

Genoa, 16 December 2013

ANSALDO STS

UPDATE ON THE CONTRACTS IN LYBIA

The Board of Directors examined today the status of the contracts in Libya. The Company has entered into the following contracts for the implementation of signaling systems in Libya:

1. Contract with the Libyan Railways, for 541 million euros, July 2009, for the construction of the coastal line Ras Ajdir - Sirth e Al-Hisha-Sabha;
2. Contract with Zarubezhstroytechnology (ZST), owned by the Russian Railways RZD JSC, for 202 million euros, August 2010, for the line Sirth - Benghazi.

For both contracts, Ansaldo STS received advance payments amounting to approximately 135 million euros and approximately 71 million euros, respectively and issued advance payment bonds for a corresponding amount in favor of its counterparties.

Due to the war events, the contracts above were suspended for *force majeure*.

Thereafter, in all their meetings, the parties confirmed their intention to extend the suspension, with a view of future resumption of the works. In particular, several meetings were held with Zarubezhstroytechnology (ZST), the last of which was in July 2013.

Unexpectedly, at the beginning of August 2013, by enforcing the advance payment bond issued by Crédit Agricole in its favor, Zarubezhstroytechnology (ZST) requested Ansaldo STS to return the advance payment under the Sirth-Benghazi line contract and notified its intention to terminate it.

Ansaldo STS maintained that the termination, as claimed by Zarubezhstroytechnology (ZST), was invalid and that, taking into account the activities that had already been performed and the costs already incurred, ZST was entitled only to a partial return of the advance payment. The resulting dispute was then settled by an order issued on November 25th 2013 by the Tribunal of Milan, which authorized Crédit Agricole to repay a portion of the advance payment for approximately 41 million euros. Based on this order, Ansaldo STS has already returned the partial amount concerned.

Next stage of the dispute is expected to follow the ordinary forms unless a negotiated settlement between the parties will be found.

Ansaldo STS, listed on the Italian Stock Exchange, is an international technology company working with two business units, "Transportation Solutions" and "Signalling", in the design, implementation and management of transport systems and signaling systems for railways and underground railways. The Group acts as a Main Contractor and supplier of "turnkey" systems worldwide. Ansaldo STS is headquartered in Genoa and employs approximately 4.000 people in 28 countries. In 2012, it reported revenues of EUR 1,248 million with an operating income (EBIT) of EUR 117 million and a consolidated net profit of EUR 76 million.

Following the above order, Ansaldo STS carried out the following accounting records with reference to the Contract with Zarubezhstroytechnology (ZST):

- Reduction of the backlog by approximately 172 million euros;
- Reduction of the advance payment by approximately 41 million euros.

The above events did not affect Ansaldo STS' net assets and income statement.

The aggregate backlog of the above contracts is of approximately 470 million euros and the net working capital is negative of approximately 80 million euros.

As regards to the contract with the Libyan Railways, there have been no changes as the Libyan Railways declared their intention to resume the work as soon as practicable.

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