



ANSALDO STS S.P.A.
REGISTERED OFFICE IN GENOA, VIA PAOLO MANTOVANI 3 - 5
SHARE CAPITAL EURO 90,000,000.00 FULLY SUBSCRIBED AND PAID IN
REGISTRATION NUMBER IN THE GENOA COMPANY'S REGISTER AND TAX CODE 01371160662
SUBJECT TO MANAGEMENT AND COORDINATION BY FINMECCANICA S.P.A.

Ordinary General Meeting

April 15, 2014

Report of the Board of Directors

drafted pursuant to Article 125-ter of Legislative Decree of 24 February 1998 no. 58 on the

fourth item on the agenda:

"4. Appointment of the Board of Statutory Auditors for the three-year period 2014-2016

4.1 Appointment of three regular Auditors and three alternate Auditors

4.2 Appointment of the Chairman of the Board of Statutory Auditors

4.3 Determination of the remuneration of the members of the Board of Statutory Auditors

* * * * *

Dear Shareholders,

We would like to recall that, at the Ordinary General Meeting of April 15, 2014, called to approve the financial statements for the year ended on 31 December 2013, the term of office of the Company's Board of Statutory Auditors, appointed by the Ordinary General Meeting on April 5, 2011 for the three-year period 2011-2013, will expire. By reason of the foregoing, at the next Ordinary General Meeting you will therefore be called upon as follows: (4.1) to appoint three regular Auditors and three alternate Auditors, (4.2) to appoint the Chairman of the Board of Statutory Auditors and, finally, (4.3) to determine the remuneration of the members of the Board of Statutory Auditors.

* * * * *

4.1 Appointment of three regular Auditors and three alternate Auditors

The appointment of the Company's Board of Statutory Auditors will be in accordance with the provisions of Article 27 of the Articles of Association.

In particular, pursuant to Article 27.1 of the Articles of Association, the Ordinary General Meeting appoints the Board of Statutory Auditors, consisting of three regular Auditors, and also three alternate Auditors. The Auditors thus appointed shall remain in office for three years (2014-2016), and their office shall expire at the Ordinary General Meeting called to approve the financial statements for their last year in office.

The Auditors are appointed by the Ordinary General Meeting on the basis of lists presented by Shareholders who, alone or with other Shareholders, represent at least 1% of the share capital.

Each Shareholder may submit - alone or together with other Shareholders - one list only, and may vote one list only. Shareholders belonging to the same group and Shareholders who are party to a Shareholders'

agreement relating to the Company's shares may not submit or vote more than one list, whether through an intermediary person or trust company or otherwise.

With specific regard to the preparation of the lists and the composition of the Board of Statutory Auditors, we recall the following.

Each candidate may submit his or her name on only one list, on pain of ineligibility.

The lists must be divided into two sections: one for candidates for the position of regular Auditor and one for candidates for the position of alternate Auditor, within which the candidates should be numbered in sequential order. In any case the number of candidates shall not exceed the number of members to be elected. The first candidate in each section must be enrolled in the register of certified auditors and have performed statutory audit activities for a period of no less than three years.

Moreover, in compliance with applicable regulations relating to gender balance, the lists which - taking into account both sections - have a number of candidates equal to or exceeding three must include - in the first two places of the section of the list referable to the regular Auditors and also in the first two places of the section of the list referable to the alternate Auditors - candidates of different genders.

Please note that the candidates for the office of Auditor must satisfy the requirements of professionalism and integrity as provided for by the Decree of the Minister of Justice no. 162 of March 30, 2000. For the purposes of Article 1, paragraph 2 of the said Decree, matters relating to commercial and tax law, business economics and corporate finance are deemed to be strictly pertinent to the scope of the Company's activities.

The candidates must also satisfy the independence requirements provided for by applicable rules. Relevant regulatory and legislative provisions apply to situations of ineligibility and to the limits imposed on the numbers of offices as director or auditor that can be held by members of the Board of Statutory Auditors.

The lists of candidates must be filed by the Shareholders within March 21, 2014, in accordance with the instructions contained in the call notice: *(i)* by hand delivery to the registered office of the Company, Via Paolo Mantovani, 3-5, 16151 Genoa, to the "Corporate Affairs" unit during regular office hours (Tel + 39 010 655/2170); *(ii)* by fax to the number + 39 010 655/2939; or *(iii)* by certified email to assemblea.ansaldosts@legalmail.it. In all cases, adequate information will be required for the filing, in order to identify the person submitting the lists. The lists will be then made available to the public by the Company, at least twenty-one days prior to the date of the Ordinary General Meeting (i.e. by March 25, 2014), as provided by the rules in force.

The ownership of the minimum shareholding required to be able to submit lists - as indicated above - is determined based on the shares that are registered in favour of the Shareholder on the day on which the lists are filed with the Company. However, the relevant certification may also be produced after the list is filed by means of notice issued by an authorised intermediary pursuant to the applicable rules - provided that this is within the deadline envisaged for the publication of the lists by the Company (i.e. by March 25, 2014).

