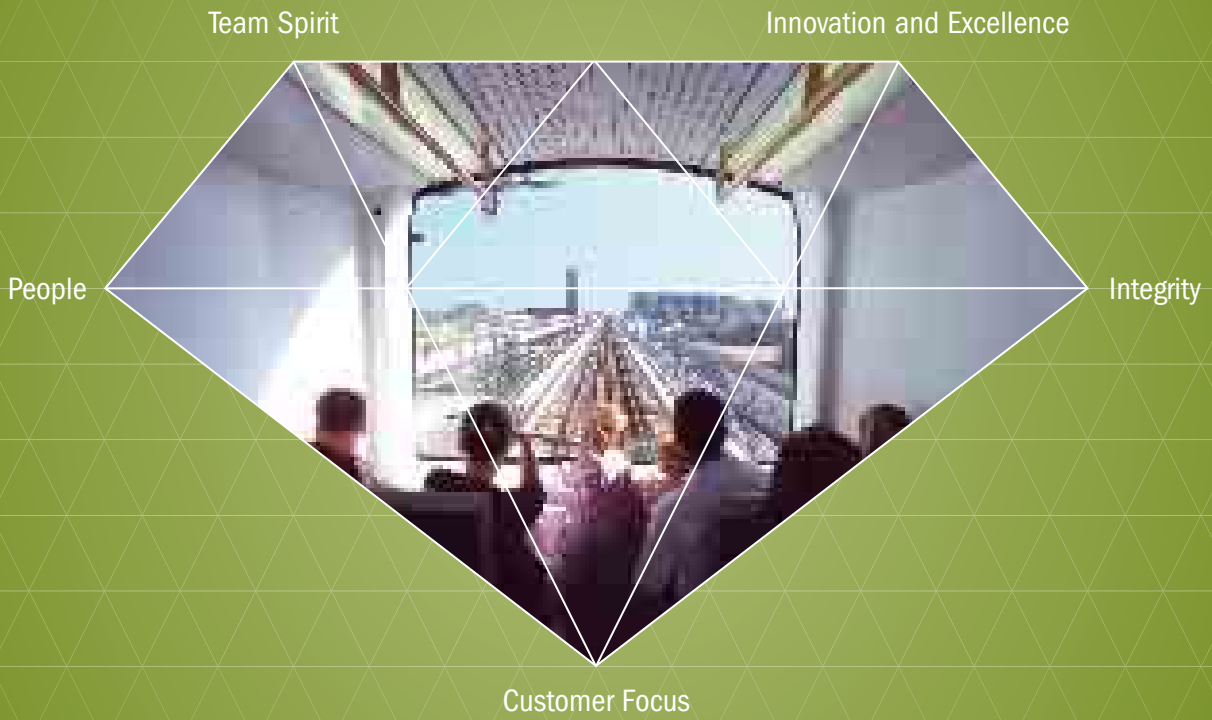


Signalling and Transportation Solutions

Sustainability Report 2009

LEAD WITH VALUES





Ansaldo STS is a technology company which is listed on the Milan Stock Exchange, and is active in the sector of railway transport and urban rail transport systems as designer and supplier of traffic management and signalling systems, and related services. It acts as general contractor, system integrator and turnkey provider of major projects all over the world.

“ Our commitment to social and environmental issues is reflected in the twenty-eight countries in all of the five continents where we operate, and aims at spreading our vision of sustainability in the conduct of the business, always in accordance with local cultures and in a climate of cooperation which enriches us with new experiences. ”

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CHAIRMAN'S LETTER

The role and behaviours of the entrepreneur are of considerable importance to the sustainable development of the business and of the social-economic system in which it operates: the more the entrepreneur is committed to making decisions which are sustainable in the long term, the greater will be its competitive advantage and even more positive the interaction between the enterprise and the environment and social life around it.

Ansaldo STS, given its history and vocation, has always based its economic development on the definition of concrete solutions sustainable in the long term, focusing its strategies, both internal and external, on people, with the ultimate goal of ensuring safety: safety at work, and safety for the users of railway and mass transit transport systems.

The ability of our Group to combine the expertise of the more expert engineers with the creativity and enthusiasm of the younger ones, in pursuing clear and defined common objectives ensures the growth in added value for customers and for all the other stakeholders. This is a natural enthusiasm "to do well" one's own job, wishing to concretely influence the quality of life through the solutions for transportation engineering.

The strong business culture that drives this growth is also supported and fuelled by the specific features of the business sector in which Ansaldo STS is active, which rewards efficiency in the management of

complex long-term projects, the ability to adopt solutions which are always technologically suitable to the trend in the demand, the reliability in managing safety and efficiency issues in the mass transport segment.

The Ansaldo STS Group has a significant presence in all the continents: of the approximately 4,350 employees, only 1,500 work in Italy; 800 are located in the United States, 550 in France, 700 in Australia, 300 in India, 100 in China. Notwithstanding such geographically diversified distribution, the effort of the Group, in this as well as in other sectors of its business, is focused on the harmonisation of conducts, objectives and policies adopted, to achieve shared sustainability standards in economic, social, environmental, health and safety terms.

Sustainability, broadly speaking, is based on ethics, governance and finance, on their interaction inside and outside of the company and within the context of relationships with all the stakeholders. Ansaldo STS is committed to rewarding its shareholder base and its management through the achievement of the economic objectives of the Group, while meeting the expectations of all the other stakeholders who directly or indirectly participate in, and are influenced by, the business of the enterprise.

The communication strategy and, more in general, the approach to the market which characterise the Ansaldo STS Group are based on transparency and actual and prompt availability of any and all information which represents the key elements required for the correct assessment of the results and performance of the company.

Ansaldo STS thus considers this first Sustainability Report as a further step forward towards the visibility and confidence we want to transmit to all stakeholders.

Alessandro Pansa
Chairman Ansaldo STS Group

A handwritten signature in black ink, reading "Alessandro Pansa". The signature is written in a cursive, flowing style.

CHIEF EXECUTIVE OFFICER'S LETTER

One of the key pillars of the business model adopted by Ansaldo STS is the sustainability of development based on safe, efficient, reliable and environmentally friendly solutions, focused on the needs of the individual, also in the presence of increasingly complex contexts and lifestyles.

Being fully aware of its role as one of the major players in sustainable economic growth, Ansaldo STS presents its Sustainability Report for the first time, in order to better demonstrate to the outside world what is already deeply embedded in our culture: an enterprise only creates value when it operates taking due account of how its conduct may impact the social, natural and human environment to which it belongs.

This report is intended to be a tool, for all those who collaborate with Ansaldo STS for any reason whatsoever, to better understand that the most important asset in our company is the confidence of our stakeholders, gained one day after the other.

- \ We ensure an impartial and prompt flow of information to our shareholders and to the media regarding the performance of, and possible developments in, the economic and financial management of the company.
- \ We ensure our utmost availability to the financial community, through meetings and in-depth analyses aimed at explaining our way to do business.
- \ We want to offer our customers adequate solutions able to qualify us as a reliable partner attentive to their needs, well aware of how important good references are for our business.
- \ Conscious that our suppliers are an essential part of our success, we pursue their careful selection, we search for partners which share our same values, with which to establish clear, lasting and profitable relations of cooperation.
- \ We pay great attention to the local communities of the areas where we work, building with them a frank and open relationship, always with due respect for the different roles.
- \ Finally, the ethics code adopted is the direct expression of our *modus operandi*, it confirms compliance with laws and rules and it stands as an example of a correct corporate governance.

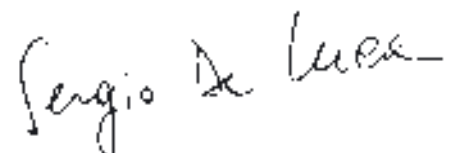
Our commitment to social and environmental issues is reflected in the twenty-eight countries in all of the five continents where we operate, and aims at spreading our vision of sustainability in the conduct of the business, always in accordance with local cultures and in a climate of cooperation which enriches us with new experiences.”

If we are able to achieve our sustainability targets every day, this is thanks to the people who work in our company, who are the cornerstone of our success and to whom our utmost attention is devoted so that Ansaldo STS may be, first of all, a good place to work in.

The first Sustainability Report lays the foundations for an in-depth analysis of such issues and for an assessment of the results thereof, also reporting how much room for improvement there is and where. It is, thus, a verification and monitoring tool, just as the statutory financial statements, through which we commit ourselves to our stakeholders to further increase visibility and transparency every year.



Sergio De Luca
CEO Ansaldo STS Group



METHODOLOGICAL INTRODUCTION

The first edition of the Sustainability Report of the Ansaldo STS Group (which will be published on an annual basis) represents the start of the social and environmental reporting activity of the company.

The methodology adopted for its implementation refers directly to the Sustainability Reporting Guidelines G3 of the GRI (Global Reporting Initiative) with an application level of B, and to the Principles for the preparation of the Social Report of the GBS (Social Report Study Group) as regards the determination and distribution of Added Value.



The 2009 Sustainability Report is the result of the activities of a cross-functional Project Group of Ansaldo STS which has made researches in the different business areas of the company in order to accurately describe the activities carried out during the 2009 financial year and to define the targets for improvement.

In order to ensure a balanced and fair presentation of the performance of the Ansaldo STS Group, the principles of materiality, stakeholder involvement, sustainability and completeness framework were applied; in order to ensure the quality of the information reported, the principles of balance, comparability, accuracy, timeliness, clarity and reliability were followed.

From the application of the aforementioned principles it results that:

Scope of reporting - The reporting activity refers to the Ansaldo STS Group as specified in the Consolidated Annual Report: 53 sites worldwide, as described in the Group's profile. The section of this document headed Environment, Health and Safety refers to a more limited scope of reporting comprised, in this first edition, of 23 sites, specified in the same section.

Structure of the report - The structure of the Sustainability Report has been designed to facilitate the identification and consultation by the stakeholders of the information contained therein. The document is structured into four sections:

- \ IDENTITY which includes: the profile of the Group, sustainability of development for Ansaldo STS, governance and organisation model;
- \ CREATION OF ECONOMIC VALUE AND INNOVATION which deals with the creation of values and the value of innovation;
- \ THE RELATIONSHIP WITH STAKEHOLDERS, comprised of: relations with Human Resources, Investor relations, relations with the Customers and the market, management of the Supply Chain and exchange relationships with the Community;
- \ ENVIRONMENT, HEALTH AND SAFETY, comprised of: policies, management systems, certifications and performances relating to environment, safety and health.

Data and time references - The data and the information contained in the Report refer to the calendar year 2009. A comparison is offered, if significant, with the previous financial years and, in some cases, it was decided to account for certain events occurred after the closing of the financial year, clearly specifying any such events. The economic and financial data contained in the Sustainability Report refer directly to the Consolidated Annual Report.

STATEMENT OF THE MANAGER IN CHARGE PURSUANT TO LAW

The Manager in charge of the preparation of the corporate accounting documents, Mr. Alberto Milvio, hereby certifies, pursuant to article 154-bis, paragraph 2, of the Finance Code, that the accounting information provided in this notice is consistent with the information reported in the company's documentary findings, books and accounting records.







IDENTITY OF ANSALDO STS

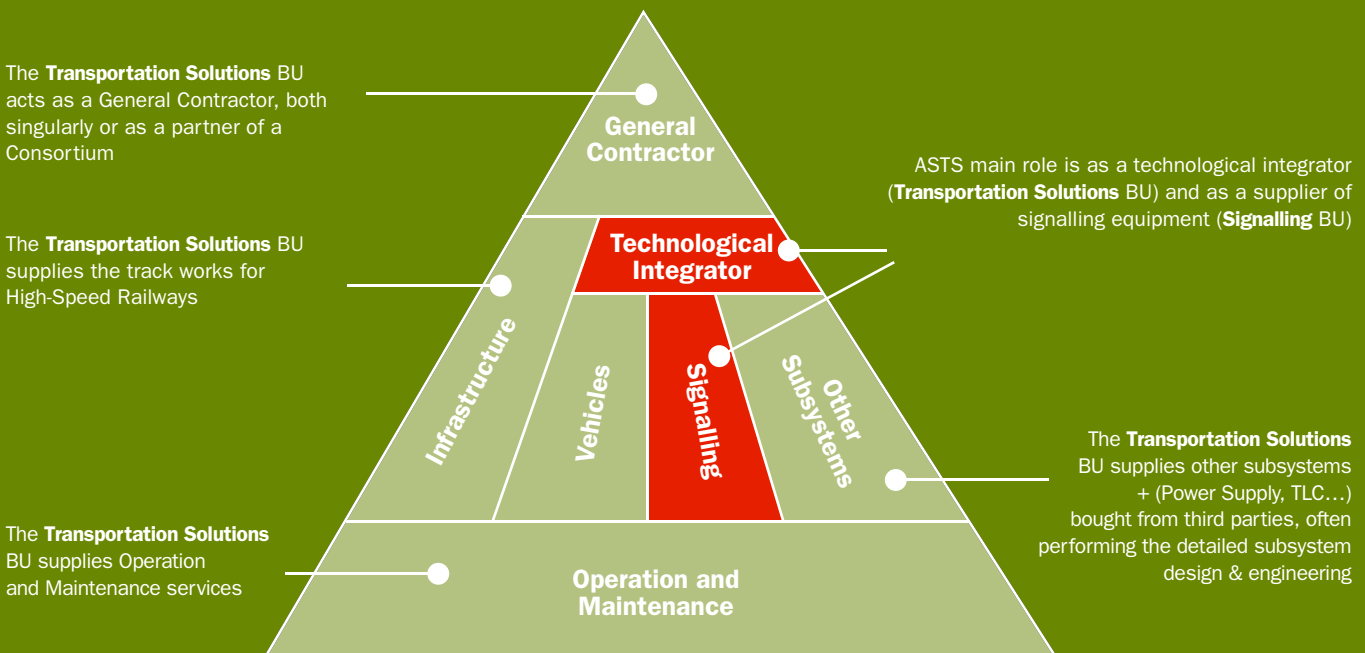
PROFILE OF THE ANSALDO STS GROUP

The Ansaldo STS Group is active in the sector of Railway Transport Systems, both High Speed and Main Lines, and in the sector of Urban Rail Transport Systems (driverless and traditional metro and tram systems), and specialises in:

- \ the design, manufacturing, construction, management and maintenance of Railway and Urban Railway Signalling systems, subsystems and components;
- \ the design, construction, installation, integration, maintenance and management of Railway and Urban Transport Systems of which the Signalling business unit represents a key segment.

Ansaldo STS designs and implements integrated transport solutions, i.e. it studies, designs and plans the procedures required to integrate the design and implementation activities of the technological works which make up the System. The complex functional and operational integration between track, signalling, power supply, telecommunications and vehicles (whether for inter-city, urban or tram railways) is thus defined and realised, together with any other technological works which constitute, collectively, the Integrated Transport System.

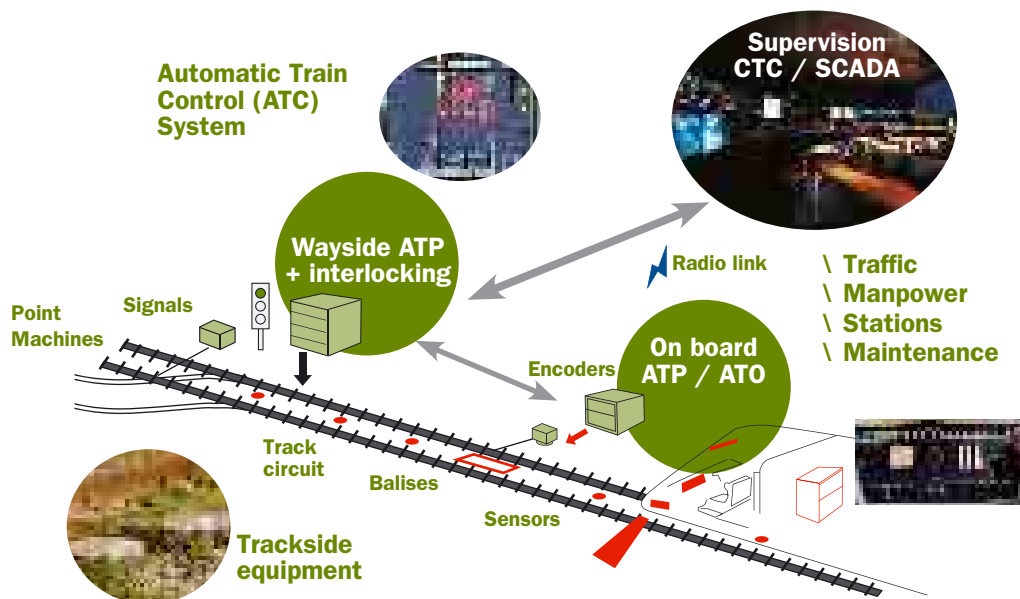
ANSALDO STS: THE OPERATIONS OF THE **SIGNALLING** AND **TRANSPORTATION SOLUTIONS** BUSINESS UNITS AND THE DIFFERENT SUBSYSTEMS AT THE BASE OF A TRANSPORTATION SOLUTION



Depending on the requests of the customer and on the type of order, the Ansaldo STS Group is able to operate in the Railway and Urban Transport Systems segment as a provider of "turnkey" solutions, and thus as a General Contractor (also managing the civil works required to implement the project), both providing Integrated Transport Systems with its Signalling products, and independently providing the technological part only and thus the Signalling products or the engineering expertise of the IT system engineer /technology integrator or, partially providing, other subsystems.

In particular, through the **Signalling** unit, it also provides maintenance components and services, both together with the signalling and control system and separately. Through the **Transportation Solutions** unit it also provides operation and maintenance services for the Urban Transport Systems.

Signalling: Hi-Tech safety for railways and mass transit systems



The leadership of Ansaldo STS in the Railway and Urban Transport Systems segment is maintained and developed by focusing its business on two key aspects:

- \ the ability in designing innovative solutions and systems capable of ensuring its customers the utmost attention to, and compliance with, the safety standards required, efficiency and interoperability of the systems;
- \ the multi-local presence and the high technological standard to allow the implementation of highly complex projects.

Within the context of the implementation of each project, the Ansaldo STS Group takes account of the social, economic, logistical, architectural, environmental and infrastructural scenario in which it operates, being able to plan, design and build Signalling and Railway and Mass Transit Transport Systems which offer the best possible combination of safety, efficiency and return on investments.

Ansaldo STS is a company to which Governments, Municipalities and individuals may refer to in order to construct any works concerning rail transport; the company has over 4,300 employees around the world dedicated to the implementation and enhancement of the safety of railway assets.

Business Segments (Business Type)

HIGH SPEED

Ansaldo STS Signalling Systems are installed on more than 56% of all High Speed lines around the world (excluding Japan). Furthermore, the Group is the undisputed leader in ERTMS (European Rail Traffic Management System) Level 2, which is currently the most advanced signalling system available.

Ansaldo STS launched the High Speed railway transport era by commissioning and completing in 1981, the very first TVM (automatic train control) signalling system on the first TGV Paris-Lyon line. In Italy Ansaldo STS has, within the scope of the Consortium Saturno, assumed full responsibility for the Turin-Novara line. The company also played a prominent role in another historic achievement, by launching the first High Speed Rome-Naples line running on an ERTMS Level 2 signalling system.

The main achievements of Ansaldo STS in this business segment were:

- \ the first stretch of the new East-European High Speed Paris-Strasbourg Line, which represents the connection between the two most important railway networks in Europe: the French network and the German network. Ansaldo STS supplied a dual signalling system which combines the new level 2 of the ERTMS with the TVM 430 system, implemented on the entire High Speed network in France and already recognised as a successful system;
- \ the CTRL (Channel Tunnel Rail Link) connection. Thanks to the TVM 430 signalling system supplied by Ansaldo STS, Paris and London are closer than ever (just over two hours journey from the Gare du Nord to St. Pancras station);
- \ the successful award of the first tender for a High Speed line in Germany, for the Saarbrücken-Mannheim stretch of line.

Besides Germany, Ansaldo STS has already commissioned, supplied, delivered and completed High Speed lines in the following Countries: France, Italy, United Kingdom, Spain, Belgium, the Netherlands, China and South Korea.

MAIN LINES AND FREIGHT

Ansaldo STS provides full and specialist services to large railway networks in India, France, Italy and the United States. It also supplies systems for the new lines under construction in fast developing countries, such as China and Australia.

In Europe, the company plays a key role in the programme for upgrading to the ERTMS, the new European rail traffic management system, which will lead to the interoperability of the individual national networks.

In the United States and in Australia the advanced planning and control systems supplied by the company provide end-to-end solutions which are critical to meet the needs of the freight, mining and heavy haul segments.

The solutions offered by Ansaldo STS allow to achieve new levels of reliability and efficiency. The advanced planning and control systems allow for the higher average speed of the trains. As regards regional railway lines characterised by less intensive service requirements, Ansaldo STS offers modular solutions which reduce capital costs through engineering repeatability and increase the "interoperability" level.

The different signalling systems developed, commissioned and delivered by Ansaldo STS have, over time, set reference railway standards. These systems include:

- \ SCMT (Train Speed Control System), the Italian signalling system based entirely on ERTMS;
- \ Heavy Haul & Mining, customised solutions such as those for Rio Tinto in Australia, with 2.4 km long trains of 29,500 tons.
- \ more recently, the VPTC (Vital Positive Train Control) system, implemented in Alaska and USA, which is going to be the first vital train control system implemented on an entire railway sector.

MASS TRANSIT AND LIGHT RAIL

For more than a century, Ansaldo STS, through its companies operating worldwide, has been providing leading solutions in the Urban Transport Systems. Today, its sophisticated systems for metros based on the traditional signalling technology develop a new generation of advanced systems, which meet the new transport requirements.

DRIVERLESS METROS – ATC (DRIVERLESS AUTOMATIC TRAIN CONTROL)¹

After the first fully Driverless train control system, as certified according to the strict European Cenelec (*Comité Européen de Normalisation Électrotechnique*) safety standards as regards the metro in Copenhagen in 2002, the ATC Driverless technology has been selected by the metros of Rome, Milan, Thessalonica, Brescia and Riyadh, Women's University, in order to guarantee the safety and efficiency of the frequent passenger transit. The ATC Driverless technology of Ansaldo STS adds fully Driverless functionalities to the ATS (Automatic Train Supervision), ATO (Automatic Train Operation) and ATP (Automatic Train Protection) technologies.

COMMUNICATIONS BASED TRAIN CONTROL (CBTC)

Regardless of whether it is a single line metro or a continental railway system, the fully integrated CBTC systems ensure continuous high speed two-way radio based communications between wayside and the vehicle. Last year a contract was entered into for the driverless metro Circular Line of Taipei, providing for a CBTC technology-based mobile block.

CONVENTIONAL METRO

In addition to the most advanced driverless technologies, Ansaldo STS also offers conventional solutions, where the operation is supported by safety (ATP) and drive assistance (ATO) systems for the purpose of achieving the best performances.

LIGHT RAIL

The solutions of Ansaldo STS as regards urban railways based on track circuits are customised so as to meet any operational requirements. The complete central post, vehicles and wayside systems may be stand alone or integrated with the existing systems. Decades of experience guarantee the success of the projects.

1. See page 67 "Main products designed and under development".

COMPUTER-BASED INTERLOCKING

Ansaldo STS provides the most complete range of computer-based interlocking systems for rails and transit on an exclusive basis. ACC, SEI e MicroLok® represent the perfect solution for all kinds of network, from High Speed to main lines, from freight to metros. Their integration with CTC (Centralized Traffic Control) and ATP (Automatic Train Protection) systems has also been tested on High Speed applications.

ACC is a modular interlocking system suitable for railway and metro applications, capable of managing highly complex systems with no need to integrate different Interlocking systems and without any slowdowns in operations. ACC carries out automatic diagnosis operations, operator assistance and data recording for the purpose of maximising the efficiency of both signalling operators and maintenance staff. A detailed monitoring system allows to identify any malfunctioning on the equipment.

SEI (Interlocking) of Ansaldo STS combines the functions for the constant monitoring of speed and time of transit of the vehicles, cab display using continuous track-to-train transmission. The main innovation is represented by the interlocking functions in the processors along the tracks.

