



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 COMPANY'S REGISTER OF GENOA 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*

**third item on the agenda:**

***"3. Appointment of the Board of Directors***

***3.1 Determination of the number of members of the Board of Directors***

***3.2 Determination of the term of office of the Board of Directors***

***3.3 Appointment of the members of the Board of Directors***

***3.4 Appointment of the Chairman of the Board of Directors***

***3.5 Determination of the remuneration of the members of the Board of Directors"***

\* \* \* \* \*

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 Directors, appointed by the Ordinary Shareholders' Meeting of April 5, 2011 for the three-year period 2011-2013, will expire.

Based on the foregoing, at the next General Meeting you will therefore be called upon as follows: (3.1) to determine the number of members of the Board of Directors; (3.2) to determine the term of office of the Board of Directors; (3.3) to appoint the members of the Board of Directors; (3.4) to appoint the Chairman of the Board of Directors and, finally, (3.5) to determine the remuneration of the members of the Board of Directors.

\* \* \* \* \*

**3.1 Determination of the number of members of the Board of Directors**

With reference to determining the number of Directors, we remind you that, pursuant to Article 16.1 of the Company's Articles of Association, the General Meeting, prior to appointing the Board of Directors, must determine the number of members of the Board, to be no less than seven and no more than thirteen.

The outgoing Board of Directors will refrain from drawing up specific proposals in this matter. Therefore, the Board invites you to determine the number of members of the Board of Directors, within the

aforementioned limits, based on proposals that may also be drawn up by the Shareholders during the Meeting.

### 3.2 Determination of the term of office of the Board of Directors

We would like to remind you that, pursuant to Article 16.2 of the Articles of Association, the directors are appointed for a period not exceeding three years. The outgoing Board of Directors will refrain from drawing up specific proposals in this matter, and therefore invites you to determine the term of office of the Board of Directors, within the aforementioned limits, based on proposals that may also be drawn up by the Shareholders during the Meeting.

### 3.3 Appointment of members of the Board of Directors

The appointment of the Board of Directors of the Company will be in accordance with the provisions of Article 16 of the Articles of Association.

Please note that the Directors are appointed by the Shareholders' Meeting based on lists submitted by the Shareholders, on which the candidates must be numbered in sequential order. Only Shareholders who, alone or together with other Shareholders, represent at least 1 % of the share capital of the company, are entitled to submit lists.

Each Shareholder may submit - alone or together with other Shareholders - one list only, and may vote one list only.

With specific regard to the preparation of the lists and the composition of the Board of Directors, we hereby recall the following provisions.

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

The members of the Board of Directors must satisfy the requirements of integrity and professionalism as laid down by Article 17 of the Articles of Association.

Pursuant to Article 16.3, subsection 3 of the Articles of Association, each list must include two candidates who satisfy the independence requirements laid down by law (i.e. the independence requirements applicable to the auditors of listed companies pursuant to Article 148, para. 3 of Legislative Decree no. 58/98), specifying their names and placing one of them at the top of the list.

Since Ansaldo STS S.p.A. is a listed company subject to management and coordination by another listed company, Finmeccanica S.p.A., pursuant to Article 37 of *Consob* (Italian financial services authority) Resolution no. 16191 of 29 October 2007 (the "Markets Regulation"), the Board of Directors must be composed of a majority of Directors who satisfy the independence requirements laid down in para. 1, d) and para. 1-*bis* of the aforementioned Article 37, which also include the independence requirements provided for by Article 3 of the Corporate Governance Code promoted by *Borsa Italiana* S.p.A., to which the company adheres.

Pursuant to Article 16.3, subsection 3 of the Articles of Association, the lists that contain a number of candidates equal to or greater than three must include candidates of different gender, to ensure that at least one fifth of the new Board of Directors will contain members of the less well-represented gender, rounded up to the higher figure in case of a fractional number. To this end, within the aforementioned lists, one of the candidates belonging to the less well-represented gender must be included in the first two places of the list.

In accordance with the recommendations of the Corporate Governance Code, the Company's Board of Directors has approved its guidelines on the maximum number of offices as director or auditor that the Ansaldo STS Board of Directors' members may hold in other companies listed on regulated markets (also abroad), in financial, banking and insurance companies or in large companies. This is to ensure that they are able to properly and effectively perform their duties as Director of the Company. These guidelines may be consulted on the Company's website at [www.ansaldo-sts.com](http://www.ansaldo-sts.com) in the section "Governance".

The lists of candidates must be filed by the Shareholders within March 21, 2014: (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](mailto:assemblea.ansaldosts@legalmail.it). In all cases, adequate information will be required for the filing, in order to identify the person transmitting 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 General Meeting (i.e. by March 25, 2014), as provided by the rules in force.

The ownership of the minimum shareholding required for the presentation of the 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 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, the following must be provided along with the lists: information relating to the identity of the Shareholders submitting them and the total percentage of shares held; the declarations by which the individual candidates accept their candidacy and certify, under their own responsibility, that no basis for ineligibility and incompatibility of office exists and that all the requirements provided for by the Articles of Association and by applicable rules relating to the office of Director of the Company are satisfied, as well as the *curricula vitae* of the candidates containing detailed information about the personal and professional qualities of the candidates. Candidates who are specified in the list as being independent pursuant to law, must also file, under their own responsibility, declarations attesting that they satisfy the independence requirements provided for by law. In light of the provisions of the aforementioned Article 37 of the Markets Regulation, the Shareholders are also invited to specify, within the list, which candidates satisfy the independence requirements laid down by that article and to file, together with the lists, the declarations by which these candidate attest, under their own responsibility, that they satisfy the independence requirements provided for by Article 37 of the Market Regulation.

