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A Finmeccanica Company

PRESS RELEASE

Genoa, 1 March 2011

DRAFT 2010 ANNUAL REPORT APPROVED DIVIDEND PROPOSED FORECASTS 2011

- **Draft annual report and 2010 consolidated accounts approved**
- **Dividend of EUR 0.28 per share to be proposed to the shareholders'meeting (+8%)**
- **Ansaldo STS closes 2010 with a consolidated net profit of EUR 95 million (+8%)**
- **Value of production at EUR 1,284 million (+9%)**
- **EBIT up to EUR 137 million (+10%)**
- **New orders of EUR 1,985 million (+11%)**
- **Order backlog at 31 December 2010 of EUR 4,551 million (+21%)**
- **Positive cash position of EUR 318 million (+14%)**
- **Presented forecasts for 2011**
- **Approved Corporate Governance report**

The Board of Directors of Ansaldo STS (STS.MI), meeting today under the chairmanship of Alessandro Pansa, has approved the draft 2010 annual report, which will be submitted to the shareholders' meeting convened for 4 April 2010, or in the absence of a quorum on 5 April 2010, as well as the consolidated 2010 accounts for the Ansaldo STS Group.

For 2010, Ansaldo STS recorded **consolidated net profit** of EUR 94.9 million, a rise of 8.1% compared to the EUR 87.8 million booked for 2009.

The Board of Directors has decided to propose to the annual shareholders' meeting a dividend for each share with dividend rights of EUR 0.28, an 8% increase on the previous year, gross of statutory withholding tax, to be paid from 26 May 2011 (ex-date: 23 May 2011, coupon no. 5).

Sergio De Luca, CEO of Ansaldo STS, said:
"The 2010 results confirm the Group's ability to deliver a positive performance even under difficult economic conditions, once again fully meeting the forecasts communicated to the market. The income statement and balance sheet figures demonstrate significant further growth: the Group is now a global player with a geographically diversified order book and a full range of high-tech products. In addition, the launch of our cost-cutting plan and our new internal organization enable us to better meet the challenges of a market in which demand is progressively becoming more globalised".

2010 RESULTS

Key figures (EUR m)	12 months 2010	12 months 2009	*% chg.*
New orders	**1,985.0**	**1,786.1**	*11.1%*
Order backlog	**4,551.1**	**3,759.7**	*21.1%*
Production revenues	**1,283.7**	**1,175.6**	*9.2%*
EBIT	**137.1**	**125.1**	*9.6%*
EBIT margin (ROS)	**10.7%**	**10.6%**	*+0.1 pp*
Net profit	**94.9**	**87.8**	*8.1%*
Working capital	**(154.3)**	**(187.1)**	*-17.6%*
Net debt position	**(318.2)**	**(278.9)**	*14.1%*
R&D	**34.8**	**31.2**	*11.7%*
Headcount	**4,217**	**4,339**	*-2.8%*
EPS	**0.79**	**0.73***	*8.2%*

***recalculated following the bonus issue of 5 July 2010**

Production revenues for the full year were EUR 1,283.7 million, up 9.2% compared with the previous year (EUR 1,175.6 million).

EBIT also rose in 2010, coming in at EUR 137.1 million compared with EUR 125.1 million in 2009.

ROS also increased slightly to 10.7% versus 10.6% in 2009.

New orders for 2010 totalled EUR 1,985 million, an increase of 11.1% compared with the figure for the previous year of EUR 1,786.1 million. The **order backlog** at 31 December 2010 totalled EUR 4,551.1 million, representing a 21.1% increase on the figure of EUR 3,759.7 million from the previous year.

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MAJOR ORDERS ACQUIRED IN 2010

Country	Project	Customer	Value (EUR m)
Denmark *	Copenhagen Supply Ring	Metroselskabet	344.4
Denmark *	Copenhagen O&M Ring	Metroselskabet	232.4
Denmark *	Copenhagen Existing Line O&M	Metroselskabet	220.8
Libya	Sirti Bengazi line	RDZ	201.8
Italy *	Naples Line 6 – Mostra Arsenale	Naples Municipality	160.5
USA, Italy, France, Australia	Total Components /S & M	Various	138.8
Australia	ARTC various projects	ARTC	83.7
Kazakhstan	Korgas – Zhetygen (300 km)	KDZ	45.6
US	UP CAD-X OTP (Settlement)	Union Pacific	44.7
Italy	ACC Genoa rail network	RFI	43.7
Italy *	Genoa metro depot	Genoa municipal authority	42.4
Italy *	Genoa metro vehicles *	Genoa municipal authority	31.6
Italy	On Board HSL Zephiro Train	Ansaldo Breda	29.5
Italy	ATC Wayside + On Board - variants	RFI	20.3
US	WMATA Blue/Orange Line	WMATA	20.0
Brazil	Vale Switch Machines	Vale	18.0
Australia*	Various Rio Tinto projects	Rio Tinto	16.0
Italy	HSL Variation orders	RFI	13.8
US	WMATA 7000 CAB Series	WMATA	12.8
China	Chengdu Line 2	Insigma	11.6
Italy *	Naples Alifana railway - modification	Alifana	10.6

(*) Orders won by the Transportation Solutions business unit during 2010

At 31 December 2010, the group had a **net cash position** of EUR 318.2 million, up from EUR 278.9 million at the end of 2009 (14.1%).

