



ANSALDO STS S.P.A.  
REGISTERED OFFICE IN GENOA, VIA PAOLO MANTOVANI 3 – 5  
SHARE CAPITAL EURO 70,000,000.00 FULLY SUBSCRIBED AND PAID UP  
NUMBER OF REGISTRATION IN THE BUSINESS REGISTER OF GENOA AND TAX CODE 01371160662  
SUBJECT TO DIRECTION AND COORDINATION BY FINMECCANICA S.P.A.

## **Ordinary Shareholders' Meeting.**

**May 7<sup>th</sup>, 2012**

### **Explanatory Report of the Board of Directors**

**drafted pursuant to Art. 125-ter of Legislative Decree No. 58 of February 24<sup>th</sup>, 1998**

#### **Item 7 of the agenda - Dismissal for just cause and appointment of the new External Auditor**

7.1 Dismissal for just cause of the external auditing engagement conferred to PricewaterhouseCoopers S.p.A. Related and consequent resolutions

7.2 Engagement of the new External auditor for the period 2012-2020 and determination of the remuneration. Related and consequent resolutions

Dear Shareholders,

in relation to the seventh item of the agenda, you are called to resolve on the dismissal for just cause of the current external audit assignment of Ansaldo STS S.p.A. ("**Ansaldo STS**") – performed by the audit company PricewaterhouseCoopers S.p.A. ("**PWC**"), pursuant to an assignment initially conferred by the Shareholders' Meeting of the Company dated February 24<sup>th</sup>, 2006, for the years 2006-2011, then extended by the Meeting dated May 22<sup>nd</sup>, 2007, for the years 2012, 2013 and 2014, with validity until the date of the Meeting to be called for approval of the financial statements for 2014 – as well as, concurrently, on the conferment of the new assignment for the external audit of the accounts of Ansaldo STS for the nine-year period 2012-2020 and the definition of the relevant fee.

In this regard, please note that pursuant to Art. 13, subsection 3, of Italian Legislative Decree No. 39 dated January 27<sup>th</sup>, 2010, the Shareholders' Meeting may dismiss for just cause the external auditor, after hearing the board of statutory auditors, and conferring at the same time a new

assignment on another external auditor or external audit company. Pursuant to subsection 1 of the same Art. 13 of Italian Legislative Decree No. 39/2010, the Meeting confers the external audit assignment and defines the relevant fee upon a reasoned proposal of the Board of Statutory Auditors.

The above being stated, this report includes:

- 1) as to the dismissal of the current external auditor:
  - a) the proposal of the Board of Directors to the Ordinary Shareholders' Meeting called on May 7<sup>th</sup>, 2012, for the dismissal for cause of the external auditing assignment conferred on PWC; and
  - b) the contents of the opinion of the Board of Statutory Auditors under Art. 13, subsection 3, of Italian Legislative Decree No. 39/2010, which also takes into account the comments on the revocation submitted by PWC to the Company;
- 2) as to the audit assignment for the period 2012-2020 and the definition of the relevant fee, the reasoned proposal of the Board of Statutory Auditors given in accordance with Art. 13, subsection 1, of Italian Legislative Decree No. 39/2010.

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#### **7.1 Dismissal for just cause of the external auditing engagement conferred to PricewaterhouseCoopers S.p.A.**

On the date of the Shareholders' Meeting of Finmeccanica S.p.A. ("**Finmeccanica**"), controlling shareholder of Ansaldo STS, that shall be called for the approval of the 2011 financial statements, Finmeccanica's external audit assignment, currently performed – as for Ansaldo STS – by PriceWaterhouse&Coopers S.p.A., shall expire.

Pursuant to Art. 17, subsection 1, of Italian Legislative Decree No. 39 of January 27<sup>th</sup>, 2010, such assignment, initially conferred on PWC by the Shareholders' Meeting of Finmeccanica dated May 23<sup>rd</sup>, 2006, cannot be renewed or conferred on PWC again until at least three years have lapsed from the date of expiration of the current assignment.

This means that following the appointment of the new external auditor of Finmeccanica, if Ansaldo STS did not revoke the assignment currently performed by PWC, there would be a nonalignment between the external auditor of Ansaldo STS and the one of its parent company Finmeccanica.

In relation to the above, the same Board of Director of Ansaldo STS, also in view of the reasons presented by Finmeccanica, considered that such nonalignment between the different entities in charge of the external audit of Finmeccanica and Ansaldo STS would also negatively affect the activity currently carried out by PWC with respect to the Ansaldo STS Group, both in terms of the

possibly different working approaches of the auditors, with effects on the audit process as a whole, and in terms of higher costs and charges, including procedural costs.