MicroLok®II is the "safety guarantee" of Ansaldo STS. It is a multi-purpose monitoring and control system for rail and transit wayside interlocking equipment. Its wide range of functionalities includes "vital" interlocking control, "non-vital" code system applications, train detection, rail integrity, coded track circuit communication, and much more. Of the many interlocking systems installed worldwide, the most advanced and yet unmatched is that installed at Termini Station in Rome. Roma Termini is the heart of the Italian railway system, and is responsible for the management, from one single control room, of the complexity and capacity of a network of thousands of kilometres through an interlocking system capable of a risk-free control over the railway traffic of almost the whole of Italy.

At present, the computer-based interlocking systems of Ansaldo STS are used all over the world, also in more complex High Speed networks (France, Italy, Spain, United Kingdom, Belgium, China and South Korea), main lines (United States, Italy, France, Sweden, India, China, Bangladesh, Botswana, Malaysia and Australia, to name but a few), and metro lines.

PLANNING, SUPERVISION AND TRAFFIC CONTROL

The first CAD (Computer-Aided Dispatching) system of the industry was developed by Union Switch & Signal (now Ansaldo STS USA) in 1966, at the Union Railroad Company of Duquesne, in the United States, launching a new era in train control and track management. Nowadays, Ansaldo STS continues to manufacture new state-of-the-art intelligent systems, designed to support highest performances.

Ansaldo STS offers the most technologically advanced solutions for supervision and traffic control centres all over the world, whether for main lines, High Speed lines or mass transit. Our long and pioneering experience includes projects from all the continents.

A special mention goes to the Optimizing TrafficPlanner™ (OTP)². It is an advanced planning engine which solves the complex logistics problems resulting from ever changing operational conditions, for the purpose of maximising capacity and increasing speed. The calculation agents respond in real time to updated CAD and field data, generating new movement plans based on the current conditions and on any and all operating rules and constraints.

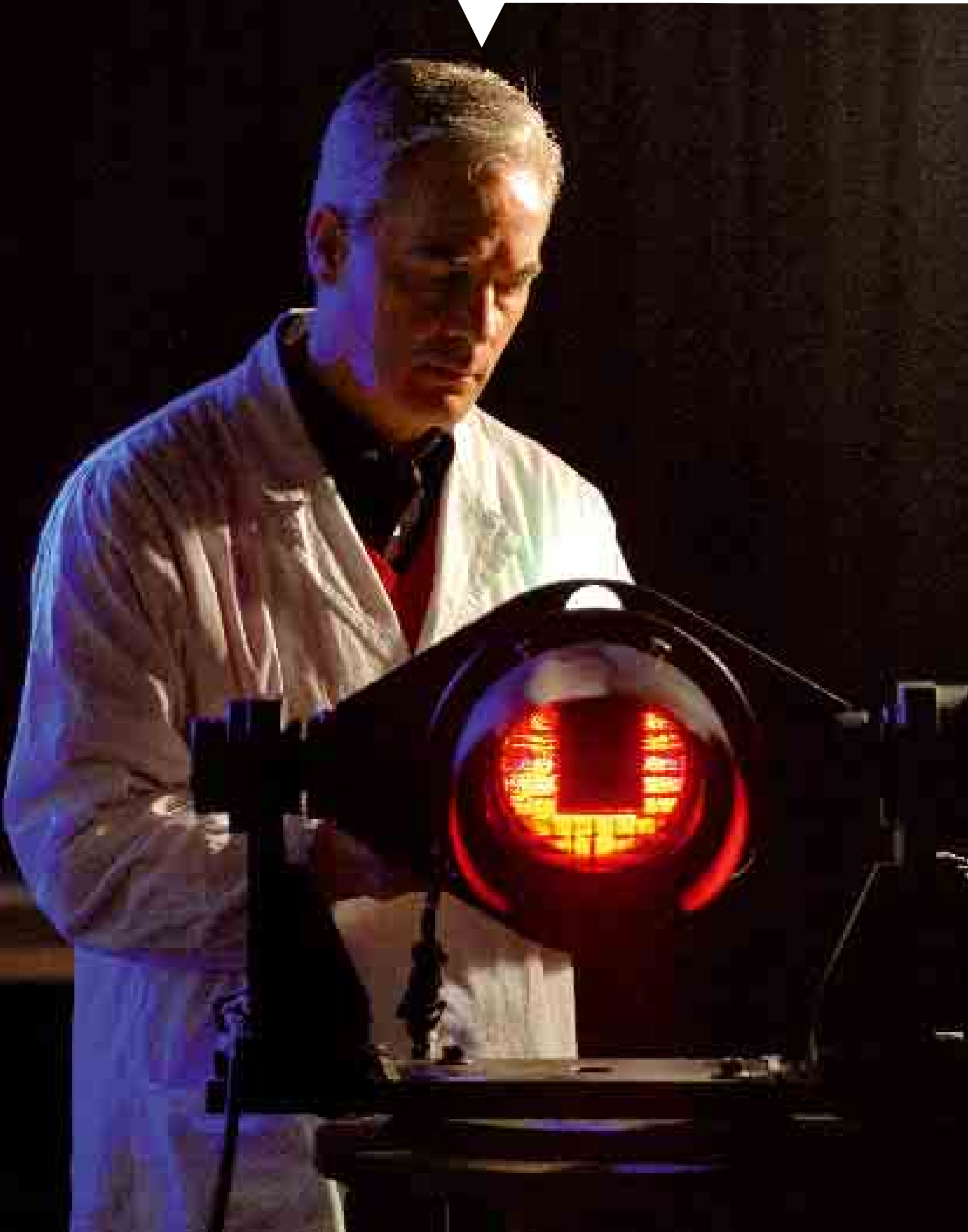
COMPONENTS

Ansaldo STS manufactures the most innovative and reliable equipment, such as track circuits, switch machines, signals, sensors for wayside data transmission (Eurobalise train, relays, hot box detectors, level crossing equipment, event recorders, the interlocking system Microlock, famous all over the world, equipment for monitoring the integrity of the train, etc.).

OPERATION & MAINTENANCE

Ansaldo STS provides its customers with a 24/7 operation and a complete maintenance service to ensure full service availability. This demonstrates the company's commitment to maximising the return on investment for its customers.

2. See page 67 "Main products designed and under development".



History of Ansaldo: key milestones

- 1853:** Gio. Ansaldo e C. is founded in Genoa. At the time, Ansaldo was already a distinguished name in the Genoese industry. Ansaldo STS is today headquartered in one of the historical buildings owned by the old Gio. Ansaldo e C..
- 1880:** Ansaldo e C. is founded as a company for the manufacture and maintenance of railway equipment. At the end of the century the company started building ships. The company's factories stretched all along the Genoa bay from Sanpierdarena to Sestri Ponente and it employed more than 10,000 employees.
- 1881:** George Westinghouse forms the Union Switch and Signal Company (US&S) by consolidating the Union Electric Signal Company and the Interlocking Switch & Signal Company.
- 1902:** Fernand Cumont founds CSE, Compagnie des Signaux pour Chemins de Fer, with the financial help of the Empain Group.
- 1903:** US&S develops the first alternating current track circuit and vane relay for train detection on direct current lines.
- 1904:** Ferdinando Maria Perrone buys Ansaldo. In a few years, the company came to own 10 factories, including iron and steel processing, foundries and military equipment with approximately 17,000 employees in Genoa alone.
- 1912:** CSE becomes an independent company with activity focused on providing railway equipment for the Paris metro.
- 1918:** Ansaldo reaches a record 80,000 employees.
- 1920:** CSE spreads its activities to manufacture cables and lamps. The company is rebranded as Compagnie de Signaux et d'Entreprises Electriques, CSEE.
- 1923:** US&S introduces the first inductive train control system to manage train movement.
- 1924:** US&S develops the first remote controlled gravity hump yard wheel speed "retarder" to regulate car speed.
- 1926:** US&S invents the first "copper oxide rectifier", the first device that converts alternating current to direct current.
- 1934:** US&S introduces coded circuits for longer track circuits and the two-way signalling cabins which require no cables.
- 1935:** due to the damages caused by the financial crisis of 1929 and the World War, Ansaldo e C. is rescued with the support of the Bank of Italy, which fully restructures the company. The critical period ends with the establishment of IRI (Italian Institute for Industrial Reconstruction) which takes over the control of Ansaldo balancing the financial position and repositioning the company at a technologically advanced level.
- 1948:** IRI transfers the control of Ansaldo to Finmeccanica.
- 1949:** US&S opens its first office in Canada.
- 1966:** Finmeccanica fully restructures Ansaldo.
- 1967:** CSEE develops the first geographical relay-interlocking in France.
- 1969:** CSEE incorporates the signalling business unit of ASTER, an operation allowing for full optimization of its signalling operations. CSEE develops track circuits in connection-less mode.
- 1970:** US&S builds the first digital classification yard control system at the Atchinson, Topeka & Santa Fe Railway's Argentine Yard in Kansas City, Kansas.
- 1980:** Finmeccanica and Ansaldo jointly create Ansaldo Trasporti (ATR). ATR operates as a company/prime contractor active in the integrated system segment and is eventually listed on the Milan Stock Exchange in 1986.

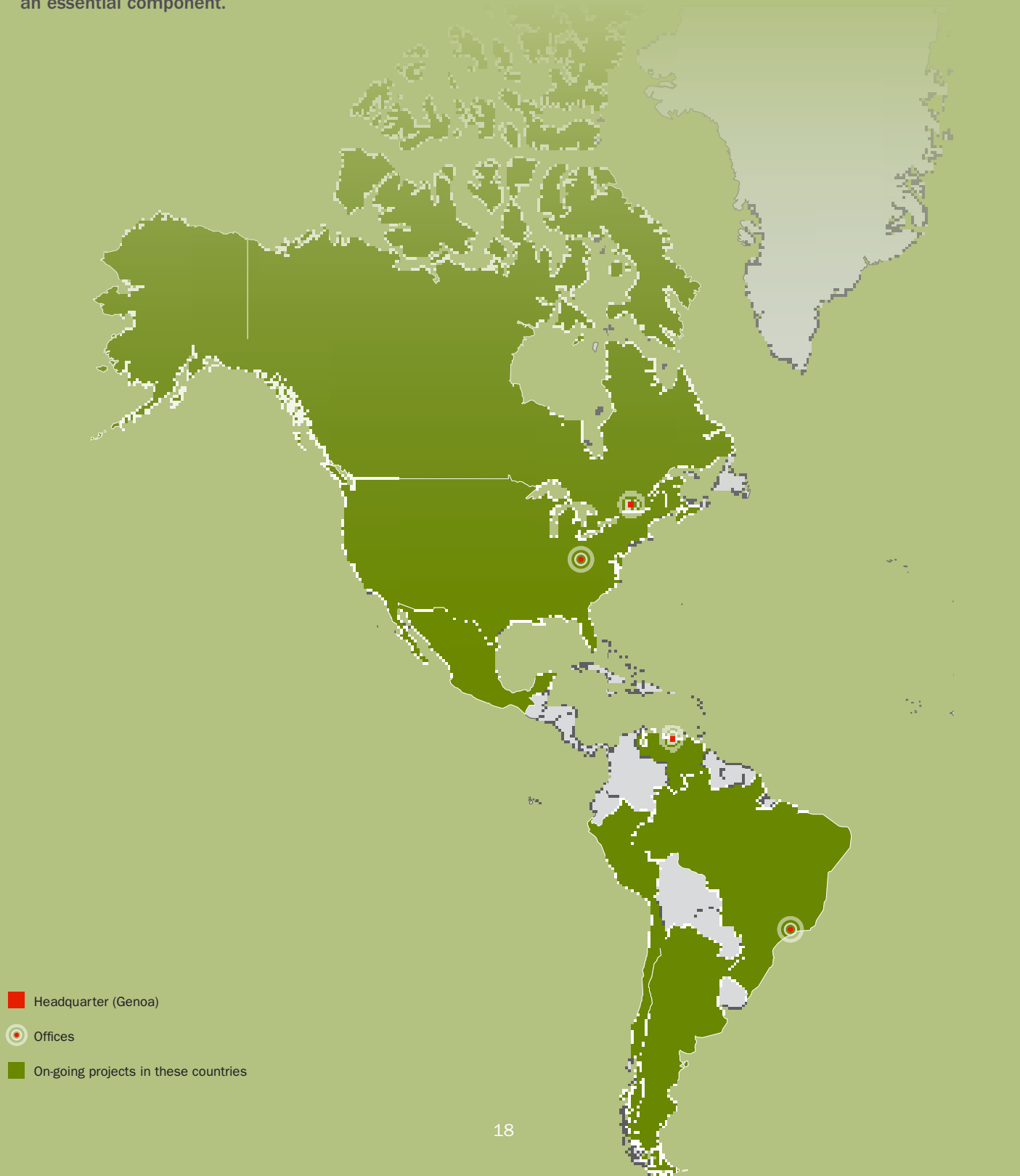
- 1981:** CSEE introduces the first High Speed railway line (TAV) in Europe (Paris-Lyon). Its successful TVM High Speed signalling system is thereafter implemented all along the French High Speed network.
- 1984:** US&S develops the breakthrough technology, MICROLOK®, that reduces the need for relays from 400 to 1, and installs the first vital microprocessor-based interlocking on Conrail's Esplen Interlocking in Pittsburgh, Pennsylvania.
- 1987:** US&S develops the first video display designed to show changes in the railway infrastructure network.
- 1988:** Ansaldo Trasporti acquires 100% of the capital of Union Switch & Signal (US&S), now Ansaldo STS USA, headquartered in Pittsburgh, Pennsylvania, USA.
- 1989:** Ansaldo Trasporti acquires 49% of the share capital of CSEE Transport, formerly known as Compagnie de Signaux pour Chemins de Fer, headquartered in Paris.
- 1990:** Ansaldo Trasporti enters the Northern market acquiring the transport division of Standard Radio & Telephon (SRT). The new company is named Ansaldo Trasporti Signal System AB (ATSS).
- 1993:** Ansaldo Trasporti lists US&S on NASDAQ.
- 1994:** CSEE opens the Channel Tunnel Rail Link and equips all Eurostar trains connecting Paris to London with TVM 430 signalling systems.
- 1995:** Acquisition by US&S of Ventura Projects, a promising Australian signalling company founded in 1981 in Brisbane, Australia. Ansaldo Trasporti directly enters the Asia Pacific market. As from 1997, US&S Australia is the main regional office of Ansaldo.
- 1996:** Ansaldo Trasporti creates Ansaldo Signal NV, a Dutch company based in Amsterdam. Ansaldo Signal acquires the remaining 51% of CSEE. All activities of Ansaldo, Union Switch & Signal and CSEE are concentrated in Ansaldo Signal and the company is listed on NASDAQ.
- 1997:** the Biggest Heavy Haul rail project Australia is successfully delivered, completed, supplied and commissioned for Rio Tinto.
- 2000:** Ansaldo Signal is delisted from NASDAQ.
- 2001:** Ansaldo Trasporti transfers its Systems Integration unit to Ansaldo Trasporti Sistemi Ferroviari, a new company created in 2000. Ansaldo Trasporti is delisted and incorporated into Finmeccanica. Finmeccanica now owns 100% of both Ansaldo Signal and Ansaldo Trasporti Sistemi Ferroviari.
- 2002:** Ansaldo Trasporti Sistemi Ferroviari delivers the world's first fully automatic driverless CENELEC approved transit system in Copenhagen, Denmark.
- 2003:** on 11 October the first Chinese passenger line is commissioned.
- 2004:** CSEE develops the first High Speed line in South Korea, equipped with TVM, the same system used in France.
- 2005:** US&S introduces the Optimizing Traffic Planner™ designed to maximise capacity and increase railroad speed.
- 2006:** Finmeccanica transfers the entire share capital of Ansaldo Signal and Ansaldo Trasporti Sistemi Ferroviari to Ansaldo STS. Finmeccanica offers 60% of its capital on an IPO. Ansaldo STS is listed in March on the STAR segment of the Milan SE.
- 2007:** Ansaldo STS develops the first Vital Positive Train Control™ system for the railway network in Alaska.
- 2008:** on 1 May, the first ERTMS in India (Chennai-Gummudipundi) is commissioned, supplied and delivered.
- 2009:** The largest signalling project ever is acquired: Libya, construction of the first local railway network.

Ansaldo STS around the world

The activities of the Ansaldo STS Group are organised into the following business units:

\ **Signalling** active in the design, construction, management and maintenance of signalling and control systems, subsystems and components for railway and urban railway traffic, aimed at increasing safety and efficiency of railway and mass transit transport systems;

\ **Transportation Solutions**, active in the design, construction, installation, integration, management and maintenance of "turnkey" railway and mass transit transport systems, of which the signalling systems represents an essential component.



The Group, which is headquartered in Genoa, operates through four key operating companies: the Italian Ansaldo STS S.p.A. with sites in Genoa, Naples, Piossasco (Province of Turin) and Tito Scalo (Province of Potenza); the American Ansaldo STS USA, with sites in Pittsburgh (Pennsylvania) and Batesburg (South Carolina); the French Ansaldo STS France, with sites in Paris and Riom; the Australian Ansaldo STS Australia based in Eagle Farm (Australia).

The Group also owns minor operating companies in Germany, Sweden, Finland, Ireland, United Kingdom, Spain, China, India, Malaysia, South Africa, Botswana and Brazil, as well as many permanent establishments and partnerships in other countries such as Korea, Brazil and Turkey.



Identity of Ansaldo STS
Profile of the Ansaldo STS Group

Central, Eastern Europe and Middle East		
OUR LOCATIONS	ACTIVITIES	COMPANY
Italy, Naples	Human Resources, RAMS, Administration, Finance & Control, Project Management, Engineering, Site Management, Logistics, Marketing and sales, Research and Development, Legal Affairs, HSE, Quality.	Ansaldo STS S.p.A.
Italy, Genoa	Human Resources, RAMS, Administration, Finance & Control, Project Management, Engineering, Logistics, Quality, Product Development, Research, Sales, Legal Affairs, Customer Service, HSE.	Ansaldo STS S.p.A. - Registered Office
Italy Piosasco (Province of Turin)	Engineering, Product, Development, Quality, Site Management, Logistics, Project Management, HSE.	Ansaldo STS S.p.A.
Italy, Tito Scalo (Province of Potenza)	Production, Local Support, Testing, Industrialisation, Quality.	Ansaldo STS S.p.A.
Italy, Rome	Representative and Commercial Office, Project Management, Quality, Engineering.	Ansaldo STS S.p.A.
Denmark, Copenhagen	Copenhagen Metro: Operation and Maintenance.	Ansaldo STS S.p.A.
Greece, Thessaloniki	Project Management, Engineering.	Ansaldo STS S.p.A.
Czech Republic, Prague	Signalling Systems.	Ansaldo STS S.p.A.
Romania, Bucharest	Signalling Systems.	Ansaldo STS S.p.A.
Germany	Signalling Systems.	Ansaldo STS Deutschland GmbH
Finland	Marketing and Sales.	Ansaldo STS Finland OY
Turkey, Ankara	Signalling Systems, Engineering.	Ansaldo STS S.p.A.
Greece, Athens	Signalling Systems.	Ansaldo STS S.p.A.

Western Europe and Africa		
OUR LOCATIONS	ACTIVITIES	COMPANY
France, Les Ulis	Marketing and Sales, Project Management, Engineering, RD, Quality, Human Resources, RAMS, Administration, Finance and Control, HSE.	Ansaldo STS France S.A.
France, Riom	Engineering, Test, Manufacturing, Purchasing, Human Resources, RAMS, Administration, Finance and Control, Project Management.	Ansaldo STS France S.A.
France, Paris	Paris Metro: maintenance	Ansaldo STS France S.A.
Portugal, Lisbon	Lisbon Metro: maintenance	Ansaldo STS France S.A.
Ireland, Tralee	Sales, Manufacturing, Engineering, Service.	Ansaldo STS Ireland Ltd.
Spain, Madrid	Marketing and Sales, Project Management, Engineering, Madrid-Lerida maintenance, Quality.	Ansaldo STS Espana S.A.U.
Sweden, Solna	Marketing and Sales, Project Management, Engineering, Local Support, Research & Development, Quality.	Ansaldo STS Sweden AB
Tunisia, Tunis	Signalling Systems.	Ansaldo STS S.p.A.
Botswana, Gaborone	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices.	Ansaldo STS Australia PTY Ltd.
Botswana, Gaborone	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices.	Ansaldo STS Southern Africa (Pty) Ltd. (Botswana)
South Africa, Johannesburg	Engineering, Sales.	Ansaldo STS Infradev South Africa PTY Ltd.
UK, London	Marketing and Sales, Project Management, Engineering, Local Support, Quality.	Ansaldo STS UK Ltd.

Americas		
OUR LOCATIONS	ACTIVITIES	COMPANY
USA, Pittsburgh	Human Resources, RAMS, Administration, Finance & Control, Project Management, Engineering, Construction, Logistics, Marketing and Sales, Research and Development, Legal Affairs, Quality.	Ansaldo STS USA Inc.
USA, Batesburg	Manufacturing, Service Shop, Engineering, Logistics, Quality, Administration.	Ansaldo STS USA Inc.
USA, New Jersey	Engineering, Sales.	Ansaldo STS USA Inc.
Canada, Kingston	Sales Services.	Ansaldo STS Canada Inc.
USA, Norristown	Yard Planning Engineering (RMStar acquisition).	Ansaldo STS USA Inc.
USA, Chicago	Area-related Marketing and sales, Engineering Services.	Ansaldo STS USA Inc.
USA, Jacksonville	Area-related Marketing and Sales, Engineering Services.	Ansaldo STS USA Inc.
Brazil, Rio de Janeiro	Engineering, Sales, Maintenance, After-sales Service.	Ansaldo STS Sistemas De Transporte e Sinalizacao Limitada
Venezuela, Caracas	Engineering.	Ecosen c.a.
USA, Kansas City	Area-related Marketing and Sales, Engineering Services.	Ansaldo STS USA Inc.

Asia Pacific		
OUR LOCATIONS	ACTIVITIES	COMPANY
Australia, Brisbane	Business Development, Project Management, Engineering, Assembly, Testing, Maintenance and Support Offices, Quality.	Ansaldo STS Australia PTY Ltd.
Australia, Perth	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices, Quality.	Ansaldo STS Australia PTY Ltd.
Australia, Karratha	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices.	Ansaldo STS Australia PTY Ltd.
Australia, Sydney	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices.	Ansaldo STS Australia PTY Ltd.
Australia, Newcastle	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices, Quality.	Ansaldo STS Australia PTY Ltd.
Australia, Banyo	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices.	Ansaldo STS Australia PTY Ltd.
Australia, Melbourne	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices.	Ansaldo STS Australia PTY Ltd.
India, Bangalore	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices, Software Development, Quality.	Ansaldo STS Transportation Systems India Private Ltd.
India, Kolkata	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices.	Ansaldo STS Transportation Systems India Private Ltd.
India, Delhi	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices.	Ansaldo STS Transportation Systems India Private Ltd.
India, Chennai	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices.	Ansaldo STS Transportation Systems India Private Ltd.
Malaysia, Kuala Lumpur	Business Development, Project Management, Engineering, Testing, Maintenance and Support Offices, Quality.	Ansaldo STS Malaysia SDN BHD
China, Beijing	Signalling Systems, Quality.	Ansaldo Railway System trading (Beijing) Ltd.
Taiwan, Taipei	Project Management, Engineering, Quality.	Ansaldo STS S.p.A.
China, Shanghai	Marketing, Sales, Engineering.	Ansaldo STS USA Inc.
China, Beijing	Marketing and Sales, Project Management, Engineering, Integration.	Ansaldo STS Beijing Ltd.
China, Hong Kong	Project Management, Engineering.	Ansaldo STS Hong Kong, Ltd.
Korea, Daejeon	Korea Project Management.	Ansaldo STS France S.A.

The main projects of Ansaldo STS around the world

ITALIAN HIGH SPEED NETWORK

Ansaldo STS is responsible for the development, design and construction on some stretches of line of the Route Management System – which includes all the signalling security functions – and of the Separation System with safety criteria according to the ERTMS/ETCS (European Rail Traffic Management System/European Train Control System) specifications.