At 31 December 2010 **consolidated net invested capital** was positive at EUR 63.3 million compared with positive invested capital of EUR 22.7 million at 31 December 2009. **Working capital** stood at EUR -154.3 million at 31 December 2010 compared with EUR -187.1 million at the end of the previous year.

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Consolidated income statement
Ansaldo STS Group

Consolidated income statement *(EUR m)*	***Figure at 31.12.10***	***Figure at 31.12.09***
Production revenues	***1,283.7***	***1,175.6***
Purchasing and staff costs	(1,136.8)	(1,041.4)
Depreciation and amortisation	(13.2)	(11.8)
Write-downs	(6.4)	(1.8)
Other net operating revenues (costs)	9.8	5.7
Change in inventories of semi-finished and finished products and goods	2.3	0.3
Restructuring costs	(2.3)	(1.5)
EBIT	***137.1***	***125.1***
Net financial income (expenses)	(3.9)	(0.3)
Income taxes	(38.3)	(37)
NET PROFIT	***94.9***	***87.8***
Earnings per share *(basic and diluted)*	*0.79*	***0.73****

Recalculated following the bonus issue of 5 July 2010

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Consolidated balance sheet
Ansaldo STS Group

Consolidated balance sheet (EUR m)	***31.12.10***	***31.12.09***
Non-current assets	263.7	252.0
Non-current liabilities	(46.1)	(42.2)
	217.6	**209.8**
Inventories	127.6	99.2
Contract work in progress	216.9	151.2
Trade receivables	624.8	526.5
Trade payables	(403.1)	(248.2)
Customer advances	(657.1)	(651.9)
Short-term provisions for risks and future liabilities	(22.4)	(27.7)
Other net current assets (liabilities)	(40.9)	(36.1)
Working capital	***(154.3)***	***(187.1)***
Net invested capital	**63.3**	**22.7**
Group shareholders' equity	380.4	300.9
Minority shareholders' equity	1.1	0.7
Shareholders' equity	**381.5**	**301.6**
Net debt (cash)	***(318.2)***	***(278.9)***

Cash flow statement
Ansaldo STS Group

Cash flow statement *(EUR m)*	*31.12.10*		*31.12.09*	
Cash and cash equivalents – opening balance	**128.5**		**71.5**	
Cash flow from operations (gross)	165.0		145.8	
Changes in other operating assets and liabilities	(50.3)		(35.1)	
Funds from operations		**114.7**		**110.7**
Change in working capital	(41.7)		12.2	
Cash flow generated by (used in) operations	**73.0**		**122.9**	
Cash flow from ordinary investments	(7.0)		(8.5)	
Free operating cash flow		**66.0**		**114.4**
Strategic investments	-		(3.2)	
Other changes in investments	-		-	
Cash flow generated by (used in) investments	**(7.0)**		**(11.7)**	
Dividends paid	(31.0)		(27.0)	
Cash flow from financing activities	(12.8)		(26.9)	
Cash flow generated by (used in) financing activities	**(43.8)**		**(53.9)**	
Exchange rate differences	2.6		(0.3)	
Cash and cash equivalents – closing balance	**153.3**		**128.5**	

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Results by business unit

EUR m	SIGNALLING		TRANSPORTATION SOLUTIONS	
	At 31.12.10	At 31.12.09	At 31.12.10	At 31.12.09
New orders	890.2	1,243.0	1,142.8	632.5
Order backlog	2,090.6	1,980.2	2,721.5	2,048.1
Production revenues	841.8	805.0	504.4	417.1
EBIT	104.2	99.0	46.3	43.1
EBIT margin (ROS)	12.4%	12.3%	9.2%	10.3%
Working capital	0.3	(49.2)*	(105.3)	(98.0)*
Research and development	33.0	27.0	1.8	2.9
Headcount	3,315	3,504*	449	348*

Notes to the table
The figures shown in the table do not include dealings with other divisions.
(*)= These figures have been restated following the adoption of the new Control Model approved as part of the "Fast Forward Driven by Business" (FFDB) project.