In consequence of the above, the Board of Directors therefore resolved to submit to the Meeting the dismissal for cause of the audit assignment of Ansaldo STS, currently performed by PWC, in order to concurrently confer a new external audit assignment for the period 2012-2020 on the same audit company, which is going to be entrusted with the external audit assignment of the controlling shareholder, Finmeccanica S.p.A.. This would allow in fact to set up a plan for the conferment of assignments at group level, also in a future perspective, aimed at rationalising and optimising the business costs and improving the efficiency of the audit activity.

It is to be specified in this regard that the reasons behind the proposal of dismissal for cause – as described above – have nothing to do with the activities carried out or the conduct held by PWC in performing the current assignment, nor do they relate in any way to any divergence of opinion between the Company and PWC as regards accounting practices or audit procedures.

In this regard, we point out again that the revocation for cause of an audit assignment is allowed under Art. 13, subsection 3, of Italian Legislative Decree No. 39, according to which – as said – the Meeting revokes the assignment, after hearing the board of statutory auditors, whenever there is a cause. In accordance with the positions expressed by trade associations and on the basis of the experience of other listed companies, among the causes for revocation there is also the need to realign the term of the audit assignment of the subsidiary to the one of the parent company.

This being stated, we specify that on March 16<sup>th</sup>, 2012, pursuant to Art. 13, subsection 3, of Italian Legislative Decree No. 39/2010, based on the reasons illustrated above, and also considering the comments on the revocation for cause of the assignment, submitted to the Company by the same PWC on March 15<sup>th</sup>, 2012, the Board of Statutory Auditors also gave its favourable opinion on the dismissal for cause of the external audit assignment currently performed by PWC (enclosed with this report together with PWC's comments).

All the above being stated, we submit to your approval the following resolution:

*“The ordinary Meeting of Ansaldo STS S.p.A.,*

- considering that the external audit assignment of the parent company Finmeccanica S.p.A., currently performed by PricewaterhouseCoopers S.p.A., will expire on the date of the next Shareholders' Meeting of Finmeccanica S.p.A. called to approve the financial statements for the business year ended December 31<sup>st</sup>, 2011, and that such assignment, pursuant to Art. 17, subsection 1, of Italian Legislative Decree No. 39/2010, may not be renewed or conferred on PWC again until at least 3 years have lapsed from the date of expiration of the same assignment;*
- having examined the proposal of the Board of Directors;*

- *having heard the opinion of the Board of Statutory Auditors;*
- *considering that pursuant to Art. 13, subsection 3, of Italian Legislative Decree No. 39/2010, the external audit assignment may be revoked by the Meeting of the Shareholders, after hearing the board of statutory auditors, if there is a cause for revocation;*
- *considering that the nonalignment of the audit assignments within the Group, for the reasons described in the Board of Directors' report, is a cause for dismissing the external audit assignment under Art. 13, subsection 3, of Italian Legislative Decree No. 39/2010;*
- *considering that the reasons behind the revocation proposal have nothing to do with the activities carried out or the conduct held by PWC in performing the current assignment, nor do they relate in any way to any divergence of opinion between the Company and PWC as regards accounting practices or audit procedures,*

*resolves*

*to dismiss for just cause, under Art. 13, subsection 3, of Italian Legislative Decree No. 39/2010, for its residual part, the audit assignment initially conferred on the audit company PricewaterhouseCoopers S.p.A. by the Meeting of the Shareholders of the Company dated February 24<sup>th</sup>, 2006, for the years 2006-20011 and then extended by the Meeting dated May 22<sup>nd</sup>, 2007 for the years 2012, 2013, and 2014.*

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## **7.2 Engagement of the new External auditor for the period 2012-2020 and determination of the remuneration.**

As mentioned above, pursuant to Art. 13, subsection 3, of Italian Legislative Decree No. 39/2010, the Meeting which resolves upon the revocation of the audit assignment must at the same time confer a new assignment on another external auditor or external audit company, in accordance with the formalities set out by the same Art. 13, subsection 1.

Under this provision, the Meeting, upon a reasoned proposal of the board of statutory auditors, confers the external audit assignment and defines the fee for the external auditor or external audit company throughout the term of the office, as well as the criteria, if any, to adjust the fee during such term.

In view of the above, the Board of Directors submits to your attention the reasoned proposal of the Board of Statutory Auditors relevant to the statutory audit assignment for 2012 – 2020 as reported below.

***“Proposal of the Board of Statutory Auditors to the Ordinary Shareholders’ for a new external audit assignment for the period 2012-2020 and for the definition of the relevant fee.***

*Dear Shareholders,*

On March 5<sup>th</sup>, 2012 the Board of Directors of **Ansaldo STS** SpA ("**Ansaldo STS**" or "**ASTS**") resolved to set up and put in place all necessary actions and requirements to submit to the Shareholders' Meeting called for the approval of the financial statements for 2011 the revocation of the external audit assignment conferred upon PricewaterhouseCoopers S.p.A. ("**PWC**"), current external auditor of **Ansaldo STS**, and the conferment of a new audit assignment for the period 2012-2020 upon the same company that will be entrusted with the external audit assignment of Finmeccanica S.p.A..

