

Genoa, 13 February 2008

**THE BOARD APPROVES THE FOURTH-QUARTER RESULTS TO 31
DECEMBER 2007
AND CALLS THE SHAREHOLDERS' MEETING
WHICH WILL ALSO EXAMINE THE STOCK GRANT PLAN 2008-2010**

- **Net profit in 2007 at EUR 58.3 million (+27.3%)**
- **Production Revenues at EUR 973.1 million (+5.5%)**
- **EBIT at EUR 100.3 million (+17.3%)**
- **New orders of EUR 1,532.5 million (+20.6%)**
- **Order backlog at 31 December 2007 of EUR 2,980 million (+23.4%)**
- **Net financial position positive at EUR 184.5 million (+16.6%).**

The board of directors of Ansaldo STS (STS.MI), headed by Alessandro Pansa, has approved the quarterly results to 31 December 2007, and has examined the preliminary consolidated figures for the full year.

Fourth-quarter 2007 Results

In 4Q07, the Ansaldo STS group registered a **production revenues** of EUR 306.8 million, up 13.3% from EUR 270.8 million in the same period of 2006. The increase is due to growth in both of production revenues for the **Signalling Unit** of EUR 25.8 million, and the **Transport Systems Unit** of EUR 9.2 million.

EBIT rose to EUR 37.3 million in the fourth quarter, from EUR 31.9 million in 4Q06.

The EBIT margin was 12.2%, up from 11.8% in the same period the previous year.

By business, Signalling generated EBIT of EUR 29.6 million, up from the figure of EUR 22.3 million in 4Q06, while EBIT in Transport Systems came in at EUR 7.6 million, versus EUR 7.3 million in the same period the previous year.

Consolidated net profit for the quarter was EUR 21.5 million, compared to EUR 20.8 million in 4Q06 (+3.5%).

R&D costs totalled EUR 9.1 million in 4Q07, against EUR 7.2 million in the same period the previous year.

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| Key figures (EUR m) | 12 Months 2007 | 12 Months 2006 (1) | % chg. | Fourth Quarter 2007 | Fourth Quarter 2006 | % chg. |
|----------------------------|-------------------|--------------------------|-----------|---------------------------|---------------------------|-----------|
| New orders | 1,532.5 | 1,271.2 | 20.6% | 380.5 | 193.6 | 96.5% |
| Order backlog | 2,980.0 | 2,414.0 | 23.4% | 2,980.0 | 2,414.0 | 23.4% |
| Production Revenues | 973.1 | 922.8 | 5.5% | 306.8 | 270.8 | 13.3% |
| EBIT | 100.3 | 85.5 | 17.3% | 37.3 | 31.9 | 16.9% |
| EBIT margin | 10.3% | 9.3% | 1.0% | 12.2% | 11.8% | 0.4% |
| Net profit | 58.3 | 45.8 | 27.3% | 21.5 | 20.8 | 3.4% |
| Working capital | (216.7) | (237.3) | (8.7%) | (216.7) | (237.3) | (8.7%) |
| Net Fin. Position | (184.5) | (158.2) | 16.6% | (184.5) | (158.2) | 16.6% |
| R&D | 41.2 | 35.9 | 14.8% | 9.1 | 7.2 | 25.5% |
| Headcount | 4,243 | 3,962 | 7.1% | 4,243 | 3,962 | 7.1% |
| EPS | 0.58 | 0.46 | | 0.22 | 0.21 | |

(1) Pro-forma 2006 data that includes Ansaldo Signal NV and Ansaldo Trasporti Sistemi Ferroviari SpA in the basis of consolidation from 1 January 2006, as well as one-off listing costs of EUR 6.9 million.

New orders rose EUR 186.9 million (96.5%), from EUR 193.6 million in 4Q06 to EUR **380.5** million.

Specifically, the **Signalling Unit** secured orders of EUR 329.8 million (EUR 247.8 million excluding dealings with the Transport Systems Unit) compared to EUR 256.2 million in the last quarter of 2006.

The **Transport Systems Unit** acquired orders of EUR 132.7 million, compared to EUR 26.0 million in 4Q06.



