008 the Ordinary Shareholders' Meeting of Ansaldo STS authorised the Board of Directors to: (i) purchase treasury shares, in one or more instalments, also for the purposes of the 2008-1010 share incentive plan, and up to the maximum permitted by law, that is, up to 10% of the *pro-tempore* company capital, always taking into account the shares held by the company and its subsidiaries; (ii) place, in one or more instalments, treasury shares, in the manner deemed most opportune in the interests of the Company, and in accordance with the applicable provisions of the law. Authorisation to purchase has been granted for a period of 18 months starting from the decision to this effect taken by the shareholders' meeting, that is, until 1st October 2009, while authorisation to place the treasury shares has been granted for an undefined period. Finally, on 6th March 2009, the Board of Directors decided to propose to the Ordinary shareholders' Meeting convened for 27th April 2009 (at first call), and for 28th April 2009 (at second call), that it be authorised to purchase treasury shares, also for the purposes of the aforementioned share incentive plan, up to the maximum permitted by law, that is, up to 10% of the *pro-tempore* company capital, always taking into account the shares held by the company and its subsidiaries.

At the time of this Report, Ansaldo STS holds 107,150 ordinary Company shares.

2.10. CHANGE OF CONTROL CLAUSES

Ansaldo STS and Finmeccanica S.p.A. have stipulated a license agreement for the use of the "Ansaldo" trademark, and a license agreement for the use of the "Globo" trademark representing the entire Finmeccanica Group (hereinafter referred to jointly as the "Trademarks"), on 27th December 2005 and 6th July 2007, respectively.

Both trademark license agreements give Finmeccanica S.p.A. the right to withdraw from the agreement should there be such a change in the shareholding structure of Ansaldo STS that Finmeccanica S.p.A. loses its control over the Company pursuant to article 2359 of the Italian Civil Code.

Ansaldo STS, in turn, has sub-licensed the Trademarks to its own subsidiaries, while reserving the right, as set forth in the provisions of the principal license agreement, to withdraw from the agreement should control be lost pursuant to article 2359 of the Italian Civil Code.

Following the merger by incorporation of Ansaldo Trasporti - Sistemi Ferroviari S.p.A. ("ATSF") and Ansaldo Segnalamento Ferroviario S.p.A. ("ASF"), to form 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 building of the Naples Underground Railway

Line no. 6, which envisages that in the event of the merger of the Licensee and other Companies outside of the Group, the Licensor shall decide on the immediate lapse of the license.

2.11.1 INDEMNITY OF THE DIRECTORS IN THE EVENT OF THEIR RESIGNATION OR DISMISSAL, OR TERMINATION OF THEIR EMPLOYMENT FOLLOWING A TAKEOVER BID

At the time of the Report, no agreements have been stipulated by Ansaldo STS and its Directors providing for any indemnity in the event of resignation or dismissal/revocation without just cause of said Directors, or in the event of the termination of their employment following a takeover bid.

3. GOVERNANCE STRUCTURE OF ANSALDO STS

3.1. INTRODUCTION

Ansaldo STS, in its Board of Directors' resolution of 19th December 2006, adopted the Code of Self-discipline previously adopted by the Italian Stock Exchange in March 2006. This Code is available on the Italian Stock Exchange's website at the following address:

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

The primary objective of the governance system adopted by the Company is to create value for the shareholders, in the knowledge of the importance of transparency concerning company choices and decision-making, and of the need to have an effective system of internal control. Further steps taken to improve the governance system are currently being taken, while others shall be assessed for the purposes of the constant updating of the system to conform to national and international best practices.

In compliance with the applicable provisions of the law, the Report illustrates Ansaldo STS' "Corporate Governance" system, and indicates the actual means by which the provisions of the Code are to be implemented.

3.2 PRINCIPAL INSTRUMENTS OF GOVERNANCE

The following are the principal instruments of governance adopted by the Company, also in observance of the latest legal and statutory provisions, of the provisions of the Code, and of national and international best practices:

- Articles of Association.
- Code of Conduct.
- Organisational, Management and Control Model pursuant to Legislative Decree no. 231/01.
- Board of Directors' Regulations.
- Internal Control Committee's Regulations.
- Remuneration Committee's Regulations.
- Guidelines and Principles for the identification of significant transactions with Related Parties –Rules of Conduct.
- Regulations for the handling of Confidential Information and the setting up of a Register of persons with access to such information.
- Internal Dealing Code.
- Shareholders' Meeting Regulations.

The aforesaid documents are available for public viewing on the Company's website at the following address:

<http://www.ansaldo-sts.com/AnsaldoSTS/IT/Corporate/InvestorRelations/CorporateGovernance/internalcode/index.sdo>

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

4.1. BOARD OF DIRECTORS

4.1.1 APPOINTMENT

The Company is administered by a Board of Directors consisting of no fewer than seven and no more than fifteen members. Before proceeding with the election of the board members, the Shareholders' Meeting shall determine the number of members to be elected within the above limits from time to time.

The Directors are elected to office for a period of no more than three financial years, and may be re-elected pursuant to the terms of article 2383 of the Italian Civil Code.

The Directors are elected by the Ordinary Shareholders' Meeting in accordance with the list voting system. Lists may be submitted on the initiative of shareholders who, either alone or together with other shareholders, hold the shareholding laid down in the Consob Regulations (in 2008 and 2009, which is equal to 2.5% of the company capital of Ansaldo STS).

Without prejudice to any other disclosure obligations as set forth in the Issuers' Regulations, the lists submitted by the shareholders must be filed at the registered office of the Company at least fifteen days prior to the date set for the meeting at first call, and shall be published in accordance with the regulations in force.

In order to prove ownership of the number of shares necessary to submit the lists, the shareholders must deposit suitable certificates attesting to the number of shares represented by them and their right to attend the meeting, together with their list of candidates.

Each list shall include two candidates who meet the independence criteria prescribed by law, one of whom shall be inserted in first place in the list. In the event of failure to meet these requirements, the list shall be deemed not to have been submitted.

With a view to guaranteeing the effective contribution to the management of the Company by the minority shareholders, as well as the transparency of the selection and appointment process for the directors, the Company's Articles of Association expressly state that each shareholder may submit or jointly submit one list only. Each entitled party may vote for one list only. Shareholders belonging to the same group and those who are parties to a shareholders agreement on Company shares may not submit or vote for more than one list, even if they do so through intermediaries or trust companies. Together with each list and within the aforementioned deadlines, declarations shall also have to be submitted whereby the single candidates accept their candidature and state, upon their own responsibility, that there is no cause which renders them ineligible or incompatible with the office, and that they are in possession of the requirements laid down in the legislation in force and the Articles of Association.

Each candidate may appear in one list only, failing which he or she shall be disqualified.

The Articles of Association of the Company state that the candidates for the office of director must meet the personal integrity requirements laid down in the applicable legislative and regulatory provisions, and that they have to be in possession of the specific professional qualities described in the Articles of Association.

In particular, no person may be elected to the office of Director of the Company – and any such person shall be removed from office if they are so elected – unless they have at least three years experience in:

- the administration, control, or management of limited companies whose company capital is no less than two million euros, or
- professional or university teaching activities in legal, economic, financial, technical or scientific subjects strictly related to the Company's business activities, or

- management duties with public bodies or public administrative organisations operating in the credit, financial or insurance sectors or, in any case, in sectors strictly related to the Company's business.

Said experience may be evaluated on the basis of the candidate's CV, which should contain detailed information on the personal and professional characteristics of each candidate and placed at the disposal of the public, along with each list, pursuant to the terms of article 144 (viii), paragraph 1, of the Issuers' Regulations.

In the case of shareholders who, either individually or together with others, submit a list of candidates in accordance with the terms set forth above, the intermediary's notification to the effect that the parties in question will be taking part in the Shareholders' Meeting shall be accompanied by a declaration from all the shareholders submitting or jointly submitting the list, stating that the shares declared for the purposes of submitting the list have been in their possession at all times since the actual date of submission of the list.. This declaration shall be filed at the registered office of the Company no later than the expiry day for the submission of the aforesaid notification. If the meeting is convened at second call, all the above procedures shall need to be repeated within the same terms. If the declarations of continuous possession of the shares as specified above are filed, the list shall be deemed as null and void.

The election of the Directors takes place as follows: (i) two thirds of the Directors to be elected are selected from the list which obtains the majority of Shareholder votes, in the sequential order as that in which they appear in the list, rounded down to the nearest whole number if necessary; (ii) the remaining Directors shall be selected from the other lists pursuant to the criteria and procedures described in the Articles of Association.

In the event that only one list is submitted, or no list is submitted, the Meeting shall take its decision on a legal majority basis.

If one or more Directors should stand down from office in the course of the financial year, the actions prescribed under article 2386 of the Italian Civil Code shall be implemented, provided the majority of the Board continues to consist of directors nominated by the Shareholders' Meeting.

If the majority of the Board members elected by the Shareholders' Meeting should stand down from office, it is understood that the entire Board has resigned, and the Shareholders' Meeting shall have to be convened without delay by the Directors remaining in office for the election of a new board.

The Shareholders' Meeting elects the Chairman of the Board of Directors from the members of the Board. If the Shareholders' Meeting fails to do so, the Chairman shall be elected by the Board. The Board may also elect a Vice-Chairman, who shall replace the Chairman in his absence or in the event of any other impediment.

4.1.2 CURRENT BOARD MEMBERS

On the occasion of the Ordinary Shareholders' Meeting of 1st April 2008, which was convened to approve the 2007 accounts, the mandate of the Board of Directors in office for the 2005-07 financial years expired¹. After deciding to elect a Board consisting of nine members, the Shareholders' Meeting of 1st April 2008 elected the new Board. Messrs. , Alessandro Pansa, Sergio De Luca, Sante Roberti, Maurizio Cereda, Gerlando Genuardi, Francesco Lalli and Attilio Salvetti and the election of two new directors, Gregorio Gitti and Eugenio Pinto were confirmed as company directors.. At the same time, Alessandro Pansa was elected Chairman of

¹ The previous Board was elected prior to the listing of Ansaldo STS, and therefore not on the basis of the list voting system. It should be noted however that, following the listing, , two new directors (Maurizio Cereda and Gabriele Falciasacca) were elected to the Board during the Ordinary Shareholders' Meeting by the minority shareholders.

the Board of Directors. On 1st April 2008, the Board elected Sergio De Luca to the office of Managing Director and Sante Roberti to the office of Vice-Chairman of the Board of Directors.

The current Board, which shall remain in office until the Ordinary Shareholders' Meeting convened to approve the accounts for 2010, therefore consists of 9 members, of whom 3 are executive, as defined in the Code, and 6 are non-executive. Of these latter, 5 are independent members.

Name	Office
Alessandro Pansa	Chairman
Sante Roberti	Vice-chairman
Sergio De Luca	Chief Executive Officer
Maurizio Cereda	Independent
Gerlando Genuardi	Independent
Gregorio Gitti	Independent
Francesco Lalli	Non-executive
Eugenio Pinto	Independent
Attilio Salvetti	Independent

The Directors Alessandro Pansa, Sergio De Luca, Gerlando Genuardi, Francesco Lalli, Sante Roberti and Attilio Salvetti were elected from the majority list submitted by Finmeccanica Società per Azioni, which held 40.065% of the company capital.

The Directors Maurizio Cereda, Gregorio Gitti and Eugenio Pinto were taken from the minority list submitted by Mediobanca – Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and Fintecna S.p.A., the joint holders of 5.099% of the company capital.

Information on the personal and professional characteristics of the single members of the Board is provided below.

ALESSANDRO PANSA – CHAIRMAN

Born in Mortara (Pavia) on 22nd June 1962. Graduated in Political Economy at the L. Bocconi Commercial University of Milan. Senior Partner in Vitale Borghesi & C from 1993 to 1999, and Managing Director and Partner in Lazard from 1999 to 2001. He is a member of the Boards of Directors of Borsa Italiana S.p.A., Feltrinelli Editore S.p.A. and Fintecna S.p.A.

He joined Finmeccanica Società per Azioni in 2001 as Chief Financial Officer; since October 2004, he has held the office of Co-General Manager (as Head of finance, administration and control, strategies and M&A, legal, fiscal and company affairs and investor relations).

SANTE ROBERTI – VICE-CHAIRMAN

Born in Sant'Antimo (Naples) on 18th June 1941. A graduate in Electronic Engineering from the University of Naples, he began his career as a manager at Eternit. He joined the Ansaldo Group in 1979, in which he has occupied a number of positions of responsibility, including Central Supplies Manager at Italtrafo S.p.A, Head of Operational Services at Ansaldo Energia S.p.A., Head of the Boilers Business Unit at Ansaldo Energia S.p.A., Head of Ansaldo Termosud S.p.A., Head of the Systems Business Unit at Ansaldo Trasporti S.p.A., Chairman and Managing Director of Ansaldo Coemsa S.A. of Brazil, and Vice-chairman of Unione Industriali in Naples. Currently Chairman of Società Consortile Pegaso a r.l., Metro 5 S.p.A., Consorzio Ferroviario S. Giorgio-Volla, Consorzio Ferroviario S. Giorgio – Volla Due and Consorzio Ferroviario Vesuviano, and Vice-Chairman of the IRICAV UNO and IRICAV DUE Joint Ventures. He is also a member of the Board of Directors of Ansaldo STS Australia PTY Ltd., Union Switch & Signal Inc., Bredamenarinibus S.p.A. and the Metro C Joint Venture, and a member of the *Conseil de Surveillance* of Ansaldo STS France. From June 2001 to June 2006,

he was Managing Director of Ansaldo Trasporti – Sistemi Ferroviari S.p.A., of which he was Chairman until December 2008.

