



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.

REPORT OF THE BOARD OF STATUTORY AUDITORS

To the Shareholders' Meeting of Ansaldo STS SpA

Dear Shareholders,

pursuant to art. 2429 of the Italian Civil Code and art. 153, paragraph 1, of Legislative Decree No. 58 of February 24th, 1998, we hereby inform you that, during the financial year ended on December 31st, 2011, we performed administrative supervision activities as per the Italian Civil Code, art. 148 *et seq.* of the above Legislative Decree, Legislative Decree No. 39 of January 27th, 2010, and CONSOB memorandums, also bearing in mind the principles of conduct recommended by the Italian National Council of Accountants and Tax Advisers.

This report was drawn up according to and in conformity with current legislation governing listed companies, in consideration of the fact that the shares of ANSALDO STS S.p.A. have been traded on the STAR segment of the markets managed by Borsa Italiana S.p.A. since March 29th, 2006, and, since March 23rd, 2009, inserted in the FTSE MIB index.

In view of the above, we refer to the administrative supervision activities, as required by law, which we performed during the financial year ended on December 31st, 2011.

In particular:

- we took part in all twelve Board of Directors' meetings during which we obtained information concerning the activities and the most significant operations performed by the company and its subsidiaries. In this context, we received quarterly information from the Chief Executive Officer

concerning the exercise of delegations;

- we held eleven meetings of the Board of Statutory Auditors during which we also exchanged information with the independent auditor and with the Chief Executive Officer for the purpose of ensuring that operations that are imprudent, risky, likely to give rise to a conflict of interest, in conflict with the law, the articles of association or the resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the corporate assets were not performed;
- we obtained additional information as to the organisational structure of the company, examined the progress of the Ansaldo STS Group reorganisation project and held meetings with the relative company managers;
- we attended six meetings of the Remuneration Committee and became familiar with the work it performed during the year;
- we received information from the Internal Control Committee concerning current activities, audit programmes and on projects for implementing the internal control system, and also attended seven meetings of the Committee during which we became perfectly familiar with the activities performed by the Committee;
- in the sphere of the assessment of the suitability of the internal control system adopted, we periodically examined the updated map of risks relevant to the company and its subsidiaries and received from the Internal Control Manager, on the basis of the assessment of the map of risks and the overall monitoring activities of the internal control system, a positive assessment of the capacity of the system in question to obtain an acceptable overall risk profile;
- we examined the documents governing the intra-group transactions of a financial, industrial and support nature which can be reasonably considered as compliant with the principles of good administration, compatible with the corporate articles of association and consistent with the spirit of current law;
- we verified that no irregular and/or unusual transactions, as defined by CONSOB memorandum

DEM/6064293 of July 28th, 2006, were carried out between the companies within the Group or with related or third parties, finding confirmation of this in the information provided by the Board of Directors, the Independent auditor and the internal control manager;

- we supervised the methods used to implement the rules of corporate governance prescribed by the Code of Self-Discipline adopted by the Borsa Italiana S.p.A. stock exchange, which the Company has subscribed to, including the assessment by the Board of Directors and the internal Committees;
- following the proposal made by the Independent auditor, we drew up a proposal to the Shareholders' Meeting to increase the fees payable to said audit company for the 2011 financial year in virtue of the additional activities performed for the Joint Venture in Kazakhstan. In this sense, the proposal made to the Shareholders' Meeting will be to increase the fee from Euro 457,500.00 to Euro 470,000.00;
- we performed the tasks attributed to the Board of Statutory Auditors in the light of the changes made by art. 19, paragraph 1 of Legislative Decree No. 39/2010, in which the Board is required to supervise, among other things, the statutory audit of the annual accounts and the consolidated accounts and the independence of the legal auditor or the Independent auditor, particularly as concerns the provision of services other than audit in favour of the company subject to the statutory audit;
- we periodically met the Independent auditor for the exchange of information concerning the audits performed by the latter pursuant to art. 16 of Italian Legislative Decree No. 39/2010 and CONSOB Memorandum DAC/99023932 of March 29th, 1999, concerning the regular keeping of company accounts and the correct entry of management events in the accounting records;
- on the basis of the statements made by the Directors and having taken into account the evaluations expressed by the Board, we certified that the assessment criteria and procedures adopted by the latter to evaluate the independence of its own members were correctly applied.