In view of the above, pursuant to Art. 13 of Italian Legislative Decree No. 39 of 2010, the Board of Statutory Auditors issued a favourable opinion on the proposed revocation of the assignment conferred upon PWC, which the Board of Directors will submit to the Ordinary Meeting of the Shareholders for approval, and is hereby presenting a reasoned proposal for the appointment of the new external auditor, with definition of the relevant fee, so that such Meeting may resolve upon both the revocation of the external audit assignment which is currently carried out by PWC and the appointment of the new external auditor and the definition of the relevant fee.

In this regard, please note that, as extensively illustrated by this Board in the opinion regarding the dismissal for cause, on the date of the Meeting called to approve the financial statements for 2011, the assignment conferred by our parent company Finmeccanica on PWC will expire.

Finmeccanica therefore launched a selection procedure to identify an external auditor for the entire Finmeccanica group; such procedure also considered the auditing activities requested by the Ansaldo STS Group to its own auditors, with the obligation for the selected audit company to conform the price regarding the Ansaldo STS Group to the lowest quotation of all those presented by the participants in the selection, further reduced by 5%.

The appointment of the same auditor within the Finmeccanica Group is also in the interest of the Ansaldo STS Group both in terms of cost effectiveness and rationalisation and in terms of efficiency of the audit dynamics within the group.

Below are reported the main activities carried out by Finmeccanica in connection with the mentioned selection procedure.

The procedure was extended to the main audit companies that operate in Italy: Deloitte&Touche S.p.A., Reconta Ernst&Young S.p.A. and KPMG S.p.A., which submitted their proposals in relation to the performance of the external audit of the Finmeccanica Group for the years 2012-2020 and declared that no causes of incompatibility under Articles 149-bis of the Issuers' Regulation of Consob and 10 of Italian Legislative Decree No. 39 of 2010 exist in their respect.

In view of the complexity of the procedure of assessment of the bids, the Board of Statutory Auditors of Finmeccanica was supported, in the selection, by an ad-hoc Committee.

As regards the Ansaldo STS Group, the activities to be quoted, identified in concert with the management of Ansaldo STS, were the following:

- a) *external audit of the separate financial statements of Ansaldo STS and of companies of the group as identified in the selection procedures, for each of the years 2012 – 2020;*
- b) *external audit of the consolidated financial statements of the ASTS Group, with full audit of both consolidated and separate reporting packages of the companies of the group identified in the selection procedure and verification of the consistency of the print file of the consolidated financial statements of ASTS with the version subject to audit, as well as of the financial statements version translated into English, with issue of the relevant audit report;*
- c) *limited review of the half-yearly consolidated, condensed financial report and limited audit of the quarterly financial reports of the ASTS Group, with limited review at least of the consolidated and separate reporting packages of the companies of the group identified in the selection procedure, as well as verification of the consistency of the half-yearly financial report version translated into English with the original version, and issue of the relevant limited audit report;*
- d) *periodical verification of the regular keeping of the corporate accounts and of the correct recording of all management events in the accounting records for the Italian companies;*
- e) *agreed upon quarterly procedures on the foreign companies and groups considered to be significant; external audit of non-consolidated subsidiaries;*
- f) *hourly rates for each professional category and geographic area, either applying to additional audit activities, if any, or strictly linked to the audit activity (such as, for example, agreed upon procedures, comfort letters on accounting data, agreed upon procedures on information sheets, etc.);*
- g) *non-recurring activities and possible additional assignments:*
  - i. *agreed upon procedures conducted on the charging procedure for management fees;*
  - ii. *issue of a certificate of conformity in relation to the sustainability reporting according to the ISAE 3000 standard (limited version) of the International Auditing and Assurance Standard Board (IAASB);*
  - iii. *English translation of the consolidated (annual, half-yearly and quarterly) financial statements of ASTS;*
  - iv. *English translation of the sustainability report;*
  - v. *limited certification procedures relevant to certain values taken from the financial statements of ASTS or data drawn from the industrial accounts of the same company pursuant to the calls for bids;*
  - vi. *external audit of the consolidated financial statements, limited audit of the “consolidated half-yearly and quarterly reports” of the Ansaldo STS Australia Pty, Ansaldo STS France and Ansaldo STS USA Inc. Groups.*

*An overall score has been attributed in relation to each of the bids submitted, broken down into technical-qualitative component, assessed during the first stage of the selection, and economic-quantitative component, assessed during the second stage, as detailed below:*