SERGIO DE LUCA

Born in Zungoli (Avellino) on 3rd September 1950. Graduated in Electrotechnical Engineering at Turin Polytechnic, and joined the Finmeccanica Group in 1975, working for Ansaldo – Società Generale Elettromeccanica. At Ansaldo Trasporti from 1981, mainly in the Signalling Division. In 1996, after Ansaldo Trasporti was divided into three divisions (Vehicles, Systems and Signalling), he joined Ansaldo Segnalamento Ferroviario, of which he became Managing Director in 1998. From 2006 to the end of 2008 (date of incorporation into Ansaldo STS), he was also Managing Director of Ansaldo Trasporti Sistemi Ferroviari. Mr. De Luca is the author of a number of scientific publications, and has taught at the universities of Genoa, Pavia, Naples and Turin.

MAURIZIO CEREDA

Born in Milan on 7th January 1964. Graduated in Economics and Business Studies at Luigi Bocconi Commercial University, Milan. Worked for three years at Rasfin S.p.A., a Ras Group company, and joined the financial department of Mediobanca S.p.A. in 1992. He became a Manager at Mediobanca S.p.A. in 1999, and was appointed Head of Equity Capital Markets in 2000. In the same year, he entered the central management division of the bank. In 2003 he became Co-Head of the Corporate Finance division, where he was appointed Central Manager in 2006, taking on full responsibility for Corporate Finance and the Large Corporate Coverage structure.

In 2007, he was appointed Deputy-General Manager and managing director of Mediobanca, in which he became a Director in 2008.

GERLANDO GENUARDI

Born in Palermo on 29th March 1948. Graduated in Economics and Business at the University of Palermo. In 1980, he joined the European Investment Bank (EIB), where he was Head of personnel from 1995 to 2000. From 2000 to 2003, he was Executive Director at the European Reconstruction and Development Bank (ERDS) and Chairman of the Administrative and Budget Affairs Committee (2001 - 2002). From 2003 to 2007, he was the Vice-President of EIB and a member of the management committee, as well as Head of the Budget and Planning Policies and Head of the Loans Division for Italy, Greece, Cyprus, Malta and the Western Balkans, as well as being in charge of the Structured Finance Facility operations. From October 2006 to August 2007, he was Governor of the ERDS, representing the EIB. In September 2007, he was elected honorary Vice President of the EIB.

GREGORIO GITTI

Born in Brescia on 21st June 1964, he is the professor of Private Law at the University of Milan Faculty of Law. A founding partner of the Pavesi Gitti Verzoni legal practice in Milan, he is the author of a large number of publications on bonds, contracts, banking, the financial markets and the independent authorities. Chairman of the Boards of Directors in a number of credit securitisation intermediaries and Metalcam S.p.A., Vice-Chairman of the Board of Tethys S.r.l., Director of Edison S.p.A., Chairman of the Internal Control Committee and Director of Ansaldo STS S.p.A., and a Director of Flos S.p.A., Librerie Feltrinelli S.r.l. and Hopa S.p.A.

FRANCESCO LALLI

Born in Campobasso on 27th March 1955. Graduated in Law at the University of Rome. Worked at the Ministry of Labour and Social Security from 1983 to 1984, then occupied a number of positions within the Department of General and Economic Affairs at the Ministry of State Participation from 1984 to 1989. From 1989 to 2005, he worked at the Department for Relations with Institutions and Legislative Studies of AERITALIA - Società Aeronautica Italiana S.p.A.

(which became Alenia Aeronautica S.p.A. in 1990), where he was in charge of the National Programmes Development Unit (1995 – 1996). He was appointed to management level in 1996 and became Head of the National Programmes Support Unit (1996 – 1999), Head of the National Financing Programmes Unit (1999 – 2002) and later Head of institutional relations. Since April 2005, he has been Head of Institutional Relations at Finmeccanica Società per Azioni.

EUGENIO PINTO

Born in Taranto on 20th September 1959, he lives in Rome and works in Rome and Milan. Graduated with honours in Economics and Business at La Sapienza University, Rome. In 1986, he became a member of the Association of Chartered Accountants for the Court of Rome district, and is also entered in the Register of Auditors of Accounts (Ministerial Decree of 12th April 1995, published in edition 31 (ii) of the Official Journal on 21st April 1995). Professor of Business Economics at the Department of Economics, Luiss-Guido Carli University, and a member of the scientific committee of Cirsfid – Interdepartmental Centre of Research in the History of Law, Philosophy, the Sociology of Law and Information Technology Law of the University of Bologna. He is the author of a number of publications on business economics. As a member of the Euro Committee set up by the Ministry for the Economy, he contributed to the drafting of the bill and legislative decrees for the introduction of the euro in Italy. He was a member of the Italian Accounting Body (OIC) from 2002 to 2008. Among his other positions, he is currently Director and Chairman of the Internal Control Committee of Gemina S.p.A., Chairman of the Board of Auditors of Bulgari S.p.A. and Auditor of Alleanza Assicurazioni S.p.A.

ATTILIO SALVETTI

Born in La Spezia on 22nd May 1939. Graduated in Aeronautic Engineering at the University of Pisa. In 1975, he was appointed professor of Aeronautic Construction at that same university. He has carried out research on aeronautic structures, aircraft and spacecraft design methods and the dynamics and control of aircraft.

He is the author of a number of scientific publications. For more than 20 years, he has acted as supervisor of the research activities at the Department of Aerospace Engineering of the University of Pisa, in such areas as Structures and Materials, Flight Dynamics and Control, and coordinates a number of Italian and international research projects.

He is a member of the scientific committees of industrial companies and research centres, and is currently a member of the Applied Vehicle Technology Panel within the NATO Research and Technology Agency. He is a member of the Committee for the Development of the Aeronautics Industry at the Ministry for Economic Development. He was formerly a member of the Board of Directors of the Space Agency and coordinator of the Spatial Engineering working group at ASI.

4.1.3 ROLES AND DUTIES

The Company is managed exclusively by its Board of Directors, which carries out the operations necessary to achieve the company objectives.

The Regulations applicable to the Board of Directors, which were approved by the Board on 29th January 2007 on the basis of the recommendations set forth in the Code, defines its duties and roles, and specifies that the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the Company and its Group, as well as the system of corporate governance of the Company and the Group structure;
- evaluates the suitability of the organisational, administrative and general accounting systems within the Company and its strategically important subsidiaries as prepared by the Chief Executive Officer, with particular reference to annual evaluations of the suitability,

effectiveness and operating efficiency of the internal control system and the way in which conflicts of interest are dealt with;

- grants and revokes the powers delegated to the Chief Executive Officer, without prejudice to the matters which are the exclusive responsibility of the Board pursuant to article 2381 of the Italian Civil Code and the terms of the Articles of Association, establishing their limits and exercise procedures.
- following an examination of the proposals by the Remuneration Committee and consultancy with the Board of Statutory Auditors pursuant to article 2389, paragraph 3, of the Italian Civil Code, it determines the remuneration and other working conditions of the Chief Executive Officer, as applied by the specifically delegated Remuneration Committee, and those of the other Directors with special duties, including the conditions applicable to those taking part in the Committees organised by the Board of Directors. It also determines the subdivision of the overall fees payable to the members of the Board, if this has not been done by the Shareholders' Meeting;
- evaluates the general operating trends, taking into consideration the information received from the relevant delegated bodies, periodically, comparing the results achieved with the targeted objectives;
- examines and expresses prior approval of the operations of the Company and its subsidiaries when these are of particular strategic, economic, capital or financial importance for the Company, paying particular attention to any situations in which one or more of the Directors have interests on their own behalf or on behalf of third parties, and to the operations with affiliated parties in general. For this purpose, it lays down the general criteria for the identification of the operations of particular importance;
- at least once a year, it evaluates the dimensions, membership structure and operations of the Board and its Committees, where necessary, expressing its opinions on those professional figures whose presence on the Board it deems may be appropriate;
- in the report on corporate governance, it provides information on the performance of the tasks listed above, and more specifically on the number of Board meetings held during the financial year and the percentage of attendance by each director.

Since 1st April 2008, the Board of Directors has had exclusive responsibility for the following areas, without prejudice to the terms of the applicable legislation and of the Articles of Association:

- the definition of the Company's strategic and organisational guidelines, including the approval of the plans, programmes and budgets;
- in addition to the terms under point 1 above, the approval of the single tangible and intangible investments, where these are not compulsory and with a value of more than 500,000 euros;
- the acquisition and transfer of shareholdings and stakes in other companies, whether existing or newly incorporated, which may include the exercise or waiver of rights of option, conferral, usufruct, pledge and other deeds of disposal, also with regard to joint ventures, or the subjection to restrictions of said shareholdings;
- transfer, conferral, rental, usufruct and all other deeds of disposal or subjection to restrictions of the Company or its branches, as well as the acquisition, rental and usufruct of other companies or company branches;
- operations on capital, constitution, transformation, stock exchange listings, mergers, demergers, liquidation and the stipulation of shareholders' deeds in relation to direct subsidiaries;
- the appointment of Directors and Auditors for direct subsidiaries;

- medium and long term credit and debit financial transactions, with the exception of exchange rate hedging transactions on orders;
- the issue of guarantees, including sureties and mortgages, without prejudice to the terms of point 24 of the Chief Executive's powers (that is, the power to grant sureties and counter-guarantees to banks or insurance companies for customs operations, in relation to tender competitions, for works to be carried out, for the correct completion of supply operations by the company and its subsidiaries or partly owned companies in Italy and abroad, within the limits laid down for the operations for which the guarantees in question are issued; and the issue of guarantees and sureties on behalf of subsidiaries up to a maximum limit of 50,000,000 euros);
- the purchase, exchange and sale of real estate, as well as contracts on real estate with a duration of more than nine years;
- the stipulation of contracts with a value in excess of 50,000,000 (fifty million) euros, or other contracts involving significant commitments or risks;
- the stipulation of ongoing consultancy agreements with a duration of more than one year or a value in excess of 50,000 euros;
- the recruitment, promotion and dismissal of managers;
- with regards to the subsidiary companies, the prior authorisation to stipulate agreements for operations of significant strategic, economic, capital or financial importance for the Company. Operations of this kind expressly include the submission of offers and stipulation of supply agreements by the subsidiaries (i) with a value in excess of 50,000,000 (fifty million) euros, or (ii) involving significant commitments or risks, including orders with added value in excess of 2% of the total revenues.

Among its other operations in the course of the financial year, the Board of Directors:

- examined the 2008 budget and Strategic Plan for 2009-12. These documents were approved by the Board during its meeting of 13th March 2008. Subsequently, on the basis of the new commercial, financial and economic forecasts for 2008, the Board approved the update to the budget for the year during its meeting of 18th September 2008;
- on 13th February 2008 and, subsequently, on 6th March 2009, it (i) examined and approved the governance system already adopted by the Company and the intervening updates which the Company intends to adopt, and expressed its approval of the organisational, administrative and accounting system in force at Ansaldo STS and its subsidiary companies, with particular reference to the internal control system and the procedures for dealing with conflicts of interest; (ii) acknowledged the updated risk map for the issuer and its subsidiaries and the measures adopted to manage and/or limit said risks. It concluded that the risks had been correctly identified, managed and monitored with a view to ensuring the healthy and correct management of the Company, hence deeming the internal control system adopted by the Company as adequate, effective and efficiently applied given the nature of the Company; (iii) acknowledged and approved the accounting, administrative, risk assessment and internal control procedures of the Ansaldo STS Group;
- on 1st April 2008, following the appointment of the Directors in office for the 2008-10 financial years, it examined the declarations made by the single interested parties, or the other relevant information at the Company's disposal, with regard to the existence of any relationships that may prejudice the autonomy of judgement of the independent directors, on the basis of the applicable legislative and regulatory provisions and the terms of article 3 of the Code and Instructions attached to the Stock Exchange Regulations. Subsequently, on 22nd January 2009, the Board concluded that the requirements of independence had been satisfied, on the basis of the documentation presented by each of the independent directors and the other information available to the Company (see section 4.1.6.);