- we successfully performed the annual control of observance of the criteria of independence with reference to each of its members, as required by the Self-Discipline Code;
- we obtained from the Board of Directors the draft financial statements for 2011 and relevant Ansaldo STS S.p.A. management report, as well as the consolidated financial statements of Ansaldo STS for 2011, within the agreed terms;
- we ascertained that the Directors, in compliance with CONSOB recommendations, indicated the transactions performed with Group companies and with related parties in the management report. On our side, we verified, with the assistance of the Internal Control Manager of the company, compliance with the procedures established to ensure that the same are performed under fair conditions that satisfy the Company's interest;
- we examined the annual report prepared by the Internal Control Committee as well as the *Corporate Governance* report prepared by the Company;
- pursuant to art. 19, paragraph 1 of Legislative Decree No. 39/2010, we supervised the process of financial reporting, the effectiveness of the internal control, internal audit and risk management systems, the statutory audit of the annual accounts and consolidated accounts, the independence of the Independent auditor, particularly as concerns the provision of services other than audit to the Company;
- pursuant to art. 19, paragraph 3 of Legislative Decree No. 39/2010, we received the report of the Independent auditor, illustrating the main issues that emerged during the statutory audit and any significant shortcomings found in the internal control system in relation to the financial information process, in which no significant shortcomings were found.
- pursuant to art. 17, paragraph 9, letter a) of Italian Legislative Decree No. 39/2010, we received from the Independent auditor confirmation of its independence and communication of any services other than audit provided to the Company by the Independent auditor or its related parties;

- pursuant to art. 17, paragraph 9, letter b) of Italian Legislative Decree No. 39/2010, we discussed with the Independent auditor the risks relative to the latter's independence as well as the measures adopted by same to limit such risks.

Please note that during 2011 we received no evidence of the granting of assignments other than the statutory auditing of the annual accounts and the consolidated accounts to PricewaterhouseCoopers S.p.A., to related parties, to shareholders, to directors, to members of supervisory bodies and/or to the employees of said Independent auditor, with the sole exception of the following assignments which were duly authorised by the Board of Directors of the Company:

- a) on December 13th, 2010, the Board approved the assignment, split into two phases, concerning the review of the financial instruments of the Ansaldo STS Group. The assignment ended in the third quarter of 2011 and the fee paid amounted to Euro 42,700.00;
- b) on January 26th, 2011, the Board authorised the assignment concerning the performance of *assurance* and auditing procedures of the Reports on Sustainability for 2010 and 2011. The fee for the activities performed during 2011 amounted to Euro 54,200.00;
- c) on April 28th, 2011, the Board approved the assignment concerning the English translation of the Report on Sustainability for 2010 of the Ansaldo ASTS Group for a fee of Euro 13,000.00;
- d) on April 28th, 2011, the Board approved the assignment concerning the performance of some limited certification procedures of the Company document relative to the job costs incurred from January 1st to December 31st, 2010, for the Taipei Urban Rapid System project, for a fee of Euro 5,500;
- e) on June 28th, 2011, the Board approved the assignment concerning the performance of some limited certification procedures of the Company document relative to the production work performed and invoiced from January 1st, 2003, to December 31st, 2010, for the Scmt-sst projects phases 1 and 2 and Scmt-ssb for a fee of Euro 4,500.00;