- **Stage 1** (“qualitative assessment”), with attribution of 60 marks maximum, based on the following elements:
  - organisation of the audit activities and audit strategy;
  - total hours;
  - professional mix proposed, obtained by weighting the total hours by each professional qualification;
  - knowledge of A&D business;
  - audit on competitors and FTSE MIB 40 companies;
  - presence in Countries in which the Group operates;
  - composition, localisation and organisation of the internal review teams and technical committees and relevant performance;
- **Stage 2** (“quantitative assessment”), with attribution of 40 marks maximum, based on the following elements:
  - total fees over the nine-year period;
  - hourly rates weighted by professional qualification;
  - quotation of non-routine activities

*At the end of the assessment stages, KPMG S.p.A. was awarded with the highest score, both as a whole and in each of the two stages.*

*With regard to such procedure, the Board of Statutory Auditors of Finmeccanica: (i) coordinated and controlled the activities carried out by the mentioned Committee, which conducted the selection procedure; (ii) approved the way in which the tender short-list was drawn up; (iii) examined and approved the technical assessment of the bids; and (iv) identified the bid of the audit company KPMG S.p.A. as the best bid, also pursuant to the results of the economic assessment.*

*Based on the selection procedure results, the Board of Statutory Auditors of Finmeccanica then communicated to this Board of Statutory Auditors that at the next Ordinary Meeting of the Shareholders of Finmeccanica, called to approve the financial statements for 2011, it will propose the appointment of KPMG as external auditor of Finmeccanica S.p.A. and of the consolidated financial statements of the Finmeccanica Group for the nine-year period 2012-2020.*

*In view of the above, the Board of Statutory Auditors of Ansaldo STS, considering the selection procedures adopted by Finmeccanica, the assessment criteria followed, the results of the assessments of the bids submitted in such selection, noted that with specific reference to the activities relevant to Ansaldo STS and to the Group, the bid submitted by KPMG is the best bid. In particular, the Board of Statutory Auditors noted that:*

- 1) *the audit plan for the financial statements of Ansaldo STS and its subsidiaries illustrated in KPMG's bid is consistent with the activities which were the object of the quotation request, and it contains the description of the subject matter and the nature of the assignment for Ansaldo STS and the companies of the Group, the indication of the activities and of the relevant manner of performance;*
- 2) *the estimate of the hours and the composition of the audit team envisaged by KPMG for the performance of such activities are adequate;*
- 3) *the total fees requested by KPMG (i) were lower than the fees requested by the other audit companies taking part in the tender and (ii) have been considered suitable and such as to ensure the quality and reliability of the work as well as the independence of the auditor.*

*Following such bid submitted within Finmeccanica's selection procedure, Ansaldo STS asked KPMG S.p.A. to submit a specific engagement offer concerning Ansaldo STS and the companies of the Group.*

*By letter dated February 29<sup>th</sup>, 2012, the same KPMG then submitted to the attention of the Board of Statutory Auditors of Ansaldo STS S.p.A. the specific proposal concerning the external audit assignment of the financial statements and condensed consolidated half-yearly financial statements of Ansaldo STS pursuant to Art. 14, subsection 1 of Italian Legislative Decree No. 39/2010, which was consistent with what had been envisaged within the selection procedure of Finmeccanica.*

*On March 1<sup>st</sup>, 2012 the Board of Statutory Auditors of the Company met the representatives of KPMG, and in particular the partner in charge of the Ansaldo STS assignment, in order also to have a direct response with regard both to the offer contents and to the composition of the audit team devoted to Ansaldo STS and the Group companies, as well as to the organisation planned by the same for the performance of said assignment.*

*Below are reported the main terms of the offer submitted to Ansaldo STS by KPMG S.p.A. summarised by type of activity and formulated with regard to three sub-periods within the period 2012-2020.*

*Pursuant to Art. 17 of Italian Legislative Decree No. 39/2010, the assignment shall have validity for nine years starting from the financial statements closing at December 31<sup>st</sup>, 2012 to the financial statements closing at December 31<sup>st</sup>, 2020.*

*In particular, the audit will be comprised of the verification:*

- of the compliance of the financial statements and consolidated financial statements of Ansaldo STS with the rules governing the relevant preparation and of the fact that the same truly and correctly represent the asset and financial situation and the economic result of the year;*
- during the year, of the regular keeping of the corporate accounts and of the correct recording of all management events in the accounts of Ansaldo STS.*



Moreover, pursuant to Art. 14, subsection 2, letter e) of Italian Legislative Decree No. 39/2010, the external audit will also imply a verification of the consistency of the management reports with the financial statements and the consolidated financial statements, including the consistency regarding the corporate governance and ownership structure information, pursuant to Art. 123-bis, subsection 4, of Italian Legislative Decree No. 58/1998 (the “**Consolidated Financial Act**”).