- on 18th April 2008, examined and approved the new company organisation of the Group. In particular, the Board approved (i) the merger by incorporation into the Ansaldo STS parent company of the two subsidiaries ASF and ATSF; (ii) the liquidation and winding up of the Dutch sub-holding Ansaldo Signal N.V., with the transfer of the shareholdings and all the other existing assets and legal relationships to Ansaldo STS;
- approved the planned merger by incorporation of ASF and ATSF into Ansaldo STS on 12th May 2008, following the approval expressed by the Boards of Directors of the companies concerned on 9th May 2008. On 20th June 2008, the Boards of Ansaldo STS, ASF and ATSF therefore approved the merger by incorporation of ASF and ATSF into ATSF in Ansaldo STS. As the companies concerned were wholly controlled by Ansaldo STS, the merger was approved by the respective Boards in a simplified manner, as provided for in article 2505 of the Italian Civil Code. The merger became effective as of 1st January 2009;
- on 14th October 2008, on the basis of the evaluation by the Board of Auditors, declared that the Company had met the conditions provided for in articles 36 and 37 of the Market Regulations;
- approved the update of the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001;
- confirmed on 22nd January 2009 that the members of the Board had complied with the internal regulations which governs the maximum number of offices held in the administrative and/or control bodies of other listed companies and financial, banking and insurance companies or other large organisations, the latter including enterprises other than those listed above whose annual revenues are equal to or greater than those set forth in the consolidated accounts of Ansaldo STS;
- evaluated the general operating trend comparing the results achieved with the targets, on the occasion of the approval of the quarterly and six-monthly reports and the report on the financial statements;
- expressed its prior approval of all the operations by the subsidiary companies of particular strategic, economic, capital and/or financial importance;
- acknowledged that on 22nd January 2009 no director had declared to be performing any operations in competition with the Company. On this subject, it should be noted that the Shareholders' Meeting has issued no general or prior exceptions to the non-competition clause provided for in article 2390 of the Italian Civil Code;
- approved the operations with affiliated parties, including the following particularly significant operations: (i) the planned merger by incorporation of ASF and ATSF into Ansaldo STS and the subsequent stipulation of the deed of merger; (ii) the liquidation of the Dutch controlled company Ansaldo Signal NV; (iii) the contract with Elsag Datamat SpA (a company controlled by Finmeccanica Società per Azioni, which is responsible for the management and coordination of ASTS) for the supply of IT facility services to Ansaldo STS, ASF and ATSF; (iv) the contract with Elsag Datamat S.p.A. for the supply of SAP services to Ansaldo STS, ASF, ATSF and the controlled companies Ansaldo STS France S.A. and Union Switch & Signal Inc., and (v) the framework agreement with Finmeccanica Group Services S.p.A. (a company controlled by Finmeccanica Società per Azioni) for the supply by Finmeccanica Group Services S.p.A. of services aimed at optimising the acquisition of certain goods and services by the Ansaldo STS Group;
- approved the planned merger by incorporation of Ansaldo Signal NV in liquidation into ASTS on 6th March 2009.

For further information on the initiatives by the Board of Directors on the internal control system, see part 4, section 4.3 (*“Information on the implementation of the Code of Self-discipline. Board of Directors. Internal control system”*).

4.1.4. EXECUTIVE DIRECTORS: CHAIRMAN, VICE-CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of Directors may delegate its powers to an executive committee, or to the Chairman and/or other members, and may nominate one or more Managing Directors. The bodies delegated in this way may in turn grant powers of attorney for single deeds or categories of deed to the employees of the Company or to third parties, and also have the right of sub-delegation.

On the date of the report, the Board of Directors had not appointed an executive committee.

Chairman of the Board of Directors

Unless otherwise prevented from doing so, the Chairman of the Board convenes, coordinates and guides the business of the board meetings, and ensures that the Directors have been promptly and properly informed thereof in such a way as to enable them to express themselves with due knowledge of the matters submitted to their evaluation.

The Chairman has not received any special delegation from the Board, and therefore does not play an executive role within the Company. He is however regarded as an executive officer under the terms of the Code, due to the fact that he occupies the office of Co- General Manager at Finmeccanica S.p.A., the company which manages and coordinates Ansaldo STS.

Vice-chairman of the Board of Directors

The Board of Directors of Ansaldo STS has granted to the Vice-chairman the mandate to provide support for the development of the Transport Systems activities on the markets of interest to the Group.

Chief Executive Officer

In addition to the powers to represent the Company before any legal or administrative authority and third parties, the Board of Directors has also conferred the following powers on the Chief Executive Officer, which he may exercise by means of his signature alone:

- the management and running of the Company in accordance with the guidelines and instructions received from the Board;
- the execution of all the operations forming part of the normal administration of the Company;
- the implementation of the resolutions passed by the Board of Directors, including all the acts of extraordinary administration resolved upon by same;
- the right to delegate appropriate powers of signature to the Company's management personnel, in line with their respective roles and offices, by means of separate deeds, where the organisational structure of the Company so permits.

Pursuant to the Company's Articles of Association, the Managing Director reports to the Board of Directors and Board of Auditors at least once a quarter, and in any case during the meetings of the Board with regard to the general operating trends and their expected developments as well as with regard to most significant economic, financial and capital operations, and all the other significant operations in terms of dimensions and characteristics carried out by the Company and its subsidiaries. In particular, the Chief Executive Officer reports on the operations in which the Company has interests, whether directly or on behalf of third parties, and on any anomalous or unusual operations or those with affiliated parties which are not the exclusive responsibility of the Board. In general, this information is made known during the meetings for the approval of the periodic accounting situations by the Board of Directors (financial statements, half-yearly and quarterly reports and intermediate operating statements).

The reports may be presented during the Board meetings or issued in writing.

In 2008, the information in question was communicated by the Managing Director to the Board and Board of Auditors on a quarterly basis, during the meetings for the approval of the periodic

accounting situations by the Board of Directors (financial statements, half-yearly and quarterly reports and intermediate operating statements).

4.1.5 NON-EXECUTIVE DIRECTORS

The Board consists mostly of non-executive Directors (with no operating powers and/or administrative roles within the Company) whose judgment, given their numbers and authority, may carry significant weight on the decisions taken by the Board. .

The non-executive Directors contribute their specific skills to the discussions during Board meetings, in order to ensure that the arguments under consideration are examined from different perspectives and that the resolutions adopted are the result of sufficient reflection and knowledge, and are taken in the interests of the Company.

With the exceptions of the Chief Executive Officer and the Chairman and Vice-chairman, the other 6 members of the Board are non-executive Directors.

4.1.6 INDEPENDENT DIRECTORS

In implementing the provisions of the Code, the Board, after having appointed the directors – that is, on 1st April 2008 – and on the basis of those statements made by the individuals in question, or in any case available to the Company, proceeded to ascertain the existence of any relations that could be, or appear to be, such as to compromise the autonomy of the independent directors. The results of said evaluation were disclosed to the market through a press release issued on 1st April 2008.

Subsequently, on 22nd January 2009, the Board, on the basis of the documents submitted by the individual independent directors, ascertained that said directors satisfied the requirements of independence provided for by the legal and statutory provisions in force, and pursuant to article 3 of the Code and to the Instructions attached to Stock Exchange Regulations. In performing this evaluation, the Board applied all those principles set forth in the Code.

The Board of Statutory Auditors, both on occasion of its appointment on 22nd January 2009, and on the basis of the statements issued by the Directors, and given the judgements expressed by the Board, has certified that the check and control principles and procedures adopted by the Board itself when evaluating the independence of its own members, have been correctly applied.

The independent Directors met on 12th December 2008. during the course of that meeting, they examined (i) the management and coordination activities of the shareholder Finmeccanica in relation to Ansaldo STS; (ii) any strategies adopted by Finmeccanica regarding its shareholding in Ansaldo STS; and (iii) Ansaldo STS' development policy, with particular reference to Finmeccanica's Transport Sector.

It should be pointed out that there are no premises, according to the Code, for the creation of the figure of *lead independent director*, bearing in mind that the Chairman of the Board of Directors does not hold the office of *chief executive officer*, nor does he own a majority shareholding in the Company.

4.1.7 OTHER POSTS AS DIRECTORS OR AUDITORS OF ANSALDO STS' DIRECTORS

On 14th February 2007, the Company's Board of Directors approved an internal regulation governing the maximum number of directorships or auditorships that Ansaldo STS' directors can hold.

Pursuant to this regulation, Ansaldo STS' directors accept their appointment and remain in office because they believe they can dedicate the necessary time to the diligent performance of their duties, taking into account the number of posts held on board of directors and/or supervisory boards of (i) companies listed on regulated markets, whether in Italy or abroad

(“Listed Companies”); (ii) Unlisted companies, whether in Italy or abroad, that carry out financial, banking or insurance business, or whose annual earnings are equal to, or higher than, those resulting from the consolidated accounts of Ansaldo STS (“Unlisted Companies”).

In this respect, the maximum number of directorships or auditorships that each of Ansaldo STS’ directors can hold in other Listed Companies and/or Unlisted Companies, in order for them to effectively perform their duties for the Company, shall be fifteen.

The aforesaid internal regulation, in keeping with national and international best practices, establishes that in order to calculate the maximum number of directorships or auditorships deemed compatible with a Company director’s effective performance of his duties, the posts of executive director and non-executive director shall be assessed differently, without taking account, however, of the involvement of the Company’s directors in the Board’s internal committees.

In calculating the aforesaid posts, account shall not be taken of those posts held in Listed companies or Unlisted Companies (directly and/or indirectly) controlling or controlled by Ansaldo STS, or in which Ansaldo STS has a shareholding.

Ansaldo STS’ Board of Directors has the power to grant departures, temporary or otherwise, from the aforesaid rule, enabling the Company’s directors to hold positions on the boards of directors and/or the supervisory boards of other Listed and Unlisted Companies that taken together amount to more than 15.

The directors are bound to promptly notify Ansaldo STS of any changes concerning their posts in other Listed and/or Unlisted Companies, and in doing so, shall indicate the average monthly commitments ensuing therefrom.

Then present structure of Ansaldo STS’ Board of Directors complies with the aforesaid general principles.

To date, it should be pointed out that only four Directors hold posts in other Listed Companies or in financial, banking or insurance companies, or in major companies (with regard to the latter, in companies other than the previously-mentioned types of company, whose annual revenues are equal to, or greater than, those resulting from the consolidated accounts of Ansaldo STS). The following table indicates the posts held by each of the four directors in the aforesaid types of company:

Director	Post held	Company
Alessandro Pansa	Director	Feltrinelli Editore S.p.A.
	Director	Fintecna S.p.A.
	Director	Borsa Italiana S.p.A.
Maurizio Cereda	Director	Mediobanca S.p.A.
	Director	Enervit S.p.A.

Gregorio Gitti ⁽¹⁾	Chairman Board of Directors Chairman Board of Directors Chairman Board of Directors Chairman Board of Directors Vice Chairman Board of Directors Chairman Independent Director Director Director Director	Lombarda 24-7 Finance S.r.l. Lombarda Lease Finance 2 S.r.l. Lombarda Lease Finance 3 S.r.l. Lombarda Mortgage Finance 1 S.r.l. Tethys S.r.l. Metalcam S.p.A. Edison S.p.A. Flos S.p.A. Librerie Feltrinelli S.r.l. Hopa S.p.A.
Eugenio Pinto	Statutory Auditor Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Director Director and Chairman of the Internal Control Committee	Alleanza Assicurazioni S.p.A. Sofid S.p.A. Stogit S.p.A. Bulgari S.p.A. Anas S.p.A. Gemina S.p.A.

⁽¹⁾ With regard to the number of posts held by Gregorio Gitti, it should be pointed out that the companies Lombarda 24-7 Finance S.r.l., Lombarda Lease Finance 2 S.r.l., Lombarda Lease Finance 3 S.r.l and Lombarda Mortgage Finance 1 S.r.l are all Special Purpose Vehicles, specifically set up in order to complete securitisation operations which, in the meantime, have been concluded.

None of the aforementioned companies is part of the Group headed by, or including, Ansaldo STS.

4.1.8. DOCUMENTS AND BRIEFING OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors shall ensure that the Directors are promptly and properly informed in order that the Board itself may make its decisions on the basis of the due knowledge of the matters submitted for its evaluation.

Pursuant to the Board of Directors' Regulations, the supporting documents for the Board meetings shall be sent to each director and statutory auditor on the same day on which the meeting is convened, where possible, and in any case at least three days prior to the date fixed for the meeting, other than in cases of emergency when said documentation shall be provided as soon as possible. Should the Chairman deem it opportune given the nature of the matter and the respective ruling, the informational documentation may be furnished during the course of the meeting itself, having given prior notice thereof to the directors and auditors who, should they deem it necessary, may also consult the information available at company head office during the days immediately prior to the meeting.

4.1.9 FREQUENCY OF THE BOARD OF DIRECTORS' MEETINGS

The table below shows the number of Board of Directors' meetings held, and the attendance of the individual directors:

Members	No. Meetings	No. of Meetings attended
Alessandro Pansa ⁽¹⁾	12	12/12
Sante Roberti ⁽¹⁾	12	12/12
Sergio De Luca ⁽¹⁾	12	12/12
Sergio Maria Carbone ⁽²⁾	3	3/3
Maurizio Cereda ⁽¹⁾	12	9/12
Gabriele Falciasecca ⁽²⁾	3	3/3
Gerlando Genuardi ⁽¹⁾	12	10/12
Gregorio Gitti ⁽³⁾	9	9/9
Francesco Lalli ⁽¹⁾	12	10/12
Eugenio Pinto ⁽³⁾	9	7/9
Attilio Salvetti ⁽¹⁾	12	11/12

⁽¹⁾ A Director whose term of office expired on the occasion of the Ordinary Shareholders' Meeting held on 1st April 2008, and who was re-elected on that same day.

⁽²⁾ A Director whose term of office expired on the occasion of the Ordinary Shareholders' Meeting held on 1st April 2008, but who was not re-elected.