- f) On June 28th, 2011, the Board approved the assignment concerning the performance of some limited certification procedures of the Company document relative to the production and performed and invoiced from January 1st, 2006, to December 31st, 2010, for the following projects: Alifana, Naples Metro Line 6, Metro Copenhagen, Dublin LRT, Metro Genoa, Brescia Trambus Driverless Metro, Milan Line 5 Driverless Metro, APM for Riyadh University of Women and Roma Line C Driverless Metro. The fee for this activity amounted to Euro 7,500.00;
- g) on June 28th, 2011, the Board approved the assignment concerning the performance of revision procedures of certain information in the financial statements for the year ended on December 31st, 2010, relative to the equity of Ansaldo STS at December 31st, 2010, and the percentage of the stake held by the company in Ansaldo STS Transportation Systems India Pvt Ltd at December 31st, 2010, included in the *Summarized financial information* document for the purpose of obtaining a conformity judgement of the information contained in the Ansaldo STS SpA Financial Statements for the year ended on December 31st, 2010. The fee for this activity was Euro 3,500.00. The activities as per points e), f) and g) were required in order to allow the company to participate in the “Request for Qualification for PPP Concessionaire of Jaipur Metro Rail Project”.
- h) on July 26th, 2011, the Board approved the assignment concerning the accounting review of certain items in the Ansaldo STS S.p.A. financial statements at December 31st, 2010, and December 31st, 2009, for the participation in the “Installation of Signalling and Telecommunication System in Bandirma-Balikesir (excluding) – Manisa –Menemen (excluding) Railway Line Section” tender, for a fee of Euro 3,500.00;
- i) on November 4th, 2011, the Board approved the assignment concerning the audit of certain items in the Ansaldo STS S.p.A. financial statements at December 31st, 2010, at December 31st, 2009, at December 31st, 2008, at December 31st, 2007, and at December 31st, 2006, and

in the financial statements of Ansaldo Segnalamento Ferroviario S.p.A. and Ansaldo Trasporti Sistemi Ferroviari S.p.A., merged into Ansaldo STS S.p.A. on January 1st, 2009, at December 31st, 2008, at December 31st, 2007, and at December 31st, 2006, for the participation in the “*Hyderabad metro rail project for design, manufacture, supply, installation, integration, testing and commissioning of signalling and train control system*” tender for a fee of Euro 4,500.00.

The Board of Statutory Auditors verified that all the above assignments involve the provision of services other than those listed in arts. 10 and 17 of Italian Legislative Decree No. 39/2010.

There are no claims or disputes pursuant to art. 2408 of the Italian Civil Code or other third party claims.

During the course of the supervision activities, no omissions, reprehensible facts or irregularities of any sort were found.

In consideration of the above and within our sphere of competence, we verified the following:

- compliance with the provisions of law, articles of association and principles of proper administration;
- the suitability and effectiveness of the corporate organisational structure, the internal control system and the administrative-accounting system;
- observance of the provisions of law concerning the formation and arrangement of the Statutory Financial Statements of the Company, of the Consolidated Financial Statements of the Group and of the management reports, also by means of direct verification and information obtained from the Independent auditor;
- observance of conformity of the Related-Party Transactions Procedure drawn up by the Company pursuant to the Consob Regulation 17221 of March 12th, 2010, with the principles contained in said Regulation as well as the effective observance of the Procedure by the Company;

- the suitability of the instructions given by the Company to its subsidiaries.

Furthermore, the Independent auditor submitted to the Board of Statutory Auditors its Reports on the Statutory Financial Statements and Consolidated Financial Statements of the Group, issued pursuant to art. 14 and 16 of Italian Legislative Decree No. 39 of January 27th, 2010, in which an opinion is expressed without findings on the individual financial statements of the company and the consolidated financial statements of the group.

In view of the above, we invite you to approve the financial statements for the year ended on December 31st, 2011, presented by the Board of Directors, together with the management report, and the proposal regarding the allocation of the profit for the year.

Milan, March 16th, 2012

THE BOARD OF STATUTORY AUDITORS

(Mr. Giacinto Sarubbi)

(Mr. Renato Righetti)

Mr. Massimo Scotton