The main orders acquired in the fourth quarter of 2007 relate to the following projects:

| Country | Project | Client | Value (EUR M) |
|-----------------|--------------------------------------|------------------------|---------------|
| Italy* | Rome Line C – Phase 1 | Metro Roma | 116.9 |
| Italy | HS Line Milan - Bologna | CEPAV 1 | 42.5 |
| US-France-Italy | Components, Service and Maintenance | Miscellaneous | 40.4 |
| China | Shitai HS Line | Ministry of Raylways | 31.2 |
| Germany | HS Line ERTMS Lev. 2 Saarbücken | Deutsche Bahn AG | 20.5 |
| Italy | SCMT Wayside / Comp. Florence | RFI (Italian railways) | 14.0 |
| UK | ERTMS Cambrian Line - Phase 1 | Network Rail | 10.0 |
| Italy | Upgrade of Trento – Malè line | Trentino Trasporti | 9.4 |
| Italy | ACS - BA Rho-Pero | RFI | 6.7 |
| Italy | High Speed Line | RFI | 6.2 |
| Malaysia | Batu Gajah Depot | Road Builder | 6.0 |
| Australia | Caboolture to Beerburrum Duplication | Queensland Railroad | 5.1 |
| Germany | Onboard SCMT | Others | 5.0 |
| | | | |

* Main orders acquired by the Transport Systems Unit in 4Q07

2007 Results

For an accurate comparison with 2006, pro-forma data takes into account the effects of the acquisition of the shareholdings in Ansaldo Signal NV and Ansaldo Trasporti Sistemi Ferroviari Spa or the whole period, from 1 January 2006. Data showing the effects of the purchase of shareholdings from their date of acquisition (24 February 2006) is also provided in the tables attached.

In 2007 the Ansaldo STS Group registered a **net profit** of EUR **58.3** million, an increase of 27.3% compared to 2006 (EUR 45.8 million, which included one-off listing costs of EUR 6.9 million).

Production revenues for the full year was EUR **973.1** million, up 5.5% compared to 2006 (EUR 922.8 million).

EBIT came in at EUR **100.3** million in 2007, compared to EUR 85.5 million in 2006 (restated for the adoption of the equity method under IAS 19 and taking into account the one-off listing costs).

The group's EBIT margin also rose, from 9.3% last year to 10.3%.

New orders for the year totalled EUR **1,532.5** million, an increase of 20.6% compared to the 2006 figure of EUR 1,271.2 million. The **order backlog** at 31 December 2007 was EUR **2,980.0** million, an increase of EUR 566,0 million (23.4%) compared to the figure of EUR 2,414.0 million in the same period the previous year, breaking down as follows:

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EUR 1,390 million for the **Signalling Unit** (including dealings with the Transport Systems Unit), compared with EUR 1,320 million in 2006, of which:

- EUR 699.9 million relates to the Italian subsidiary;
- EUR 298.4 million to the US subsidiary;
- EUR 242.8 million to the French subsidiary;
- EUR 142.8 million to the Asia/Pacific subsidiary;
(figures including dealings between subsidiaries)

EUR 1,810 million for the **Transport Systems Unit**, compared with EUR 1,248 million in 2006, mainly related to the following projects:

- Italian High Speed (EUR 108.0 million)
- Copenhagen metro operations & maintenance (EUR 126.6 million)
- Concessions relating to the Naples and Genoa metros (EUR 642.0 million)
- Driverless metro systems of Brescia and Milan (EUR 310.4 million)
- Rome driverless metro line C (EUR 305.7 million)
- Thessaloniki driverless metro (EUR 160.7 million)
- Alifana metro (EUR 111.8 million)
- Miscellaneous (EUR 41.5 million)

At 31 December 2007, the group had a positive **net financial position** of EUR **184.5 million**, compared to EUR 158.2 million at the end of 2006.