⁽³⁾ A Director appointed for the first time at the Ordinary Shareholders' Meeting held on 1st April 2008.

During the course of the financial year 2008, the Board of Directors held 12 meetings. Each and any absence on the part of a director or auditor was duly justified. To date, 12 such meetings have been planned for the financial year 2009, of which 3 have already been held. The Board of Directors meets, in accordance with the Articles of Association, each time that the Chairman, or his replacement, deems it necessary, or upon written request from the majority of its members. The Board of Directors may also be convened by any one of the Auditors.

4.1.10 EVALUATION OF THE BOARD OF DIRECTORS' PERFORMANCE

The Board of Directors evaluates its own dimensions, structure and operation at least once a year, together with that of its internal Committees, expressing its opinions on those professional figures whose presence on the Board it deems may be appropriate.

In order to promote those actions which best enable the Board of Directors to carry out its duties in the most efficient and effective manner, on 19th December 2007 the same Board decided to evaluate itself and its Committees, based not only on the opinions of its Directors, but also on that of a consultancy firm specialised in this sector (the so-called "*Board Performance Evaluation*"). In January 2008, the Board approved the general principles and methods proposed by said consultancy firm for the purposes of the aforesaid evaluation process.

The methodological approach adopted by the consultant in order to evaluate the performance and efficiency of the Board, and to identify any factors that could prejudice the best possible operation and efficiency of the same Board, involved, among other things, the following: (i) the compilation of a questionnaire and the carrying out of individual interviews with each Director, with the Chairman of the Board of Statutory Auditors, and with the General Secretary and Secretary of the Board; (ii) an examination of the minutes and the relative documents pertaining to the meetings of the Board of Directors and of its special Committees; (iii) an examination and evaluation of the "working methods" adopted by the Board and its Committees, by means of attendance at a number of their respective meetings.

Board Performance Evaluation revealed that "the operation, dimensions and structure of Ansaldo STS S.p.A.'s Board of Directors are in keeping with the working principles and criteria

of the Italian Stock Exchange's Code of Self-discipline and with Italian and international Best Practices".

On 19th December 2008, the Board of Directors, taking into account its new structure following the Shareholders' Meeting of 1st April 2008, decided to proceed with the evaluation process undertaken in 2008, and in January 2009 the Board decided to repeat the evaluation of its own performance by entrusting assessment to a consultancy firm specialised in the sector. This evaluation shall be performed using the same methods and to the same depth as witnessed in the previous evaluation process, this time with reference to the present structure of the Board as established by the Shareholders' Meeting held on 1st April 2008. This evaluation process shall be completed by the end of the first six months of 2009.

4.1.11 DIRECTORS' REMUNERATION

A significant proportion of the fees paid to the two executive directors and to those executive managers with strategic duties within the Company and in certain of the Company's subsidiaries, is linked to the Company's performance targets and the value of Ansaldo STS shares.

To date, the Chief Executive Officer, the Vice-Chairman (as director with delegated Company powers), and those executive managers with strategic responsibilities within Ansaldo STS and certain of its subsidiaries, on top of their fixed fees, are also remunerated in the form of:

- An annual *management by objectives* ("MBO") fee (which is also paid to executives in the Ansaldo STS Group);
- An additional payment (*Long Term Incentive Plan*) pertaining to a rolling three-year incentive plan based on the achievement of set targets related both to the market and to financial-managerial parameters;
- The gratuitous allocation of shares (*Stock Grant Plan*), attributed annually and delivered on a deferred basis in relation to the expiry of each year comprised within the duration of the plan in question, subject to the achievement of certain objectives. The information document containing detailed information about the plan, pursuant to article 84-*bis* of the Issuers' Regulations, is available on the Company's website http://www.ansaldo-sts.com/IT/AnsaldoSTS/private/private_files/reports/informazioni_per_azionisti/Documento_Informativo_SGP_14_03_2008.pdf

Remuneration of non-executive Directors, on the other hand, is linked to the Company's economic performance. In fact, these directors do not benefit from the aforementioned share incentive plans, but do benefit from the fees due to Members of the Board of Directors, decided by Ansaldo STS S.p.A.'s Shareholders' Meeting. Those non-executive Directors who are also members of one or both internal committees of the Board of Directors (the Internal Control Committee and the Remuneration Committee) shall also receive an additional payment determined by the Board itself. These fees shall be paid *pro rata*, based on the time actually spent in office. Finally, it should be pointed out that Alessandro Pansa and Francesco Lalli have renounced, in favour of the Company, payment of those fees due to them as, respectively, Chairman of the Board of Directors, and Director and member of the Remuneration Committee. For further information regarding all fees paid, also by subsidiary companies, to the individual members of the Board of Directors, and to the General Director, if appointed, see the table included in the Notes to the Accounts, available on the Company's website at the following address:

<http://www.ansaldo-sts.com/AnsaldoSTS/IT/Corporate/InvestorRelations/infoshareholders/index.sdo>

4.2 COMMITTEES

In order to improve the efficacy and effectiveness of the Board of Directors, two internal committees have been set up, namely the Internal Control Committee and the Remuneration Committee.

Given that the present list voting system guarantees a transparent appointment procedure and a well-balanced Board, and in particular ensures the presence of an adequate number of independent directors, the Board of Directors has not deemed it necessary to set up its own internal committee for directorship appointment proposals.

4.2.1 INTERNAL CONTROL COMMITTEE

On 1st April 2008, following expiry of the mandate granted upon the Board of Directors, the mandate bestowed upon the Directors who are members of the Internal Control Committee – namely Sergio Maria Carbone, Maurizio Cereda and Attilio Salvetti – also expired. On the same 1st April 2008, the newly-elected Board of Directors thus appointed the new Internal Control Committee, raising the number of members from three to four Directors, all non-executive, independent directors, namely: Maurizio Cereda, Gregorio Gitti, Eugenio Pinto and Attilio Salvetti.

Pursuant to the Code, on 20th June 2008 the Board of Directors judged the accounting and financial experience of both the Chairman of the Committee, Gregorio Gitti, and of members Maurizio Cereda and Eugenio Pinto, to be suitable.

The Committee's activities are governed by Regulations, in keeping with the provisions of the Code, approved by the Board of Directors on 29th January 2007, and subsequently amended on 1st April 2008. These Regulations are available on the Company's website at the following address:

http://www.ansaldo-sts.com/IT/AnsaldoSTS/private/private_files/Codici_Interni/Regolamento_Comitato_per_il_Controllo_Interno_.pdf

The Internal Control committee's principal activities consist in helping the Board of Directors, by offering it advice and submitting proposals, regarding the regular evaluation of the adequacy and actual operation of the organisation of the internal control system.

In particular, the Committee has the task of ascertaining the functional levels and suitability of the internal control system, as well as actual compliance with those internal procedures and guidelines adopted in order both to guarantee healthy, effective management, and to identify, prevent and manage, as far as possible, any financial and operating risks and fraud that may be prejudicial to the Company.

The specific duties of the Committee include, for example:

- Examining the problems and the relevant practices concerning the control of company activities;
- Assessing of the working plan drawn up by the Internal Control Officer, and receiving regular reports from the latter;
- Evaluating, together with the administrative heads of the Company and the statutory auditors, the suitability of the accounting methods used, and their homogeneity for the purposes of the drafting of the consolidated accounts;
- Controlling the effectiveness of the accounts auditing process;
- Assessing the working plan for the auditing process, together with the results indicated in the report and the letter of advice;

- Reporting back to the Board of Directors, at least once every six months, on occasion of those meetings convened to approve the budget plan and the six-monthly report, with regard to the activities carried out and to the suitability of the internal control system;
- Executing any other tasks assigned by the Board of Directors, in particular with regard to relations with the external auditors.

Within the context of the regular checks on the suitability and actual operation of the organisation of the internal control system, during the course of the financial year, the Committee has: :

- together with the Internal Control Officer, examined and agreed on the update of the analysis of company risks, evaluating the actions and measures taken by the Company in order to mitigate such risks, and ascertaining the adequacy and actual operation of the organisational aspects of the internal control system;
- discussed, with the Internal Control Officer, the most important findings, the underlying grounds and the difficulties encountered during the course of its activities;
- ascertained the consistency of the organisational and managerial model of the subsidiaries situated in Pacific Asia, with the organisational guidelines and provisions issued by the parent company, and ascertained the basic adequacy thereof;
- examined the updating of the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001;
- examined the performance of certain important orders;
- examined the current 2008 audit plan for the Company and the Group, and ascertained the main findings thereof;
- approved the 2009 Audit Plan;
- begun those checks it is responsible for with regard to the process of preparation of the Quarterly Report/Interim Management Report and the Half-Yearly Report, meeting also the external auditors and notifying the Board of Directors of the results of the aforesaid checks and of any recommendations;
- ascertained the adequacy and the actual implementation of the accounting principles used, and their consistency for the purpose of the drafting of the consolidated accounts;
- examined the results of Company activities in order to ascertain compliance with the provisions of Law 262/2005.

Furthermore, the Committee has examined the main company risks and those measures adopted to prevent, monitor and control such risks.

During the period from 1st January 2008 to the date of the present report, the Internal Control Committee reported to the Board of Directors on 13th March 2008, on 28th July 2008, and on 6th March 2009.

The Committee meets at least once every six months (at the time of the Board of Directors' approval of the Financial Statement and the Half-Yearly Report). The table below shows the number of meetings that the Internal Control Committee held during the course of the financial year, and the attendance of each member:

Members	No. of meetings	No. of members present
Gregorio Gitti (Chairman) ⁽¹⁾	7	7/7
Sergio Maria Carbone (Chairman) ⁽²⁾	2	2/2
Maurizio Cereda ⁽³⁾	9	8/9

Eugenio Pinto ⁽¹⁾	7	5/7
Attilio Salvetti ⁽³⁾	9	9/9

⁽¹⁾ A Director appointed for the first time at the Ordinary Shareholders' Meeting held on 1st April 2008.

⁽²⁾ A Director whose term of office expired on the occasion of the Ordinary Shareholders' Meeting held on 1st April 2008, but who was not re-elected.

⁽³⁾ A Director whose term of office expired on the occasion of the Ordinary Shareholders' Meeting held on 1st April 2008, and who was re-elected on that same day.

The Committee's work saw the involvement of the Board of Statutory Auditors, the CEO as executive director appointed to supervise the operation of the internal control system, the company's General Secretary, and the Internal Control Officer. The Company's Chief Financial Officer, Risk Manager and Project Controller also took part.

Minutes of the Internal Control Committee's meetings have been duly kept.

During the course of the financial year, the Committee was able to gain access to all the company information and departments needed in order to carry out its duties.

The Committee has its own budget which is sufficient for the execution of the duties entrusted to it. Furthermore, under article 4 of Committee Regulations, the Committee may avail itself of the help of both internal employees and external consultants, at the Company's expense, in order to carry out its duties.

4.2.2 REMUNERATION COMMITTEE

On 1st April 2008, following expiry of the mandate granted to the Board of Directors, the mandate granted to the Directors who are members of the Remuneration Committee – namely Maurizio Cereda, Francesco Lalli and Gabriele Falciasacca – also expired. On the same 1st April 2008, the newly-elected Board of Directors thus appointed as members of the Remuneration Committee the following persons: Maurizio Cereda, Gerlando Genuardi and Francesco Lalli.

The Remuneration Committee is thus composed of three non-executive directors, two of whom are also independent.

The Committee's activities are governed by Regulations, in keeping with the provisions of the Code, approved by the Board of Directors on 29th January 2007, and subsequently amended on 12th May 2008. These Regulations are available on the Company's website at the following address:

http://www.ansaldo-sts.com/IT/AnsaldoSTS/private/private_files/Codici_Interni/Regolamento_Comitato_per_la_Remuneratione.pdf

In particular, the Committee has the following functions:

- by power of proxy from the Board of Directors, it proposes the remuneration and contractual terms of the Chief Executive Officer, taking into account the opinion of the Board of Statutory Auditors where this is required under article 2389 of the Italian Civil Code, within the context and limits of any employment relationship, also with reference to the creation of such relationship, as well as the due remuneration for such post, the termination of employment also by friendly settlement, and the establishment of obligations following termination of the relationship itself;
- it evaluates the Chief Executive Officer's proposals concerning the general principles governing remuneration and incentives, as well as managerial development plans and systems, for the Group's key human resources and for the various Group companies' directors vested with powers;

- it assists Company management establish the best policy for the administration of the Group's managerial resources;
- it assesses Company management's proposals regarding the introduction or amendment of share incentive plans or of plans for the allocation of shares to the directors and executives of the Company or of other companies within the Group, to be subsequently submitted to the Board of Directors for its approval;
- it draws up remuneration plans, to be submitted to the Board, based on the allocation of shares, or options for the purchase of Company shares, to directors and executives of the Company or of other companies within the Group;
- it carries out its duties in relation to the *Stock Grant Plan*, as provided for in the respective Regulations;
- it proposes those regulations implementing remuneration plans and the selective management of share incentive plans.

During the course of the financial year, the Remuneration Committee has provided important support to Ansaldo STS' Board of Directors and to the management of *Human Resources & Organization*, with regard to certain strategic points in the examination of the Companies managerial systems and the respective flexible remuneration plans.