It should be noted that *Consob*, in its Communication no. DEM/9017893 of 26 February 2009, has recommended that shareholders who submit a “minority list” for the election of the administrative body should file - together with the list - “a declaration attesting the absence of the relationships or connections (direct or otherwise) - referred to in Article 147-ter, para. 3, of the Consolidated Finance Act (i.e. “TUF”) and Article 144-quinquies of the Issuers Regulations - with shareholders who hold, also jointly, a controlling or majority participation, where identifiable on the basis of the notifications of significant shareholdings referred to in Article 120 TUF or based on the publication of shareholder agreements pursuant to Article 122 of the same Decree,” specifying “any existing relationships, if significant, with shareholders who hold (also jointly) controlling or majority participation, if identifiable, and the reasons why such relationships have not been considered decisive in showing the existence of the aforementioned relationships or connections, i.e. the absence of the aforementioned relationships and connections will have to be indicated”. Here, it should be noted that the controlling Shareholder of Ansaldo STS is Finmeccanica S.p.A.

Still in reference to the preparation of the lists, it should be noted that, pursuant to Article 16.5, letter a) of the Articles of Association, if during the financial year one or more directors become inactive in office, then, provided the majority consists of directors appointed by the General Meeting, pursuant to Article 2386 Civil Code, the Board of Directors will appoint substitute directors from the same list as the inactive directors - if applicable – choosing, as the case may be, a substitute who satisfies the independence requirements provided by the law and in compliance with applicable rules relating to gender balance; the General Meeting will resolve in accordance with the majorities laid down by law, in conformity with the same principles.

In relation to the mechanism for appointing the Board of Directors, the directors should be appointed as follows - pursuant to Article 16.3 of the Articles of Association:

a) two-thirds of the directors to be appointed are drawn from the list that has obtained the highest number of votes cast by those entitled to vote, in the sequential order in which they appear therein, with rounding down to the lower unit, in the case of a fractional number;

b) the remaining directors are drawn from the other lists. To this end, the votes obtained from these lists are divided successively by one, two or three, depending on the progressive number of directors to be elected. The quotients thus obtained are assigned progressively to the candidates on each of these lists, in the order respectively envisaged by the said lists. The quotients thus attributed to the candidates on the various lists are arranged in decreasing order. Those who have obtained the highest quotients are elected. It should be noted that, pursuant to Article 147-ter, third paragraph, of Legislative Decree no. 58/1998, at least one of the members of the Board of Directors is elected from the minority list that has obtained the highest number of votes and is not connected in any way, including indirectly, with the shareholders who presented or voted on the list with the highest number of votes.

If several candidates have obtained the same quotient, the candidate from the list that has not yet resulted in the appointment of any director, or that has resulted in the appointment of the lesser number of directors, will be appointed.

If none of these lists has yet resulted in the appointment of a director or if all the lists have resulted in the appointment of the same number of directors, the candidate of the list that has obtained the highest number of votes will be appointed. In the event of parity of list votes and parity of quotient, a new vote will be taken by the entire General Meeting and the candidate who obtains a simple majority of votes will be appointed.

It should also be noted that if, as a result of the nomination procedure described above, there is a failure to appoint (i) the minimum number of independent directors required by applicable law and/or (ii) the minimum number of directors of the less-represented gender required by applicable rules relating to gender balance, the "sliding" mechanisms provided for respectively by Article 16.3, subsection 8, letter c) and letter c-bis) of the Articles of Association shall apply, and reference is made thereto.

Finally, it should be noted, if a single list or no list is presented, the General Meeting resolves in accordance with the majorities provided for by law, without resorting to the aforementioned procedure.

In light of the foregoing, we therefore invite you to appoint the Board of Directors, voting for one of the lists of candidates for membership of the Board of Directors presented and published in accordance with the aforementioned provisions.

#### 3.4 Appointment of the Chairman of the Board of Directors

Pursuant to Article 18.1 of the Articles of Association, the General Meeting may appoint the Chairman of the Board of Directors. We thus invite you to appoint the Chairman of the Board of Directors.

#### 3.5 Determination of the remuneration of the members of the Board of Directors

Finally, we would like to remind you that, pursuant to Article 26.1 of the Articles of Association, you are called upon to decide the remuneration to be paid to the Board of Directors. Please note that the annual gross remuneration of each member of the Board of Directors currently holding office, as decided by the General Meeting resolution of April 5, 2011, was Euro 75,000/annum for the Chairman and Euro 50,000/annum for the other directors.

The outgoing Board of Directors refrains from making specific proposals in this regard and thus invites you to decide the remunerations of the members of the Board of Directors based on proposals which may also be drawn up by the Shareholders during the Meeting.

Genoa, February 20, 2014

For the Board of Directors

The Chairman  
(Sergio De Luca)