As regards the signalling systems, Ansaldo STS also supplies ground sub-systems, signal box and trackside equipment for the Audio Frequency Track Circuits, and designs and produces onboard systems for the management of the ERTMS systems. Ansaldo STS is solely responsible for the development, design and construction of the Centralised Traffic Control System (SCC) and the Electric Traction equipment (DOTE). Ansaldo STS also develops part of the power supply for the equipment.

COPENHAGEN DRIVERLESS METRO SYSTEM

Ansaldo STS has designed and built the complete automated driverless transport system and has also managed its safety and interfaces with the consortium that performed the civil works. The communication network, which covers 100% of the metro line, is the first to use the TETRA (Terrestrial Trunked Radio) system.

These are two driverless Metro lines which do not require any permanent staff at the stations. Ansaldo STS has also been acting as Operator since 2002, when the passenger service was started.

ALASKA VITAL POSITIVE TRAIN CONTROL

The contract being managed by Ansaldo STS has a two-phase approach in which US&S will provide a complete VPTC system, including US&S's latest Computer-Aided Dispatching (CAD) system, vital Office Safety Server (OSS), and vital Onboard Computer (OBC). The objectives of the VPTC system are: prevention of train-to-train collisions, enforcement of both temporary go-slow orders and permanent speed restrictions, protection for roadway workers and for the equipment used by them under specific authorisations.

The system is expandable, allowing for an interface with Ansaldo STS USA's Optimizing Traffic Planner™ and CAD Enterprise Services™ products. Ansaldo STS USA also supplies an excellent 24/7 365 days customer service. Our customer service engineers are on call to answer customer questions and remedy system failures.

MILAN METRO LINE 5

The Contract between the Concessionaire Metro 5 S.p.A. and the Milan local authority was signed for a term of 31 years and nine months, including around five years for the construction phase. Within the project Ansaldo STS is a partner of both the Concessionaire Metro 5 and of the Consortium appointed to carry out the design and construction works. The transport system designed for line M5 of the Milan metro is a driverless light urban railway system on fully automated track which does not require any permanent staff at the stations, but only onboard staff whose main responsibilities will be passenger assistance, checking tickets and supervision. Commercial operation will be launched in two phases. The first phase will see the opening to the public in November 2011. The line is monitored exclusively from a Central Operating Post, from where routine and emergency communication is possible with both stations and trains. On the Garibaldi - Bignami section a fleet of 12 trains will operate, running at the rate of one train every three minutes at peak times.

PARIS-LONDON HIGH SPEED 1

The Channel Tunnel Rail Link is the first High Speed line signalling project completed in UK. Ansaldo STS was one of the major players in this important project. The project, developed within the context of a consortium with AMEY and Corning for the client URS (Union Railways South), provides for the study, supply, installation, testing and commissioning of the signalling equipment of the two sections of the line.

EAST EUROPEAN HIGH SPEED LINE (LGV EST)

Ansaldo STS has been awarded the contract for the complete development of the signalling systems of the East European High Speed Line project.

The East European High Speed Line, also known as LGV Est, will allow not only the circulation of French TGV trains, but also other European High Speed trains such as the German ICE. This is possible thanks to its interoperability with the ERTMS (European Rail Traffic Management System).

The signalling project assigned to Ansaldo STS also includes the functionalities of ERTMS Level 2.

QINHUANGDAO – SHENYANG HIGH SPEED LINE

This project, carried out in only 2 years for the Chinese Ministry of Railways, refers to the supply and configuration of ATC/ATS on board and ground signalling equipment of the first Dedicated Passenger line in China (380 Km long). The system provided by Ansaldo STS France has been designed around the integrated interlocking system SEI installed on the Mediterranean TGV (LN05), and has been widely customised in order to comply with Chinese operation rules, which also require that the control be assigned to a Chinese CTC.

SEOUL-PUSAN HIGH SPEED LINE (KOREAN TGV)

The Seoul-Pusan High Speed Line is the first High Speed line operating in the country. The project was divided into two phases. The following elements of the first section of the project have now been completed: signalling, ATC, maintenance aid, testing, training and commissioning, technology transfer.

SHENYANG METRO LINE 1

Union Switch & Signal Inc. (US&S®), now Ansaldo STS USA, has been awarded a contract to design and build a Communications Based Train Control (CBTC) system for the Shenyang Subway Line 1 and for the extension of the line. The CBTC system will provide the highest levels of operational performance, availability, efficiency, and safety. The Ansaldo STS CBTC system will offer the latest technology, tested components, open interfaces, and the most robust hardware and software design, together with the most rigorous quality standards available today. When complete, the system will integrate the full complement of specified Automatic Train Protection (ATP), Automatic Train Operation (ATO), and Automatic Train Supervision (ATS) functions. The key feature of the Ansaldo STS CBTC system is its high availability, which is the result of having traditional interlocking functions maintained on the wayside at each interlocking location using MicroLok II. Ansaldo STS puts safety first on all projects. A System Safety Program Plan (SSPP) was implemented from the initial planning stages of the CBTC system and will continue to be used throughout the project's life cycle. The SSPP program describes all essential activities that are performed to show that the system meets or exceeds the specified qualitative and quantitative safety requirements.

ROMA TERMINI STATION ACC

Termini station in Rome has been equipped with an automatic train traffic control system based on the computerised control of the station's railway and signals. The first of its type in Italy and the only one in the world on such a large scale, this CBI system (ACC) not only controls the train traffic through Rome's Termini station but also automatically monitors traffic on the entire Rome network (some 30 stations on 200 km of double-track line), identifying any anomalies well in advance, recording the opening/closing of signals and points movements, and setting the entry and departure of all trains from stations. ACC automatically controls train traffic, detecting from one of its sub-systems the position and number of all trains running on the entire Rome network approaching or leaving Termini station. At the same time, using a traffic optimisation programme, it can in a very short time automatically allocate several trains to their platforms simultaneously.

PARIS METRO

Maintenance of the wayside signalling equipment and driving support for Metro, RER and Tramway. Since its incorporation in 1902, Ansaldo STS France has contributed to the Paris Metro signalling system. 6 million passengers travel every day on the over 336 km of the RATP (Paris Regional Transportation Company) network. Today, 120 technicians and maintenance staff from Ansaldo STS France take care of the equipment of 13 Metro lines and 2 RER (suburban) lines. Their preventive and corrective maintenance interventions ensure the operation of the network 7 days a week.

LOS ANGELES METRO GREEN LINE

Union Switch and Signal Inc. (US&S®), now Ansaldo STS USA, provided an Automatic Train Control (ATC) system for the LACMTA Metro Green Line Light Rail Transit System in Los Angeles, California. It is the first light rail transit control system in North America. Currently, LACMTA is operating the system using train operators. LACMTA requested the manufacturer to supply some trains with no driverless mode, but equipped, however, with the transit control system. In service since 1995, the Metro Green Line ATC system features the AF-900™ digital frequency shift-keyed (FSK) track circuit, the MicroCab® on-board signalling/vehicle control system and the MicroLok® vital wayside control system. The heart of the Los Angeles Metro Green Line ATC system is the AF-900 series digital FSK track circuit.

ROME METRO LINE C

Line C of the Rome Metro (and its depot/workshop) represents the largest infrastructure engineering project currently in progress in Italy, and one of the longest construction sites in Europe; the client is Società Roma Metropolitana Srl, the general contractor is the MetroC joint stock consortium, in which Ansaldo STS has a 14% stake. Metro C has commissioned AnsaldoBreda SpA to build the driverless trains for Line C: they will be driven and controlled remotely by a fully automated system which will ensure their safety in any respect. This system, which is known as Driverless, is mainly based on an innovative system called ATC (Automatic Train Control) - supplied by Ansaldo STS - and on the thorough integration of all the metro line systems, which requires a complex system engineering activity during all phases of design and construction. MetroC has commissioned Ansaldo STS to carry out this engineering activity.

WEST COAST MAIN LINE ACC

The West Coast Main Line (WCML) is Great Britain's busiest railway corridor. It runs from London's Euston station to Birmingham, Manchester, Liverpool and Glasgow, and is used by more than 2,000 trains per day. As part of the West Coast Route Modernisation (WCRM), the southern area of Manchester was involved in extensive activities of resignalling and track renewals through two projects: the Manchester South Capacity Improvement Project (commissioned in April 2003) and the Sandbach-Wilmslow Resignalling Project (commissioned in 2007). The two projects replaced the signalling system on around 40 miles (65km) of railway lines with four main junctions and eight train stops. The two projects have been implemented with, and are currently controlled by, a single ACC Multistation interlocking located in the control centre in Edgeley, the largest ACC Multistation system currently in operation in the United Kingdom.

SHIJIAZHUANG-TAIYUAN HIGH SPEED LINE

The project is being carried out for the Chinese Ministry of Railways and regards the supply and configuration of ATC/ATS signalling equipment (190 km long) and takes benefit of the experience gained by Ansaldo STS France in over 20 years of operations in China.

BRESCIA AUTOMATED DRIVERLESS METRO

The Brescia Automated Driverless Metro is a fully automated transport system where trains travel in full safe and regular manner without any operator on board. The route, which is currently limited only to the municipal area, covers 13.1 km and has 17 stations: 8 in deep-level tunnels, 5 in subsurface tunnels, 2 at ground level and 2 on viaducts. The Depot is located near the terminal of S. Eufemia, which is also housing the Central Post, where 4 operators are able to run the entire transport system, ensure passenger safety via CCTV monitoring and talk to passengers also upon call from the trains or the stations, via radio.

MADRID-LLEIDA HIGH SPEED LINE

In the year 2000, ADIF (Administrador de Infraestructuras Ferroviarias of Spain) awarded Ansaldo STS a contract for the signalling and ATC systems for the new High Speed line connecting Madrid to Lleida (AVE Madrid - Lleida). The ERTMS system implemented consists of 2 levels: ERTMS L1: wayside signalling + speed control using transponders named balises, ERTMS L2: cab signalling + continuous speed control with Radio Transmission (GSM-R). Ansaldo STS also implemented the ASFA system (Spanish signalling system).

SCMT IMPLEMENTATION IN ITALY

SCMT is an innovative train control system compatible with the new European Rail Traffic Management System (ERTMS/ETCS) designed to ensure interoperability on the European rail network. In Italy, lines in the main rail regions have been equipped with SCMT since 2003. There are 3,489 km of new lines and 1,206 Km of reconfigured and retrofitted lines, making a total of 4,695 Km of equipped lines up to December 2007.

DUBLIN LIGHT RAIL SYSTEM

The Dublin Light Rail Transit System is a modern urban tram system which runs on overhead power supply. The system is divided into two separate lines, Line B (green Line) and Lines A and C (Red Line), which connect the city centre with the city's southern and southern/western suburbs. An Automatic Vehicle Location System is also provided which, by means of appropriate communication loops installed below the railway track, enables a vehicle to be uniquely identified, with its position being reported to the Central Post via a localisation system installed on board.

JYVÄSKYLÄ - PIEKSÄMÄKI RAILWAY LINE

Following its successful introduction in Europe, with major projects like the Copenhagen Automated Driverless Metro and the Stockholm Roslagsbanan, Microlok® II made its entry in Finland when the Jyväskylä - Pieksämäki line in Central Finland was resignalled. The contract, which included resignalling and the Traffic Control Centre, was awarded to Ansaldo STS Sweden AB in April 2004.

POŘÍČANY-KOLÍN ERTMS LEVEL 2 LINE

The poříčany - Kolín line is the first line to implement the Level 2 ETCS system in the Czech Republic and is part of the Trans-European Corridor IV. Ansaldo STS is involved in the project as Contractor. The Contractor is a consortium between: Ansaldo STS Italia (Leader, system integrator, supplier of Radio Block Centre and Eurobalise technologies, responsible for Testing and V&V), Ansaldo STS France (supplier of ETCS On-board, responsible for on-board integration), a local subcontractor (AZD) which is responsible for modifications to existing trackside, interlocking-RBC Interface (IRI), national STM LS90, construction and installation activities.

KUALA LUMPUR MONORAIL

The Kuala Lumpur Monorail is a fully elevated, rapid transit system which links commuters directly to the central business district of KL. Operating since 31 August, 2003, the 8.6km, 11-station monorail has become the pride of the city's transport infrastructure, with around 45,000 passengers travelling to its central, business, working, hotel and shopping districts every day. Ansaldo STS is responsible for supplying signalling and communication systems related to the project. The project was particularly challenging as it required a signalling system capable of detecting the rubber tyres of the monorail vehicles moving on a concrete beam 8 meters above the ground. The signalling system installed may be upgraded and adapted for future monorail or mass transit system networks at any location.

SIGNALLING AND ATC EQUIPMENT IN CHINA

Signalling and ATC equipment for several conventional railway lines and technology transfer to BRSF (Beijing Railway Signalling Factory). As part of several contracts over the last twenty years, Ansaldo STS France has carried out: studies of adaptation of the TVM 300 system on board with the track circuit UM71 on ground; transfer of the manufacturing technology of the TVM 300 on board equipment and UM71 track circuit at the BRSF factory, with training of personnel as regards equipment maintenance and repairing; studies and adaptation of the track circuit UM71 to the UM71-98 with transmission capacity up to 14,000 m.; upgrading of the lines equipped with UM71 to the new MOR CTCS2 standard which allows to reach the speed of 200 Km/h.

THESSALONIKI DRIVERLESS METRO

The Thessaloniki metro occupies an important position among Ansaldo STS's main projects. This is due to both its high degree of technological innovation, which is based on the corresponding system already built in Copenhagen (driverless), and the strategic importance of winning this tender on the European market. The line mainly runs underground over approximately 9.6 km, crossing the city lengthwise from the New Railway Station in the west area of the city, to the Pilea depot in the east, near the airport. The project provides for the construction of 13 stations (with an average distance of approximately 730m between two consecutive stations) and a system comprising 15 trains (plus 3 in reserve) powered by a 750v current supplied by 7 electricity substations along the whole route.

METRO CAMPANIA NORTH EAST NAPLES-GIUGLIANO-AVERSA LINE

As part of a temporary consortium, Ansaldo STS is developing the Metro Campania North East (MetroCampania Nord-Est), by restoring and upgrading the old Alifana Railway, built in 1914, the lower section of which was closed in 1976. After thirty years, the situation was finally cleared: the original project was redrafted and included in the new regional metro system named Metro Campania North East. The Metro Campania North-East project, besides being a concrete example of infrastructure work in the urban transport sector, also offers an extraordinary opportunity for the reorganisation of the transport system, urban regeneration, and technological development.

HEAVY HAUL IN AUSTRALIA - CONTINUOUS IN-CAB SIGNALLING AND ATP

For more than a decade Ansaldo STS has been cooperating with Rio Tinto to deliver railway signalling and transportation solutions for the Pilbara mines. The first challenge: signalling for a 400 km-long heavy haul railway. Ansaldo STS was first contracted by Rio Tinto in 1995 to deliver a new signalling system to ensure the safe and efficient transportation of iron from the mine to the port, along 400 km of Hamersley's dedicated heavy haul railway.

ROSLAGSBANAN NETWORK MODERNISATION

Roslagsbanan is a suburban railway system in the Stockholm county, Sweden. Outside Stockholm, the Roslagsbanan network has been reconstructed to modern standards for swift commuter train services. The track standard has been improved and station buildings were converted to increase efficiency and comfort.

MANCHESTER METROLINK

The Metrolink of the Greater Manchester county introduced a new concept in the public transport, with the first modern light rail system in the United Kingdom. Metrolink is unusual because it incorporates features of both railways and trams. Whilst it runs at the speed of a traditional railway on the suburban lines from Altrincham and Bury, its designs allows for the flexibility of a tram when used in the city.

FOLSOM CORRIDOR METRO (SACRAMENTO, USA)

Union Switch & Signal Inc. (US&S®), now Ansaldo STS, provided the signalling system for a 7.5-mile extension of the Sacramento Regional Transit District's (SRTD) light rail system. The scope of the work included three microprocessor-based interlocking systems, 42 AC track circuits, two switch machines (free issued), 14 crossings, and a TWC system (free issued).

FLORENCE TRAM (LINES 1, 2 & 3)

Line 1 of Florence's new tramway line is around 7.5 km in length, with 14 stops and constitutes the first section of a wider system of tramways, which will be located predominantly in and around the municipality of Florence, but will also affect neighbouring municipalities. It links the centre of Scandicci with the Santa Maria Novella railway station.

The route runs within the town limits, on its own lane and almost entirely at ground level, except for the viaduct over the River Greve river, the viaduct for crossing Via Talenti and the new bridge over the River Arno. The rail track system adopted makes use of tracks with grooved rails and the road structure is equipped with vibration-reducing devices. Lines 2 & 3, for an aggregate of 35 Km of tracks and 41 stops, will link Vespucci airport with Piazza della Libertà, passing through the historical centre, and will also link Careggi with Fortezza with 4.5 km of tracks and 9 stops. The line will be linked to the railway network of the Rifredi station.

MERAN-MALS ACC LINES

This state-of-the-art, fully automated system securely controls the entire Meran-Mals line, a 60km-long, single-track, non-electrified line with a 696-metre difference in level, with a ruling gradient of 1 in 28; the maximum speed permitted is 120 km per hour while the minimum is set at 70 km per hour. An efficient, environmentally friendly and secure system controls the stations along the line via the signalling system based on a multi-station ACC system with traffic control in Meran. The system controls all the traffic on the line, integrating all the traditional CTC and CBI (SCC) functions: individual station equipment, automatic block signal, level crossings and remote controls. These stations – all unmanned - only have Peripheral Posts, which activate commands travelling along fibre optic cables from the Central Post.

CHICAGO METRO BLUE LINE

As part of the complete rehabilitation of the 6.6. mile CTA Blue Line 54th/Cermak section, Union Switch & Signal Inc. (US&S®), now Ansaldo STS USA, provided an automated signalling system to replace the existing system from Paulina Junction on the Green Line to 54th Avenue Yard on the 54th/Cermak section. The work included ten relay-based vital interlocking systems, three emergency crossovers, 200 AF-700TM track circuits, 37 Power Frequency (PF) track circuits, 42 M-23 switch machines, 50 coloured LED light signals, 50 stops and ten crossing warning systems.

SASSARI METRO

Sassari's surface metro is a transport system implemented by Ansaldo STS as part of a temporary consortium of companies together with Condotte (civil works) and Ventura (rail tracks). Ansaldo STS carried out the design, supply and installation of the technological system comprising electrical conversion sub-stations, overhead line, monitoring and control system, traffic light systems and telecommunications systems. It also supplied rolling stock acquired from AnsaldoBreda.

NEWCASTLE METRO

The company NEXUS, which operates the Newcastle Metro, appointed Ansaldo STS France to replace the supervision system of the network (59 km of tracks - 49 stations), including: route control; automatic traffic management; passenger platform information displays on platforms; train describers.

NAPLES METRO LINE 1

Given the city's geography, there is a difference in level along Line 1 of Naples' metro system of about 235 metres, with some sections having a gradient of 5.5%, compared to the maximum limit allowed by railway standards of 6%. This gradient remains constant for almost half of the entire stretch currently in operation, which makes this the metro line with the world's highest gradient. The project envisages around 18.5 km of metro line, entirely in double tunnels, as well as the construction of 19 stations.

Ansaldo STS is responsible for the final design, construction and commissioning of the following technical systems: light signalling and traffic safety systems, automatic train control system and on-board diagnostic system, overhead line, sub-stations and power cabinets, power cables, telecommunications systems, ground-to-train radio system, depot repair shop for equipment for all work, (systems, machinery), central operations management (COM) system, station agent boxes, rolling stock.

LIMA METRO

The Lima metro will cover a total distance of 38 km and link the city with the port of Callao. The signalling system operates by audio frequency track circuits. Ansaldo STS has constructed a stretch of line of 21.1 km long, with 16 stations and a transport capacity of 25,000 passengers per hour in each direction.

LIBYA

Ansaldo STS (STS.MI) has been awarded a €541 million contract in Libya for the construction of signalling systems and related telecommunication and power systems related to the coastal railway line Ras Ajdir - Sirt and the internal line Al-Hisha - Sabha. This is one of the most important contracts in railway industry and Ansaldo STS becomes the major partner of the Libyan Railroads within the context of the construction of the new national railway network. This ambitious project of the Libyan transport authority requires the application of the most innovative technologies in the industry, such as ERTMS/ETCS and GSM-R.

RIYADH

Ansaldo STS, as leader of the temporary consortium established with AnsaldoBreda, which is also a member of the Finmeccanica Group, has been entrusted with the design, construction and commissioning of the automated urban railway system to be implemented in the female university campus of “Princess Noura Bint Abdulrahman” in Riyadh. The aggregate value of the contract is equal to €218 million, about € 149 million of which represent the share of Ansaldo STS. The construction of this automated metro line is an historical event for Saudi Arabia, as it introduces the first automated metro system to the service of the largest university campus in the world.

TAIPEI

Ansaldo STS was awarded a €220 million contract for the Taipei Metro, for the supply of the electromechanical elements of the transport system. The project, which also involves Ansaldo Breda as regards the vehicle segment, has an aggregate economic value of €344 million. The client is DORTS (Department Of Rapid Transit Systems), created by the local Government of the Municipality of Taipei. The agreement is related to the first phase of the Taipei Metro Circular Line and it includes an integrated turnkey system for the execution of electromechanical works and the supply of rolling stock for a line of about 15.5 Km, with 14 stations (13 on viaducts and 1 underground), 17 vehicles and one depot. The line will be constructed using Driverless technologies through the CBTC (Communications-Based Train Control) radio system, the most advanced signalling system for metro transport. The overall length of the Circular Line project is of approximately 52 Km, with 46 stations and 3 depot, and will be completed through two additional phases for the subsequent 36 kilometres.

RUSSIAN RAILWAYS (PILOT SITE)

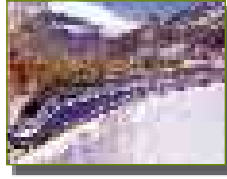
Ansaldo STS has been appointed by NIIAS (a company owned by the Russian Railways JSC RZD) to develop, at a pilot site located near the town of Sochi, the innovative railway signalling system known as ITARUS-ATC, based on the European interoperable system known as European Rail Traffic Management System (ERTMS) / European Train Control System (ETCS), and will require the implementation of the most advanced Italian and Russian technological solutions. ITARUS-ATC is conceived as a system able to bring economic benefits to the railway operators, uses state-of-the-art technologies and may be applied to low, medium and high traffic lines, including high speed lines; it will be able to increase safety in traffic management and enhance the capacity of the lines.