Such verifications will end with the issue of the reports on the financial statements and consolidated financial statements pursuant to Arts. 14 and 16 of Italian Legislative Decree No. 39/2010.

More in particular, the assignment will concern:

- the external audit of the financial statements and consolidated financial statements of Ansaldo STS and of the financial statements of its subsidiaries and affiliates. In this regard, according to the audit plan the audit on the financial statements and consolidated financial statements of Ansaldo STS will imply the conduction of review and/or audit procedures on the financial statements or on the statements of accounts prepared for the consolidation of 24 subsidiaries or affiliates identified in the final offer. Also, based on the audit plan, KPMG will carry out the activities under Art. 14, subsection 6, of Italian Legislative Decree No. 39 of 2010 in accordance with the procedures set out by document 600 of the reference audit principles, which implies taking the role of principal auditor of the Ansaldo STS Group and the connected liabilities (including the liability for the work performed by other auditors within the Ansaldo STS Group);
- the verification of the regular keeping of the corporate accounts and of the correct recording of all management events in the accounts of Ansaldo STS;
- the limited audit of the condensed consolidated half-yearly financial statements and of the consolidated half-yearly statement of accounts of Ansaldo STS. Such activity will also imply the conduction of audit procedures on the half-yearly statements of accounts of subsidiaries and affiliates, prepared for purposes of consolidation;
- the limited audit, of voluntary nature, on the condensed consolidated quarterly financial statements of Ansaldo STS; such activity will also imply the conduction of audit procedures on the quarterly statements of accounts of subsidiaries and affiliates, prepared for purposes of consolidation.

For the above activities, the offer submitted by KPMG S.p.A. contains the following estimate of the time required for the performance of the assignment and of the relevant fees.

	Three-year period 2012-2014		Three-year period 2015-2017		Three-year period 2018-2020		Total 2012-2020	
	Hours	Fees €	Hours	Fees €	Hours	Fees €	Hours	Fees €
<b>Audit of the financial statements, including verification of the regular keeping of the corporate accounts and of the correct recording of management</b>								

<b>events in the accounting records of ANSALDO STS S.p.a. and of the statement of accounts prepared for consolidation purposes;</b>									
a) Procedures for the audit of financial statements and verification of the regular keeping of the corporate accounts and of the correct recording of management events in the accounting records of ANSALDO STS, except for what is described under the following item.	1,830	101,900	1,672	93,109	1,515	84,356	5,017	279,365	
b) Additional audit procedures for the statement of accounts prepared for consolidation purposes	4,020	223,869	3,673	204,529	3,326	185,231	11,019	613,629	
Total a) and b)	5,850	325,769	5,345	297,638	4,841	269,587	16,036	892,994	
<b>Audit on the consolidated financial statements for the group</b>	3,654	203,505	3,340	185,989	3,024	168,383	10,018	557,877	
<b>Limited audit of the condensed consolidated half-yearly financial statements and of the condensed consolidated quarterly financial statements of ANSALDO STS S.p.A.</b>	2,683	149,390	2,450	136,418	2,220	123,625	7,353	409,433	
<b>Total</b>		<b>678,664</b>		<b>620,045</b>		<b>561,595</b>		<b>1,860,304</b>	

The total fee for the activities regarding Ansaldo STS for the nine years 2012-2020 is Euro 1,860,304.

Below is reported the detail of the time and fees per each year of each three-year period.

Time and fees per each year of the three-year period 2012-2014

Audit of the financial statements, including verification of the regular keeping of the corporate accounts and of the correct recording of management events in the accounting records of ANSALDO STS S.p.A. and of the statement of accounts prepared for consolidation purposes.

	Professional staff number	Hours		Hourly rates	Fees
		No.	%	€	€
Partner	3	604	31	84	50,511
Manager	3	585	30	64	37,569
Senior	3	390	20	40	15,438
Assistant	2	371	19	29	10,787
<b>Total</b>		<b>1.950</b>	<b>100</b>		<b>114,305</b>
<b>Reduction</b>					<b>(5,715)</b>
<b>Total</b>					<b>108,590</b>

Audit on the consolidated financial statements for the group

	Professional staff number	Hours		Hourly rates	Fees
		No.	%	€	€
Partner	1	378	31	84	31,566
Manager	1	365	30	64	23,462
Senior	1	244	20	40	9,646
Assistant	1	231	19	29	6,732
<b>Total</b>		<b>1.218</b>	<b>100</b>		<b>71,405</b>

<b>Reduction</b>					<b>(3,570)</b>
<b>Total</b>					<b>67,835</b>

Limited audit of the condensed consolidated half-yearly financial statements and of the condensed consolidated quarterly financial statements of ANSALDO STS S.p.A.

