



ANSALDO STS S.p.A.
REGISTERED OFFICE AT VIA PAOLO MANTOVANI 3/5, GENOA
FULLY SUBSCRIBED AND PAID UP COMPANY CAPITAL 50,000,000.00 EUROS
GENOA COMPANY REGISTER NO. AND TAX CODE 01371160662
SUBJECT TO MANAGEMENT AND COORDINATION OF FINMECCANICA S.P.A.

Ordinary Shareholders' Meeting
31st March – 1st April 2008

Explanatory Report by the Board of Directors
drafted pursuant to article 73 of the Issuers' Regulations
and article 3 of Ministerial Decree no. 437 of 5th November 1998

Point 4 on the agenda – Authorisation to purchase and dispose of treasury shares

4.1 Authorisation to purchase and dispose of treasury shares. Resolutions pertaining to same.

Dear Shareholders,

The Ordinary Meeting has been convened to discuss and resolve on the purchase and disposal of treasury shares, pursuant to the terms and procedures set out below.

Reasons for the authorisation proposal

The request for authorisation to purchase and dispose of treasury shares is based on the opportunity of granting the Board of Directors the right to dispose of the shares purchased, pursuant to the regulations in force (and the permitted market practices, if recognised):

- to serve the performance share plans approved by the company;
- within the context of operations connected with the current management of the company and of industrial projects coherent with the strategic guidelines that the company intends to pursue, by means of exchange, transfer and conferral procedures and any other deed of disposal connected with industrial projects and extraordinary finance operations;

- to take advantage of an efficient investment opportunity of the company liquidity in relation to the development of the company and share market trends.

Maximum number of shares involved in the authorisation proposal

As of the date of this report, the company capital is represented by 100,000,000 (one hundred million) ordinary shares, each with a nominal value of Euro 0.50 (zero point five zero), for a total value of Euro 50,000,000.00 (fifty million), fully subscribed and paid up.

We therefore propose that the Shareholders' Meeting authorise the purchase of treasury shares, in one or more tranches, up to the maximum permitted in law, that is, equal to 10% of the *pro tempore* company capital, always taking into account the shares held by the company and its subsidiary companies.

The purchase operations will take place within the limits of the profits available for distribution and the available reserves, as per the most recent financial statements.

The authorisation includes the right to dispose of the shares in the portfolio at a later date, which may be before the maximum quantity of shares that may be purchased has been reached, and, where applicable, to repurchase the shares in such a way that the treasury shares held by the company do not exceed the limit laid down in the authorisation.

Further useful information for the assessment of compliance with article 2357, paragraph 3, of the Italian Civil Code

As of the date of this report, the company holds 38,785 treasury shares, representing 0.038% of the company capital. The subsidiary companies hold no shares in the Company. Specific instructions will be issued to the subsidiary companies to ensure that they promptly report any purchases of shares carried out pursuant to article 2359- bis of the Italian Civil Code.

Terms for which the authorisation is required

The authorisation to purchase treasury shares is requested for a term of 18 (eighteen) months as of the date of approval by the Shareholders' Meeting.

The authorisation to dispose of the shares is sought for an unlimited period of time.

Minimum and maximum payment

Any purchase will take place at a price no more than 15% higher or lower than the reference price applicable on the Electronic Share Market (MTA) organised and managed by Borsa Italiana S.p.A. during the stock exchange session prior to each single operation.

The disposal of shares, and the sales of treasury shares in particular, may not take place at a price more than 10% lower than the reference price applicable on the Electronic Share Market (MTA) organised and managed by Borsa Italiana S.p.A. during the stock exchange session prior to each single operation.

Said parameters are deemed suitable to identify the value spread within which the purchase or sale is of interest to the Company. In any case, the price will not exceed any limits prescribed by regulations in force or, if recognised, by permitted market practices.

If the company's treasury shares are subject to exchange, transfer, conferral or any other non-cash deed of disposal, the economic terms of the operation will be determined on the basis of the nature and characteristics of the operation, while taking the market trend of the Ansaldo STS stocks into account.

