ANSALDO STS S.P.A.
REGISTERED OFFICE IN GENOA, VIA PAOLO MANTOVANI 3/5
SHARE CAPITAL EURO 50,000,000.00 FULLY SUBSCRIBED AND PAID-UP
GENOA COMPANIES REGISTER NUMBER AND TAX CODE 01371160662
SUBJECT TO THE MANAGEMENT AND COORDINATION OF FINMECCANICA S.P.A.

Ordinary and Extraordinary Shareholders' Meeting of 22-23 April 2010

Board of Directors' Report prepared pursuant to article 72 of the Issuers' Regulations of article 3 of Legislative Decree n° 437 dated 5 November 1998

Item 1 on the agenda of the extraordinary shareholder's meeting - Free share capital increase, pursuant to article 2442 of the Italian Civil Code, totalling EUR 50,000,000.00 and therefore from the current EUR 50,000,000.00 to Euro 100,000,000.00, by allocating available reserves to the capital through the issue of 100 million ordinary Company shares with a par value of EUR 0.50 each to Company shareholders, through five yearly tranches of EUR 10,000,000 each. Subsequent amendments to article 5 of the Company's Articles of Association. Relative and consequent resolutions.

Dear Shareholders,

with reference to Item 1 on the agenda of the extraordinary shareholder's meeting convened to discuss and resolve on the proposal for a free share capital increase, pursuant to article 2442 of the Italian Civil Code, totalling EUR 50,000,000.00 and therefore from the current EUR 50,000,000.00 to Euro 100,000,000.00, by allocating available reserves to the capital through the issue of 100 million ordinary Company shares with a par value of EUR 0.50 each to Company shareholders, through five yearly tranches of EUR 10,000,000 each, in the form of 20,000,000 new ordinary shares.

REASONS FOR FREE SHARE CAPITAL INCREASE

The proposal for the free share capital increase will rationalise and strengthen the shareholders' equity of the Company, ensuring a more appropriate ratio between share capital and equity. Specifically, the proposed procedure for issuing the new shares in five annual tranches will enable the Company to progressively broaden its shareholder base, increase the number of shares available to the market over a period of years, gradually balance capital returns and reward shareholders that invest in ASTS shares for the medium to long term.

GENERAL DETAILS OF THE OPERATION

In order to implement the free share capital increase, totalling EUR 50,000,000.00, the following available reserves will be allocated to the capital:

- EUR 47,678,624.34 from "*Payments into capital account*";
- EUR 2,321,375.66 from "*Merger surplus*";

At the same time as the issue of each EUR 10,000,000.00 tranche of the free share capital increase, the above reserves shall be reduced by the same amount, to be fully allocated to the share capital.

New shares will have the same characteristics and dividend rights as those already in circulation.

the 10,000,000 new shares that form the first tranche of the free share capital increase will be issued on 5 July 2010, with the number four coupon rate and will be allocated according to a new share every five shares already owned at that date. The new shares will therefore have normal dividend rights and will not have the right to the payment of the dividend relative to the financial year ending at 31 December 2009.

For each tranche after the first one:

- the shares will be issued in the second semester of each year and attributed freely to existing shareholders at the date of issue proportionate to the shares they already own;
- the Company shall notify the date of issue of the new shares, the coupon date and coupon number as well as the ratio of free assignment of new shares through notification published in at least one national daily newspaper and on the website www.ansaldo-sts.com.

The Company may appoint a financial broker to manage any fractional rights.

Against the free share capital increase, the Legal Reserve shall be increased by the current EUR 10,000,000.00 to a total of EUR 20,000,000.00 in five annual tranches, each amounting to EUR 2,000,000 through the use of the *Reserve for Legal Reserve adjustment*, amounting to a total of EUR 10,000,000.00, so that with the execution of each tranche of the free share capital increase, the Legal Reserve shall remain equal to one fifth of the Share Capital.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In consideration of the above, it is necessary to amend article 5 of the company's Articles of Association by adding a second point to the first subsection to outline the operation to increase the share capital decided by resolution.

Given all of the above, we propose that you approve the amendments to the first subsection of article 5 of the Articles of Association as per the text reported here below compared with the current text:

CURRENT TEXT	NEW TEXT
Article 5 5.1 The share capital is EUR 50,000,000.00 (fifty million), represented by 100,000,000 (one hundred million) ordinary shares with a par value of EUR 0.50 (zero point fifty) each. *omissis*	Article 5 5.1 The share capital is EUR 50,000,000 (fifty million), represented by 100,000,000 (one hundred million) ordinary shares with a par value of EUR 0.50 (zero point fifty) each. **The extraordinary shareholders' general meeting held on [22/23] April 2010 resolved on the free share capital increase pursuant to article 2442 of the Italian Civil Code, for a total of EUR 50,000,000.00 (fifty million) and therefore from EUR 50,000,000.00 (fifty million) to EUR 100,000,000.00 (one hundred million), by allocating available reserves to the capital through the issue of 100 million ordinary Company shares with a par value of EUR 0.50 (zero point fifty) each to Company shareholders, through five yearly tranches of EUR 10,000,000 (ten million) each, in the form of 20,000,000 (twenty million) new ordinary shares for each tranche, the first of which to be carried out on 05 July 2010, followed by the others at the date the Board of Directors sets in the second semester of the subsequent four years (from 2011 to 2014). The new shares will be attributed freely to existing shareholders at the date of execution of each tranche proportionate to the shares they already own at that date, beginning from 2010 and ending on 31 December 2014.** *omissis*

The proposed amendments do not attribute the right of withdrawal pursuant to article 2437 of the Italian Civil Code to shareholders who do not contribute to approval.

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Dear Shareholders,

in light of the above, we invite you to pass the following resolution:

"*The Extraordinary Shareholders' Meeting of Ansaldo STS S.p.A.,*

- *examined the proposal by the Board of Directors;*
- *acknowledged the statement by the Board of Auditors, whereby the share capital of EUR 50,000,000.00 (fifty million), is fully paid-up and existing,*

resolves

- *to increase the share capital for free, pursuant to article 2442 of the Italian Civil Code, for a total of EUR 50,000,000.00 (fifty million) and therefore from EUR 50,000,000.00 (fifty million) to EUR 100,000,000.00 (one hundred million), by allocating available reserves to the capital, specifically: (i) EUR 47,678,624.34 (forty seven million, six hundred and seventy-eight thousand, six hundred and twenty four point three four) from the "Payments into capital account" reserve, which will as a consequence be cleared; (ii) EUR 2,321,375.66 (two million, three hundred and twenty-one thousand, three hundred and seventy-five point six six) from the "Merger surplus" reserve, which will as a consequence be reduced by the same amount, to be carried out through the issue of 100 million ordinary Company shares with a par value of EUR 0.50 each, through five yearly tranches of EUR 10,000,000 (ten million) each, in the form of 20,000,000 new ordinary shares with a par value of EUR 0.50 (zero point fifty) each, by 31 December 2014. The new shares will have normal dividend rights;*
- *to establish that, in relation to the first tranche, shares will be issued on 5 July 2010, with the number four coupon rate and will be allocated according to a new share every five shares already owned at that date, while for subsequent tranches, the shares will be issued in the second semester of each year and allocated freely to existing shareholders at the date of issue proportionate to the shares they already own;*
- *to provide that, at the same time as the execution of each of the tranches of the free share capital increase, the Legal Reserve shall be increased by EUR 2,000,000.00, through the use of the Reserve for Legal Reserve adjustment";*
- *to subsequently amend article 5, subsection one of the Company's Articles of Association as follows:*

CURRENT TEXT	*NEW TEXT*
Article 5 *5.1 The share capital is EUR 50,000,000.00 (fifty million), represented by 100,000,000 (one hundred million) ordinary shares with a par value of EUR 0.50 (zero point fifty) each.* *omissis*	Article 5 *5.1 The share capital is EUR 50,000,000 (fifty million), represented by 100,000,000 (one hundred million) ordinary shares with a par value of EUR 0.50 (zero point fifty) each.* ***The extraordinary shareholders' general meeting held on [22/23] April 2010 resolved on the free share capital increase pursuant to article 2442 of the Italian Civil Code, for a total of EUR 50,000,000.00 (fifty million) and therefore from EUR 50,000,000.00 (fifty million) to EUR 100,000,000.00 (one hundred million), by allocating available reserves to the capital through the issue of 100 million ordinary Company shares with a par value of EUR 0.50 (zero point fifty) each to Company shareholders, through five yearly tranches of EUR 10,000,000 (ten million) each, in the form of 20,000,000 (twenty million) new ordinary shares for each tranche, the first of which to be carried out on 5 July 2010, followed by the others at the date the Board of Directors sets in the second semester of the subsequent four years (from 2011 to 2014). The new shares will be attributed freely to existing shareholders at the date of execution of each tranche proportionate to the shares they already own at that date, beginning from 2010 and ending on 31 December 2014.*** *omissis*

- *to grant the Board of Directors, and the Chairman and Chief Executive Officer on its behalf, acting independently from each other, the most wide ranging powers necessary or also appropriate to implement the aforementioned resolutions in full, to add any amendments and additions that may be necessary to them also upon request of the supervisory bodies, and to proceed with legal filing and registrations, with specific advance declaration of approval and ratification. The power to amend article 5, subsection one of the company's Articles of Association in compliance with the execution of each tranche of capital increase falls within the powers as granted above.".*

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Rome, 12 March 2010

For the Board of Directors
Chairman
Alessandro Pansa