	Professional staff number	Hours		Hourly rates	Fees
		No.	%	€	€
Partner	2	277	31	84	23,152
Manager	3	268	30	64	17,232
Senior	3	179	20	40	7,086
Assistant	1	170	19	29	4,947
<b>Total</b>		<b>894</b>	<b>100</b>		<b>52,417</b>
<b>Reduction</b>					<b>(2,621)</b>
<b>Total</b>					<b>49,796</b>

### Time and fees per each year of the three-year period 2015-2017

Audit of the financial statements, including verification of the regular keeping of the corporate accounts and of the correct recording of management events in the accounting records of ANSALDO STS S.p.A. and of the statement of accounts prepared for consolidation purposes.

	Professional staff number	Hours		Hourly rates	Fees
		No.	%	€	€
Partner	3	552	31	84	46,137
Manager	3	535	30	64	34,336
Senior	3	356	20	40	14,105
Assistant	2	339	19	29	9,856
<b>Total</b>		<b>1,782</b>	<b>100</b>		<b>104,434</b>
<b>Reduction</b>					<b>(5,222)</b>
<b>Total</b>					<b>99,213</b>

Audit on the consolidated financial statements for the group

	Professional staff number	Hours		Hourly rates	Fees
		No.	%	€	€
Partner	1	345	31	84	28,835
Manager	1	334	30	64	21,449
Senior	1	223	20	40	8,814
Assistant	1	212	19	29	6,160
<b>Total</b>		<b>1,113</b>	<b>100</b>		<b>65,259</b>
<b>Reduction</b>					<b>(3,263)</b>
<b>Total</b>					<b>61,996</b>

Limited audit of the condensed consolidated half-yearly financial statements and of the condensed consolidated quarterly financial statements of ANSALDO STS S.p.A.

	Professional staff number	Hours	Hourly rates	Fees
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		No.	%	€	€
Partner	2	253	31	84	21,146
Manager	3	245	30	64	15,734
Senior	3	163	20	40	6,466
Assistant	1	155	19	29	4,521
<b>Total</b>		<b>817</b>	<b>100</b>		<b>47,866</b>
<b>Reduction</b>					<b>(2,393)</b>
<b>Total</b>					<b>45,473</b>

### Time and fees per each year of the three-year period 2018-2020

Audit of the financial statements, including verification of the regular keeping of the corporate accounts and of the correct recording of management events in the accounting records of ANSALDO STS S.p.A. and of the statement of accounts prepared for consolidation purposes.

	Professional staff number	Hours		Hourly rates	Fees
		No.	%	€	€
Partner	3	500	31	84	41,791
Manager	3	484	30	64	31,104
Senior	3	323	20	40	12,773
Assistant	2	307	19	29	8,925
<b>Total</b>		<b>1,614</b>	<b>100</b>		<b>94,592</b>
<b>Reduction</b>					<b>(4,730)</b>
<b>Total</b>					<b>89,862</b>

Audit on the consolidated financial statements for the group

	Professional staff number	Hours		Hourly rates	Fees
		No.	%	€	€
Partner	1	312	31	84	26,105
Manager	1	302	30	64	19,416
Senior	1	202	20	40	7,983
Assistant	1	192	19	29	5,578
<b>Total</b>		<b>1,008</b>	<b>100</b>		<b>59,082</b>
<b>Reduction</b>					<b>(2,954)</b>
<b>Total</b>					<b>56,128</b>

Limited audit of the condensed consolidated half-yearly financial statements and of the condensed consolidated quarterly financial statements of ANSALDO STS S.p.A.

	Professional staff number	Hours		Hourly rates	Fees
		No.	%	€	€
Partner	2	229	31	84	19,168
Manager	3	222	30	64	14,257
Senior	3	148	20	40	5,859
Assistant	1	141	19	29	4,094
<b>Total</b>		<b>740</b>	<b>100</b>		<b>43,377</b>
<b>Reduction</b>					<b>(2,169)</b>
<b>Total</b>					<b>41,208</b>

*As regards the overall offer for the audit of the accounts of the Ansaldo STS Group (including Ansaldo STS S.p.A.), the total fee for the nine-years 2012-2020 is Euro 5,519,600.*

*The amounts of the fees are calculated based on the time estimated for the performance of the job and on hourly rates proportionate to the professional levels of the audit team members in charge of the assignment, as well as taking into account the general criteria set out by the Consob provisions in this matter. The same may be increased from January 1<sup>st</sup> of each year, starting from 2014, limited to the increase of the ISTAT (Italian National Institute of Statistics) cost of living index for the previous year.*