The total proposed dividend payout is approximately EUR 33.6 million, corresponding to more than 35% of the Group's consolidated net profit for 2010. The proposed dividend of EUR 0.28 per share represents an 8% increase over the EUR 0.26 paid out in 2009 (recalculated following the bonus issue of 5 July 2010) and underlines the growth in the Group's consolidated results over the last year.

Dividends are not due to the own shares held by the company on the ex-date. Currently, the company holds 27,200 own shares, and no purchases or sales of shares are expected before the above-mentioned ex-date.

EPS of EUR 0.79 (EUR 0.73 in 2009) was calculated on the basis of the 119,921,623 average outstanding shares in 2009 (119,862,765 shares in 2009, recalculated following the first tranche of the bonus issue of 5 July 2010).

Significant events that took place after 31 December 2010

In February 2011, Metro 5 SpA, the design company whose main shareholders are Astaldi SpA (as leader), Ansaldo STS and Ansaldo Breda, and in which Trasporti Municipalizzata (ATM) di Milano and ALSTOM also participate, signed the new concession agreement with the municipality of Milan to extend Line 5 of the Milan Metro to Stadio San Siro, which was covered under the decree of 29 July 2010 that awarded the contract for the works.

The value of the investment for the new stretch of the metro, including the design and construction of the technological and civil works is EUR 872 million, financed partly by the Italian infrastructure ministry through the Infrastructure Fund (CIPE resolution of 6 November 2009) and partly by the municipality of Milan and private investors. The economic value of the contract to Ansaldo STS is EUR 105 million.

Metro 5 SpA is currently the contractor under the concession responsible for building and managing the project finance for the stretch of Line 5 that runs from Bignami to Stazione Garibaldi along a 6-km track with nine stations. Under the new agreement, the line will be extended by a further 7km with ten new stations, which will connect the Stazione Garibaldi/Repubblica area with Stadio San Siro. This will be achieved through the construction of a fully automated and driverless train control system.

Also in February 2011, the temporary consortium of companies led by Ansaldo STS was awarded the work for the technological upgrade of the conventional lines on the Turin-Padua route, worth a total of EUR 486 million.

Ansaldo STS' share of the deal comes to around EUR 200 million.

The Turin-Padua route is part of the European project to ensure the interoperability of trains on Europe's railway lines and forms an integral part of Corridor D (Lisbon-Kiev). Specifically, the contract covers the supply of two SCC/M (Centralised Traffic Control/Multistation) systems that regulate traffic management and integrated diagnostics on the equipment of the Turin-Padua route.

The current political situation in north African countries, and particularly the unrest in Libya, resulted in a temporary suspension of project activities in this country. In any event, the current working capital position on both projects (work in progress, receivables, payables, customer advances and advances to suppliers) is such that it does not require any adjustments on the balance sheet stated at 31 December 2010.

Forecasts for 2011

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During a presentation to analysts today at the Italian Stock Exchange in Milan, the management of Ansaldo STS presented its forecasts for **2011**:

- consolidated **production revenues** of EUR 1,280 million - EUR 1,360 million
- consolidated **EBIT margin** of about 10.6%
- **new orders** of EUR 1,500 million - EUR 1,700 million
- **free operating cash flow** of EUR 50 million - EUR 70 million
  (before strategic investments)
- **net cash position** of EUR 330 million - EUR 370 million
  (after payment of the 2010 dividend)
- an actual **tax rate** of about 32%

With reference to the Libyan contracts, a possible complete suspension of their execution could lead to a reduction of 2011 production revenues by approximately 80/100 M€. Margins on the Libyan projects are in line with Group’s average level of profitability. However, careful management of these contracts by the company should enable it to largely mitigate the potential financial and economic impact, bearing in mind that Ansaldo STS does not have any local tangible assets.

Results for Ansaldo STS SpA

The company closed 2010 with net profit of EUR 84.0 million (9.9% of revenues), compared with the 2009 figure of EUR 56.8 million (7.9% of revenues), and shareholders' equity of EUR 304.5 million (EUR 249.9 million in 2009).

Overall, these results are highly satisfactory, all the more so in a year that featured the complex process of launching the company's new global organization, which has transformed Ansaldo STS from its original configuration as a financial and strategic parent company into an operational company, centralising all business responsibilities within its corporate structures. In the new organizational structure, the two divisions with responsibility for the Signalling and Transportation Solutions businesses are encompassed within Ansaldo STS.
In 2010, the company therefore had to face not only the usual challenges of the market, which also saw a further intensification of competition, but also new managerial challenges that placed greater demands on the company in terms of leadership and international co-ordination.