The lists must be filed along with the documentation and information required by the Articles of Association and by applicable rules. To this end, please note that the following must be provided along with the lists: *(i)* information relating to the identity of the Shareholders who submitted the lists, specifying the total percentage held, *(ii)* full information relating to the personal and professional qualities of the candidates, as well as declarations by which the individual candidates accept their candidacy and attest, under their own responsibility, that they satisfy the independence requirements laid down by applicable rules and *(iii)* a declaration by shareholders other than the shareholders who hold, also jointly, a controlling or majority participation, attesting the absence of any relationship or connection (within the meaning of Article 144-*quinquies* of the Issuers Regulations) with the latter (also in consideration of the recommendations drawn up by *Consob* in its Communication no. DEM/9017893 of 26 February 2009). It should be noted here that the controlling Shareholder of Ansaldo STS is Finmeccanica S.p.A.

Moreover, all relevant information should be included by the Shareholders in the *curriculum vitae* of each candidate filed together with the lists, taking into account the fact that - pursuant to Article 2400, last paragraph, of the Civil Code - the offices as director and auditor held by the candidate Auditors in other companies must be made known at the Ordinary General Meeting at the time of appointment of the Auditors and prior to the acceptance of this office, and also taking into account the provisions relating to the limits on the number of offices that can be held, pursuant to Article 148-*bis* of Legislative Decree no. 58/98.

It should be noted that if - at the expiry of the aforementioned deadline for the filing of the lists (March 21, 2014) - only one list has been filed or only lists have been filed which are submitted by Shareholders having the relationships or connections within the meaning of Article 144-*quinquies* of the Issuers Regulations, lists may be submitted up until the third day after that date (i.e. until March 24, 2014). In this case, the participation threshold for the submission of the lists will be reduced by half, and will thus be 0.5% of the share capital.

In relation to the mechanism for appointing the Board of Statutory Auditors and the alternate Auditors, the following is the procedure to be followed, pursuant to Article 27 paragraph 2, subsection 10 of the Articles of Association:

- a) two regular Auditors and two alternate Auditors shall be drawn from the list that has achieved the highest number of votes, in the sequential order in which they appear in the sections of the list itself;
- b) the remaining regular Auditor and the remaining alternate Auditor are drawn from the other lists, as provided for by Article 16.3, letter b) of the Articles of Association, to be applied separately to each of the sections of the other lists, and in compliance with applicable legislative and regulatory provisions.

If a single list or no list is presented, the Ordinary General Meeting resolves in accordance with the majorities provided for by law without resorting to the aforementioned procedure, but so as to ensure that the composition of the Board of Statutory Auditors is in compliance with the provisions of Article 1, paragraph 1 of the Decree of the Minister of Justice no. 162 of March 30, 2000 and the regulations in force relating to the gender balance.

If more than one candidate obtains the same quotient, the criteria laid down for the appointment of the administrative body by the aforementioned Article 16.3, letter b) of the Articles of Association shall apply, *mutatis mutandis*.

In light of the foregoing, we invite you to appoint three regular Auditors and three alternate Auditors, voting in favour of one of the lists presented and published in accordance with the aforementioned provisions.

4.2 Appointment of the Chairman of the Board of Statutory Auditors

With reference to the appointment of the Chairman of the Board of Statutory Auditors, please note that - pursuant to Article 148, paragraph 2-*bis* of Legislative Decree no. 58/98 and Article 27.2, last paragraph of the Articles of Association - the Chairman of the Board of Statutory Auditors is appointed by the Ordinary General Meeting as the regular Auditor chosen by the minority (i.e. by the minority Shareholders who have no relationship or connection - direct or otherwise - with the Shareholders who submitted or voted for the list that received the highest number of votes).

This being understood, if only one list or no list is submitted, the Chairman of the Board of Statutory Auditors is appointed by the Ordinary General Meeting by the majorities provided for by law (see Article 27.2, last paragraph, of the Articles of Association).

We thus invite you to appoint the Chairman of the Board of Statutory Auditors, in accordance with the aforementioned provisions.

4.3 Determination of the remuneration of the members of the Board of Statutory Auditors

In relation to determining the remuneration of the members of the Board of Statutory Auditors, please note that - pursuant to Article 2402 Civil Code and Article 27.1 of the Articles of Association - the remuneration of the Statutory Auditors is resolved by the Ordinary General Meeting at time of their appointment, for the entire duration of their term of office.

To this end, it should be noted that the remuneration of the members of the Board of Statutory Auditors currently holding office is: for the Chairman Euro 75,000/annum in addition to Euro 15,000/annum referred to the participation to the Committees' meetings; for other regular Auditors Euro 50,000/annum in addition to Euro 10,000/annum referred to the participation to the Committees' meetings.

The outgoing Board of Directors refrains from making specific proposals in this context and thus invites you to resolve on the remuneration of the members of the Board of Statutory Auditors based on proposals which may be drawn up by the Shareholders also during the Ordinary General Meeting.

Genoa, February 20, 2014

For the Board of Directors

The Chairman

(Sergio De Luca)