*Should any exceptional and/or unforeseeable circumstances occur, which result in more time, significant changes in the assignment time schedule and/or a change in the professional level of the audit team members in charge of the assignment, or of audit standards, new professional directions, performance of complex or extraordinary operations by the company or its subsidiaries, the same shall be discussed and agreed upon with the company in order to define an addition to the said fees concerning, depending on the circumstances, only the current year or even the remaining years of the assignment. In any event, the adoption of new IFRS accounting standards or amendments brought to the existing standards shall not be exceptional circumstances. Likewise, if the performance of the assignment takes less time than indicated in the offer, the mentioned fees shall be reduced accordingly.*

*In the offer, KPMG declared that it will comply throughout the duration of the assignment with the provisions on independence under Articles 10 and 17 of Italian Legislative Decree No. 39 of 2010 and under the Issuers' Regulation.*

*The partner in charge of the assignment is Mr. Marco Giordano.*

*\* \* \* \* \**

*In view of the above, the Board of Statutory Auditors:*

- (i) considering the interest of the Company to avail of the same auditor as the Holding Company Finmeccanica in order to meet operational needs and the need to ensure a more effective and efficient audit as well as in order to supply the shareholders and the market with complete, accurate and timely information with regard to Ansaldo STS and its Group;*
- (ii) considering, moreover, the outcomes of the selection procedure carried out by Finmeccanica with reference to Ansaldo STS and its Group;*
- (iii) taking into account the offer regarding the external audit assignment of Ansaldo STS and the Ansaldo STS Group for the years 2012-2020, transmitted to the Company by KPMG S.p.A. on February 29<sup>th</sup>, 2012,*

*hereby submits the following proposal of resolution to the Ordinary Shareholders' Meeting of Ansaldo STS, pursuant to subsection 1 of Art. 13, Italian Legislative Decree No. 39/2010:*

*"The Shareholders' Meeting of Ansaldo STS, considering the proposal of the Board of Statutory Auditors,*

resolves

*to confer the assignment concerning the external audit of Ansaldo STS S.p.A. for the years 2012-2020 upon the audit company KPMG S.p.A., at the conditions indicated in the proposal presented by KPMG by letter dated February 29<sup>th</sup>, 2012 and described above, for a total fee, in relation to the entire nine-year period, of Euro 1,860,304.”*

*Milan, March 16<sup>th</sup>, 2012*

*For the Board of Statutory Auditors  
The Chairman  
(Giacinto Sarubbi)”*

\* \* \* \* \*

*Milan, March 30<sup>th</sup>, 2012*

*For the Board of Directors  
The Chairman  
(Alessandro Pansa)*



ANSALDO STS S.p.A.  
REGISTERED OFFICE IN GENOA, VIA PAOLO MANTOVANI 3 – 5  
SHARE CAPITAL EURO 70,000,000.00 FULLY SUBSCRIBED AND PAID UP  
NUMBER OF REGISTRATION IN THE BUSINESS REGISTER OF GENOA AND TAX CODE 01371160662  
SUBJECT TO DIRECTION AND COORDINATION BY FINMECCANICA S.p.A.

**Opinion of the Board of Statutory Auditors on the dismissal for just cause of the audit assignment conferred to the company PricewaterhouseCoopers S.p.A.**

Dear Shareholders,

On March 5<sup>th</sup>, 2012 the Board of Directors of Ansaldo STS SpA ("**Ansaldo STS**") resolved to set up and put in place all necessary actions and requirements to submit to the Shareholders' Meeting called for the approval of the financial statements for 2011 the revocation of the external audit assignment conferred upon PricewaterhouseCoopers S.p.A. ("**PWC**"), current external auditor of Ansaldo STS, and the conferment of a new audit assignment for the period 2012-2020 upon the same company that will be entrusted with the external audit assignment of Finmeccanica S.p.A..

In view of the above, pursuant to Art. 13 of Italian Legislative Decree No. 39 of 2010, the Board of Statutory Auditors must express its opinion on the proposal of revocation of the audit assignment to be submitted to the approval of the Ordinary Shareholders' Meeting.

The external audit of Ansaldo STS is currently carried out by PWC pursuant to an assignment initially conferred by the Shareholders' Meeting of Ansaldo STS dated February 24<sup>th</sup>, 2006, for the years 2006-2011, then extended by the Meeting dated May 22<sup>nd</sup>, 2007 for the years 2012, 2013 and 2014, with validity until the date of the Meeting to be called for approval of the financial statements for 2014.

The same PWC is also the current external auditor of Finmeccanica S.p.A. ("**Finmeccanica**"), the parent company of Ansaldo STS.

Such audit assignment, conferred by the Shareholders' Meeting of Finmeccanica dated May 23<sup>rd</sup>, 2006, will expire on the date of the next Meeting of Finmeccanica called to approve the financial statements for 2011 and, pursuant to Art. 17, subsection 1, of Italian Legislative Decree no. 39 of January 27<sup>th</sup>, 2010, it cannot be renewed or conferred on PWC again until three years have lapsed from its expiration date.