Identity of Ansaldo STS

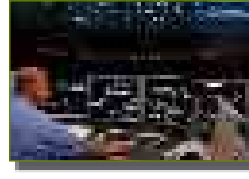
Profile of the Ansaldo STS Group



**Madrid-Lerida
High-Speed Line**



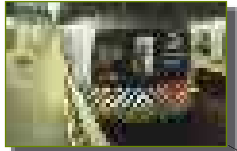
France TGV



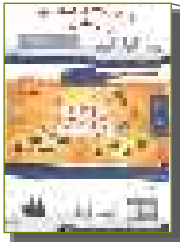
**Manchester Node
& Metrolink
Cambrian Line**



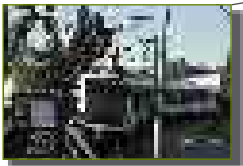
Channel Tunnel



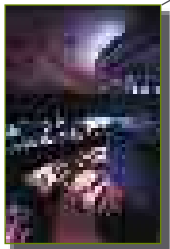
**WMATA Silver Spring
PAAC North Shore
Connector
New York Metro
Chambers Street NYCT**



**Omaha OTP
Jacksonville, CSX, UP**

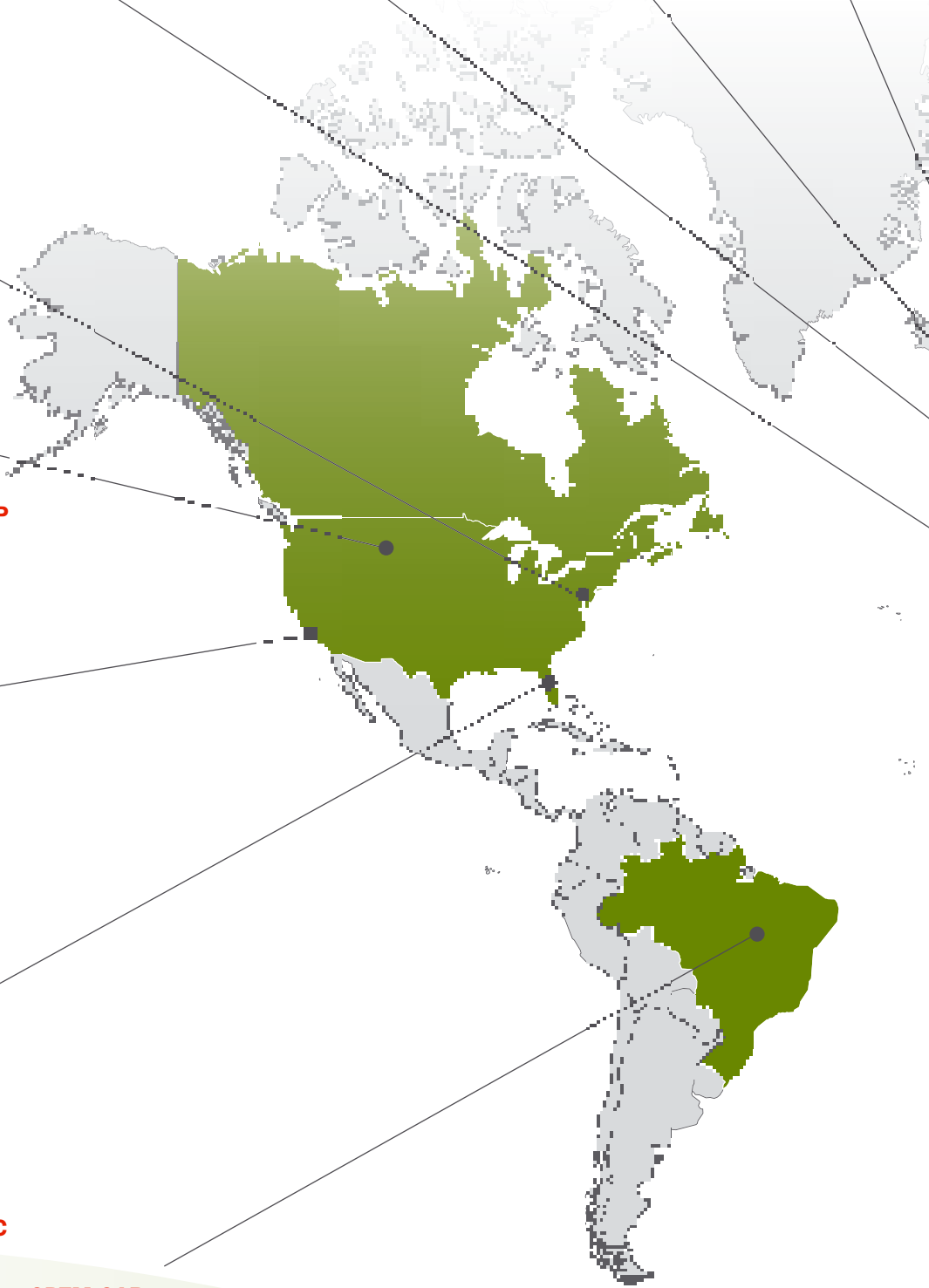


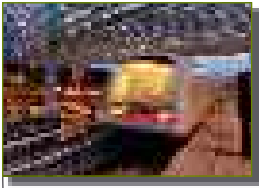
**Los Angeles Metro
(Green Line)**



Jacksonville CTC

CPTM CAB





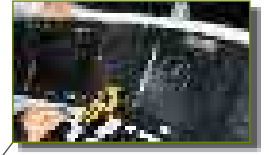
**Сорыннхэн
Driverless
Sweden
Ester
ERTMS Lev. 2
OSM contracts**



**ATC Installation
Saarbrücken Mannheim
ERTM Lev.2**



**Italian High-Speed
MI-BO & RM-NA,
FI-BO, TO-MI**



**Gaziabad Kampur
Indian Railways**



**China & Korea High-Speed Binhai,
Daegu Busun
Shitai Line
Shenyang Line 1
Shangai Metro
ERTMS Zhengxi Line
Hangzhou Metro Line**



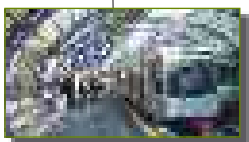
**Taipei Circular Line
Phase 1
Hulu Lumpur LRT North
Ipoh ti Pedang Besar**

**Turkey Begazkopru
Ulukisla Yenice and
Mersin Toprakkale
Metro Ankara**

**Riyad Metro
Women's
Univers.**

**Electrification and Signalling
Banlieu
sud Tunis**

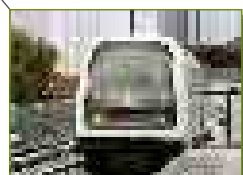
**Libya Ras Ajdir
Sirti Al-Hisha
Sadha**



**Conventional &
Driverless Metros
Rome, Naples, Milan,
Brescia, Genoa**



**ACS Palermo
Railways Rome Station
C.B.I. SCMT / ACS
Installations**



**Thessaloniki Metro ETCS
Lev. 1 Terra ERGA OSE**

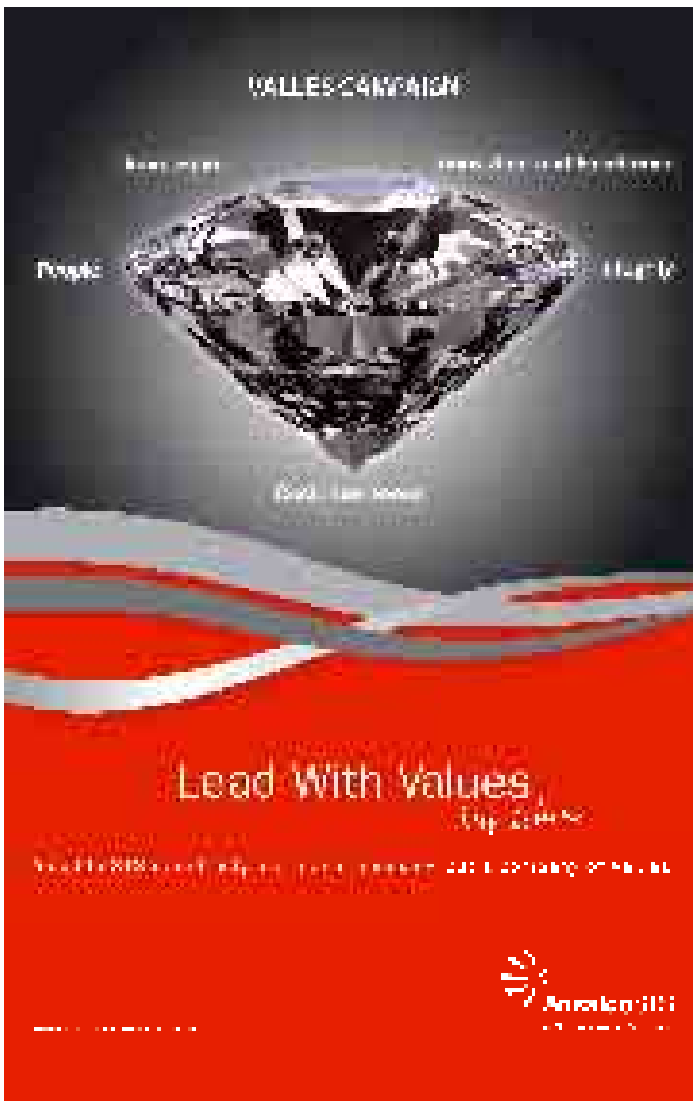


**Clearways 3
Hamerslay Hope; Dows
Segnalam. & Comun. -
Rio Tinto**

VISION To become the worldwide leader in the sector of railway solutions, proud of moving the world in a safe and efficient manner.

MISSION We are committed to design and supply state-of-the-art, safe, reliable and environmentally friendly solutions all over the world, thanks to our unrivalled products, consolidated trademark, global presence, pioneering innovations, extremely scrupulous and qualified workers.

Our goal is to create value for our stakeholders, to efficiently satisfy the ever growing transport needs, reduce distances and enhance the quality of life.



VALUES

CUSTOMER FOCUS

We have created our organisation so that it could be driven by the business needs of our customers.

Our primary commitment is focused on our customers and our target is to exceed expectations.

PEOPLE

Our hard work, ideas and relationships with customers form the basis of our success. Our people genuinely care for our business and, in return, we enhance people's skills.

We endeavour to make Ansaldo STS a great place to work in, where workers may learn, achieve and celebrate success.

INNOVATION AND EXCELLENCE

In order to continue to satisfy our customers, we must provide excellent services, products and standards.

In our industry, we must also be innovative to create new solutions for our customers.

INTEGRITY

Our commitment to quality and ethics strengthens our credibility in the eyes of the customers.

Our responsibility is also extended to the millions of people who use our safe solutions every day.

TEAM SPIRIT

In order to deliver great projects to customers all over the world, we establish teams of people which cover all of our activities. In addition, team spirit is also a key element of our growing success.

Our customers get better results and we benefit from a team environment.

SUSTAINABILITY OF DEVELOPMENT

The value of the sustainability of the development of the Ansaldo STS Group is twofold: one aspect is connected with the accomplishment of our mission, i.e. the development of railway and mass transit transport systems through the implementation of ever more advanced, safe and environmentally friendly products and solutions, in order to stimulate their use, the other is connected with the **procedures** through which the company accomplishes its mission: the strategies of Ansaldo STS take account of the economic, social and environmental dimension of its development.



The Management Systems adopted by Ansaldo STS, based on a combination of shared **values**, allow the Group to ensure consistency between the culture of a responsible conduct and the actions of the individual collaborators, thus enabling the company to continue in its path of sustainable growth.

Sustainability strategies and management systems

ECONOMIC SUSTAINABILITY

The economic sustainability of the Ansaldo STS Group is driven by the strategic response of the company to the macro-scenarios and trends in the transport market and is pursued through our own business model and the development of the abilities required to increase its competitiveness in the market.

The table below highlights the macro-trends and their future impact on the transport systems.

MACRO TRENDS	IMPACT ON THE TRANSPORT SYSTEMS
Population and urbanization growth, increase in traffic	Growth in the demand for urban and mass transit transport systems.
Increased focus on safety, reliability and efficiency	Investments in signalling systems, the most efficient way to enhance safety and capacity of the lines
Growing environmental concerns	Increasing shift to railway transport: cleaner and cheaper than other means of transport
Greater competitiveness of High Speed compared to air transport	Demand for High Speed lines, especially in Europe
Emerging markets will drive world GDP growth	Need for new railway infrastructures to support economic growth
Increase in global trade of goods	Demand for railway transport systems for raw materials (USA, China, Russia, India, Australia, etc.)
Interoperability requirements	Development of the ERTMS standard not only in Europe but also in the rest of the world

The global transport market will increasingly privilege safe and efficient rail transport, which is capable of responding to growing environmental concerns.

The abilities and the organisation developed by the Group fully satisfy the need to innovate the transport industry in order to increase its efficiency and safety, as well as to reduce its impact on the environment. Ansaldo STS, in fact, is a company that:

1. IS ACTIVE IN THE GLOBAL MARKET

It has a great flexibility in meeting the international demand and is open to new markets; it carries out a research and development activity which supports the standardisation of solutions, while developing the ability to deliver "tailor-made" products which are able to satisfy the different needs of its customers.

2. IT HAS THE FINANCIAL RESOURCES REQUIRED TO FACE FUTURE CHALLENGES, DRIVE INNOVATION AND SEIZE GROWTH OPPORTUNITIES

Ansaldo STS has the resources to finance new projects, anticipate demand and accelerate the penetration of new markets; it assesses the opportunities for external growth through acquisitions; it has the resources required to finance innovation and create the next generation of applications.

3. ITS BUSINESS MODEL IS READY TO SUPPORT MARKET GROWTH

Ansaldo STS clearly defines the SOURCES OF VALUE (market targets, offer of services and profitability) and the OPERATIONAL MODEL (value chain, cost model and organisation).

SOURCES OF VALUE

MARKET TARGETS

- \ Railway, metro and mass transit operators which require safe, reliable and technologically advanced solutions.

OFFER OF PRODUCTS AND SERVICES

- \ Signalling systems and transport solutions: traffic control and planning, train control.
- \ Dominant position in highly remunerative segments: ERMTS, driverless transport, mass transit, High Speed.
- \ Ability to conform to any supplier of rolling stock.

PROFITABILITY

- \ Strong internal growth, with high profit visibility, margins above the industry average and low risk
- \ Willingness to consider project financing for customers and suppliers in any part of the world
- \ New orders / production ratio of above one

ANSALDO STS BUSINESS MODEL

VALUE CHAIN

- \ Global presence with a strong base and excellent results in emerging economies
- \ Long-term relationships with infrastructure operators

COST MODEL

- \ Light business: with low capital intensiveness
- \ Sound balance sheet, with a credit net financial position
- \ No restrictions on Research & Development, timely and within-the-budget deliveries

ORGANISATION

- \ Long-term vision which drives the generation of a higher value
- \ Cultural change to establish a strong presence in new geographical areas and to strengthen its leadership in those where it is already active.

OPERATIONAL MODEL

4. IT ADOPTS AN INDEPENDENT AND TRANSPARENT GOVERNANCE

model in order to ensure consistency between short- and long-term interests.

5. IT CAREFULLY MANAGES ITS RESOURCES

By giving clear vision and directions for profitable growth; thanks to thousands of engineers all over the world who work with enthusiasm and ensure customer satisfaction; thanks to its organisation which is suitable to successfully face the new global competition.

QUALITY MANAGEMENT SYSTEM

Ansaldo STS is able to develop its positioning in domestic and international markets because it offers increasingly advanced, safe and reliable products and railway signalling and automation systems, thus supporting the development of a transport system (both railway and mass transit) which is environmentally friendly and capable of attracting ever more users.

To be able to offer innovation, safety and respect for the environment requires the company to provide high quality performances, both at individual and collective levels. For this purpose Ansaldo STS has adopted a quality management system which is compliant with the UNI EN ISO 9001 certification, for the following activities: **general governance and quality policy of managerial activities, risk management, product development, marketing and sales, resource management, production and control for all companies in the Ansaldo STS Group which are active in the sectors of railway and mass transit transport systems.**

The rule is based on the following principles:

- \ Customer oriented approach – satisfaction and enhancement of productivity of the Customer.
- \ Leadership – organisational transparency and unity of purposes and directions.
- \ Involvement of the staff - communication and development of the awareness of the individual contribution to the safety of passengers and operators.
- \ Process approach – transparency and periodical review for the purpose of a continuous improvement.
- \ Systematic management approach – assessments of the risks related to the targets on the occasion of any changes in the process.
- \ Continuous improvement – systematic review and openness to any proposal.
- \ Fact-based decisions – indicators, measurements and analysis of data.
- \ Mutually beneficial relationships with suppliers – selection and cooperation in order to create shared values.

For each of these principles, global goals are set which are translated into operational targets to be constantly monitored in order to verify the effectiveness of the Quality Management System. Principles, goals and targets are shared with all corporate functions and are notified to all the staff.

RISK MANAGEMENT SYSTEM³

The Ansaldo STS Group conducts a thorough risk analysis based on the consideration of the market features and the business conducted, classifying risks into strategic, operational, financial and information-related. In 2009 the company carried out its Risk Assessment activities with the involvement of the process owners, in view of the new, more integrated structure in force from 1 January 2010. This Risk Assessment activity is part of a project aimed at rendering Risk Management an integral part of the management processes. The Risk Assessment was carried out by making reference to the methodology of the Enterprise Risk Management of the Committee of Sponsoring Organizations of the Treadway Commission (COSO report) in the updated version of September 2004.

3. For more detailed information, reference is made to the paragraph on Internal Audit on page 47.

SOCIAL SUSTAINABILITY

The presence of Ansaldo STS and of its subsidiaries, widespread on domestic and international markets, the operations in different contexts and the variety of its counterparties make the management of the relations between Ansaldo STS and the stakeholders of the utmost importance; stakeholders means any persons – individuals, groups, enterprises, institutions, either public or private, both Italian and foreign – which have contacts, for any reason whatsoever, with Ansaldo STS or which have an interest in the activities carried out by the company.

Compliance with laws, transparency and honesty in the management activities, confidence and cooperation with the stakeholders are the ethical principles which inspire Ansaldo STS – and on which its models of conduct are based – in order to effectively and fairly compete in the market, enhance the level of satisfaction of its customers, increase the value for shareholders and develop the competencies and professional growth of its human resources.

The social element of the sustainability of the Ansaldo STS Group is, therefore, related to the company's focus on the quality of the relations with its stakeholders; this requires the definition of policies related to them and a conduct of the business which should give consideration to their needs and expectations.

Stakeholders-related policies	
COLLABORATORS	Respect and development of people, internationalisation and multi-cultural focus, professional expertise and active participation represent the fundamental principles of the Ansaldo STS Group on which its personnel policies are based.
PARTNERS AND SHAREHOLDERS	The corporate governance system is focused on the maximisation of the value for partners and shareholders, on monitoring corporate risks, on transparency to the market and reconciliation of the interests of all the components of the shareholder base.
CUSTOMERS	The excellence and innovative content of the products of the Ansaldo STS Group, as well as the quality of relations with its customers, are the basis of business sustainability. Furthermore, to listen to the needs of its customers is considered to be highly strategic by Ansaldo STS, which is committed to developing the values and competencies required to promptly and effectively respond to their needs.
SUPPLIERS	In the relations with suppliers and contractors, the Ansaldo STS Group is inspired by the principles of loyalty, fairness, transparency and efficiency. The selection is based on objective, transparent and verifiable assessment criteria, in accordance with the principles of the Ethics Code. Contractors are considered as real partners in the implementation of the different phases of the projects.
LENDERS	Transparency, reliability and competence in managing the projects allow Ansaldo STS to maintain relationships which are based on a high level of cooperation with the main banks worldwide which, through financing and the issue of guarantees, permit the business to develop.
INSTITUTIONS	The Ansaldo STS Group adopts a model for the management of institutional relations to protect its reputation, which is the intangible asset on which the overall credibility of the company and the quality of relations with its stakeholders are based. It promotes framework, programme and other local agreements with Public institutions and local authorities.
MEDIA	As regards relations with the media, we focus on the "quality" of information, which must meet the transparency, timeliness, truthfulness, availability and widespread distribution requirements.
COMMUNITY	The close relation with the social environment in which it operates and the support to humanitarian, cultural and social initiatives forms an integral part of the strategy of the Ansaldo STS Group. Particular attention is paid to actions in favour of populations affected by natural disasters.

ENVIRONMENTAL SUSTAINABILITY, HEALTH AND SAFETY

The Ansaldo STS Group is involved in environmental issues under two aspects:

- \ as an ordinary manufacturer, which is committed to pursuing an environment protection policy with the intent not to limit itself to the simple compliance with existing laws, regulations and directives but to pursue a continuous improvement of the environmental performance related to its products and production processes;
- \ as a supplier of rail transport systems, which is conscious of the fact that the offer of increasingly advanced, safe and reliable railway traffic control and automation products drives the rapid development of the most environmentally friendly transport system currently available, thus attracting a higher number of users of freight and passenger transport services.

ADOPTION OF THE ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

Ansaldo STS has adopted an **Environmental Policy** and has implemented the related **Management System** defining the required structures, responsibilities, operational procedures and investments. It is thus committed to achieving the following objectives:

- \ ensuring compliance with the legal provisions applicable to its processes, through the formalisation of procedures which support the knowledge of the relevant legislative framework;
- \ identification of significant environmental issues, for the reduction and monitoring of the relevant impacts on the environment;
- \ involvement of suppliers/subcontractors in its environmental issues, raising their awareness on this subject;
- \ definition of indicators for a straightforward monitoring of performances.

All the corporate entities are responsible for strict compliance with the principles of the Environmental Management System, and actively contribute to its preparation and update.

The Ansaldo STS Group is completing the process for the certification of its sites in accordance with the **UNI EN ISO 14001 rule**.

The **EMAS** (Eco-Management and Audit Scheme) registration, issued by the Ecolabel-Ecoaudit Committee, was obtained for the plant of Tito Scalo (Province of Potenza), where the production activities of the **Signalling** Business Unit in Italy are concentrated.

ADOPTION OF THE HEALTH AND SAFETY POLICY AND MANAGEMENT SYSTEM

To ensure and maintain a healthy and safe work environment, prevent accidents, illnesses or damage to the health of Employees, Suppliers, Customers and Visitors represents one of the priorities of the business activity of the company.

Ansaldo STS has adopted a **Health and Safety Policy** based on compliance with all requirements laid down in the relevant rule, **OHSAS 18001**, and on full compliance with mandatory national regulations governing this issue. This policy goes beyond the classic concept of preventing occupational injuries and diseases, in that its primary objective is to continuously improve the health of all workers, defined as the complete physical, intellectual and social well-being, and not just the absence of any illness and disease.

The Workplace Safety Management System adopted by Ansaldo STS is such as to ensure the following:

- \ assessment of risks and planning of the resulting prevention and protection measures;
- \ any organisational activities, such as emergencies, first aid, contract management, periodic meetings on safety, consultation with workers' representatives on safety;
- \ health monitoring activities;
- \ information and training of the workers;
- \ supervision of compliance with the procedures and directions concerning safety in work on the part of the workers;
- \ acquisition of mandatory documents and certificates required by law;
- \ periodic checks on the effectiveness of the procedures adopted;
- \ systems for recording the activities carried out.

Sustainability programme

The analysis conducted by the Group as regards its relations with the different categories of stakeholders, and the environmental aspects which characterise its activities, has enabled the company to define the targets for improving management activities which would contribute to render its growth even more sustainable.

IMPROVEMENT TARGETS

GOVERNANCE AND ORGANISATION

- \ Integration of Management Systems: gradual shift to a "Single System" able to include in one single regulatory framework the different management systems adopted by the company in support of its strategic objectives (related to Environment, Health and Safety, Quality, Internal Audit, Ethical and Legal Compliance, Security and Privacy).
- \ To enhance dialogue with, and involvement of, the stakeholders in the different entities of the Group for the purpose of a better understanding of their expectations.

RELATIONS WITH HUMAN RESOURCES

- \ *PERFORMANCE APPRAISAL*: to expand the range of people involved and improve the KPIs of the performance appraisal system.
- \ *COMMUNICATION*: to prepare a worldwide global intranet aimed at improving the knowledge about the organisation, its processes and people.
- \ *INTERNATIONAL OPERATIONAL INTEGRATION*:
 - to launch a single IT system at global level in support of the processes to manage human resources;
 - to define the guidelines of a single transparent career development system, shared at global level;
 - to define a single model, harmonised at worldwide level, for the assignment of job titles.

INVESTOR RELATIONS

- \ To expand the base of investors concerned by our financial communications.
- \ To increase the interest of the Ethical Funds by complying ever more with their criteria and valuations adopted.
- \ To maintain transparency and timeliness in the communication with the financial community.

RELATIONS WITH CUSTOMERS AND MARKETS

- \ Sharing of customer satisfaction monitoring procedures in order to strengthen an even more effective method.
- \ To strengthen our role as a global player in the business segments of metros and High Speed railway systems (**Transportation Solutions** and **Signalling**) thanks to the recent successes achieved and to the confidence placed by our customers.

SUPPLY CHAIN MANAGEMENT

- \ To optimise costs of supplies while maintaining (if not improving) performances and quality of goods and services acquired, thanks to the benefits offered by the Global Procurement supported by the new organisation.
- \ To improve the definition of specifications for compliance with environmental requirements for all suppliers who work on behalf of Ansaldo STS, with specific regard to the following principles:
 - designing with a view to preventing pollution, focusing on the selection of materials with a low environmental impact and a reduced consumption of resources;
 - management of environmental issues such as noise, emissions in the atmosphere, water discharges, waste production;
 - management of those environmental issues indirectly generated by our activities.

EXCHANGE RELATIONSHIPS WITH THE COMMUNITY

- \ To continue cooperation with the Italian and EU authorities and with Universities in favour of the research.
- \ To continuously support social, cultural and environmental initiatives promoted by Associations and Institutions.

ENVIRONMENT, HEALTH AND SAFETY

- \ To standardise the management system and the operating procedures of the Group as regards Environment, Health and Safety.
- \ To organise the continuous sharing and exchange of the operational best practices of the Group as regards Environment, Health and Safety.
- \ To strengthen processes aimed at ensuring full compliance, at Group level, with laws, rules and standards of Ansaldo STS.
- \ To implement a common reporting system on the performance related to Environment, Health and Safety, at global level.