More specifically:

- within the context of the Group's medium/long-term incentive plan, the Committee positively evaluated and approved the proposal made by the Company's Human Resources & Organization department regarding: (i) the Long Term Incentive Plan for the three-year periods 2007-2009 and 2008-2010, and (ii) the Stock Grant Plan 2008-2010;
- the Committee examined and positively acknowledged the MBO Plan for the Group's management, and expressly approved the MBO for the Chief Executive Officer;
- the Committee examined the development and results of the Stock Grant Plan for 2007;
- the Committee expressly provided for the granting to the Chief Executive Officer of the financial benefits resulting from the Long Term Incentive Plan.

During the course of the financial year, the Committee had access to all the company information and resources it required in order to carry out its duties.

The Committee reports back to the Board of Directors at least once every three months. During the period from 1st January 2008 to the date of the present report, the Committee reported to the Board of Directors on 13th March 2008, on 28th July 2008, and on 6th March 2009.

The Committee meets regularly in order to carry out its functions and duties. The table below shows the number of meetings that the Remuneration Committee held during the course of the financial year, and the attendance of each member:

Members	No. of Meetings	No. of members present
Maurizio Cereda (Presidente) ⁽¹⁾	4	3/4
Gabriele Falciasecca ⁽²⁾	2	2/2
Gerlando Genuardi ⁽¹⁾⁽³⁾	2	2/2
Francesco Lalli ⁽¹⁾	4	4/4

⁽¹⁾ A Director whose term of office expired on the occasion of the Ordinary Shareholders' Meeting held on 1st April 2008, and who was re-elected on that same day.

(2) A Director whose term of office expired on the occasion of the Ordinary Shareholders' Meeting held on 1st April 2008, but who was not re-elected.

(3) Appointed member of the Remuneration Committee for the first time by the Board of Directors on 1st April 2008.

The Remuneration Committee's work saw the involvement of the Chairman of the Board of Statutory Auditors, and on occasion also the Statutory Auditors, the Company's General Secretary, and, in accordance with article 1.4 of the Committee's Regulations, also the Human Resources & Organisation Officer and Deputy-Officer.

Minutes of the Remuneration Committee's meetings have been duly kept.

The Committee has its own budget which is sufficient for the execution of those duties entrusted to it. Furthermore, under article 4 of Committee Regulations, the Committee may avail itself of the help of both internal employees and external consultants, at the Company's expense, in order to carry out its duties.

4.3 INTERNAL CONTROL SYSTEM

4.3.1. BASIC FEATURES OF THE INTERNAL CONTROL SYSTEM

With regard to the question of internal control, the Group has created, and constantly updates, a special system designed to ensure the correct nature of the company information and the control of all of the Group's activities, with a special focus on those areas deemed most at risk. The Group's Internal Control System has the following specific objectives:

- to ensure that company activities are carried out in an efficacious, efficient manner;
- to guarantee the reliability and correctness of the accounting records, and the safeguard of company assets;
- to ensure compliance with external regulatory and legal provisions, and with the Company's own regulations.

The basic features of the Group's Internal Control System, which is constantly monitored and updated, are as follows:

- the separation of roles and functions during the performance of those operations deemed to be of critical importance;
- the traceability of operations;
- the management of decisional processes using the most objective criteria possible

This control system consists in a series of procedures, organisational structures and controls implemented by Ansaldo STS and the Group's companies in relation to the most important company processes in terms of risk. The controls carried out can be subdivided into the following two categories:

- automatic or manual line controls of both the preventative type (in relation to individual transactions) and the type that is carried out subsequent to the transaction;
- managerial controls carried out on the performance of both the companies and the individual processes in question, in relation to those levels of performance previously forecast.

As well as the aforesaid types of control, entrusted to the management of the Group's operating companies or the parent company, there is also the control exercised by the Internal audit function, whose task it is to guarantee that the Group's auditing activities are carried out on the basis of the annual and multiyear Audit Plans. This includes the identification and measurement of the companies' main risks, and the evaluation of the adequacy and actual implementation of

the Internal Control Systems by the Group's companies, ensuring that these systems are in keeping with national and international best practices, in order to encourage the constant improvement of the processes and procedures of the Group's companies.

On 13th February 2008, and then on 6th March 2009, the Board of Directors examined the updating of the Group's organisational, administrative and general accounting systems, updating its own evaluation of their adequacy, as previously expressed in March 2007.

During the course of the meeting held on 6th March 2009, the Board of Directors also examined the update of the Risk Map covering those company activities characterised by the major risks for the Company and its subsidiaries, and setting out the measures taken in order to handle and/or reduce the aforesaid risks.

At the same time, the Board, having examined the aforementioned documents and the regular reports it receives from those persons responsible for supervising the internal control system, and having listened to the opinion of the Internal Control Committee, deemed that the risks pertaining to the company had been correctly identified, managed and monitored for the purpose of healthy and correct management of the company.

The Board thus deemed the Company's Internal Control system to be adequate, effective and properly operational, given the nature of the Company and bearing in mind the new company structure subsequent to the merger, and thus reiterated its positive evaluation of 13th February 2008.

4.3.2 DIRECTOR APPOINTED TO OVERSEE THE OPERATIONS OF THE INTERNAL CONTROL SYSTEM

During the course of the Board of Directors' meeting held on 19th December 2006, the Board appointed the Chief Executive Officer to oversee the operation of the Internal Control system; on 13th February 2008, the Board then confirmed the aforesaid appointment, and gave a positive evaluation of the governance system adopted by the Company, and of the proposed amendments to be adopted, and in doing so it deemed the organisational, administrative and accounting structures of Ansaldo STS and its subsidiaries to be suitable, making particular reference to the internal control system and to the manner in which conflicts of interest were dealt with.

Then on 1st April 2008, following the appointment of the new Board of Directors by the Ordinary Shareholders' Meeting, the Board itself once again appointed the Chief Executive Officer as the person in charge of overseeing the operation of the internal control system.

The Director appointed to oversee the operation of the internal control system:

- implemented the guidelines established by the Board of Directors, and taking care of the planning, creation and management of the internal control system, constantly checking its overall suitability, efficacy and efficiency; also adjusting the aforesaid system to the dynamics of working conditions and to new legislative and regulatory developments;
- identified the main company risks, taking account of the nature of the business of both the company and its subsidiaries, and then submitted the said areas of risk to the Board of Directors meetings held on 13th February 2008 and 6th March 2009;
- proposed to the Board of Directors that the Company's Internal Audit Officer be put in charge of the Internal Control System (see 4.3.3 below).

4.3.3 INTERNAL CONTROL OFFICER

On 19th February 2006, Christian Andi, as Internal Audit Officer, was proposed as the Company's internal control officer, and his appointment was confirmed on 19th December 2006.

On 1st April 2008, following the appointment of the new Board of Directors by the Ordinary shareholders' Meeting, the Board itself, following the proposal from the executive director

appointed to oversee the operation of the internal control system, and having heard the opinion of the Internal Control Committee on the matter in hand, proceeded to appoint Christian Andi as the Company's Internal Control Officer. Subsequently, due to the appointment of the same as head of another company body, on 12th May 2008 the Board of Directors appointed Mauro Giganti, Internal Audit Officer, as head of the Company's internal control function as of 1st June 2008.

The Internal Control Officer is hierarchically independent from the heads of operative areas, and reports directly, at least once every six months, to the Chairman, to the Internal Control Committee and to the Board of Statutory Auditors.

In particular, the Internal Control Officer:

- constantly verified the adequacy, operations and proper functioning of the Company's internal control system during the course of the financial year;
- on 13th February 2008 and 6th March 2009, reported to the Internal control committee with regard to the manner in which risks are managed, and to the measures taken to reduce those risks.
- on the basis of the evaluation of the risk map and the overall monitoring of the internal control system, deemed the internal control system to be capable of providing an acceptable overall risk profile.

4.3.4. COMPLIANCE WITH ARTICLES 36 AND 37 OF MARKET REGULATIONS

During the course of October 2008, the Company's Board of Directors ascertained Ansaldo STS' compliance with articles 36 and 37 of Consob's Market Regulations, regarding (i) the terms governing the listing of shares of companies controlling other companies founded and governed according to the laws of States outside of the EU ("non-EU foreign subsidiaries"), and (ii) those conditions preventing the listing of the shares of subsidiaries subjected to the management and control of other companies.

With regard to the above, it should be pointed out that:

- as a result of application of the major parameters, under article 36, subsection 2, of Market Regulations, the following non-EU foreign subsidiaries have been identified: Union Switch & Signal Inc. (currently Ansaldo STS USA Inc.) and Ansaldo STS Australia Pty Ltd.
- the Company shall make the Balance Sheets and the Profit and Loss Accounts for 2008 of all the abovementioned companies available to the public, within the legal terms, and in accordance with the provisions of article 36, subsection 1, letter a) of Market Regulations;
- the Articles of Association, structure and powers of the company organs of all the aforementioned companies have been acquired by Ansaldo STS, and updated details thereof shall be made available to Consob should the latter so require for supervisory purposes (in accordance with the provisions of article 36, subsection 1, letter b) of Market Regulations);
- Ansaldo STS has ascertained that all the aforementioned companies: (i) provide the Company's auditor with all the information the latter needs in order to audit the interim and annual accounts of Ansaldo STS (in accordance with the provisions of article 36, subsection 1, letter c), point (i) of Market Regulations); (ii) possess an administrative-accounting system capable of regularly providing the Company's management and auditor with the economic and financial information they require in order to draw up Ansaldo STS' consolidated accounts (in accordance with the provisions of article 36, subsection 1, letter c), point (ii) of Market Regulations);

- the duty to notify and disclose information, under article 2497-bis of the Italian Civil Code, have been fulfilled (in accordance with the provisions of article 37, subsection 1, letter a) of Market Regulations);
- the Company is free to negotiate with customers and suppliers (in accordance with the provisions of article 37, subsection 1, letter b) of Market Regulations);
- the Company does not have any kind of cash-pooling agreement with Finmeccanica or with other companies within the Group of which it is a member (in accordance with the provisions of article 37, subsection 1, letter c) of Market Regulations);
- the Company possesses a sufficient number of independent directors such as to guarantee that their judgment carries significant weight on the decisions taken by the Board of Directors (in accordance with the provisions of article 37, subsection 1, letter d) of Market Regulations).

In light of the above, the Board of Directors certifies the existence of the conditions required under articles 36 and 37 of Market Regulations (pursuant to article 2.6.2, subsections 12 and 13, of the Italian Stock Exchange's Regulations).

4.3.5. ORGANISATIONAL AND MANAGEMENT MODEL

With regard to the coming into force of Legislative Decree no. 231 of 8th June 2001, as subsequently amended and supplemented, which has introduced a special system of company liability for certain crimes, the company has taken the necessary measures (in accordance with the provisions of the aforesaid Decree) to avoid the emergence of such liability on its part, by setting up special control systems designed to prevent certain kinds of crime.

In particular, on 27th June 2006 the Company's Board of Directors approved an "Organisational, Management and Control Model under Legislative Decree 231/01" that complies with the requirements of the same Decree, and is drawn up on the basis of Confindustria's guidelines. The thus-approved Model was then the subject of certain updates, approved by the Board of Directors on 11th November 2008 and on 6th March 2009. In particular, the update approved on 6th March 2009 was designed to take account of the organisational context arising from the merger by incorporation of the subsidiaries ATSF and AFS, to form Ansaldo ATS, which took effect on 1st January 2009. In this context, a new Company Code of Conduct was also approved, which is attached to the aforesaid Model.

The Model is composed of a general part and a special part.

The general part deals basically with the Supervisory Body and the flows of information that have to be supplied to said Body, as well as the reporting by the Supervisory Body to the company organs; it also deals with staff training, the divulgation of the Model within the company environment, and the system of penalties for failure to observe the provisions of the Model.

The special part is divided into five sections dealing with the following crimes: (i) crimes against the Public Administration; (ii) company crimes and market abuse; (iii) crimes related to occupational safety; (iv) receipt and laundering of illegal moneys; (v) computer crime. The special part of the Model lists the areas of risk for each of the categories of crime, it establishes the specific decisional protocols and regulations governing conduct for those operating in the aforesaid risk areas, and it defines the monitoring procedures.

On 27th June 2006, the Board of Directors decided to set up the Supervisory Body, which is currently composed of independent, non-executive director Eugenio Pinto (Chairman), Company Affairs Officer Grazia Guazzi, Internal Audit Officer, Mauro Giganti².

² Eugenio Pinto was appointed Chairman of the Supervisory Body on the 18th April 2008, while Mauro Giganti was appointed member of the Supervisory Body by the Board of Directors on the 12th May 2008,

During the course of the meeting held on 24th October 2006, the Board of directors approved the Articles of Association of the Supervisory Body, and thereafter was informed of the adoption of special Regulations by the Supervisory Body itself.

The supervisory Body provides the Board of Directors with a six-monthly written report regarding implementation of the Organisational, Management and Control Model.

For the purposes of carrying out its duties, the Supervisory Body has its own budget which is in keeping with the aforesaid duties.

Once a year, the supervisory Body independently approves its own supervisory plan, which includes both those activities designed to ascertain the suitability of the Model, and those activities concerning compliance with the Model itself.