Accordingly, at the next Meeting called for approval of the financial statements, the Shareholders of Finmeccanica will be called to confer a new audit assignment, for the period 2012-2020, on an entity other than PWC.

In view of the above, on March 5<sup>th</sup>, 2012, the Board of Directors acknowledged that following the appointment of the new auditor for Finmeccanica, there would be a nonalignment between the external auditor of Ansaldo STS and the one of its parent company.

The same Board of Directors considered that such nonalignment (i) would negatively affect the cost-effectiveness of the audit, the rationalisation of the relevant costs and the effectiveness of the group dynamics and (ii) would also have a direct impact on the activity currently carried out by PWC for the Ansaldo STS Group, both in terms of the possibly different working approaches of the auditors, with effects on the audit process as a whole, and in terms of higher costs and charges, including procedural costs.

For these reasons, the Board of Directors of Ansaldo dated March 5<sup>th</sup>, 2012, therefore resolved to set up and put in place all necessary actions and requirements to submit to the approval of the next Shareholders' Meeting of Ansaldo STS (i) the dismissal for cause of the external audit assignment conferred upon PWC, and (ii) the conferment of the new audit assignment for the years 2012-2020 upon the same audit company that will be entrusted with the external audit assignment of the controlling Shareholder, Finmeccanica S.p.A..

Such revocation is not the consequence of any facts and/or conducts of PWC in the performance of its assignment as external auditor of Ansaldo STS or of any other situations, such as any divergence of opinion concerning accounting estimates or audit procedures, but it is exclusively justified by the need: (i) to prevent a nonalignment between the different external auditors entrusted by Ansaldo STS and its parent company Finmeccanica, even in terms of approach to their respective work, possibly reflecting both on the efficiency of the audit process as a whole, and on the higher costs connected therewith, including procedural costs, and (ii) to set up a plan, also in a future perspective, for the conferment of assignments at group level aimed at rationalising and optimising the business costs and improving the efficiency of the audit activity.

Moreover, on March 15<sup>th</sup>, 2012 Ansaldo STS received from PWC its comments regarding the aforesaid proposal of dismissal for cause. In particular, PWC confirmed to acknowledge the dismissal proposal and declared not to have anything to add or contest, nor objections to raise on the proposal that shall be submitted to the approval of the Shareholders' Meeting, and not to have any claim or remark grounded on the aforementioned dismissal for cause of the audit assignment.

In view of the above, the Board of Statutory Auditors,

- considering the resolutions adopted by the Board of Directors on March 5<sup>th</sup>, 2012;
- taking into account the reasons, as illustrated above, behind the proposal of dismissal for cause of the audit assignment of PWC, and considering that there is indeed, in this case, a cause for revocation under Art. 13 of Italian Legislative Decree No. 39/2010;
- considering the comments made by the same PWC on March 15<sup>th</sup>, 2012, with regard to the dismissal for cause of the audit assignment;

unanimously gives a favourable opinion on the proposal of dismissal for cause of the assignment of PricewaterhouseCoopers S.p.A. to be submitted by the Board of Directors to the Ordinary Shareholders' Meeting for the approval.



Milan, March 16<sup>th</sup>, 2012

For the Board of Statutory Auditors  
The Chairman  
(Giacinto Sarubbi)



Messrs.  
Ansaldo STS SpA  
Via Argine 425  
80147 Napoli

Naples, March 15<sup>th</sup>, 2012

Dear Sirs,

Further to your letter dated March 14<sup>th</sup>, 2012, whereby you anticipated the intent to terminate our audit assignment for cause for the reasons illustrated in the letter, pursuant to Article 13, subsection 3 of Italian Legislative Decree No. 39/2010, by way of a Shareholders' meeting resolution, we confirm our acknowledgement of your decisions and declare that we have nothing to add or contest, nor any objections to raise with respect of the decisions that will be taken by the Shareholders' meeting in the light of your aforementioned communication, and we have no claim or action grounded upon such dismissal for cause of our assignment.

As envisaged by Article 13, subsection 7, of Italian Legislative Decree No. 39/2010, we will notify the Ministry of Economy and Finance of the revocation of our assignment for the reasons that will be indicated in the Shareholders' meeting resolution.

It is understood that the aforementioned dismissal will be effective as of the date of the Shareholders' meeting that shall resolve upon such dismissal and that, at the same time, shall appoint the new external auditor; accordingly, all and any activity in our responsibility in connection with our assignment will cease as of such date.

Yours faithfully,  
*illegible signature*

Pier Luigi Vitelli  
(Partner)



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### ***PricewaterhouseCoopers SpA***

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob - Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

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