With regard to the shares at the service of the performance share plans, these will be assigned free of charge to the beneficiaries of said plans pursuant to the terms and procedures set out in the plan regulations. For further information on these plans, see the information documents drafted pursuant to the terms of article 84-bis of the Issuers' Regulations, which are available on the company web site at www.ansaldo-sts.com.

Methods for the purchases and disposal of treasury shares

The purchase operations will be carried out pursuant to the terms of article 132 of Legislative Decree 58/1998, article 144-bis of the Issuers' Regulations and any other applicable regulations, as well as any recognised permitted market practices.

More specifically, the purchase of treasury shares will take place pursuant to the operating methods contemplated in article 144-bis, paragraph 1 b) and c), of the Issuers' Regulations. The purchase of treasury shares may take place also through other methods if these are permitted under the terms of article 132, paragraph 3, of Legislative Decree 58/1998 or any other provisions applicable at the time of the operation.

The shares may be disposed of, in one or more tranches, also before the quantity of treasury shares that may be purchased has been reached. Any such disposal will take place in the ways deemed most appropriate in the interest of the company, and in any case pursuant to applicable regulations. The shares at the service of the performance share plans will be assigned pursuant to the terms and procedures set out in the plan regulations.

Information on the utilization of said purchases to reduce the company capital

It should be noted that the purchase of treasury shares under this authorisation request will not be used to reduce the company capital.

In light of all of the above, we submit the following resolution to you for approval:

"The Ordinary Shareholders' Meeting of Ansaldo STS S.p.A.

- *examined the proposal by the Board of Directors,*
- *noted the profits available for distribution and the reserves available as entered in the financial statements for the period ended 31st December 2007,*
- *in consideration of the provisions contemplated in articles 2357 and 2357-ter of the Italian Civil Code, 132 of Legislative Decree 58/1998 and 144-bis of the Issuers' Regulations, as well as any other applicable provision,*

Resolves

1. *to authorise the purchase of ordinary shares in Ansaldo STS SpA, each with a nominal value of Euro 0.50 euros, in one or more tranches, over a period of eighteen months as of the date of this resolution, pursuant to the procedures described below:*
 - *the maximum number of shares to be acquired is equal to 10% of the company capital at the time of the operation, taking into account the shares held by the company and its subsidiary companies;*
 - *any purchase will take place at a price no more than 15% higher or lower than the reference price applicable on the Electronic Share Market (MTA) organised and managed by Borsa Italiana S.p.A. during the stock exchange session prior to each single operation;*
 - *any acquisition will be carried out pursuant to the methods contemplated in article 144-bis, paragraph 1 b) and c), of the Issuers' Regulations;*
2. *to authorise the disposal of the company's treasury shares, in one or more tranches to be carried out over an unlimited period of time, in the ways deemed most appropriate in the interest of the company and pursuant to applicable regulations, as follows:*
 - *the shares acquired may be subject to deeds of disposal even before the maximum quantity of shares specified in this resolution has been purchased;*
 - *the disposal of the shares may not take place at a price more than 10% lower than the reference price applicable on the Electronic Share Market (MTA) organised and managed by Borsa Italiana S.p.A. during the stock exchange session prior to each single operation;*
 - *the shares at the service of the performance share plans will be assigned free of charge to the beneficiaries of said plans pursuant to the terms and procedures set out in the plan regulations;*
 - *if the shares are subject to exchange, transfer, conferral or any other non-cash deed of disposal, the economic terms of the operation will be determined on the basis of the nature and characteristics of the operation, while taking the market trend of the Ansaldo STS stocks into account;*
3. *to grant the Board of Directors, and the Chairman and Managing Director on its behalf, acting independently from each other, the most wide ranging powers necessary to implement the aforementioned resolutions in full, and to provide the market with the related information necessary, in accordance with the applicable regulations."*

Rome, 13th March 2008.

Alessandro Pansa

Chairman

For the Board of Directors