4.3.6. EXECUTIVE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S ACCOUNTING DOCUMENTS

During the course of its meeting held on 1st April 2008, the Board of Directors, having acknowledged the positive judgement expressed by the Board of Statutory Auditors, and having ascertained the existence of the professional requirements as provided for by the Articles of Association, appointed, until expiry of the Board's own term of office, Jean Paul Giani as Executive Manager in charge of preparing the Company's accounts pursuant to article 154-*bis* of the Consolidated Law on Finance and to the subsequent amendments thereto. Dr. Jean Paul Giani, the Company's Chief Financial Officer, had previously held the office of Executive Manager during the period 14th June 2007 – 31st March 2008, having been appointed to the post by the previous Board of Directors.

It should be pointed out that under article 23 of the Articles of Association, the company organ empowered to make this appointment is the Board of Directors, subject to the acquisition of the mandatory opinion of the Board of Statutory Auditors. The same article also requires that the appointed Executive Manager possess at least three years' experience in:

- a) the administration, control or management of limited companies whose company capital is no less than two million euros, or
- b) professional or university teaching activities in legal, economic, financial or technical-scientific subjects strictly related to company business activities and to the functions that the appointed Executive Manager is called upon to perform, or
- c) management duties with public bodies or public administrative organisations operating in the credit, financial or insurance sectors or, in any case, in sectors strictly related to the Company business.

The appointed Executive Manager, in accordance with the applicable provisions of law, has established suitable administrative and accounting procedures for the purposes of preparing the balance sheet and the consolidated financial statements, together with all other reports and communications of a financial nature.

The appointed Executive Manager, together with the Chief Executive Officer, in a special report attached to the balance sheet, the consolidated financial statements and the half-yearly financial report, also certified: (i) the adequacy and actual implementation of the aforementioned administrative and accounting procedures during the period of reference; (ii) the compliance of the contents of said documents with the international accounting standards applicable within the

as of 1st June 2008. Finally, until the 1st April 2008, the Chairman of the Supervisory Body was Gabriele Falciasecca, an independent director, while Christian Andi was a member of the said Body until the 31st May 2008, as *pro-tempore* Internal Audit Officer.

EU pursuant to EU Regulation no. 1606/2002 of the European Parliament and Council, of 19th July 2002; (iii) the correspondence of said documents with the information contained in the accounting records, and their suitability to provide a truthful, correct picture of the assets and liabilities, profits and losses and financial flows of the Company and of all the other companies within the Group; (iv) that the management report attached to the balance sheet and the consolidated financial statements, contains a reliable analysis of management's performance and results, and of the position of the Company and the other companies within the Group, together with a description of the principal risks and uncertainties to which the latter are exposed; (v) that the interim management report included in the half-yearly financial report contains a reliable analysis of the information under subsection 4 of article 154-*ter* of the Consolidated Law on Finance.

4.3.7. EXTERNAL AUDITORS

The accounts are audited by PricewaterhouseCoopers S.p.A., an auditing firm entered in the special Register of Auditors pursuant to article 161 of the Consolidated Law on Finance, and appointed by the Ordinary Shareholders' Meeting on 24th February 2006, subsequent to receipt of approval from the Board of Statutory Auditors. This appointment, which was originally made for the financial years 2006-2011, on 22nd May 2007 was extended by the Ordinary Shareholders' Meeting, pursuant to article 159 of the Consolidated Law on Finance, following the reasoned proposal of the Board of Statutory Auditors, to the financial years 2012, 2013 and 2014.

4.4. TRANSACTIONS WITH AFFILIATED PARTIES

With reference to transactions with affiliated parties, on 12th December 2005 the Company's Board of Directors officially approved, together with the "Guidelines and Criteria for the identification of significant transactions and transactions with affiliated parties", also adoption of special "Principles of Conduct" designed to govern the main substantial and procedural aspects of the management of transactions in question, applicable also to those transactions that do not come within the exclusive competence of the Board of Directors. According to these Guidelines and Criteria, "Significant Transactions" are those exclusively reserved for the Board of Directors, and as such are covered by the previous subsection 4.1.3.

Within the context of said Significant Transactions, no specific level of significance has been established for transactions with affiliated parties, as the criteria adopted for those transactions for which the Board of Directors is exclusively competent are deemed as being sufficiently preventive.

The Principles of Conduct for Transactions with Affiliated parties ("Principles of Conduct") require that the Transactions with Affiliated parties be managed in conformity with certain specific principles of substantial and procedural correctness.

For a definition of Affiliated parties, the Principles of Conduct expressly refer to the notion established by Consob in its Decision no. 14990 of 14th April 2005, and thus to the definition given in the specific international accounting principle IAS 24 adopted by EC Regulation no. 2238/2004, of the European Commission, on 29th December 2004.

For the purposes of the application of the present principles, the list of Transactions with Affiliated parties does not include standard or usual transactions, or those transactions entered into at market conditions.

Standard or regular transactions include those transactions which, by their very nature or subject matter, do not lie outside the Company's normal sphere of business, and those transactions which feature no particular, inherently critical aspects as a result of their own nature or the risks associated with the counterparty or with the period in which they are carried out.

Transactions at market conditions are those transactions entered into at conditions basically in keeping with those normally applied in relations with non-affiliated parties.

The Principles of Conduct also distinguish transactions between affiliated parties into two categories, namely those “transactions reserved for the Board of Directors”, and those “transactions not subject to the prior approval of the Board”.

4.4.1 TRANSACTIONS WITH AFFILIATED PARTIES SUBJECT TO THE BOARD OF DIRECTORS’ APPROVAL

The Board of Directors shall receive adequate information regarding the nature of the association in question, the practical terms of the transaction, the timescale and financial terms of the completion of the transaction, the evaluative procedure followed, the underlying reasons and any risks that the Company may run.

Each Director shall provide the Company with all the information it needs to enable it to observe the present principles.

Those directors with a vested interest, even potential or indirect, in the transaction, shall promptly notify the Board in details of the existence of such interest and of the respective circumstances.

Furthermore, the directors concerned shall leave the Board meeting when it comes to the time to decide, unless this would prejudice the continued existence of the statutory quorum.

If so required in view of the nature, the value or any other aspects of the transaction, the Board of Directors, in order to prevent the transaction be executed at conditions other than those that would likely be agreed by non-affiliated parties, may request that the transaction be concluded with the help of one or more independent experts, in order to evaluate the goods and/or provide the necessary financial, technical or legal support.

When choosing the aforesaid experts (banks, auditing firms, legal firms or other experts with recognised professional experience and the necessary skills), the Board of Directors shall carefully evaluate their respective independence, using – in the most important cases – different experts for each affiliated party.

4.4.2 TRANSACTIONS WITH AFFILIATED PARTIES NOT SUBJECT TO THE PRIOR APPROVAL OF THE BOARD OF DIRECTORS

Those Transactions with affiliated parties that are not reserved exclusively for the approval of the Board of Directors, shall be presented by the Chairman or by the Chief Executive Officer within the context of the regular briefing given by said person to the Board, regarding exercise of his/her delegated powers, and to the Board of Statutory Auditors – pursuant to article 150, subsection 1, of the Consolidated Law on Finance - regarding those transactions, of major interest from the economic, financial or capital point of view, carried out by the Company or its subsidiaries.

In his regular report on such transactions, the Chairman or CEO shall illustrate the nature of the association, the executive terms of the transaction, the timescales and financial terms of the transaction, the evaluation procedure followed, the underlying reasons and any risks for the Company.

4.5 BOARD OF STATUTORY AUDITORS

4.5.1 APPOINTMENT

The statutory auditors shall be appointed by the Ordinary Shareholders’ Meeting by means of a list vote.

Present statutory provisions require that the lists of candidates, together with the relative supporting documentation, be filed at company head office at least fifteen days prior to the date

set for the Meeting at first call and publication of the lists in accordance with the provisions of the law in force.

As in the case of submission of lists of candidates for the election of members of the Board of Directors, any lists of candidates for membership of the Board of Statutory Auditors that are not submitted within the aforementioned terms shall be deemed not to have been submitted.

Lists may be submitted only by those Shareholders who either alone or together with other shareholders, hold a shareholding conforming to Consob regulations (equal to 2.5% of Ansaldo STS' total company capital for both 2008 and 2009), or in the absence of the aforesaid requirement, by those Shareholders or groups thereof representing at least 2.5% of those shares with right to vote at the Ordinary Shareholders' Meetings. Each Shareholder may submit, or be part of a group submitting, one list only, and may only vote for one list. Those shareholders belonging to the same group, and those shareholders who are party to a shareholders' agreement on Company shares, may not submit or vote for more than one list, even through intermediaries or trust companies.

In order to prove ownership of the right number of shares necessary to submit the lists, the shareholders must deposit, together with the list of candidates, special certificates attesting to ownership of the claimed number of shares and to the right to attend the Shareholders' Meeting.

The lists shall bear the names of one or more candidates, the number of whom shall not, in any case, exceed the number of people to be elected. Each candidate may appear in one list only, failing which he or she will be disqualified.

The lists shall be divided into two sections: one section for the candidates for the post of regular Statutory Auditor, and the other section for candidates for the post of temporary Replacement Auditor. The first of the candidates in each section must be registered in the auditors' register, and must have worked as an auditor for a period of at least three years.

Together with each list, and without prejudice to the provisions of the law in force, statements must be filed in which each candidate accepts his/her candidature, and which attest, under the responsibility of the candidate in question, that there are no grounds for that candidate's ineligibility or incompatibility, and attest to the existence of those requirements called for by the laws in force and by the Company's Articles of Association.

The election of the Statutory Auditors shall take place as follows:

- two Statutory Auditors and one Replacement Auditor shall be selected from the list which obtains the greatest number of votes, in the sequential order as that in which the candidates appear in the respective sections of the list itself;
- the remaining Statutory Auditor and the remaining Replacement Auditor shall be selected from the other lists, pursuant to the provisions of the law and regulations in force. To this end, those votes won by each section of the other lists shall be divided by one. The resulting quotients shall then be assigned to the candidates in each section of each list, according to the order envisaged in said lists. The quotients thus attributed to each candidate in each section of the various lists shall then be arranged in a decreasing order in one single list. The winning candidate in each section shall be the one who obtains the highest quotient.

In the event that (i) only one list is submitted, or that (ii) no list is submitted, except in the case (iii) where the entire Board of Statutory Auditors is to be renewed, then the Shareholders' Meeting shall decide on a legal majority basis, without having to follow the aforementioned procedure, but in any case in such a way to ensure that the structure of the Board of Statutory Auditors conforms to the provisions of article 1, subsection 1, of Ministerial Decree no. 162 issued by the Ministry of Justice on 30th March 2000.

In the event that two or more candidates obtain the same quotient, the elected candidate shall be the one from the list that has yet to have an auditor elected, or that has had the least number of auditors elected.

In the event that none of the lists have managed to get an Auditor elected, or that all the lists have had the same number of Auditors elected, then the elected candidate shall be the one who has obtained the greatest number of votes. In the event of parity of votes and parity of quotients, the entire Shareholders' Meeting shall vote again for the candidate in question, and the winning candidate shall be the one who obtains the simple majority of votes cast.

Should it prove necessary to replace one of the Auditors taken from the list that obtained the highest number of votes, the Replacement Auditor taken from the same list shall take that person's place; in the event of the replacement of an Auditor from one of the other lists, that person's place shall be taken by the Replacement Auditor elected in the manner provided for by article 16.3, letter b). The Shareholders' Meeting as contemplated in article 2401, subsection 1, of the Italian Civil Code, shall replace the Auditor in question in compliance with the principle of the need to represent minorities.

The Chairman of the Board of Statutory Auditors is appointed by the Shareholders' Meeting, and shall be the Statutory Auditor elected by the minority, unless only one list has been voted on, or no list has been submitted; in the latter cases, the Chairman of the Board of Statutory Auditors shall be appointed by the Shareholders' Meeting in accordance with the majorities provided for by law.

4.5.2 PRESENT STRUCTURE

The Company's Board of Statutory Auditors is composed of three Statutory Auditors and two Replacement Auditors. The term of office of the previous Board of Statutory Auditors, which covered the financial years 2005-2007, expired on the occasion of the Ordinary Shareholders' Meeting of 1st April 2008³. The present Board of Statutory Auditors, appointed by the Ordinary Shareholders' Meeting of 1st April 2008, is composed as follows :

Members	Office
Giacinto Sarubbi	Chairman
Massimo Scotton	Statutory Auditor
Francesca Tripodi	Statutory Auditor
Pietro Cerasoli	Replacement Auditor
Bruno Borgia	Replacement Auditor

The Statutory Auditors Massimo Scotton and Francesca Tripodi, and the Replacement Auditor Pietro Cerasoli, were elected from the majority list submitted by Finmeccanica S.p.A., which at the time held a 40.065% of the company capital.

The Chairman of the Board of Statutory Auditors, Giacinto Sarubbi, and the Replacement Auditor Bruno Borgia, were elected from the minority list submitted by Banca Akros S.p.A., Arca S.G.R. S.p.A., Fideuram Investimenti S.G.R. S.p.A., Fideuram Gestions S.A., Interfund Sicav, Eurizon Investimenti S.G.R. S.p.A., Eurizon Capital S.G.R. S.p.A., Eurizon Capital S.A., Kairos Partners S.G.R. S.p.A., Monte Paschi Asset Management S.G.R. S.p.A., which together held 2.967% of the company capital. The shareholders submitting the minority list have certified the absence of any connections with Finmeccanica S.p.A., pursuant to article 144-*quinquies* of the Issuers' Regulations.