Reporting activities

- \ To improve compliance of the Sustainability report with the G3 guidelines of the GRI – Global Reporting Initiative.

GOVERNANCE AND ORGANISATION MODEL

Corporate Governance⁴

Ansaldo STS adopts a Corporate Governance system based on the highest transparency and fairness standards in business management. This corporate governance system is compliant with the provisions of law and with the regulatory provisions of CONSOB and Borsa Italiana, and is also in line with the contents of the Self-Regulatory Code of listed companies – voluntarily adopted by Ansaldo STS – and the international best practices.

This governance system is focused on the maximisation of the value for shareholders, on monitoring corporate risks, on transparency to the market and reconciliation of the interests of all the components of the shareholder base, particularly as regards retail shareholders.

The Corporate Governance of Ansaldo STS is based on a traditional model, and includes:

- \ The Shareholders' Meeting;
- \ The Board of Directors (which includes the Internal Audit Committee and the Remuneration Committee);
- \ The Board of Statutory Auditors;
- \ the Independent Auditors.

In compliance with the most recent laws and regulations, the provisions of the Self-Regulatory Code and the national and international best practices, Ansaldo STS has adopted the following corporate governance tools:

- \ By-Laws;
- \ Ethics Code;
- \ Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01;
- \ Regulation of the Board of Directors;
- \ Regulation of the Internal Audit Committee;
- \ Regulation of the Remuneration Committee;
- \ Guidelines and Principles for identifying significant transactions with Related Parties – Principles of conduct;
- \ Regulation for managing Inside information and Register of persons who have access to Inside information;
- \ Internal Dealing Code;
- \ Regulations for Shareholders' Meetings.

GOVERNANCE BODIES AND INSTRUMENTS

SHAREHOLDERS' MEETING

It is competent to resolve, at ordinary and extraordinary meetings, on issues reserved to its competence by law or by the company's By-Laws.

Particular emphasis is placed on encouraging the highest attendance of Shareholders to the Shareholders' Meeting, as well as on ensuring the highest quality of information provided to the shareholders in such circumstances, in accordance with the restrictions and procedures for disclosing price sensitive information.

In order to allow the shareholders to take informed decisions reserved to the shareholders' meeting, the Board of Directors publishes detailed reports on each item on the agenda of the meeting (as regards the issues within its competence).

Protection of minority shareholders

Regulations for Shareholders' Meetings (as approved by the meeting itself on 12 December 2005) define the procedures required to allow for the orderly and functional proceedings of the meetings, guaranteeing the right of every shareholder to take the floor on the issues on the agenda and also specifying certain aspects (time limits of the interventions, voting procedures and operations) aimed at facilitating the correct course of the proceedings of the meeting.

4. For more detailed information, reference is made to the paragraph "Report of the Board of Directors on the Corporate Governance system and on the adoption of the Self-Regulatory Code of listed companies" related to the 2009 financial year.

The directors are appointed by the Ordinary Shareholders' Meeting through list voting; for the purpose of ensuring the participation of minority shareholders in the management of the company, the company's By-Laws explicitly provide that every shareholder is entitled to submit, individually or with other shareholders, only one list. Each person entitled to vote may vote for one list only. Shareholders who belong to the same group and shareholders who are a party to a shareholders' agreement involving the Company's shares may not submit or vote for more than one list, not even through third parties or trust companies.

The directors are elected according to the following procedure: (i) two thirds of the directors to be elected shall be elected from the list that receives the majority of the votes cast by shareholders, in the numerical order of their appearance in the list itself, with the resulting number rounded down in case of fractional number; (ii) the remaining directors shall be elected from the other lists according to the criteria and procedures specified in the company's By-Laws.

BOARD OF DIRECTORS

The Board of Directors of Ansaldo STS is granted the widest powers as regards the management of the Company, with the right to take any and all appropriate actions for achieving the corporate purpose, except for those reserved to the Shareholders' Meeting.

The Board of Directors is comprised of not less than seven and no more than thirteen members. The Shareholders' Meeting shall set, prior to their election, the number of the members of the Board within the abovementioned limits.

On 1 April 2008, the Shareholders' Meeting set the number of directors at 9 and appointed the new Board in the persons of:

- \ **Alessandro Pansa**, *Chairman*
- \ **Sante Roberti**, *Deputy Chairman*
- \ **Sergio De Luca**, *Chief Executive Officer*
- \ **Maurizio Cereda**, *Director*
- \ **Gerlando Genuardi**, *Director*
- \ **Attilio Salvetti**, *Director*
- \ **Gregorio Gitti**, *Director*
- \ **Eugenio Pinto**, *Director*
- \ **Francesco Lalli**, *Director*

Directors Alessandro Pansa, Sergio De Luca, Gerlando Genuardi, Francesco Lalli, Sante Roberti and Attilio Salvetti were elected from the majority list submitted by Finmeccanica Società per Azioni, which held a 40.065% stake in the share capital. Directors Maurizio Cereda, Gregorio Gitti and Eugenio Pinto were elected from the minority list submitted by the companies Mediobanca – Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and Fintecna S.p.A., which held an aggregate stake of 5.099% in the share capital.

Requirements and competencies of the directors

The company's By-Laws provide for the appointment to the office of director to meet the honesty requirements prescribed by the current provisions of laws and regulations, as well as to meet certain professional requirements specified in the By-Laws themselves. Specifically, only those shall be appointed as directors of the Company who have gained an aggregate experience of at least three years in the conduct of:

- \ administration or supervision activities or managerial duties with joint-stock companies with a share capital of not less than two million Euros; or
- \ professional activities or university teaching as permanent professor of legal, economic, financial and technical-scientific subjects closely connected with the business conducted by the Company; or
- \ top management functions with public bodies or administrations active in the credit, financial and insurance sectors or, in any case, in industries which are closely related to the business conducted by the Company.

Non-executive directors

The Board of Directors is comprised mainly of non-executive members (who are not granted any operational delegated powers and/or have no managerial functions within the company) so as to guarantee, given their number and authoritative nature, that their opinion may have a significant influence on the decision-making process of the Board.

Non-executive Directors bring the wealth of their specific expertise to the discussions of the Board, so as to support the review of the issues being discussed under different perspectives, and the subsequent adoption of motivated, conscious resolutions, in line with the interest of the company.

Except for the Chief Executive Officer, the Chairman and the Deputy Chairman, the other 6 members of the Board are all non-executive members.

Independence of the directors

In the implementation of the provisions of the Code, the Board of Directors has assessed, following the appointment of the directors and on the basis of the statements made by each of them and available to the Company, the existence of any relationships which might be, or appear to be, such as to jeopardise the independent opinion of the independent directors. The results of such assessment were disclosed to the market by means of a press release dated 1 April 2008.

Subsequently, on 22 January 2009, and again on 27 January 2010, the Board, based on the documents submitted by the individual independent directors, verified whether such directors still met the independence requirements provided for by the current laws and regulations, as well as pursuant to article 3 of the Code and to the Instructions on the Stock Exchange Regulations. In making such assessments, the Board applied all the criteria required under the Code. The Board of Statutory Auditors, based on the statements issued by the Directors and having acknowledged the assessment expressed by the Board of Directors, certified that the assessment criteria and procedures adopted by the Board itself in assessing the independence of its members were duly applied.

Activities of the Board of Directors and its functioning

During the 2009 financial year, the Board of Directors held 10 meetings.

The following table summarises the activity of the members of the Board of Directors, also specifying those who are executive and independent members and of the members of the Internal Audit Committee and of the Remuneration Committee. Every failure to attend the meeting is duly justified. Every failure to attend to the meeting is duly justified.

DIRECTOR:	POSITION	LIST (*)	BOARD OF DIRECTORS				No. OF MEETINGS ATTENDED	INTERNAL AUDIT COMMITTEE		REMUNERATION COMMITTEE		
			EXECUTIVE	NON-EXECUTIVE	INDEPENDENT			No. OF MEETINGS ATTENDED	MEMBERS	No. OF MEETINGS ATTENDED	MEMBERS	No. OF MEETINGS ATTENDED
					Code	TUF						
Alessandro Pansa	Chairman	M	X									
Sante Roberti	Deputy Chairman	M	X									
Sergio De Luca	CEO	M	X									
Maurizio Cereda	Director	m		X	X	X	9/10	X	6/7 (Chairman)		5/6	
Gerlando Genuardi	Director	M	X		X	X	10/10			X	6/6	
Gregorio Gitti	Director	M	X		X	X	9/10 (Chairman)		7/7			
Francesco Lalli	Director	M	X				8/10			X	6/6	
Eugenio Pinto	Director	m	X		X	X	10/10	X	5/7			
Attilio Salvetti	Director	M	X		X	X	9/10	X	7/7			

(*) "M": Director elected from the majority list submitted by Finmeccanica S.p.A.; "m": Director elected from the minority list submitted by the companies Mediobanca – Banca di Credito finanziario S.p.A., Intesa San Paolo S.p.A. and Fintecna S.p.A..

The Board of Directors assesses, at least once a year, the size, composition and functioning of the Board itself and of its Committees, providing, when necessary, guidelines on the professional profiles which ought to be included in the Board.

For the purpose of taking the most appropriate actions which would allow the Board of Directors to fulfil its duties in the most efficient and effective manner, on 19 December 2007 the Board resolved to make an evaluation of the Board itself and of its Committees, based not only on the opinion given by the Directors, but also on the opinion issued by a consultancy firm expert in this field (the so-called "Board Performance Evaluation"). The methodological approach adopted to understand the level of functioning and efficiency of the Board and to identify any possible elements which might hinder a better functionality and efficiency of the Board provides, *inter alia*, for: (i) the compilation of a specific questionnaire and the carrying out of individual interviews with each Director, as well as with the Chairman of the Board of Statutory Auditors and with the General Counsel and the Secretary of the Board of Directors; (ii) the analysis of the minutes of the meetings of the Board of Directors and its Committees, and of the relevant documentation; (iii) the analysis of the "modus operandi" of the Board of Directors and its Committees by attending some of their meetings.

After the evaluation made with reference to the 2009 financial year, in the opinion of the advisors appointed "the Board of Directors of Ansaldo STS is largely in line with the Self-Regulatory Code, and its functioning positively compares with the international scenario."

REMUNERATION COMMITTEE

The Remuneration Committee is comprised of three non-executive Directors, two of whom are independent. A summary of the functions that the Committee is required to perform include:

- \ as delegated by the Board of Directors, to propose the pay and contract terms of the Chief Executive Officer;
- \ to assess the proposals from the Chief Executive Officer relating to general remuneration and incentive criteria, as well as the plans and systems for management development, for the key resources of the Group and for those directors of the Group companies who are granted powers;
- \ to assist the top management of the Company in the definition of the best management policies applicable to the managers of the Group;
- \ to assess the proposals from the top management of the company regarding the introduction of, or changes in, share incentive schemes or stock grant plans reserved for directors and executives of the Company and of the Group companies, to be submitted to the Board of Directors;
- \ to prepare the remuneration plans, to be submitted for approval of the Board of Directors, based on the grant of shares or options to purchase shares of the Company in favour of directors and executives of the Company and of the Group companies;
- \ to perform the functions reserved to it as regards the management of the Stock Grant Plans as required by the related Regulations;
- \ to propose regulations to implement the remuneration plans, as well as the transitional management of the share incentive plans.

Remuneration of Directors

A significant portion of the remuneration of two of the executive directors and of the executives having strategic responsibilities within the Company and some of its subsidiaries, is linked to the achievement of specific performance targets of the Company and of the Ansaldo STS stock.

To date, the Chief Executive Officer, the Deputy Chairman, in his capacity as director provided with delegated powers by the Company, and the executives of Ansaldo and some subsidiaries who have strategic responsibilities, are paid a fixed remuneration, in addition to being granted the following:

- \ a "management by objectives" ("MBO") plan on an annual basis (which is also granted to the executives of the Ansaldo STS Group);
- \ an additional compensation (Long Term Incentive Plan) related to a three-year incentive ("rolling") plan conditional on the achievement of certain pre-set targets linked to both the market and certain economic-management parameters;
- \ the grant of stock provided for in the Stock Grant Plan, free of charge and on an annual basis and with the deferred delivery of the shares with reference to the expiry of each year of the term of the plan under consideration, subject to the achievement of certain performance targets.

Guidelines and Criteria applicable to transactions with related parties

With reference to transactions with related parties, the Board of Directors of Ansaldo STS has formally approved the adoption of specific "Principles of conduct" aimed at regulating the main material and procedural aspects connected to the management of the transactions in question, also applicable to those transactions which do not fall within the exclusive jurisdiction of the Board of Directors. These principles require the transactions with related parties to be managed in compliance with specific criteria of substantial and procedural fairness.

Regulation on the treatment of inside information

The treatment and management of inside information are governed by a specific Regulation applicable to Ansaldo STS and its foreign subsidiaries. This regulation is aimed at ensuring compliance by Ansaldo STS with its obligations as a listed company, regulating:

- \ the procedures for keeping and regularly updating the "Register of persons who have access to inside information" pursuant to and for the effects of article 115-bis of the TUF;
- \ the flow of information between the Group companies and Ansaldo STS, with specific regard to events and circumstances which represent, or might represent, inside information pursuant to article 18 of the TUF;
- \ the management and treatment of inside information, as well as the related procedures for external disclosure.

Internal Dealing Code

Within the scope of the procedures for managing and disclosing the information on Ansaldo STS, the Board of Directors has adopted the Code of Conduct on Internal Dealing (Internal Dealing Code), aimed at regulating the flows of information concerning the transactions identified by Consob concerning the shares issued by the Company or any other related financial instrument (the so-called relevant transactions) and implemented, also through third parties, by the "relevant persons" of Ansaldo STS and by the persons who are "closely linked" to the latter, as defined by the Issuers' Regulations. The Internal Dealing Code also provides for the so-called "Blocking periods" during which the relevant persons are expressly forbidden to carry out any relevant transactions.

BOARD OF STATUTORY AUDITORS

The statutory auditors are appointed by the Ordinary Shareholders' Meeting through list voting.

The Statutory Auditors are elected as follows:

- \ two regular Statutory Auditors and one alternate Statutory Auditor are elected from the list that receives the majority of votes in the numerical order of their appearance in the sections of the list itself;
- \ the remaining regular Statutory Auditor and alternate Statutory Auditor are elected from the other lists, in compliance with the current laws and regulations.

The Board of Statutory Auditors of the Company is comprised of three regular Statutory Auditors and two alternate Statutory Auditors. It was appointed by the Meeting on 1 April 2008 and is comprised of:

MEMBERS	POSITION	No. OF MEETINGS ATTENDED OF THE BOARD OF STATUTORY AUDITORS	No. OF MEETINGS ATTENDED OF THE BOARD OF DIRECTORS
Giacinto Sarubbi	President	7/7	10/10
Massimo Scatton	Auditor	6/7	9/10
Francesca Tripodi	Auditor	5/7	7/10

In 2009 7 meetings were held. The table above reports the data concerning the attendance of each Statutory Auditor at the aforesaid meetings of the Board of Statutory Auditors, as well as of the Board of Directors held in 2009. Every failure to attend to the meeting is duly justified.

The Board of Statutory Auditors is required to supervise:

- \ compliance with the laws and with the By-Laws, as well as with the principles for a correct management;
- \ the adequacy of the organisational structure of the Company, its internal control system and administrative-accounting system, also with reference to the reliability of the latter in correctly representing management-related events;

- \ the procedures for the actual implementation of the corporate governance rules provided for in codes of conduct prepared by the companies that manage regulated markets or by trade associations, which the company declares, by means of disclosures to the public, to comply with;
- \ the adequacy of the instructions given to the subsidiaries companies in relation to the information to be provided in order to fulfil disclosure obligations.

The Board of Statutory Auditors, through periodic meetings, also supervises the activities of the independent auditors and approves in advance the assignment by the Company or by any Group companies of any additional duties to the independent auditors, in compliance with the provisions of article 160 of the TUF (Testo Unico della Finanza, Consolidated Act on Finance).

INTERNAL AUDIT SYSTEM⁵

The Board of Directors, in cooperation with the Internal Audit Committee and also with the support of the Executive Director appointed to supervise the functioning of the Internal Audit System, defines the guidelines of such System, so as to correctly identify and properly measure, manage and monitor the main risks related to the company and its subsidiaries, also determining the criteria for the consistency of such risks with a healthy and fair management of the business.

The Chief Executive Officer is appointed to supervise the functioning of the Internal Audit System, and he is also responsible for implementing the guidelines defined by the Board of Directors, by taking actions for the design, implementation and management of the Internal Audit system.

The executive director who is appointed to supervise the functioning of the Internal Audit System has also identified, with the support of the Internal Audit Manager, the main corporate risks (strategic, operational, financial and information-related), taking account of the characteristics of the activities carried out by the Company and its subsidiaries, and submitting them to the periodic review of the Board of Director.

The operations and the effective functioning of the Internal Audit System of Ansaldo STS involve the following players:

- \ Internal Audit Committee;
- \ Internal Audit Manager;
- \ Supervisory Board pursuant to Legislative Decree no. 231/01 on the implementation and effectiveness of the Organisation, Management and Control Model.

Additional activities are performed by the Manager in charge of the preparation of company accounting documents (pursuant to Law no. 262/05).

INTERNAL AUDIT MANAGER

The Internal Audit Manager, who is the Group manager responsible for Internal Audit, reports to the Chairman of the Board of Directors, is hierarchically independent from the managers of the operational areas, including the Finance and Administration area, has direct access to all information useful for the performance of his duties and periodically reports on its activities to the Internal Audit Committee, to the Board of Statutory Auditors and to the executive Director appointed to supervise the functioning of the Internal Audit System.

In 2009, the Internal Audit Manager carried out the following main activities:

- \ implementation of the Audit Plan;
- \ support to the corporate functions involved in the Risk Assessment activities;
- \ support in favour of the Manager in charge of the preparation of company accounting documents as regards the activities within the competence of the same;
- \ support in favour of the Supervisory Board pursuant to Legislative Decree no. 231/01, in the performance of the supervision activities falling within the competence of the latter.

5. For more detailed information, reference is made to the paragraph "Report of the Board of Directors on the Corporate Governance system and on the adoption of the Self-Regulatory Code of listed companies" related to the 2009 financial year.

ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/01

In relation to the entry into force of Legislative Decree no. 231/01, as amended and supplemented, which introduced a specific regime of liability for the companies as regards certain types of crimes, Ansaldo STS has adopted the appropriate measures to prevent, in accordance with the provisions of such regulations, such liability from arising for the companies, with the implementation of specific supervision systems designed to prevent the commission of those crimes referred to in the Decree and which may potentially be committed by Directors, Statutory Auditors, executives, employees or by any person who maintains contractual, financial or commercial relationships with Ansaldo STS S.p.A..

Specifically, the Organisation Model of Ansaldo STS S.p.A., in force since 2006, is made up of:

\ a "general section" which essentially deals with:

- the Supervisory Board, the flows of information to be sent to it and the reporting on the activities performed by it as regards the corporate bodies;
- staff training and dissemination of the Model;
- the disciplinary system for non-compliance with the provisions of the Model;

\ special sections which list the areas potentially exposed to the risk of crime, and lay down the rules of conduct for those operating in the aforesaid areas, and set out the monitoring procedures.

The Organisation Model of Ansaldo STS S.p.A. includes the following special sections:

- crimes against the Public Administration,
- corporate crimes and market abuse,
- crimes related to safety at work,
- crimes related to handling stolen goods and money laundering,
- computer crimes.

Additional annexes and integral parts of the Organisation Model of Ansaldo STS include:

\ Ethics Code;

\ the organisational structure;

\ the structure of powers and the delegation system;

\ the Evidence Form (for the monitoring of the areas exposed to the risk of crime against Public Administrations);

\ the list of "Relevant Persons" pursuant to the Internal Dealing Code;

\ the regulatory framework.

At the end of 2009, an e-learning educational activity was carried out for the benefit of executives, middle managers and any persons working in the areas exposed to the risk of crime.

In relation to the regulatory developments which involved Legislative Decree no. 231/2001 (Law no. 99/2009 and Law no. 116/2009) and to the changes made in the organisational structure of the company, a review of the Model has been started which will be concluded with the approval of the new document by the Board of Directors.

SUPERVISORY BOARD

The Supervisory Board of Ansaldo STS S.p.A., which has been set up as a collective body, is comprised of one non-executive Independent Director, who acts as a Chairman, as well as of the managers who are for the time being responsible for the Internal Audit and Corporate Affairs functions as members. The duties, activities and functioning of this Board are regulated by specific By-Laws and by an internal Regulation.

In 2009, the Supervisory Board performed verification activities which have also been identified on the basis of the flows of information received from the functions involved.

In order to facilitate the flow of disclosures and information towards the Supervisory Board, Ansaldo STS has established a direct communication channel (OdV@ansaldo-sts.com), through which it is possible to report any conduct which is not in line with the ethical principles and with the directions of Legislative Decree no. 231/01. The Supervisory Board assesses the reports received and transmits them to the competent internal offices which shall take the appropriate decisions. The application of any sanctions is regulated by the Organisation Model and it takes account of the principles of proportionality and adequacy with respect to the offence committed.

In this regard, in 2009 no reports were recorded, nor were sanctions applied for infringements pursuant to Legislative Decree no. 231/01.

ETHICS CODE

The management of Ansaldo STS continuously confirms the commitments and ethical responsibilities which must guide the conduct of the business and corporate activities of all of those who have relationships of any kind whatsoever with Ansaldo STS.

In 2009, within the context of the definition of a more integrated organisational structure at Group level, the values of Ansaldo STS were identified by the Chief Executive Officer and notified to all the employees. Such values are: **Customer Focus, Innovation and Excellence, People, Integrity and Team Spirit** and they represent the ethical basis of the ambition and vision of the Group to become a leader in its business segment.

Within the context of the internal audit system, the Ethics Code represents the management tool for conducting the corporate affairs in an ethical manner, as well as an effective element of corporate strategy and organisation, and forms an integral part of both the Organisation, Management and Control Model, and of the sanctionary system for the violation of the rules set forth therein. It is the responsibility of the directors and employees of Ansaldo STS to implement, apply and update the Code, as well as to also report to the Supervisory Board any non-compliance or non-application.

Organisational Structure

The success of Ansaldo STS is mainly based on its ability to satisfy the needs of the customers with high technological solutions with high added value.

The growing demand for standardised solutions in the railway transport industry, particularly as regards the signalling technology, the pressure on prices in the traditional markets and the considerable growth in emerging areas, have evidenced the need for the organisation to adopt a more integrated, coordinated and efficient approach, both as regards business processes and in relation to staff activities.

Thanks to the project named “*Fast Forward Driven By Business*” Ansaldo STS has then implemented an important change in the organisation, thus becoming a Group which is characterised by a strong centralised governance focused on the two business units – **Signalling and Transportation Solutions** – and on one unit for the development of standard solutions, platforms and products – **SPP**.

The 4 pillars of the cultural and organisational change of the Group are:

ORGANISATION DRIVEN BY BUSINESS

Business Units that report to the CEO and manage the global and regional businesses at central level.

STRATEGIC CENTRE

Strong centralised governance which supports the standardisation and spreading of knowledge, against project implementation activities and a customer relationship management strictly focused at local level.

EFFICIENCY

To be achieved through:

- \ the industrialisation and standardisation of the project implementation processes;
- \ a Research & Development activity carried out at global level in order to rationalise the product portfolio and search for solutions with a view to standardise and re-use existing solutions/ platforms/tools to be customised at local level.