At 31 December 2007, **consolidated net invested capital** was negative to the tune of EUR 6.8 million, compared to a negative figure of EUR 33.8 million at 31 December 2006. The difference of EUR 27.0 million is due to both **working capital**, which fell from EUR (237.3) million at 31 December 2006 to EUR (216.7) million at 31 December 2007, and the increase of EUR 6.3 million in net non-current assets/liabilities. This change was due to the rise in inventory, work in progress net of progress billings and trade receivables, partly offset by the increase in trade payables and other net current liabilities. The increase of net non-current assets/liabilities is largely the result of greater investment in tangible and intangible assets and the decrease in the staff severance fund of Italian subsidiaries following the introduction of new regulation and the adoption of the equity method.

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Consolidated Profit and Loss Account
Ansaldo STS group

| Consolidated profit and loss (EUR M) | Fourth quarter 2007 | Fourth quarter 2006 | Figure at 31.12.07 | Figure at 31.12.06 (1) | Figure at 31.12.06 (2) |
|--|------------------------------------|------------------------------------|-----------------------------------|---|---|
| Production Revenues | 306.8 | 270.8 | 973.1 | 922.8 | 810.4 |
| Purchasing and staff costs | (262.8) | (242.7) | (860.8) | (833.7) | (722.5) |
| Depreciation and amortisation | (3.4) | (2.2) | (10.4) | (9.5) | (8.2) |
| Write-downs | (0.5) | (1.4) | (0.6) | (1.5) | (1.5) |
| Other net operating revenues (costs) | (0.7) | 5.0 | (2.0) | 2.1 | 1.5 |
| Change in inventories, semi-finished and finished products and goods | (2.1) | 2.4 | 1.0 | 5.3 | 0.3 |
| EBIT | 37.3 | 31.9 | 100.3 | 85.5 | 80.1 |
| Net financial income (expenses) | 1.8 | 1.0 | 3.6 | 2.2 | 1.6 |
| Income taxes | (17.6) | (12.1) | (45.6) | (41.9) | (38.4) |
| NET PROFIT | 21.5 | 20.8 | 58.3 | 45.8 | 43.2 |
| Earnings per share (<i>Basic and Diluted</i>) | 0.22 | 0.21 | 0.58 | 0.46 | 0.43 |

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- (1) *Pro-forma data that includes the results of activities since the beginning of 2006 and one-off listing costs of EUR 6.9 million.*
- (2) *2006 with the effect of the transfer of Ansaldo Signal NV and Ansaldo Sistemi Ferroviari Spa from 24 February 2006 and including one-off listing costs of EUR 6.9 million.*

Consolidated Financial Position
Ansaldo STS group

| <i>Consolidated financial position (EUR M)</i> | 31.12.07 | 31.12.06 |
|--|-----------------|-----------------|
| Non-current assets | 257.1 | 251.7 |
| Non-current liabilities | (47.2) | (48.2) |
| | 209.9 | 203.5 |
| Inventory | 98.3 | 96.5 |
| Contract work in progress | 151.9 | 78.3 |
| Trade receivables | 326.5 | 311.2 |
| Trade payables | (194.5) | (166.3) |
| Advances from clients | (506.8) | (475.1) |
| Short-term provisions for risks and charges | (26.2) | (22.3) |
| Other current net assets (liabilities) | (65.9) | (59.6) |
| Working capital | (216.7) | (237.3) |
| Net invested capital | (6.8) | (33.8) |
| Group shareholders' equity | 177.3 | 124.1 |
| Minority interests | 0.4 | 0.3 |
| Shareholders' equity | 177.7 | 124.4 |
| Net Financial Position (cash) | (184.5) | (158.2) |

Cash Flow
Ansaldo STS group

| <i>Cash Flow (EUR M)</i> | 31.12.07 | 31.12.06 |
|--|-----------------|-----------------|
| Cash and cash equivalents – opening balance | 48.6 | 36.0 |
| Gross cash flow from operations | 112.3 | 100.2 |
| Changes in working capital | (26.7) | 93.8 |
| Changes in other operating assets and liabilities | (40.9) | (53.1) |
| Cash flow generated (used) by operating activities | 44.7 | 140.9 |
| Cash flow from ordinary investments | (17.7) | (21.6) |
| Free operating cash flow | 26.9 | 119.2 |
| Strategic investments | (2.4) | (60.4) |
| Cash flow generated (used) by investment activities | (20.1) | (82.0) |
| Dividends paid | - | (32.0) |
| Capital increases | - | - |
| Cash flow from financing activities | (8.9) | (14.5) |
| Cash flow generated (used) by financing activities | (8.9) | (46.5) |
| Translation difference | (0.9) | 0.2 |
| Cash and cash equivalents – closing balance | 63.4 | 48.6 |