³ The appointment of the previous Board of Statutory Auditors took place prior to the listing of Ansaldo STS and, consequently, was not carried out on the basis of the list voting system

The term of office of the members of the Board of Statutory Auditors expires on the occasion of the Ordinary shareholders' Meeting convened for the purpose of approving the Financial Statement for the year 2010.

A brief professional résumé for each member of the Board of Statutory Auditors can be found below.

GIACINTO SARUBBI.

Born in Milan on 8th January 1963, he has a degree in Economics and is a member of the Order of Chartered Accountants of Milan, and a member of the Order of Auditors (Ministerial Decree of 12th April 1995 published in the Official Gazette 31-bis of 21st April 1995).

He has worked as a tax and business consultant – both for his own firm and as a partner and CEO of a number of major international firms operating in the auditing and business consultancy fields – where he has also provided consultancy regarding company organisation and industrial accounting to various national and international joint-stock companies. Since 1995 he has also been a member of the Order of Technical Consultants of the Court of Milan, specialising in “company evaluation and accounting surveys”.

In the professional training field, he has taught courses in taxation and financial reporting, and since the academic year 2007-2008 he has taught Accounting at the Bocconi University in Milan.

At present, as well as working for Ansaldo STS, he also holds administrative and auditing posts (Chairman of the Board of Statutory Auditors, Auditor, Chairman of the Board of Directors and Director) in a number of other companies, none of which are listed however.

MASSIMO SCOTTON.

Born in Genoa on 26th November 1956, he received a first-class honours degree in Economics from Genoa University; he is a professionally qualified accountant, and has been a member of the Order of Chartered Accountants of the Court of Genoa since 13th July 1983. He was appointed Auditor by Ministerial Decree of 12th April 1995, published in the Official Gazette 31-bis of 21st April 1995.

He has considerable experience in tax and business consultancy, as well as in the field of company re-organisation. He is Chairman of the Order of Chartered Accountants of Genoa, and he works as a court expert appointed to evaluate company organisations, as a liquidator in voluntary winding-up proceedings, and as a bankruptcy trustee.

He currently holds the office of Auditor both for Ansaldo STS and for other companies, including two listed companies: Banca Carige S.p.A. and Boero Bartolomeo S.p.A..

FRANCESCA TRIPODI.

Born in Rome on 3rd May 1972, she has been a member of the Order of Chartered Accountants of Rome since 27th October 1997, and was made Auditor by Ministerial Decree of 25th November 1999, published in the Official Gazette on 17th December 1999.

She has considerable experience in tax, business and company consultancy, as well as in the field of company re-organisation. She is a member of the Rome Order of Chartered Accountants' advisory committees on Tax Proceedings and Criminal Tax Law, and works as a court expert appointed by Investigating Magistrates, and as technical consultant for the Public Prosecutor within the context of Criminal Proceedings.

She currently holds the office of Auditor both for Ansaldo STS and for other companies (none of which are listed).

PIETRO CERASOLI.

He was born in Rome on 3rd July 1944. Registered in the Order of Auditors with Ministerial Decree of 12th April 1995, published in the Official Gazette no. 31-bis of 21st April 1995, he worked in Finmeccanica S.p.A.'s Inspection, Finance and Accounting service from 1971 onwards, before being appointed executive manager and moving to the Accounting, Financial Control and Planning service (1977), where he was eventually made Vice Director General in 1989. He retired in 2000. He has held offices as Director, Chairman of the Board of Statutory Auditors and Auditor in subsidiary companies within the Finmeccanica Group. At present he holds the posts of Chairman of the Board of Statutory Auditors, Statutory Auditor and Chairman of the Supervisory Body in various companies. At the time of the present report, he does not hold any administrative or supervisory positions in other listed companies.

BRUNO BORGIA.

Born in Naples on 21st March 1944, he graduated in Economics from Milan's Catholic University. He is a qualified accountant and auditor, and a lecturer at the "Centro Universitario di Organizzazione Aziendale (CUOA)" – the University's Centre for Company Organisation: he is also a member of CUOA Finance's Legislation and Market Observatory. He is a partner in KPMG, and between 1985 and 2006 he was head of auditing for a number of listed and non-listed, Italian and foreign, companies, as well as head of the Industrial Market sector for Italy (1995-2006) and of the Mid Market sector for Europe, the Middle East and Africa (2002-2006).

To date he is Auditor in a number of other companies, none of which are listed however.

The Board of Statutory Auditors has ascertained that the Auditors meet the independence criteria prescribed by law currently in force, and in the Code, as already declared by the Auditors themselves at the time of their appointment.

Furthermore, no member of the Board of Statutory Auditors has notified that they, or third parties, have any interests in the Company's transactions.

4.5.3. MEETINGS OF THE BOARD OF STATUTORY AUDITORS - THE ATTENDANCE OF STATUTORY AUDITORS AT THE MEETINGS OF THE BOARD OF DIRECTORS

Six meetings of the Board of Statutory Auditors were held during the course of the financial year.

The table below gives details of the attendance of individual Auditors at the said meetings of the Board of Statutory Auditors, and at the meetings of the Board of Directors.

Members	No. of presences at meetings of the Board of Statutory Auditors	No. of presences at meetings of the Board of Directors
Giacinto Sarubbi ⁽¹⁾	4/4	9/9
Massimo Scotton ⁽²⁾	4/4	6/9
Francesca Tripodi ⁽³⁾	6/6	11/12
Paolo Colombo ⁽⁴⁾	2/2	2/3
Antonio Rosina ⁽⁵⁾	1/2	2/3

⁽¹⁾ Chairman of the Board of Statutory Auditors elected by the Ordinary Shareholders' Meeting of 1st April 2008.

⁽²⁾ Statutory Auditor elected by the Ordinary Shareholders' Meeting of 1st April 2008.

⁽³⁾ Statutory Auditor elected for the financial years 2005-2007; term of office expired at the Ordinary Shareholders' Meeting of 1st April 2008.

⁽⁴⁾ Chairman of the Board of Statutory Auditor elected for the financial years 2005-2007; term of office expired at the Ordinary Shareholders' Meeting of 1st April 2008.

⁽⁵⁾ Statutory Auditor elected for the financial years 2005-2007; term of office expired at the Ordinary Shareholders' Meeting of 1st April 2008.

All absences have been justified.

4.5.4 ROLE AND DUTIES

Besides its legal duties and obligations, the Board of Statutory Auditors shall hold regular meetings for the purpose of supervising the activities of the External Auditors, and in order to give its prior approval of the assignment to said Auditors of further duties by the Company, or by other companies within the Group, in accordance with the provisions of article 160 of the Consolidated Law on Finance.

During the course of its activities, the Board of Statutory Auditors: (i) has monitored the independence of the External Auditors, and ascertained both their compliance with legal requirements, and the nature and entity of the services, other than auditing services, that the External Auditors and those entities belonging to the network, provided to the Company and its subsidiaries; (ii) has cooperated with the Internal Audit function and with the CCI during performance of its own activities, through specially organised meetings; (iii) has met the Board of Statutory Auditors of Finmeccanica S.p.A., which manages and coordinates Ansaldo, in order to exchange information with the two Boards concerning their respective administrative and control systems, and with regard to the general performance of company business.

Furthermore, both at the time of its appointment and on 22nd January 2009, the Board of Statutory Auditors, on the basis of the declarations issued by the directors, and in view of the opinions expressed by the Board of Directors, certified that the criteria and procedures adopted by the Board of Directors in order to evaluate the independence of its own members, were correctly applied. The results of the evaluation carried out at the time of the appointment, were disclosed to the market in a press release issued on 1st April 2008.

4.6 HANDLING OF CONFIDENTIAL INFORMATION

4.6.1 REGULATIONS GOVERNING THE HANDLING OF CONFIDENTIAL INFORMATION AND THE CREATION OF A REGISTER

Up until 31st December 2008, the management and handling of confidential information was governed by two distinct Internal Regulations approved by the Company's Board of Directors on 24th March 2006. These Internal Regulations, despite containing exactly the same basic principles, had two different scopes; in fact, one set was designed to govern the management and handling of the confidential information of the two Italian subsidiaries, while the other set was designed to govern the management and handling of the confidential information of Ansaldo STS and foreign subsidiaries. Following the merger by incorporation of ASF and ATSF in Ansaldo STS, which as mentioned, took effect from 1st January 2009, the Regulations governing the two Italian subsidiaries ceased to be valid. In light of this, the management and handling of confidential information is now governed exclusively by the regulations that apply to Ansaldo STS and the foreign subsidiaries.

The aforesaid Regulations are designed to ensure that Ansaldo STS fulfils its obligations as a listed company, by governing the following:

- the ways in which the “Register of persons with access to confidential information” should be managed and regularly updated, pursuant to, and for the purposes of, article 115-*bis* of the Consolidated Law on Finance;
- the flow of information between the companies in the Group and Ansaldo STS, with specific regard to the events and circumstances that constitute, or that may constitute, confidential information pursuant to article 181 of the Consolidated Law on Finance;
- the management and handling of confidential information, and corresponding disclosure abroad.

As far as regards Ansaldo STS and the foreign subsidiaries, the provisions of article 152-*bis*, subsection 4, of the Issuers’ Regulations, and the aim of optimising processes, have been taken as the basis for the creation of a single register (the so-called “Group Register”) which is directly managed by Ansaldo STS, and is used in order that both Ansaldo STS and the foreign subsidiaries fulfil the abovementioned obligations. The provisions of the Regulations regarding foreign subsidiaries are thus designed to govern both the handling of confidential information, and also foreign companies’ fulfilment of their obligations in order to enable Ansaldo STS to duly and promptly acquire the information it needs to properly and regularly manage and update the Group Register. The Company’s General Secretary has been appointed as the person in charge of the Register, while the Head of Company Affairs has been appointed as his deputy.

The Regulations which applied to ASF and ATSF up until 31st December 2008, were designed to govern the handling of confidential information, and the means by which the aforesaid register is to be created and kept by the companies.

The aforesaid Regulations are available on the Company’s website at the following address:

http://www.ansaldo-sts.com/IT/AnsaldoSTS/private/private_files/Codici_Interni/D_02_CG_Informazioni_privilegiate.pdf

4.6.2 INTERNAL DEALING CODE

Within the context of the procedures for the handling and notification of information regarding the Company, on 24th March 2006 the Board of Directors adopted an Internal Dealing Code designed to govern the flows of information pertaining to those transactions which Consob identifies as concerning shares issued by the Company, or other associated financial instruments (the so-called “relevant transactions”), and put into place, also through third parties, by “relevant subjects” within the Company or by persons “strictly connected” to the latter, within the meaning of article 152-*sexies* of the Issuers’ Regulations.

The Internal Dealing Code also provides for so-called “Blocking periods” during which the aforesaid relevant subjects are forbidden from carrying out relevant transactions.

These “Blocking Periods” consist in:

- the fifteen days prior to the Board of Directors’ approval of the budget plan, the half-yearly report and the quarterly reports, up until the press release divulging the nature of the Board’s decisions to the market;
- other periods in which the Board of Directors, or in emergencies the Chairman of the Board and/or the CEO, either jointly or separately, decides to ban or restrict the execution of Relevant Transactions. .

The Internal Dealing Code is available on the Company’s website at the following address: http://www.ansaldo-sts.com/IT/AnsaldoSTS/private/private_files/Codici_Interni/internal-dealing.pdf

4.7 THE SHAREHOLDERS' MEETING

When convening, planning and managing the Shareholders' Meetings, a special effort should be made to try and ensure the attendance of the greatest possible number of Shareholders, and to guarantee the highest possible quality of the information they are provided in such circumstances, in accordance with the restrictions and distribution procedures applicable to price-sensitive information.

The Shareholders' Meeting is convened by means of a public notice published in the Official Gazette, and a press release in at least one major national daily newspaper.

Pursuant to article 12.1 of the Articles of Association, "*Attendance at the Shareholders' Meetings requires the relative notification provided by an authorised financial intermediary, pursuant to the provisions of the law, at least two full days prior to the date set for the Meeting in question*". In order to facilitate the collection of proxies from shareholders working for the Company or for its subsidiary companies who are affiliated to shareholders' associations complying with the provisions of the law governing such, the Articles of Association establish that these associations may be provided, in accordance with the terms and conditions agreed at the time with their legal representatives, with spaces to be used for the notification and collection of proxies.