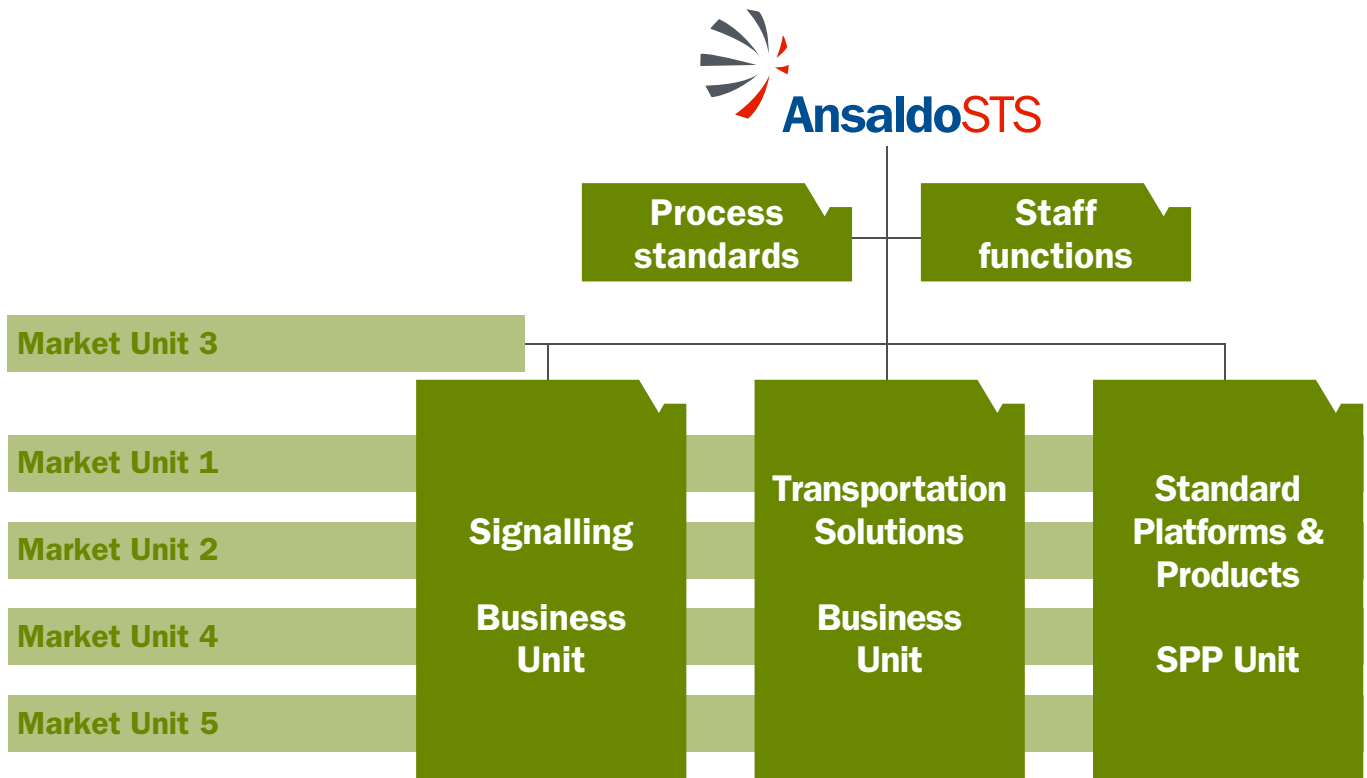
GLOBALISATION

Management of the supply chain at global level to ensure flexibility in the generation of logistical synergies.

The management of the *Fast Forward Driven By Business* project has been assigned to a specific task force (Change team) comprised of internal resources belonging to different Group companies. The direct participation of resources from every continent where the Group is active has allowed it to benefit from the multicultural wealth existing at the company.

The *Change Team*, in cooperation with the Human Resources & Organisation Management, for the purpose of further internalising the cultural change process within the company people, has prepared an important internal communication plan to explain the purposes of the project to all the employees of the company and receive important feedbacks on the actions taken in support of the integration and internationalisation processes in all geographical areas where the Ansaldo STS Group is active.

The new organisation of the Ansaldo STS Group, in line with the 4 principles outlined above and with the intent to create one single and strong central business-driven Group, is structured as follows:



This structure is able to ensure:

1. that the Business Units define the strategies and manage the resources;
2. that the development of global standard solutions is assigned to a dedicated unit (SPP Unit) and that the adjustment to the clients' needs is realised by the Business Units;
3. the flexibility and empowerment of local resources.

The **Business Units (Signalling and Transportation Solutions)** have the task of:

- \ defining and implementing at worldwide level, and for each individual Country, specific business strategies to ensure efficiency and effectiveness;
- \ managing the resources at worldwide level and monitoring markets and competitors;
- \ ensuring the implementation of processes, procedures and tools;
- \ ensuring the capitalisation and sharing of knowledge at worldwide level.

The **SPP Units** has the task of:

- \ developing and managing the portfolio of products/platforms/general applications;
- \ developing strategies and innovations which ensure efficiency and effective development;
- \ verifying and ensuring the safety of the products and platforms implemented, through the "RAMS – Reliability, Availability, Maintainability and Safety" activity;
- \ providing the Business Units with all components, systems and services with a view to optimising timing and costs of the procurement and production process;
- \ managing technical resources;
- \ ensuring the implementation of common processes, procedures and tools;
- \ ensuring the capitalisation and sharing of knowledge.

The **Market Units** have the task of:

- \ supporting local coordination activities;
- \ coordinating local business support services and ensuring compliance with regulations (in the legal, HR, Administrative, Finance, Tax areas, etc.)
- \ ensuring local presence to deal with the requests from customers and the community.

- Market Unit 1 (Central, Eastern Europe & Middle East) includes: Italy, Denmark, Finland, Germany, the Netherlands, Romania, Czech Republic, Tunisia, Turkey and Greece.
- Market Unit 2 (Western Europe & North Africa) includes: France, Finland, United Kingdom, Ireland, Spain, Portugal and Sweden.
- Market Unit 3 (Americas) includes: USA and Canada.
- Market Unit 4 (Asia Pacific) includes: Australia, Malaysia, Taiwan, South Africa, India and Botswana.
- Market Unit 5 (China) includes: China, Hong Kong and South Korea.

TEAM APPROACH

The new organisational structure provides for the definition of structured and formalised teams – bidding team, project team, innovation team and development team – to ensure an effective and coordinated activity of design, definition of offers, product development and implementation. The "team approach" ensures, within the implementation of the different corporate processes, the coordination of all functions of the Business Units, of the Standard Products and Platforms unit and in the Staff. Team members act as a link to the respective functions to obtain the necessary resources, support and methodologies.

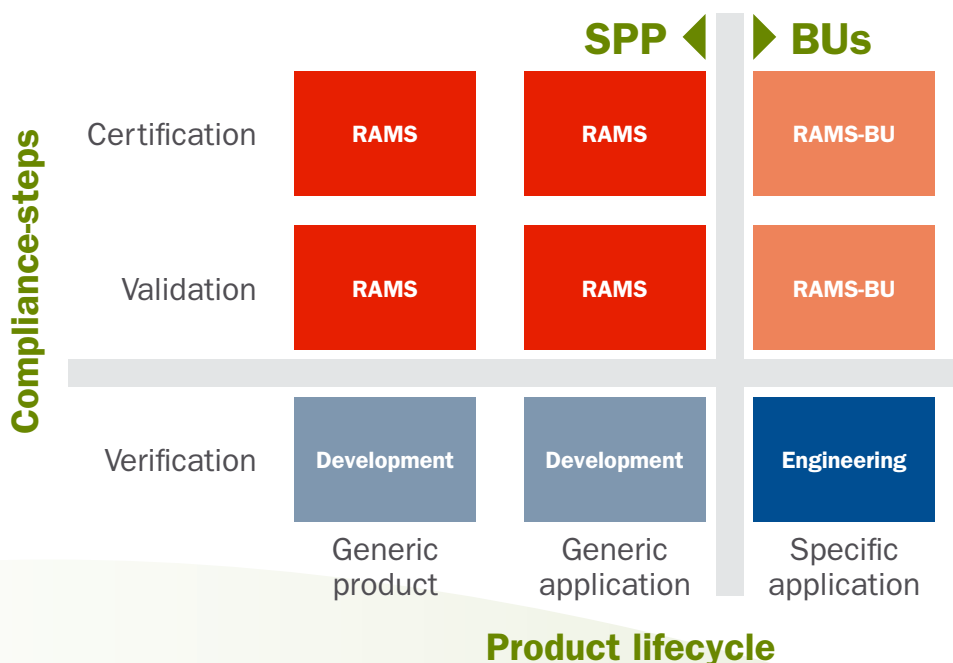
The alignment of the team members is ensured by an appropriate performance appraisal system, by standard operational processes (all over the world) which clearly define roles and responsibilities, and by common control procedures.

COMPLIANCE ACTIVITIES (RAMS – RELIABILITY, AVAILABILITY, MAINTAINABILITY AND SAFETY) EMPOWERMENT AND INDEPENDENCE ARE THE KEY FACTORS.

The new structure allows a careful management of all phases concerning compliance activities throughout the entire life-cycle of the product.

On one hand, the SPP unit is responsible to certify, verify and validate the products developed and their generic application; on the other hand the BUs are responsible for specific applications.

The certification, validation and verification activities are carried out by independent units, both within the SPPs and the BUs. The foregoing ensure the safety and reliability of the product for the customer.







CREATION
OF ECONOMIC VALUE
AND INNOVATION



IDENTITY CARD

VALUE CREATION IN NUMBERS

(compared to 2008)

New orders + 37.7%.

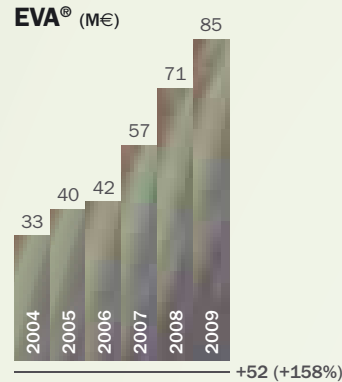
Order backlog + 19.9%.

Production revenues + 6.3%.

R.O.S. + 10.6%.

R.O.E. + 32.5%.

EVA from 2004 to 2009 + 158%.



INNOVATION IN NUMBERS

- \ EUR 41.1 million invested in Research & Development (3.5% of turnover).
- \ 500 resources employed in Italy, France, USA and Australia.
- \ 73 registered patents, 31 being assessed, 10 applied for in 2009.
- \ 29 trademarks registered, 9 applied for in 2009.

PROJECTS AND HIGHLIGHTS

The main R&D activities in 2009 related to:

- \ the evolution of the ERTMS for European High Speed lines and the adaptation for the Chinese market;
- \ the development (currently in progress) of the radio signalling system for metros (CBTC);
- \ the development of the catenary-free power supply system for trams (TramWave);
- \ the development of the Multifunction Portal for train traffic monitoring (TCCS).

ASTS successfully takes part in national and European Research Programmes, acting in a number of cases as a Project Leader, as in the case of Protectrail, the European Union project on Security approved in 2009.

CREATION OF VALUE

The Ansaldo STS Group is committed to maintain and develop an array of distinctive skills capable of creating value and ensuring the long-term growth of the company. This commitment is substantiated in the general strategic guidelines and in the identification and development of specific competitive advantages for the individual business units, **Signalling and Transportation Solutions**.

GENERAL STRATEGY

1 / TO FINANCE THE CORE BUSINESS

To support internal growth both in signalling and transportation solutions.

To consolidate the trend of 2009, exporting the best technology in the world to emerging markets; expand the customer base beyond the traditional railway operators; participate in, or promote, PPP opportunities (*Partenariato Pubblico Privato*, Public-Private Partnership), also through government support plans; maintain a high flexibility of application, avoiding any relation with the owners of rolling stock.

To maintain investments in research & development above the market average.

To erect technological barriers to the entry into this sector; improve our order backlog by satisfying the needs of new customers and new market segments; increase the synergies within our product portfolio through a platform approach.

2 / TO INNOVATE AND LAUNCH NEW BUSINESS SEGMENTS

To boost the supply of services in emerging markets, defending our technological leadership through maintenance services; support customers or suppliers in case of their limited financial resources.

To globalise the culture of the company in order to seize new opportunities in emerging markets: centralise the management of know-how and expertise, and decentralise activities so as to act as a local operator.

3 / TO SEIZE OPPORTUNITIES OF EXTERNAL GROWTH

To consider M&A opportunities only in case of an increasing Earning Per Share ratio and only within the context of our core business; pursue tactical alliances to accelerate market demand; accelerate the penetration of emerging markets by supporting the customers in case of poor financial resources.

COMPETITIVE ADVANTAGES IN THE **SIGNALLING** BUSINESS

To leverage our successes in order to establish a global leadership

To rely on a strong relationship with the customer, in order to accelerate the adoption of standards and strengthen our presence in key countries; select global opportunities to support a profitable growth, such as being awarded contracts for the best stimulus plans and the best of emerging markets.

To leverage portfolio standardisation

To develop a portfolio of generic and optimised platforms, constructed in a flexible manner so as to satisfy the specific and local needs of the customers; leverage our leadership in R&D in order to standardise the product portfolio; continue investing in R&D; adopt a make or buy policy as regards components; optimise hardware and platform costs.

To industrialise delivery

To extend our expertise in delivery to all customers by adopting standard criteria; improve timeliness of delivery and cost reduction, by sharing the best practices developed by the Group.

To take advantage of the good performance of the industry

To strengthen our technological leadership through maintenance services in both mature and emerging markets; accelerate the award of works through the financial support to customers or suppliers, also by introducing the pay per use formula for larger contracts, in order to optimise the management of the total cost of the customer.

COMPETITIVE ADVANTAGES IN THE **TRANSPORTATION SOLUTIONS** BUSINESS

Strategic access to signalling

The transportation solutions business is growing fast and represents a privileged access to the signalling business; 15-20% of the future signalling business will be part of "turnkey" transportation solution projects; transportation solutions allow control over new installations, thus strengthening the maintenance business in the long term.

No link with rolling stock and high flexibility

High Speed may be developed by selecting key partners, with no need to supply rolling stock; mass transit projects may be developed in partnership with local independent operators which offer a competitive price and lobby power in emerging markets.

Important projects and technological references

A long list of projects awarded for our leading technology, (CBTC-Communications-Based Train Control), delivered in time and within the expected costs.

Local operations and global knowledge

Local agreements and political relations with suppliers of civil works and other key suppliers are crucial to negotiations; the expansion of our global expertise through a centralised coordination based on the domestic markets allows the penetration of emerging markets; a professional local management of the project, as well as the availability of processes and tools to efficiently share the know-how acquired, are the key to implementing the projects in accordance with the commitments undertaken.

To finance skills in order to seize the opportunities in the industry

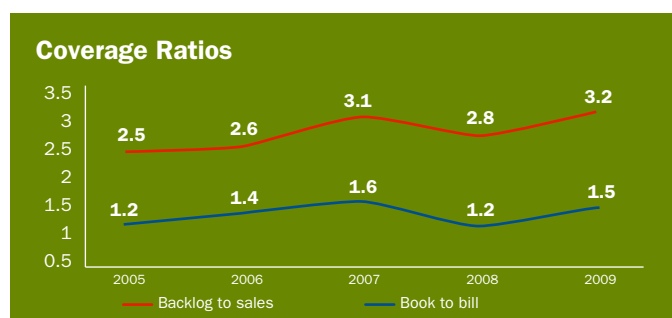
Many projects require the Financial Packaging (PFI/PPP) with the commitment to an equity investment; leverage the financial strength of the company in order to support participation in licensed projects.

Key figures⁶

(EUR 000)	31.12.2009	31.12.2008	Change
Orders:	1,786,071	1,296,609	489,462
Order backlog	3,759,671	3,136,430	623,241
Production revenues	1,175,640	1,105,515	70,125
EBIT	125,052	117,562	7,490
Adjusted EBITA	126,547	119,197	7,350
Net profit	87,800	77,599	10,201
Net working capital	(187,118)	(166,322)	(20,796)
Net invested capital	22,675	42,882	(20,207)
Net Financial Position (liquidity)	(278,861)	(195,870)	(82,991)
Free Operating Cash-Flow	114,428	43,242	71,186
R.O.S.	10.6%	10.6%	0.0 p.p.
R.O.E.	32.5%	37.3%	-4.8 p.p.
E.V.A.	84,553	71,401	13,152
Research and Development	41,112	44,512	(3,400)
Workforce (no.)	4,339	4,352	(13)

At 31 December 2009 the Ansaldo STS Group reported net profit of EUR 87,800 thousand compared with EUR 77,599 thousand for the same period last year. Revenues at 31 December 2009 were EUR 1,175,640 thousand compared with EUR 1,105,515 thousand at 31 December 2008. The Group's operating revenues stood at 10.6%, as in 2008.

The data outlined above are evidence of a fiscal year that can be considered satisfactory overall from the standpoint of the company's growth, profitability, and capital and financial solidity.



The actions undertaken and results achieved during the year have paved the way for the continuation of a positive trend for the Group also for the near future.

The chart shows that the current order backlog guarantees approximately three and a half years of future revenues (Backlog to sales) and that the new orders/revenues ratio has always been above one (Book to bill).

6. ALTERNATIVE NON-GAAP PERFORMANCE INDICATORS

Ansaldo STS' management assesses the Group's earnings and financial performance and that of its business segments based on a number of indicators that are not envisaged by the IFRSs.

As required by Communication CESR/05-178 b, below is the definition of the components of each of these alternative non-GAAP performance indicators used in this notice:

EBIT: the aggregate signifies earnings before taxes and financial income and costs, with no adjustments. EBIT also does not include costs and income resulting from the management of unconsolidated equity investments and other securities, nor the results of any sales of consolidated shareholdings, which are classified on the financial statements either as "financial income (costs)" or, for the results of equity investments accounted for with the equity method, under "effects of the valuation of equity investments accounted for using equity method".

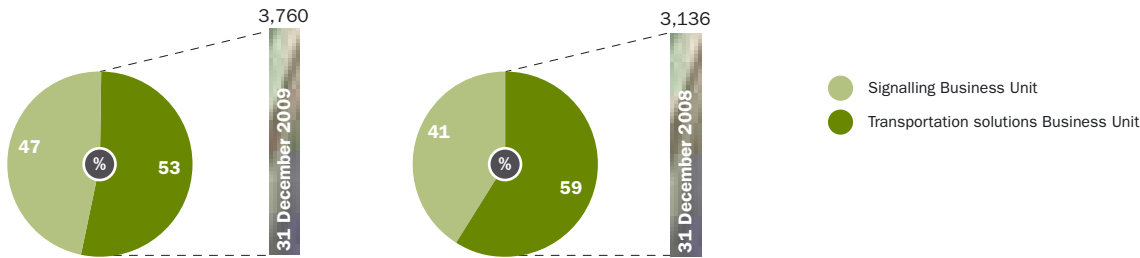
Return on Sales (ROS): This is the ratio between EBIT and revenues.

Free Operating Cash-Flow (FOCF): This is the sum of the cash flow generated by (used in) operating activities and the cash flow generated by (used in) investment and divestment of intangible assets, tangible assets, and equity investments, net of cash flows from the purchase or sale of equity investments that, due to their nature or significance, are considered "strategic investments".

Order Backlog

The value of backlog at 31 December 2009, equal to EUR 3,760 million, reflects the performance of acquisitions of new orders and rose by 19.9% from that for the end of 2008, which amounted to EUR 3,136 million.

Order backlog 2009- 2008: contribution from Business Units (EUR millions)



As far as the **Signalling** Business Unit is concerned, the year 2009 was marked by a sizeable geographic expansion of the potential market, which has already yielded important results in terms of the acquisition of new orders in particularly important business segments and countries.

The solid knowledge already acquired (ERTMS and ATC driverless) and the expertise being consolidated (CBTC) in the strategic technologies of the sector, the peculiar geographic distribution of the Group's business at global level, and the additional efforts of commercial penetration in the new areas characterised by high growth rates (Central and Eastern Europe, and Middle and Far East) confirm the Group's favourable competitive positioning and make it possible to look to the future with reasonable serenity.

The order backlog relates to the following projects:

Italy (Interlocking system for several stations; Completion of the Bologna-Florence, Turin-Milan and Rome-Naples High Speed Lines; SCMT; Automation; Ferrovie Concesse [Railways under Concession]; Alifana); **USA** (BNSF CAD and OTP); **Sweden** (ESTER); **Libya** (Libyan Railway Coast Line); **Turkey** (CBTC Metro of Ankara – Lines 1, 2, 3 and 4); **Germany** (POS ERTMS L2); **Taiwan** (Taipei Circle Line CBTC – complete metro system); **China** (CBTC Metro of Xi'an Line 2, Shengyang Lines 1 and 2, Chendu Line 1; High Speed Lines); **India** (KFW - Complete Signalling and automation system).

As regards the **Transportation Solutions** Business Unit, due to the exceptionally large orders acquired in the previous years, together with a good level of acquisitions for the period, the backlog exceeded the already significant amount of the end of 2008 standing at EUR 2,048 million. This paves the way for significant development of this business over the next three years.

The order backlog relates to the following projects:

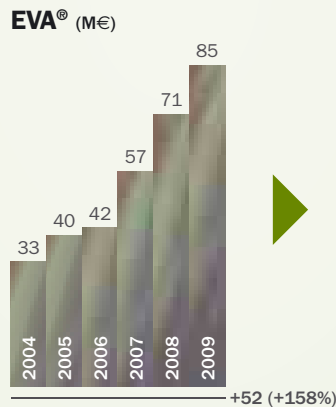
Taipei Metro (EUR 209,668 million); High Speed (EUR 44,929 million); Copenhagen Metro (EUR 31,825 million); Construction of Naples and Genoa Metros (EUR 468,008 million); Brescia and Milan driverless Metros (EUR 241,492 million); Rome Line C driverless Metro (EUR 299,525 million); Thessaloniki driverless Metro (EUR 155,379 million); Alifana (EUR 110,450 million); Malaysia, North Ipoh – Pedang Besar railway line (EUR 132,000 million); Saudi Arabia – Riyadh Metro – Women's University (EUR 146,019 million); Other Projects (EUR 208,779 million).

FOCUS

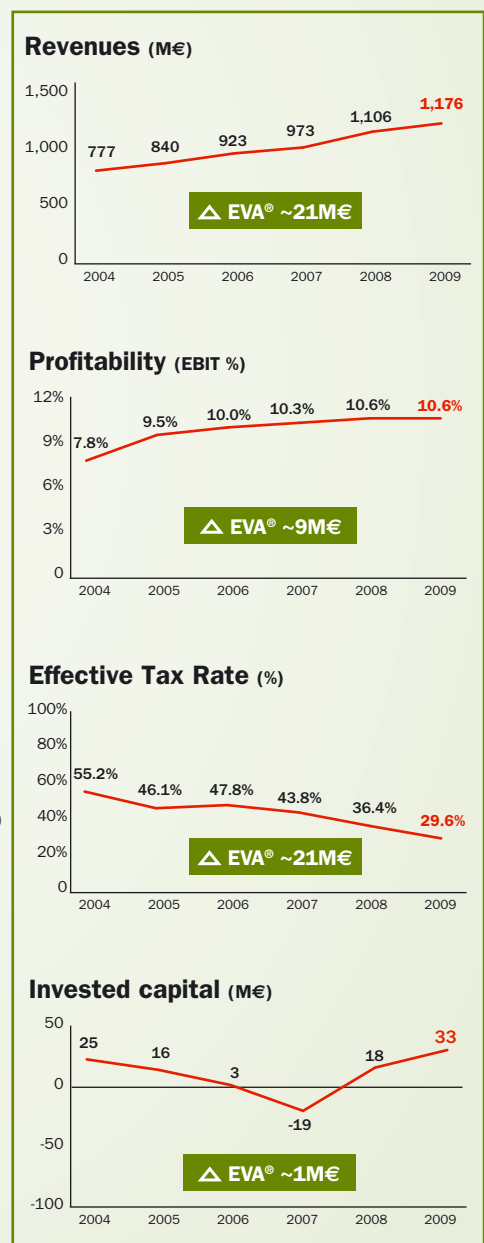
EVA (Economic Value Added) one of the major performance quality indicators

Ansaldo STS uses the EVA as a summary indicator to assess the performance of the Group and of the management of orders, and to assess the result of the activities in relation to possible alternative investments and to different costs and risks of the capital invested.

Since before the submission of the business offer, an EVA calculation model is prepared which is based on the entire life of the project. The model takes account of any operating leverage which might affect the creation or destruction of value. The chart shows the trend in the EVA (from 2004 to 2009) at consolidated level for the Ansaldo STS Group, showing the result achieved in those years thanks to the policies adopted and decisions taken which had a direct impact on the main variables: Revenues, Profitability, Effective Tax Rate and Invested Capital.