Results by sector of activity

| EUR M | SIGNALLING | | | | TRANSPORT SYSTEMS | | | |
|---------------------------------|-----------------|-----------------|--------------|--------------|-------------------|-----------------|-------------|-------------|
| | IV Quarter 2007 | IV Quarter 2006 | At 31/12/07 | At 31/12/06 | IV Quarter 2007 | IV Quarter 2006 | At 31/12/07 | At 31/12/06 |
| New orders | 329.8 | 256.2 | 822.3 | 833.1 | 132.7 | 26.0 | 802.7 | 534.3 |
| Order backlog | 1,389.8 | 1,319.6 | 1,389.8 | 1,319.6 | 1,809.9 | 1,248.1 | 1,809.9 | 1,248.1 |
| Production Revenues | 228.9 | 203.1 | 750.1 | 702.1 | 84.2 | 75.0 | 241.4 | 236.8 |
| EBIT | 29.6 | 22.3 | 86.5 | 74.8 | 7.6 | 7.3 | 22.0 | 21.6 |
| EBIT margin | 12.9% | 11.0% | 11.5% | 10.7% | 9.1% | 9.8% | 9.1% | 9.1% |
| Working capital | (68.7) | (70.0) | (68.7) | (70.0) | (143.3) | (171.9) | (143.3) | (171.9) |
| Net invested capital | 11.2 | 6.8 | 11.1 | 6.8 | (20.8) | (124.7) | (20.8) | (124.7) |
| Research and development | 7.9 | 6.0 | 37.8 | 33.2 | 0.7 | 0.7 | 2.3 | 2.0 |
| Headcount | 3,866 | 3,606 | 3,866 | 3,606 | 327 | 327 | 327 | 327 |

Notes to the table

The figures shown in the table do not include dealings with other divisions.

Jean Paul Giani, 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 contained in the group's accounting records.

Ansaldo STS confirms that at 4pm on 14 February, the management will be available to comment on the results for the fourth quarter of 2007, via conference call.

To take part in the **conference call**:

Italy: +39 02 802 09 11

UK: +44 208 79 29 750

USA: +1 866 23 96 425

To **replay the conference call** in the 72 hours following the call, using access code 771#:

Italy: +39 02 80 61 37 80

UK: +44 207 10 86 235



Ordinary and extraordinary shareholders' meetings called

The Board of Directors also convened the ordinary and extraordinary shareholders' meetings for 31 March 2008, with second call on 1 April 2008.

The Explanatory Report on changes to the articles of association, prepared and approved by the Board, has been sent to Consob.

Incentive plans proposed

The Board then approved the proposal for a share incentive scheme for 2008 - 2010 (Stock Grant Plan – SGP 2008/2010), under which a set number of group managers and directors will receive free shares upon meeting certain objectives, and a medium-long term cash incentive plan (Long Term Incentive Plan – LTIP 2007-2009).

The two plans are part of a diverse structure of short- (MBO) and medium-long term incentive schemes, which in turn form part of the overall remuneration of group management. Incentive schemes are based on meeting complementary performance objectives related to the key economic, financial and commercial drivers of group value creation.

Specifically, the Stock Grant Plan has the following objectives:

- to involve and provide incentives to the managers, directors of the group whose activities are considered vital to meeting group objectives;
- to communicate the company's wish to share with the group's key professionals the expected increase in the value of the company, partly through the positive performance of the share on the stock market;
- to foster loyalty among the group's key resources, providing them with an incentive to remain with the company.

The assignment of shares is conditional upon meeting specific group performance objectives over the given period:

- 50% of the shares: for meeting VAE targets for the year and period set in the group's 2008-2010 budget/plan;
- 25% of the shares: for meeting free operating cash flow targets for the year and period set in the group's 2008-2010 budget/plan;
- 25% of the shares: in light of a comparison of the performance of the Ansaldo STS stock vs. the Mibtel in 2008-2010 in the 30 days at the beginning and end of the periods of each year.