With regard to the manner in which the Shareholders' Meeting shall be conducted, on 12th December 2005 the Shareholders' Meeting itself approved the Shareholders' Meeting Regulations. These Regulations establish the procedures designed to guarantee the ordered and functional holding of the Meetings, and to guarantee each shareholder's right to speak on the matters set out in the Agenda; the Regulations also specify certain specific aspects of the Meetings (such as the maximum length of speeches, voting methods and procedures, and so on) designed to aid the work of the Shareholders' Meetings. The Regulations specifically lay down that anyone who wishes to speak at the Meeting must request permission to do so from the Chairman or, subject to the latter's suggestion, from the Secretary, and that such request must be made in writing and contain details of the matter which the person in question wishes to ask about, and shall be submitted after the Meeting's agenda has been read out. The Shareholders' Meeting Regulations, distributed to all shareholders at each Meeting, is also available on the Company's website at the following address:

http://www.ansaldo-sts.com/IT/AnsaldoSTS/private/private_files/Codici_Interni/regolamento-assembleare.pdf

The Board of Directors reports to the Shareholders' Meeting, at least on the occasion of approval of the year's accounts, with regard to the activities carried out and planned, and in any case each time it deems it opportune. In order to enable the shareholders to knowingly reach their decisions during the Meeting, the Board of Directors publishes detailed reports on each item on the agenda (in the case of those items for which it is duly competent). These reports are also made available on the Company's website at the following address:

www.ansaldo-sts.com/AnsaldoSTS/IT/Corporate/InvestorRelations/infoshareholders/index.sdo

4.8 RELATIONS WITH INVESTORS

With regard to the importance – as underlined by the Code – of creating a regular, professional relationship with the body of shareholders and institutional investors, a special company function has been set up called "Investor Relations", headed by an officer entirely dedicated to this specific role.

First and foremost, the Investor Relations Function provides all the key information required in order for the financial market to have a perception of the Company in keeping with the intrinsic value of the Group's business activities.

The aim is to develop a transparent, regular dialogue with Italian and international investors based on a clear strategic view of the Company's business activities and the development of these activities.

The Investor Relations Function maintains constant communication with Shareholders and analysts through the drafting of Guidance and the careful monitoring of the Consensus Estimate.

During the course of the year, events shall be organised designed to improve the financial market's knowledge of the Group, and to present its economic and financial results together with the foreseeable development (economic-financial Guidance).

The aim is to organise at least two institutional road shows during the course of the year, featuring the Company's Top Management, preferably to coincide with the publication of annual and half-yearly results, in keeping with the best practices followed by listed companies.

These road shows, which shall each last for a minimum of two days, shall be held in Europe and the world's major financial centres; during 2008, road shows were organised in 15 different cities throughout Europe and North America.

In October 2008, on the occasion of the presentation of the Company's new strategic plan for 2009-2012, the Investor Relations Function organised an event entitled an "Investor Conference". This event, which was open to the entire global financial community, represented a moment of in-depth analysis and self-examination of the reference business sector. Other events organised by the Investor Relations Function included a conference call for the financial market, on the occasion of the publication of the quarterly results and/or important extraordinary transactions; visits to the plants of the subsidiary companies, which as a rule were preceded by a presentation of the Company by its Top Management.

The Head of the Investor Relations Function, who is directly answerable to the Chief Executive officer, is Andrea Razeto.

References

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Genoa, 6th March 2009

On behalf of the Board of Directors
The Chairman
(Alessandro Pansa)

TABLE 1.: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

BOARD OF DIRECTORS										INTERNAL CONTROL COMMITTEE	REMUNERATION COMMITTEE		
DIRECTOR	OFFICE	LIST*	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT		ATTENDANCE AT MEETINGS	% **	OTHER APPOINTMENTS ***	MEMBERS	ATTENDANCE AT MEETINGS	MEMBERS	ATTENDANCE AT MEETINGS *
					CODE	CONS. FINANCE ACT							
ALESSANDRO PANSA (•)	Chairman	M	X				12/12	100	3				
SANTE ROBERTI (•)	Vice Chairman	M	X				12/12	100					
SERGIO DE LUCA (•)	CEO	M	X				12/12	100					
MAURIZIO CEREDA (•)	Director	m		X	X	X	9/12	75	2	X	8/9	X Chairman	
GERLANDO GENUARDI (•)	Director	M		X	X	X	10/12	83,3				X	2/2
GREGORIO GITTI (••)	Director	m		X	X	X	9/9	100	10 (•••)	X President e	7/7		
FRANCESCO LALLI (•)	Director	M		X			10/12	83,3				X	4/4
EUGENIO PINTO (••)	Director	m		X	X	X	7/9	77,8	6	X	5/7		
ATTILIO SALVETTI (•)	Director	M		X	X	X	11/12	91,7		X	9/9		

Every absence from the meetings of the Board of Directors' and the Committees must be duly justified.

* "M": Director elected from the majority list / "m": Director elected from the minority list.

** Percentage attendance at the Board of Directors' meetings

*** This column shows the number of directorships and auditorships held by the person in question in other companies listed in regulated markets (including foreign markets), in financial companies, banks, insurance companies or other major companies. See the report for further details

- (•) A Director whose term of office expired on the occasion of the Ordinary Shareholders' Meeting of 1st April 2008 and who was re-elected to said office at that same meeting.
- (••) A Director elected for the first time by the Ordinary Shareholders' Meeting of 1st April 2009.
- (•••) With regard to the number of posts held by Gregorio Gitti, it should be pointed out that the companies Lombarda 24-7 Finance S.r.l., Lombarda Lease Finance 2 S.r.l., Lombarda Lease Finance 3 S.r.l and Lombarda Mortgage Finance 1 S.r.l are all special purpose vehicles created in order to complete a series of securitisation operations which, in the meantime, have in fact been completed.

TABLE 2.: MEMBERS OF THE BOARD OF DIRECTORS WHOSE TERM OF OFFICE EXPIRED ON THE OCCASION OF THE ORDINARY SHAREHOLDERS' MEETING OF 1ST APRIL 2008

BOARD OF DIRECTORS									INTERNAL CONTROL COMMITTEE	REMUNERATION COMMITTEE			
DIRECTOR	OFFICE	LIST*	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT		ATTENDANCE AT MEETINGS	% **	OTHER APPOINTMENTS ***	MEMBERS	ATTENDANCE AT MEETINGS	MEMBERS	ATTENDANCE AT MEETINGS *
					CODE	CONS. FINANCE ACT							
SERGIO MARIA CARBONE	Director	M		X	X	X	3/3	100	3	X Chairman	2/2		
GABRIELE FALCIASECCA	Director	m		X	X	X	3/3	100				X	2/2

Every absence from the meetings of the Board of Directors' and the Committees must be duly justified.

* "M": Director elected from the majority list / "m": Director elected from the minority list.

** Percentage attendance at the Board of Directors' meetings

*** This column shows the number of directorships and auditorships held by the person in question in other companies listed in regulated markets (including foreign markets), in financial companies, banks, insurance companies or other major companies. At 1st April 2008 Sergio Maria Carbone was a Director of SIRTI S.p.A, Fondazione CARIGE and Società Finanziaria e Banca Passadore & C. S.p.A..

TABLE 3.: BOARD OF STATUTORY AUDITORS: FULL-TIME AUDITORS AND REPLACEMENT AUDITORS

AUDITOR	OFFICE	INDEPENDENT ACCORDING TO THE CODE	OTHER APPOINTMENTS*	ATTENDANCE AT BOARD OF AUDITORS' MEETINGS	%**
GIACINTO SARUBBI [♦]	Chairman	X	-	4/4	100
MASSIMO SCOTTON [♦]	Full-time Auditor	X	2	4/4	100
FRANCESCA TRIPODI ^{♦♦}	Full-time Auditor	X	-	6/6	100
PIETRO CERASOLI [◇]	Replacement Auditor	X	-	-	-
BRUNO BORGIA ^{◇◇}	Replacement Auditor	X	-	-	-

Every absence from the Board of Statutory Auditors' meetings must be duly justified.

* The appointments indicated are those held in other companies listed in regulated markets.

** Percentage attendance at the Board of Statutory Auditors' meetings

- ♦ Full member of the Board of Statutory Auditors elected for the financial years 2008-2010 by the Ordinary Shareholders' Meeting of 1st April 2008.
- ♦♦ Full member of the Board of Statutory Auditors for the financial years 2005-2007 and re-elected the Financial Years 2008-2010 by the Ordinary Shareholders' Meeting of 1st April 2008.
- ◇ Replacement member of the Board of Statutory Auditors for the financial years 2005-2007 and re-elected the Financial Years 2008-2010 by the Ordinary Shareholders' Meeting of 1st April 2008.
- ◇◇ Replacement member of the Board of Statutory Auditors elected for the financial years 2008-2010 by the Ordinary Shareholders' Meeting of 1st April 2008.

TABLE 4: MEMBERS OF THE BOARD OF STATUTORY AUDITORS WHOSE TERM OF OFFICE EXPIRED ON THE OCCASION OF THE ORDINARY SHAREHOLDERS' MEETING HELD ON 1ST APRIL 2008

AUDITOR	OFFICE	INDEPENDENT ACCORDING TO THE CODE	OTHER APPOINTMENTS*	ATTENDANCE AT BOARD OF AUDITORS' MEETINGS	%**
PAOLO COLOMBO	Chairman	X	3	2/2	100
ANTONIO ROSINA	Full-time Auditor	X	-	1/2	50
DOMENICO LUNEDEI	Replacement Auditor	X	-	-	-

Every absence from the Board of Statutory Auditors' meetings must be duly justified.

* The appointments indicated are those held in other companies listed in regulated markets at 1st April 2008.

** Percentage attendance at the Board of Statutory Auditors' meetings

TABLE 5.: OTHER PROVISIONS OF THE CODE OF SELF-DISCIPLINE

	YES	NO	SUMMARY OF THE REASONS FOR ANY DEVIATION FROM THE CODE'S RECOMMENDATIONS
THE PROXY SYSTEM AND TRANSACTIONS WITH AFFILIATED PARTIES			
HAS THE BOARD OF DIRECTORS GRANTED POWERS OF PROXY AND ESTABLISHED THE LIMITS THEREOF:			
B) LIMITS	X		
C) CONDITIONS OF EXERCISE	X		
D) AND FREQUENCY OF BRIEFINGS ?	X		
HAS THE BOARD OF DIRECTORS RESERVED THE RIGHT TO EXAMINE AND APPROVE THOSE TRANSACTIONS OF PARTICULAR IMPORTANCE FROM THE ECONOMIC, FINANCIAL AND CAPITAL POINT OF VIEW (INCLUDING TRANSACTIONS WITH AFFILIATED PARTIES) ?	X		
HAS THE BOARD OF DIRECTORS ESTABLISHED GUIDELINES AND CRITERIA FOR THE IDENTIFICATION OF "SIGNIFICANT" TRANSACTIONS ?	X		
ARE THE ABOVEMENTIONED GUIDELINES AND CRITERIA DESCRIBED IN THE REPORT ?	X		
HAS THE BOARD OF DIRECTORS ESTABLISHED SPECIFIC PROCEDURES FOR THE EXAMINATION AND APPROVAL OF TRANSACTIONS WITH AFFILIATED PARTIES ?	X		
ARE THE PROCEDURES FOR THE APPROVAL OF TRANSACTIONS WITH AFFILIATED PARTIES	X		

DESCRIBED IN THE REPORT?

PROCEDURES REGARDING THE LATEST APPOINTMENT OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

WERE THE LISTS OF CANDIDATES FOR THE OFFICE OF DIRECTOR SUBMITTED AT LEAST TEN DAYS IN ADVANCE?

X

WERE THE LISTS OF CANDIDATES FOR THE OFFICE OF DIRECTOR ACCOMPANIED BY FULL INFORMATION ?

X

WERE THE LISTS OF CANDIDATES FOR THE OFFICE OF DIRECTOR ACCOMPANIED BY A STATEMENT ATTESTING TO THE DUE INDEPENDENCE OF THE CANDIDATES ?

X

WERE THE LISTS OF CANDIDATES FOR THE OFFICE OF STATUTORY AUDITOR SUBMITTED AT LEAST TEN DAYS BEFOREHAND?

X

WERE THE LISTS OF CANDIDATES FOR THE OFFICE OF STATUTORY AUDITOR ACCOMPANIED BY FULL INFORMATION ?

X

SHAREHOLDERS' MEETINGS

HAS THE COMPANY APPROVED REGULATIONS GOVERNING SHAREHOLDERS' MEETINGS ?

X

ARE THE REGULATIONS ATTACHED TO THE REPORT (OR ARE THERE DETAILS OF WHERE THESE

REGULATIONS ARE AVAILABLE FOR VIEWING/DOWNLOADING)?	X	
INTERNAL CONTROL		
HAS THE COMPANY APPOINTED THOSE PERSONS IN CHARGE OF INTERNAL CONTROL ?	X	
ARE THE PERSONS IN CHARGE OF INTERNAL CONTROL INDEPENDENT OF THE HEADS OF THE OPERATIVE AREAS ?	X	
ORGANISATIONAL UNIT IN CHARGE OF INTERNAL CONTROL (<i>PURSUANT TO</i> ART. 8.C.1 OF THE CODE)	INTERNAL AUDIT FUNCTION	
INVESTOR RELATIONS		
HAS THE COMPANY APPOINTED A HEAD OF INVESTOR RELATIONS?	X	
ORGANISATIONAL UNIT AND DETAILS OF THE HEAD OF THE INVESTOR RELATIONS FUNCTION (ADDRESS/TELEPHONE NO./FAX NO./E-MAIL)	INVESTOR RELATIONS FUNCTION Andrea Razeto c/o Ansaldo STS S.p.A. Via P. Mantovani 3-5, 16151 Genoa Tel: +39 010 655 2068 Fax: + 39 010 655 2055 Dedicated e-mail: investorelations@ansaldo-sts.com	