The years from 2004 to 2009 reported a growth of EUR 52 million (+158%) thanks to the growth in Revenue for a total of 40% (approximately EUR 21 million); to the fall in the actual Tax Rate (also due to the internationalisation) for a further 40% (approximately EUR 21 million); to an increase in the Ebit margin of approximately EUR 9 million (17% from 2004) and to the policy of the management of the average Invested Capital (also favoured by the specific business model) equal to a reduction of 2% in lending.



Note: 2004 data are aggregated, while all other periods are consolidated according to IFRS standards. The WAAC for the period 2004-2009 was 9.6%. It was 10.7% of 2009.

Income Statement and Balance Sheet

INCOME STATEMENT (EUR 000)	31.12.2009	31.12.2008
Revenue (*)	1,175,640	1,105,515
Production revenues	1,175,640	1,105,515
Raw materials and consumables used and personnel costs (**)	(1,041,400)	(976,050)
Amortisation and depreciation	(11,825)	(10,505)
Impairment	(1,819)	(3,728)
Other net operating income (expenses) (***)	5,701	6,543
Change in inventories of work in progress, semi-finished and finished goods	250	(2,578)
Adjusted EBITA	126,547	119,197
Restructuring costs	(1,495)	(1,635)
EBIT	125,052	117,562
Net financial income (costs)	(259)	4,465
Income taxes	(36,993)	(44,428)
Net Profit (Loss)	87,800	77,599
<i>Equity holders of the Company</i>	87,756	77,544
<i>Minority interests</i>	44	55
Earnings per share		
Basic and Diluted	0.88	0.78

Notes for reconciling the reclassified Income Statement and the Income Statement:

(*) Includes "Revenue" and "Revenue from related parties".

(**) Includes "Costs from related parties", "Raw materials and consumables used", "Purchase of services" and "Cost of labour", less "Work performed by the Group and capitalised".

(***) Includes the net amount of "Other operating income", "Other operating income from related parties", "Other operating expenses" and "Other operating expenses from related parties".

BALANCE SHEET (EUR 000)	31.12.2009	31.12.2008
Non-current assets	252,010	254,051
Non-current liabilities	(42,217)	(44,847)
	209,793	209,204
Inventories	99,178	92,874
Contract work in progress	151,146	145,681
Trade receivables	526,500	370,014
Trade payables	(248,168)	(213,501)
Advances from customers	(651,950)	(502,405)
Working Capital	(123,294)	(107,337)
Provisions for risks and charges	(27,726)	(28,541)
Other net assets (liabilities) (*)	(36,098)	(30,444)
Net working capital	(187,118)	(166,322)
Net invested capital	22,675	42,882
Capital and reserves attributable to equity holders of the Company	300,897	238,259
Minority interests in equity	639	493
Shareholders' equity	301,536	238,752
Net financial debt (liquidity)	(278,861)	(195,870)

At 31 December 2009, consolidated **net invested capital** was EUR 22,675 thousand, compared with consolidated net invested capital of EUR 42,882 thousand at 31 December 2008; the difference of EUR 20,207 thousand is essentially attributable to the change in **net working capital**, which went from EUR 166,322 thousand at 31 December 2008 to EUR 187,118 thousand at 31 December 2009, with a change of EUR 20,796 thousand. The change in net working capital is due to the increase in trade payables and other current liabilities, partially offset by the increase in inventories, trade receivables and work in progress less advances.

The Group's **net financial position** (mainly financial receivables and cash and cash equivalents on borrowings) at 31 December 2009 was EUR 278,861 thousand compared with liquidity of EUR 195,870 thousand at 31 December 2008, an increase of EUR 82,991 thousand, even after the payment of the dividend of EUR 26,971 thousand, resolved by the Shareholders' Meeting of 28 April 2009.

The Investment Plan

Investments in intangible assets for the period came to EUR 2,315 thousand and mainly regarded the following companies:

- \ Ansaldo STS S.p.A. (EUR 1,333 thousand), ascribable to the implementation of a new release of the SAP information system in harmony with the new control model of the Group based on new integration and standardisation logics within the *Fast Forward Driven by Business* project, to the new Teamcenter document management system and to the purchase of software licenses in support of design activities.
- \ Ansaldo STS Australia PTY Ltd and subsidiaries thereof (EUR 469 thousand) mainly for long-term costs linked to software development projects.
- \ Ansaldo STS France SA (EUR 435 thousand) mainly for acquisitions of software licenses.
- \ Ansaldo STS USA Inc. (EUR 76 thousand) mainly for long-term costs linked to software development projects.

Investments in property, plant and equipment for the period came to EUR 12,142 thousand and are detailed by company:

- \ Ansaldo STS S.p.A. (EUR 3,450 thousand) mainly relative to renovation works and to the instrumentation acquired for the Tito factory, for the Naples engineering and software maintenance for production in the sites where the company operates.
- \ Ansaldo STS France (EUR 3,140 thousand) mainly relating to the purchase of furniture, fittings and equipment for technical labs, to the extension of the French and Spanish offices and to the maintenance of the Riom plants.
- \ Ansaldo STS USA (EUR 1,717 thousand) mainly relative to the maintenance of the plants in the Batesburg factory.
- \ Ansaldo System Trading (Beijing) Ltd (EUR 2,190 thousand) relating to the project for the establishment of two technical labs.
- \ Asia Pacific area companies (Australia, India, Malaysia) (EUR 1,400 thousand) mainly attributable to the expansion and reorganisation of the sites to support the growth of production and of personnel.
- \ Other European companies (Ansaldo STS Sweden, Ansaldo STS U.K., Ansaldo STS Ireland and Ansaldo STS Deutschland) (EUR 245 thousand).

Production and distribution of Added Value

The production and distribution of Added Value are the expression in monetary terms of the relations between the company and the social-economic environment with which it interacts, with specific regard to some of the main categories of stakeholders (Staff, Lenders, Shareholders, Public Administration and Community).

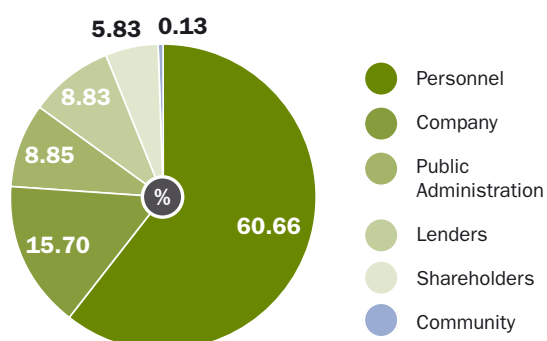
A positive Added Value is the result of the company's ability to generate and distribute wealth, thanks to its growth strategies and to the effectiveness, efficiency and profitability of operations.

GLOBAL GROSS ADDED VALUE (EUR 000)	31/12/2009	31/12/2008
A) Production revenues		
1. Revenue from sales and services	1,038,694	953,832
2. Revenue from related parties	136,946	151,683
3. Other operating income	21,568	21,407
4. Other operating income from related parties	93	282
Revenue from ordinary operations	1,197,301	1,127,204
5. Work performed by the Group and capitalised	1,132	863
B) Interim production costs		
6. Changes in inventories of work in progress, semi-finished and finished goods	250	-2,578
7. Consumption of raw materials, supplies, consumables and merchandise	-199,692	-238,683
8. Purchase of services	-474,986	-382,892
9. Costs (net of recoveries) from related parties	-88,122	-89,024
10. Other operating expenses	-13,833	-14,206
Gross Added Value of ordinary operations	422,050	400,684
C) Additional and extraordinary components		
1. +/- Balance of additional operations	40,577	22,788
Financial income	37,619	18,035
Financial income from related parties	1,938	4,903
Share of profit (loss) of equity accounted investments	1,020	-150
2. +/- Balance of extraordinary operations	0	0
GLOBAL GROSS ADDED VALUE	462,627	423,472

DISTRIBUTION OF 2009 GLOBAL GROSS ADDED VALUE	2009	2008
A) Personnel	280,643 60.66%	266,608 66.08%
E) Company	72,654 15.70%	68,112 11.93%
B) Public Administration	40,939 8.85%	49,092 12.17%
C) Lenders	40,836 8.83%	18,323 4.54%
D) Shareholders	26,971 5.83%	19,992 4.95%
F) Community	584 0.13%	1,345 0.33%
GLOBAL GROSS ADDED VALUE	462,627 100%	423,472 100%

The Global Gross Added Value generated by the Ansaldo STS Group during the 2009 financial year was EUR 462,627 thousand. The increase by 9.2% compared to 2008 is mainly due to an increase of over 6% in the Production Revenues.

Distribution of 2009 global gross added value



The Global Gross Added Value is distributed as follows:

- \ 60.66% to the **Personnel**, for an aggregate amount of EUR 280,643 thousand, mainly comprised of salaries, wages and pension and social security costs;
- \ 15.70 % to the **Company**, in the form of amortisation, depreciation and allocations to equity reserves, for EUR 72,654 thousand;
- \ 8.85% to the **Public Administration**, in the form of direct and indirect taxes, for an aggregate amount of EUR 40,939 thousand;
- \ 8.83% to **Lenders**, as remuneration for the borrowed capital, for an amount of EUR 40,836 thousand;
- \ 5.83 % to **Partners/Shareholders**, as remuneration of risk capital, for an amount of EUR 26,971 thousand;

- \ 0.13% to the **Community** for an aggregate value of EUR 584 thousand, comprised of: EUR 387 thousand of expenses and investments in the community (on an ongoing basis) for initiatives in support of the territory in which the company is active; EUR 109 thousand as sponsorships; EUR 42 thousand as monetary contributions to no-profit cultural events; EUR 41 thousand as mere donations for humanitarian, environmental and cultural events; EUR 5 thousand as donation of assets.

VALUE OF INNOVATION

Ever since its inception the history of Ansaldo STS has been characterised by the professionalism and passion of the various generations of people dealing with the continuous evolution of new signalling technologies and with the solutions to be adopted in the transportation systems.

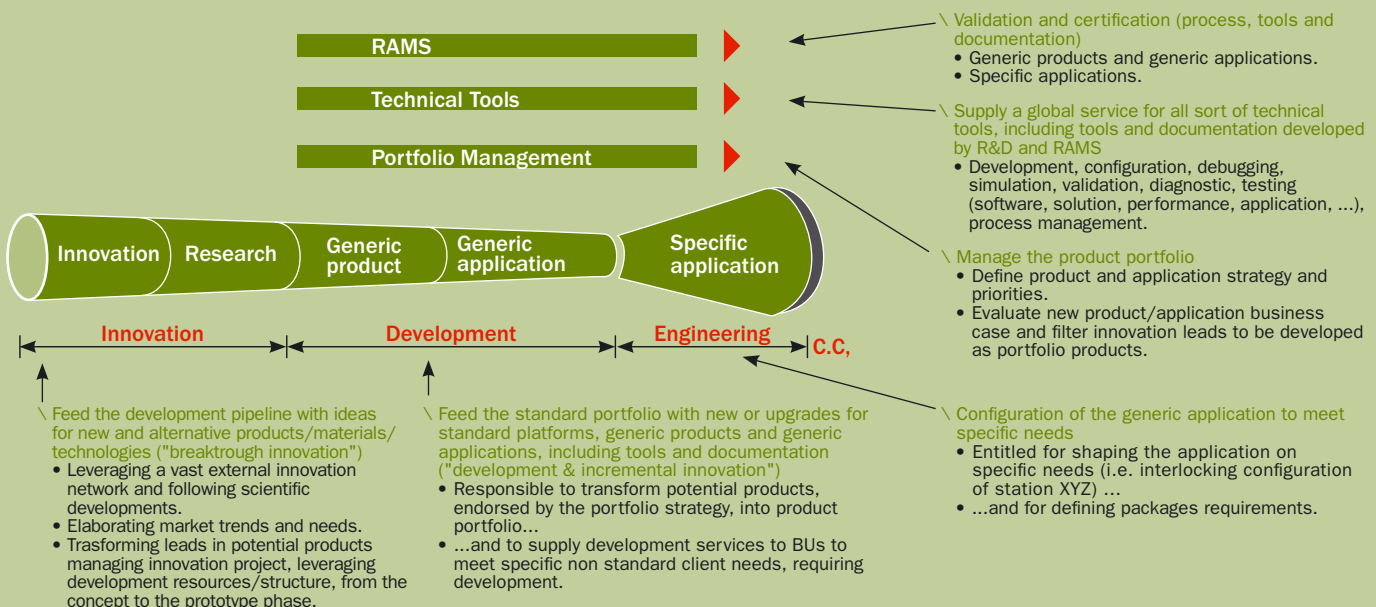
The expertise of senior staff (men and women alike) is combined with the enthusiasm and creativity of young engineers, regardless of the economic situation, the capital structure of the company or the evolution of the world. To innovate is a constant principle, in order to both improve what is already known and applied in real terms, and satisfy the needs of the customer and develop new solutions for the benefit of the life of the individual user.

The governance of innovation

Therefore, Ansaldo STS has always paid particular attention to the Research & Development activities, aimed at identifying and implementing innovative technical solutions and at developing products which are essential to operate at international level in accordance with the highest quality standards required by a market characterised by a rapid technological progress. The governance model for innovation adopted by Ansaldo STS involves all of its companies and it links strategies, technologies, products, resources and markets so that the research and development activity may be driven by the combination of excellent and distinctive competencies within the Group and the actual needs of its customers. The matching of internal factors with external evaluations is made systematic by the adoption of the new organisational structure through the relationship between the **Standard Platforms and Products** and the **Signalling and Transportation Solutions Business Units**.

BUS vs SPP: PRODUCT LIFECYCLE IS THE CRITERIA

Among development, innovation engineering, RAMS, Technical Tools and Portfolio Management



The main products designed and under development

Below are described the main products designed and under development by the Group in the recent years.

The **OTP, Optimizing Traffic Planner™ system**, is an innovative railway traffic and operation management system which allow, in real time, for the redirection of traffic in order to increase the speed of circulation and optimise the movement of vehicles, by identifying the shortest and more efficient routes for the trains the circulation of which is expected in a certain period of time. The OTP system allows to considerably increase the network capacity, while reducing operating expenses.

The automatic train control systems **Automatic Train Control (ATC) and Automatic Train Protection (ATP)**, in line with the ERTMS (European Rail Traffic Management System) standards, allow for the control of the safety of the train traffic on the railway and metro lines, as well as ensure the identification of the position of the trains, keeping a safe distance and compliance with speed limits on a continuous basis. The ATC system also includes the driverless function, with different levels of automation. The systems which adopt the ERTMS standards make it possible for the trains to run on the entire European interoperable network without being required to change the engine crew or the rolling stock at the borders, to increase the safety of the national and international traffic and to improve the management of passenger and freight traffic. Ansaldo STS applies the ERTMS standard to the Signalling systems for the High Speed lines in Italy, to the LGV Est line in France, to the Madrid-Lleida line in Spain and to the Saarbrücken-Mannheim line in Germany, as well as to the Signalling systems for the Main lines in Italy, China, India, South Korea, Romania, Greece, Czech Republic, etc..

Ansaldo STS is developing the **CBTC, Communications Based Traffic Control** technology, which, in line with the international standards, bases the urban railway traffic control activities on Radio communications, in order to allow for the full interoperability on the metro lines between different system/technological operators in the case of maintenance or expansion of existing lines. The control systems installed on board calculate the position of the vehicle and adjust its movement to the authorised limits. Thanks to the communications between the control systems placed in the adjacent area, at the interlocking points and on board, it is possible to safely manage the headways of vehicles and the capacity of the line. Additional advantages relate to:

- \ the complete systems for central control rooms, on board and ground, can be of a "stand alone" type or can be integrated with the existing systems;
- \ optimisation of the headways of vehicles (only 60 seconds);
- \ reduction or elimination of the requirement for track circuits.

Ansaldo STS installed this technology on line 3 of the Paris metro and on line 1 of the Chines metro of Shenyang.

The contribution to research in 2009

The significant contribution given by Research & Development activities to the success and growth of Ansaldo STS Group in the world continued also throughout 2009.

The major results were: the impressive orders acquired, driven by the recently developed products in the railway segment and, in particular, by the ERTMS/ETCS Level 2 for High Speed lines, the innovative metro product based on the Communication Based Train Control (CBTC) technology and the innovative products in the Security and Risk Reduction segments.

As regards the ERTMS Level 2 products, 2009 also witnessed important examples of their interoperability with other systems supplied by third parties. Specifically:

- \ Installed on the Thales trains, the On-Board system of Ansaldo STS proved to be interoperable, via GSM-R radio communications, with the RBC (Radio Block Center) Ground equipment supplied by Alstom for a stretch of line in Belgium and supplied by Thales for a stretch of line in the Netherlands;
- \ Within the context of the contract acquired by ANSALDO STS as regards the ZhengXi line in China, the tests conducted so far on the interoperability between On-Board equipment of Ansaldo STS and the RBC Ground equipment supplied by Bombardier, and vice versa between RBC Ground equipment of Ansaldo STS and On-Board equipment supplied by Bombardier, gave positive results.

The Business segment related to Security and Risk Reduction saw the completion and installation of a number of different innovative systems which contributed to the further expansion of the range of products in the traditional Signalling and Automation sectors. The foregoing also helped to support metro customers in the simulations in case of fire on the vehicle while in transit and gave an enormous contribution to the definition of the Ansaldo STS Group as an important player in the Security and Risk Reduction sector.

In the Security sector related to transport infrastructures, particularly as regards High Speed lines, the most important purpose of the systems supplied was to monitor and protect all of those parts which are considered critical, such as: stations, tunnels, bridges, viaducts, depots, power sub-stations, against:

- \ unauthorised accesses to restricted areas;
- \ thefts and acts of vandalism;
- \ sabotage and terrorist attacks.

All of the foregoing is achieved through the definition of a dedicated solution identified through the following steps:

- \ risk analysis;
- \ design of the centralised Security management system and of subsystems and technologies put forward for the measurement and integration of the required sensors and devices.

As regards Risk Reduction, on the other hand, the development was completed of the new system called TCCS® (Train Conformity Check System), which is mainly used in High Speed lines prior to entering tunnels. The main objective of this system is to increase the safety of the train, ensuring the absence of certain technical problems on board prior to its entering the tunnel.

Firstly, the control is carried out by identifying the model of the approaching train, and then the train passes through a portal which detects anomalies (if any):

- \ of a mechanical nature, such as, for example, changes in the profile, irregular protruding loads or anomalies on the wheels;
- \ of a thermal nature, sign of possible hot boxes.

Also as regards the Risk Assessment sector, 2009 witnessed a successful test on a metro car on fire in a tunnel, conducted at the Fire Brigades Operational Training School in Montelibretti (Province of Rome).

This test, the complex project of which was launched nearly two years ago on the initiative of the management of Roma Metropolitana and of Ansaldo STS, was aimed at demonstrating the validity of the technological and equipment selections within the Project for the Rome Metro Line C in terms of fire safety.

The intention was to measure, under real conditions, the liveability of the environment, the resistance of the vehicle, the efficiency of alarms and of the related countermeasures in case of fire on a train in a gallery of the Line C in Rome.

A sensor network was then constructed which is comprised of thermocouples, anemometers, Pitot tubes, luxmeters, opacimeters, gas analysers and strain gauges, of over four hundred sensors, some of which were custom developed. This network allowed for the real time monitoring of the fire and the acquisition of millions of data.

The experiment was structured in three tests: spontaneous, forced and malicious ignition, carried out in three different days. The related organisation was planned in every small detail due to their non-repeatability characteristics.

Investments in innovation and intellectual property

As 31 December 2009, Research and Development costs came to over EUR 41 million, equal to 3.5% of the turnover, with the involvement of over 500 resources. The activities developed by the Signalling Unit, for an aggregate value of almost EUR 37 million, account for 92% of the total.

Ansaldo STS carefully protects its intellectual property, applying, inter alia, for the registration of patents and trademarks. At 31 December 2009, Ansaldo STS held 73 patents and 29 registered trademarks.

Additional 31 patents, 10 of which in 2009, and 9 trademarks have been applied for and are being assessed.

The Innovation Award of Finmeccanica

The Innovation Award is the symbol par excellence of the investment made by Finmeccanica in people, and every year it allows to find innovative ideas related to the business areas in which the Group is involved. This project is based on the idea that at Finmeccanica there is a wealth of expertise, skills and creativity of the individual persons which is not fully emerged yet but which represents the engine of all of its activities. The purpose of this award is to express and share the "silent" knowledge not only of the specialist technicians, engineers, basic research staff, but also of each individual who works in any company unit, and to transform it in "explicit" knowledge which enhance the individual talent by making it a common asset.

As member of the Finmeccanica Group, Ansaldo STS actively participates in the Innovation Award. The company encourages the participation of its employees, and confers an award to the first three projects qualified.

In 2009 this initiative was extraordinarily successful thanks to the presentation of 90 proposals received from the Italian, French, American and Australian Units. The winning proposals were:

Piezorail – utilisation of piezoelectric devices to recover energy in the railway industry.

Virtual Stuart – multimedia solutions for passenger service in driverless metros.

Precision Stopping Tags Allocation – method for the efficient allocation of stopping points.

THE RELATIONSHIP WITH STAKEHOLDERS



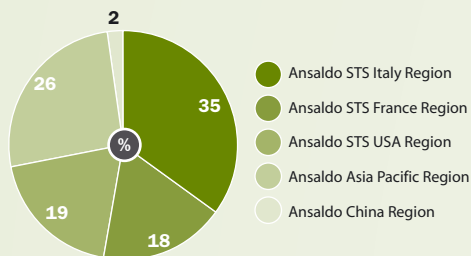


CARTA D'IDENTITÀ

STAFF IN NUMBERS

4,339 people in 5 continents and in 22 different Countries, with a common goal:
to work together and reduce distances!

Staff - Personnel breakdown*



PROJECTS AND HIGHLIGHTS

- \ Promoting internationalisation.
- \ Promoting a multicultural environment.
- \ Promoting a global know-how.
- \ Promoting international mobility programmes.

SUMMARY OF FUTURE COMMITMENTS

- \ To expand the range of people involved and improve the KPIs of the performance appraisal system.
- \ To prepare a worldwide global intranet aimed at improving knowledge of the organisation, its processes and people.
- \ To launch a management system for the development of careers and a model harmonised at worldwide level.

(*) See page 74.

Personnel Management Policy

Human resources are an essential element for the existence of the company itself and a critical factor for a successful competition in the market. Honesty, loyalty, skills, professionalism, reliability, technical training and commitment are thus the driving factors to achieve the targets of the Ansaldo STS Group and represent the characteristics required from its directors, statutory auditors, employees and staff collaborating for any reason whatsoever.

In order to contribute to the pursuit of the corporate purposes and make sure that all persons will pursue such objectives in accordance with the ethical principles and the values which inspire Ansaldo STS, the corporate policy aims at selecting each employee and member of staff collaborating for any reason according to aforementioned values and characteristics. The Group thus provides equal work opportunities, ensuring a fair treatment on the basis of the individual expertise and skills.

Within the selection process – carried out in accordance with the principle of equal opportunities and without in any way discriminating the applicants on ground of their private life or personal opinions – the Ansaldo STS Group makes sure that the resources acquired match the profiles actually required by the corporate needs, avoiding any partiality and facilitation whatsoever and basing the election only on the criteria of professionalism and competence.

The staff are hired by virtue of a regular employment contract, in compliance with the laws, collective agreements, internal agreements and applicable regulations. Specifically, the Group does not allow or tolerate any employment relationship – not even when established by external collaborators, suppliers or business partners – which breaches the current regulations governing the employment of minors, women or immigrants.

During the term of the employment relationship, the Ansaldo STS Group undertakes to establish and maintain the conditions required to further expand the skills and knowledge of each individual in accordance with such values, by pursuing a policy based on merit recognition and equal opportunities, and by providing for specific programmes for professional development and acquisition of greater skills. Therefore, the employee is required to develop and demand the acquisition of new competencies, skills and knowledge, while executives and department managers must pay the utmost attention to enhancing and increasing the professionalism of their staff, creating the necessary conditions for the development of their skills and the realisation of their potential.