The plan also includes an accumulation mechanism that allows directors and managers to recover any shares not assigned during that period at the end of the three years.

There are 58 recipients of the SGP for 2008, who break down as:

six executive directors of the company or subsidiaries, namely: Sergio De Luca, Chief Executive Officer of Ansaldo STS SpA; Sante Roberti, vice-president of Ansaldo STS SpA; Mario Orlando, Chief Executive Officer of Ansaldo Signal NV; Emmanuel Viollet, Chief Executive Officer of Union Switch & Signal Inc.; Lyle Jackson, Chief Executive Officer of Ansaldo STS Australia; Georges Dubot, Chief Executive Officer of Ansaldo STS France.

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52 managers of the company or subsidiaries, considered to be key personnel for the group. The plan provides for the shares to be awarded to the participants of the Stock Grant Plan after checks relating to the attainment of the specific performance objectives and to be transferred with effect from the first working day of the last month of the year in which the allocation is decided. The Board of Directors has set the maximum number of shares to service the SGP at 1,500,000 (one million, five hundred thousand), while the maximum number of shares that may currently be awarded is 1,039,089, of which 259,773 is the maximum number that may be allocated in relation to 2008 objectives and 779,316 the maximum that may be assigned in relation to 2009-2010 objectives.

The shares servicing the SGP shall be those already issued or shares that the company will issue free of charge pursuant to article 2349 of the civil code, allocating for the purpose a portion of earnings or reserves. Both options are subject to specific shareholder resolutions. Note that one of the items on the agenda of the ordinary shareholders' meeting, called by the Board of Directors today, is the authorisation to purchase own shares, according to the procedures and terms that shall be proposed by the Board of Directors pursuant to the laws in force.

The Board of Directors also approved a medium-long term incentive plan called the Long Term Incentive Plan (LTIP). This is a three-year (2007-2009) rolling plan, according to which a limited number (six) of strategic managers for the group will receive a cash bonus upon achievement of a specific objectives relating to the Ansaldo STS group.

Under the Plan, these managers receive the cash bonus if they meet specific objectives relating to either market performance or economic management parameters. Specifically, these objectives concern the annual performance of the Ansaldo STS share compared with that of the Mibtel and the group's free operating cash flow. The actual payment of these bonuses upon the achievement of the plan's performance objectives depends on the achievement of the net profit target set out in the budget/plan.

The LTIP is intended to motivate senior management, and with respect to the plan's three-year performance period, provides for the payment of a one-off bonus equal to the maximum gross annual remuneration of each beneficiary, to be paid on a pro-rata basis after approval of Ansaldo STS' consolidated results for the years in which the LTIP applies, and dependent upon the attainment of the minimum threshold and of specific objectives.

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Calendar of events

Finally, the Board of Directors amended the Calendar of company events, indicating that an ordinary and extraordinary shareholders' meeting will be held, and that, in accordance with Italian stock market provisions for companies in the STAR segment, a "Quarterly Report" will be prepared for the first quarter of 2008.

Updated calendar of meetings of the Board of Directors of Ansaldo STS 2008

| | | |
|----|-----------------------|---|
| 1. | Wednesday 13 February | <i>Approval of quarterly report to 31 December 2007 Notice of shareholders' meeting</i> |
| 2. | Thursday 13 March | <i>Approval of draft 2007 annual report</i> |
| 3. | 31 March/1 April | <i>Ordinary and extraordinary shareholders' meetings</i> |
| 5. | Monday 12 May | <i>Approval of quarterly report to 31 March 2008</i> |
| 6. | Monday 28 July | <i>Approval of first-half report</i> |
| 7. | Tuesday 11 November | <i>Approval of third-quarter report to 30 September 2008</i> |

Any changes to this calendar will be announced immediately.

Investor Relations

Andrea Razeto tel. +39 010 6552068
Investorelations@ansaldo-sts.com
web: www.ansaldo-sts.com

Media Contacts: PMS

Giancarlo Fré tel. +39 06 48905000
Andrea Faravelli tel. +39 02 48000250
g.fre@pmsgroup.com

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