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The 2010 financial statements for the parent company Ansaldo STS SpA are shown below

Income statement *(EUR m)*	***31.12.2010***	***31.12.2009***
Revenues	852.7	716.8
Value of production	**852.7**	**716.8**
Purchasing and staff costs	(740.9)	(639.6)
Depreciation and amortisation	(5.4)	(5.5)
Write-downs	(5.2)	(1.2)
Other net operating revenues (costs)	13.4	10.7
Changes in work in progress. semi-finished and finished goods	1.9	1.5
EBIT	116.5	82.7
Net financial income (expenses)	8.2	2.5
Income taxes	(40.7)	(28.4)
Net profit	84.0	56.8

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Balance sheet ***(EUR m)***	***31.12.2010***	***31.12.2009***
Non-current assets	263.4	264.7
Non-current liabilities	(26.5)	(25.8)
	236.9	**238.9**
Inventories	86.3	67.3
Contract work-in-progress (net)	102.5	66.7
Trade receivables	534.4	443.5
Trade payables	(374.9)	(218.2)
Customer advances (net)	(504.6)	(513.2)
Working capital	**(156.3)**	**(153.9)**
Short-term provisions for risks and future liabilities	(6.0)	(8.2)
Other net current assets (liabilities) (*)	(29.8)	(26.2)
Working capital	**(192.1)**	**(188.3)**
Net invested capital	44.8	50.6
Shareholders' equity	**304.5**	**249.9**
Net debt (cash)	**(259.7)**	**(199.3)**

Cash flow statement ***(EUR m)***	***31.12.2010***		***31.12.2009***	
Cash and cash equivalents – opening balance	**105.6**		**57.3**	
Cash flow from operations (gross)	132.4		94.3	
Changes in other operating assets and liabilities	(50.8)		(21.3)	
Funds from operations		**81.6**		**73.0**
Change in operating working capital	2.3		(0.2)	
Cash flow generated by (used in) operations	**83.9**		**72.9**	
Cash flow from ordinary investments	(6.8)		(4.4)	
Dividends received	15.0		-	
Free operating cash flow, before strategic investments		**92.1**		**68.5**
Strategic investments	(0.7)		(5.0)	
Other changes in investments				
Cash flow generated by (used in) investments	**7.5**		**(9.4)**	
Dividends paid	(31.0)		(27.0)	
Effect on operations of merger with Ansaldo Signal N.V. (in liquidation)	-		(77.0)	
Cash flow from financing activities	(50.5)		88.9	
Cash flow generated by (used in) financing activities	**(81.5)**		**15.1**	
Increase (decrease) in cash & cash equivalents	**9.9**		**48.4**	
Cash & cash equivalents – closing balance	**115.5**		**105.6**	

Alberto Milvio, the director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the Testo Unico della Finanza law, that the information contained in this press release accurately represents the figures in the Group's accounting records.

The Board also approved the Corporate Governance Report, which contains information on shareholder structure pursuant to article 123-bis of the Testo Unico della Finanza law and will be published in the time and manner required by current legislation.

In line with the new provisions of paragraphs 1 and 1-bis of article 154-ter of the Testo Unico della Finanza law, the company's annual report, consisting of the draft financial statements, the consolidated financial statements, the report on operations, the corporate governance report and the statement by the director responsible for the company's accounts, along with the reports of the external auditors and the board of auditors, will be published by the deadline of 13th march 2011.

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Ansaldo STS *confirms that at* ***10.30am CET on Wednesday 2 March****, the management will be available to comment on the above at a presentation to analysts to be held at:*

Italian Stock Exchange (Blue Room)
Palazzo Mezzanotte
Piazza degli Affari 6
MILAN

It is possible to attend the conference via live ***webcast*** *from the link on Ansaldo STS' website:* **http://themediaframe.eu/links/ansaldo110302.html**

To take part in the ***conference call****:*
*Italy: +39 02 805 88 11****;*** *UK: +44 1212818003; USA:+1 718 705 8794*

To ***replay the conference call*** *in the 30 hours following the call, from 14.00pm CET on 2 March, using the access code*

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NB:

The management of Ansaldo STS also assesses the business and financial performance of the Group and its business segments based on a number of indicators not provided for by IFRS.
As required by CESR recommendation CESR/05 - 178b, the components of each of the non-GAAP alternative performance indicators used in this press release are defined below.

EBIT: i.e. earnings before interest and tax, with no adjustments. It excludes income and expenses from the operations of unconsolidated subsidiaries and securities, and gains/losses on any sales of consolidated subsidiaries, which are recorded under "financial income and expenses", or in the case of profits/losses from shareholdings valued using the equity method, under the item "effects of the valuation of shareholdings at equity".

Return on Sales (ROS): is calculated as the ratio of EBIT to revenues.

Free operating cash flow (FOCF): this is the sum of the cash flows generated by/used in operations, cash flow generated by/used in investments in/disposals of tangible and intangible assets and shareholdings, net of cash flows from the purchase/sale of shareholdings that, due to their nature or size, are considered "strategic investments".

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