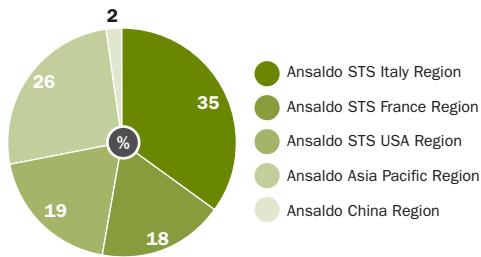
The management of human resources, just as the selection thereof, is based on the principles of fairness and impartiality, avoiding any partiality or discrimination, in line with the professionalism and competencies of the worker. In pursuing the corporate purposes, the worker must in any case act in the knowledge that ethics is a primary concern of the Group and that, therefore, no behaviours will be tolerated which, even though it may appear that they are theoretically for the benefit of the Group, are actually in conflict with laws, the applicable regulations, the Organisation, Management and Control Model and the Ethics Code.

Through its functions and dedicated resources, the Ansaldo STS Group promotes and constantly manages the knowledge of the Ethics Code, of the attached protocols and of the related updates, as well as of the business areas of the different functions, with allocation of responsibilities, lines of command, description of duties and personnel training. The information on and knowledge of the Ethics Code and of the related specific protocols are based, first of all, on the distribution of the appropriate documentation to all employees and staff collaborating for any reason, who are required by the Group – upon delivery of the information material related to the Ethics Code – to sign the declaration of receipt and acknowledgement of such documents. Secondly, the Group arranges for its employees and staff collaborating for any reason and of any level, appropriate training and refresher programmes, organised by the competent functions, on the Ethics Code and related protocols. The company personnel may however, at any time, request to their chiefs advice and explanations on the Ethics Code and protocols, as well as on the duties assigned to them. On the occasion of the establishment of new employment and/or collaboration relationships, Ansaldo STS will promptly provide the information necessary for an adequate knowledge of the Ethics Code and protocols, with specific regard to those related to specific competencies (Ethics Code, 06/03/2009, pages 7/8, par. 3.1-3.4).

Headcount and breakdown

The workforce of the Ansaldo STS Group at 31 December 2009 stood at 4,339 people broken down as follows:

Staff - Personnel breakdown



78% of the staff is male, and 22% female.

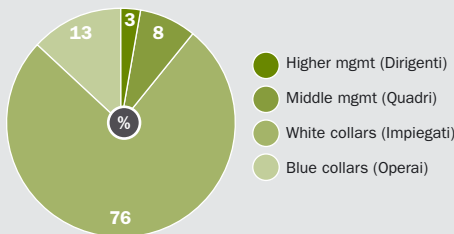
The Ansaldo STS Group applies open-ended contracts to over 95% of its staff, thus contributing to the stability of the future of those who work for the Group. The data reflects the criteria which are closer to the Italian/European laws.

The data related to non-EU Countries was attributed to the aforementioned categories according to the principle of the similarity of contracts. In addition to the 4,339 regular staff, the Ansaldo STS Group also employs 127 temporary workers,

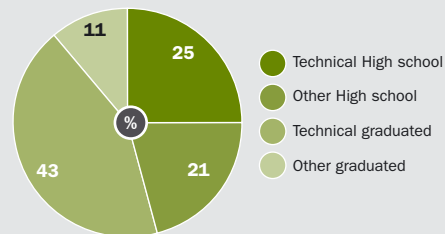
58 workers employed with a project contract, 45 trainees and 398 staff employed with contracts of different categories applicable in the different Countries where the Group is active.

Below is the breakdown of staff by professional category, educational qualification, age and length of service at Group level is the following:

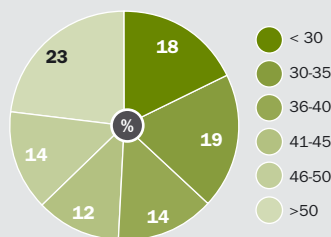
Staff by professional category



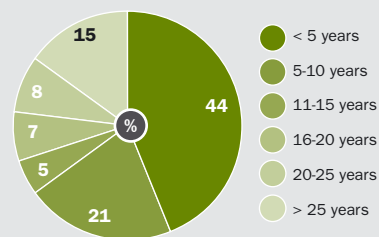
Staff by educational qualification



Staff by age



Staff by length of service



The Asia Pacific Region was only created approximately ten years ago. Originally, there were no more than 100 employees; today there are more than 1,000, with an almost constant annual rate of growth. Consequently, all the employees of this Region have an average length of service lower than that of the employees of other Regions. Additionally, the turnover rate is physiologically higher due to the vivacity of the Australian market, which offers interesting opportunities to the local population.

(*) The Regions are defined as follows.

- Ansaldo STS Italy Region includes: Italy, Denmark, Finland, Germany, the Netherlands, Romania, Czech Republic, Tunisia, Turkey and Greece.
- Ansaldo STS France Region includes: France, Finland, United Kingdom, Ireland, Spain, Portugal and Sweden.
- Ansaldo STS USA Region includes: USA and Canada.
- Ansaldo Asia Pacific Region includes: Australia, Malaysia, Taiwan, South Africa, India and Botswana.
- Ansaldo China Region includes: China, Hong Kong and South Korea.

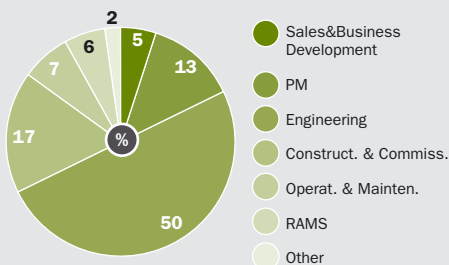
The signalling and railway transport market in which the Ansaldo STS Group is active is characterised by a high level of competition, technological complexity and continuous innovation. This business requires both engineering skills and competence in the management of medium-to long-term projects in international contexts, often using sub-supply contracts or purchasing entire packages.

This leads to the limited use of internal production activities (which are generally carried out by blue collars and less qualified workers) and to higher volumes of design and management activities related to complex contracts which are carried out by engineers or highly specialist technicians/graduates. The availability of skilled labour thus becomes one of the critical factors of success.

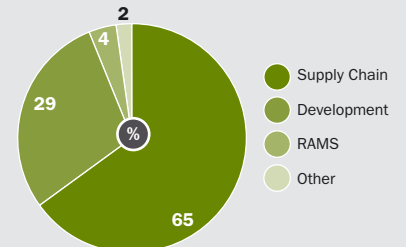
The Ansaldo STS Group has, upon request, granted part time employment to 23 women working in Italy, 33 women and 6 men working in the Western Europe & North Africa Region, to 10 women and 2 men working in the Asia Pacific Region.

Of the 4,339 workers, 65% work in the Signalling and Transportation Solutions Business Units, 21% performs services for the Standard Platforms & Products (SPP) unit, while the remaining 14% is part of the staff; their distribution by functional area is as follows⁷:

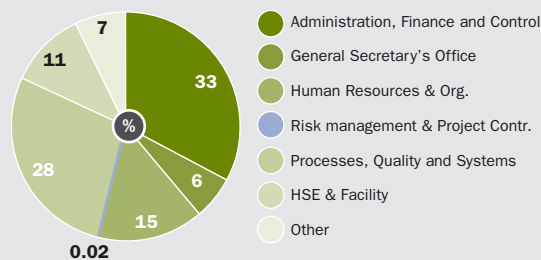
Signalling and Transportation Solutions Business Unit staff



Standard Platforms & Products staff



Staff



7. **Sales & Business Development** = processes analyses and marketing plans; prepares the subsequent business programmes and budgets for the Italian market and for the other markets assigned, ensures the submission of the business proposals and provides the guidelines for the application configurations of the products and of the related services, costs and timing of delivery.
PM = is responsible for managing, in accordance with the timing, costs and quality of the production orders, ensuring the interface with the customer, analysing divergences (if any) and proposing corrective actions.
Engineering = is responsible for the design and implementation of the automation, supervision and telecommunication systems, defining the rationales and data for the management of the installation software.
Construction & Commiss. = is responsible for the construction and management of site infrastructures, as well as of the construction, assembly and start-up of transport systems, in accordance with the performances, delivery times and costs defined, and quality standards, ensuring the ideal logistic management of materials and sites. It ensures the definition of the strategies required for the technical, technological, operational and business development of the customer service and support area.
Operat. & Maintenance = is responsible to ensure, where required, the operation and maintenance of railway transport systems, in compliance with the contractual performance requirements, both in terms of service availability and safety.

The relationship with stakeholders

Exchange relationships with the internal community: Human Resources

Below is the table reporting the changes in human resources within the Ansaldo STS Group in 2009:

	BALANCE 2008		Increases		Decreases		BALANCE 2009		TOTAL
	Males	Women	Males	Women	Males	Women	Males	Women	
Region Ansaldo STS Italy	1,202	259	89	19	40	6	1,251	272	1,523
Region Ansaldo STS France	620	189	41	15	59	10	602	194	796
Region Ansaldo STS USA	652	298	36	16	121	49	567	265	832
Region Ansaldo Asia Pacific	945	187	230	60	251	47	924	200	1,124
Region Ansaldo China			33	12	1	7	47	17	64
TOTAL	3,419	933	429	122	472	119	3,391	948	4,339

The higher turnover recorded in the Americas and in Asia Pacific is the result of the local culture, where the employee prefers to look for new professional opportunities, rather than invest in a loyalty relationship with the company. This attitude is supported by the greater availability, compared to Italian and French workers, towards geographical mobility, both nationally and abroad.

Pay and incentive schemes

The Ansaldo STS Group manages the employment relationship with its employees in accordance with the provisions of law applicable in the different countries where it is active.

LABOUR LAWS AND THE ANSALDO STS GROUP

Below is a brief summary of the main relevant legislative/regulatory frameworks:

ITALY

The employment relationship is governed by the Constitution, the Civil Code and Special Laws, national collective labour agreements (CCNL) and the European Union laws. Ansaldo STS applies the CCNL related to the engineering industry and the CCNL for Managers of companies producing goods and services, which provide for standard minimum economic/regulatory conditions for all the contractual categories. In addition, supplementary company agreements (other than for managers) negotiated with the Trade Unions are also applied, which provide for more favourable conditions for employees.

UNITED STATES

There are no national collective labour agreements regulating the employment relationship. Each employee individually negotiates his/her terms of employment. There are, however, supervisory and worker-protection bodies:

- \ EEOC – Equal Employment Opportunity Commission. This federal Commission ensures equal employment opportunities (no discriminations on grounds of religion, gender, age, disability, etc.);
- \ FLSA – Fair Labour Standard Act: this federal standard regulates child labour, overtime and minimum wages. These same subjects are also regulated internally in each State according to the specific needs of the individual State. All of these rules are brought to the attention of the employees through posting in conspicuous places.

FRANCE

There are collective agreements with the trade unions, both at national level "Convention Collective", and at company level. The French legislation and the EU laws protect human rights, equal opportunities, child labour, etc..

SPAIN

There are collective agreements with the trade unions at regional level, "Acuerdos Colectivos". The Spanish law guarantees: freedom of association, freedom of assembly, freedom of being collectively represented, non-discrimination. Furthermore, the law also protects child labour, maternity, and also provides for specific benefits to working mothers. These rights are also sanctioned by the Constitution.

AUSTRALIA

There are no national collective agreements. The employee individually negotiates his/her contract, which must comply with the minimum legal requirements. As regards blue collars, there is a collective company agreement negotiated with the trade unions. As regards human rights, laws are applied:

- \ at federal level: Age Discrimination Act 2004 (Cth); Disability Discrimination Act 1992; Human Rights and Equal Opportunity Commission Act 1986; Racial Discrimination Act 1975; Sex Discrimination Act 1984.
- \ at state level: New South Wales Anti-Discrimination Act 1977 (NSW); Queensland Anti-Discrimination Act 1996 (QLD); South Australia Equal Opportunity Act 1984 (SA); Victoria Equal Opportunity Act 1995 (VIC); Western Australia Equal Opportunity Act 1984 (WA).

These laws are expressly referred to in internal procedures.

As regards Countries such as **India, Malaysia, Botswana** employment contracts are entered into on an individual basis. However, the aforementioned procedures also provide for the application, even though not expressly formalised, of the minimum standards applicable at Group level, in these countries

CHINA

There are no collective labour agreements regulating the employment relationship. Each individual employee individually negotiates his/her terms of employment. In China there is the so-called Labour Law of the People's Republic of China and the Constitution of the P.R. of China, which guarantees freedom of association, equal opportunities, etc..

EQUITY OF PAY

The Ansaldo STS Group periodically carries out the assessment (weighing) of the most important organisational positions, making use of specialist companies in the industry, and compares the remuneration of the persons holding such positions, under similar conditions in terms of the weight of the position, with the relevant market. In case of any misalignment with the market and of positive performances, the related pay adjustments are made. The weight of the position held is directly proportional to its complexity, which is assessed based on three parameters: the required competence, the problem solving and the economic or numerical dimension.

To date, in light of the corporate reorganisation project, approximately 150 positions have already been weighed at worldwide level and it is expected that the activities for assessing the equity of pay will be expanded so as to cover not less than 200 positions.

After this process, pay adjustments will be considered for those roles whose pay is found not to be consistent with the weight of the position held compared to the relevant market. The table below reports the average gross remuneration paid by the Ansaldo STS Group, as broken down by category and gender:

CATEGORY	2009									
	Ansaldo STS Italy Region (€/000)		Ansaldo STS France Region (€/000)		Ansaldo STS USA Region (\$ USA/000)		Ansaldo Asia Pacific Region (\$ AUS/000)		Ansaldo China Region (Renmimbi/000)	
	Males	Women	Males	Women	Males	Women	Males	Women	Males	Women
Higher management	110	80	104	99	190	135	202	196	1.674	
Middle management	48	45	80	62	124	103	156	109	541	366
White collars	32	30	46	36	77	59	62	50	339	261
Blue collars	23	23	24	20	37	31	61	33*		

* The data concerning the average gross annual remuneration of blue-collar women working in Asia Pacific is not significant since it is calculated on a workforce of 5 persons, 2 of whom are located in Botswana (where personnel cost is lower), 1 in India (where personnel cost is lower) with the remaining 2 persons located in Australia.

In the Asia Pacific Region, the average gross annual remuneration of blue collars is similar to that of white collars since blue collars are all Australian whereas white collars also come from India and Malaysia, where personnel costs are lower (the average remuneration of white collars does not include the remuneration of those from Taipei).

INCENTIVE PLANS

The incentive schemes (for non-managers) are mainly linked to the "management by objectives" process (MBO) or to specific performance indicators (KPI) of strategic projects, upon achievement of which bonuses are granted. They are applicable to some middle managers of "key" importance to the business, or to team staff working on strategic projects. The bonuses range from 10% to 15% of the gross annual remuneration (RAL).

As regards the remaining workforce, when included in structured Performance Management systems (see page 39), the payment of a bonus (max 10% of RAL) is envisaged for those performances considered as high.

In addition, there is a Remuneration Committee which has been set up by a resolution passed by the Board of Directors of the Ansaldo STS Group (see page 45). The Committee meets regularly and the Human Resources Manager also attends its meetings.

The duties of the Committee are as follows:

- \ to propose the economic/regulatory treatment of the CEO. For this purpose, it avails itself of the market surveys carried out by Companies expert in this field which can provide an appropriate benchmarking;
- \ to assess the proposals of the CEO on the general remuneration and incentive criteria for the managers of the Company.

The Committee has also reviewed and approved a document prepared by the HR Management which is aimed at positioning all of the members of the Group management into a performance/potential matrix, with the purpose of also taking into account, in determining the remuneration, the impact of replacing the individual and of moving him/her to other positions, etc..

The fixed and variable incentive schemes are defined consistently with the position held, the importance of such position and the positioning of the individual manager into the aforementioned matrix. Similar assessments are also made for those who are eligible for the stock-grant plan.

At 31 December 2009, the breakdown of the managers included in the medium-term (stock grant) and long-term (cash) incentive scheme was as follows:

	Ansaldo STS Italy Region		Ansaldo STS France Region		Ansaldo STS USA Region		Ansaldo Asia Pacific Region		Ansaldo China Region	
	Males	Women	Males	Women	Males	Women	Males	Women	Males	Women
STOCK-GRANT	27	3	10	1	6	1	9	1	0	0
CASH	2	0	1	0	1	0	1	0	0	0

Employee benefits

The Ansaldo STS Group has a very structured policy for managing the initiatives in favour of the employees. This policy includes a set of benefits whose grant and use vary according to the professional categories and the social and cultural peculiarities of the country of residence of the employee. Below are reported a list and a brief description of the main benefits and initiatives for the employees provided for by the Group policy:

\ Company health insurance

The Ansaldo STS Group provides its employees with medical assistance additional to that provided by the healthcare systems in the various countries where the employees of Ansaldo are resident. These policies cover a number of medical needs (e.g. specialist examinations, hospitalisation, medical services, etc.) and are diversified according to the professional category of the employee (executive, middle manager and white collars have different refund limits). It is up to the employee to decide whether to take out these additional policies, and, in the case of signing, he/she pays a monthly contribution for the registration. The remaining amount for the policy is paid by the company in favour of the employees who have taken out the policy.

\ Check Up

The Ansaldo STS Group provides for the possibility of having an annual medical check up whose costs are fully borne by the company.

\ **Company accident insurance**

The Ansaldo STS Group provides its employees with an accident insurance policy that covers employees' accidents both at work and outside of work, 7 days a week and 24 hours a day. The costs of this policy are fully borne by the company. This policy covers the entire workforce in Italy France, Australia and India. It is granted to white and blue collars in Malaysia, while it is not granted in the USA.

\ **Abroad travel insurance (e.g.: Europe Ass)**

The Ansaldo STS Group provides its employees with an accident insurance policy which covers any accidents and first aid needs for the employees working abroad. The costs of this policy are fully borne by the company. This policy covers the entire workforce of the Ansaldo STS Group.

\ **Company Life insurance**

The Ansaldo STS Group provides its employees with a life insurance policy. The costs of this policy are fully borne by the company. This policy is intended for the executives of ASTS Italy, it covers the entire workforce of ASTS USA and France, and white collars and blue collars in Malaysia.

\ **Company Car**

The Ansaldo STS Group provides its employees with a company car (through a formula which is similar to leasing). The car may be assigned for multipurpose use, i.e. it may be used by both the employee and his/her relatives/next of kin, subject to prior notice to the company. The employee pays a monthly contribution and the company pays the difference. Company cars may be assigned to executives and middle managers of a high profile working for Ansaldo Italy, USA, India, France, as well as to the entire workforce in Australia.

\ **Fuel Allowance**

The Ansaldo STS Group provides its employees with a fuel allowance up to an annual limit, which may be used for car refuelling. The costs of this benefit are borne by the company. This benefit may be assigned to executives working for Ansaldo Italy and to executives and middle managers working in India.

\ **Company Housing**

The Ansaldo STS Group will make housing arrangements for those employees working on secondment for medium- to long-term periods. The costs of this arrangement are fully borne by the company. This benefit is available to the employees of Ansaldo STS Italy, to middle managers and white collars in Malaysia and to middle managers, white collars and blue collars in Australia.

\ **Professional membership allowance**

The Ansaldo STS Group offers its employees the possibility to join professional associations (e.g. the register of engineers). The costs of this registration are fully borne by the company. This benefit may be granted to executives in ASTS Italy and to the entire workforce in ASTS Australia.

\ **Corporate credit cards and banking arrangements**

The Ansaldo STS Group offers its employees the possibility to get, under concessional terms, a corporate credit card linked to the current account of the employee, but which is regulated by the terms and conditions agreed between ASTS and the credit institution. The credit cards available to the employees of ASTS are Visa and Master Card. The costs for the Visa card are fully borne by the company, whereas the employee contributes to a small portion of the costs charged by American Express. ASTS also offers its Italian employees the possibility to open current accounts under concessional terms with selected banks. Furthermore, bank branches and ATMs are located at some of the main offices of ASTS which allow the employees to benefit from a better and more efficient performance of the main banking services.

\ **Canteen and break area service**

The Ansaldo STS Group provides a canteen service at all of its main offices(e.g.: Genoa, Brisbane, Pittsburgh, Les Ulis, Tito, Riom, etc.). In Italy the employee contributes to pay the canteen costs through a deduction from his/her wages sheet, whereas in the other countries he/she pays such costs directly when using the canteen services. This service is provided under concessional terms which are regulated by the agreements entered into between ASTS and the companies that run the canteens. Many offices of ASTS (e.g. USA, Australia etc,) are provided with break areas where the employee may have hot drinks (e.g. tea, coffee, etc) and other facilities (e.g. use of microwave oven, refrigerator etc.) free of charge.

Human rights within the Ansaldo STS Group

NON-DISCRIMINATION

Human resources are an essential element for the existence of the company itself and represent a critical factor for a successful competition in the market. Therefore, in order to contribute to the development of the corporate purposes and make sure that all persons will pursue such objectives in accordance with the ethical principles and the values which inspire the Group, Ansaldo STS offers equal employment opportunities, ensuring a fair treatment on the basis of the individual expertise and skills.

To date, in fact, no discrimination cases and/or events of any kind whatsoever have been reported. In order to avoid any discrimination situations, even if only potential, the Ansaldo STS Group, upon appointment or the start of the employment relationship, requires its directors, employees, advisors and staff collaborating for any reason, to sign a specific declaration where any person undertakes to promptly inform in detail the Supervisory Board (pursuant to Legislative Decree no. 231/2001) in the event that he/she should be involved in any actual or potential discrimination situations. This Board is also entrusted with the fundamental task of supervising the operation of, and compliance with, the Organisation and Management Model adopted by Ansaldo STS

\ Recreation Centres

The employees of the Ansaldo STS Group in Italy have created some recreation centres also known as CRAL (*Circolo Ricreativo Aziendale per i Lavoratori*). They represent a free association of workers and are structured in the form of a real entity independent from the company. The employees who join the CRAL association will pay a fee deducted from their pay envelope. The members of the CRAL association may participate to a number of activities (sports or other), take advantage of discounts at partner shops (bookshops, opticians, etc.) and periodically receive gadgets.

\ Sport Initiatives

The Ansaldo STS Group in Italy offers the possibility of taking part in the events of the Finmeccanica Group, such as the football tournament and skiing competitions organised by the employees of the different Group companies on an annual basis. Ansaldo STS also provides its Italian Employees with the opportunity to participate in motorcycle gatherings.

\ Transportation agreements

The Ansaldo STS Group has entered into a number of agreements with transport operators (e.g. the "consorzio unico Campania", the French railways, etc.). The relevant subscriptions may be purchased by the employees under the concessional terms negotiated by Ansaldo STS. The cost of the subscription is deducted monthly from the wages sheet of the employee. Discounts on transport fares are also available to the employees of Ansaldo STS France.

THE PEOPLE CARE PROJECT

The concept of "People Care" has a very broad meaning for the Ansaldo STS Group and is applied to the concept of "well-being" of the worker both as a professional and as an individual. The "care" for employees then ranges from ensuring a comfortable and stimulating working environment (especially in terms of relationships with colleagues and between managers and staff) to the promotion of dedicated services or initiatives (which may also be extended to their families). The basic concept is linked to the "Total Reward" strategy, which is based on tangible and intangible aspects, capable of improving the satisfaction of the people. It is not a coincidence, in fact, that "People" is one of the 5 values selected by the Group as the symbol of its "identity": the concept of people "at the heart" of the organisation implies the attention paid by the company to making the working environment a place where competencies, relationships and motivation may be developed on a continuous basis. The existing tools already include: flexibility of working hours, agreements with commercial and sports facilities, benefits such as health insurance (for some categories) and mobile phones, family open days, education allowances for employees.

The People Care project will be expanded in the next future and will consider new opportunities in terms of services and support to the employees, in order to strengthen the sense of belonging to the company, as well as motivation, which is the main drive of the well-being within the company.

pursuant to Legislative Decree no. 231/01, as amended, and the Ethics Code. The Supervisory Board is granted independent powers of initiative and control. Furthermore, this Board operates with wide discretion and with the full support of Ansaldo STS top management, with which it cooperates in complete autonomy. In order to facilitate the flow of reporting and information to the Supervisory Board, a dedicated information channel has been set up (OdV@ansaldo-sts.com) through which anyone who becomes aware of unlawful behaviours and/or discriminatory practices may report, freely and confidentially, directly to the Supervisory Board.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The freedom of association and collective bargaining is always firmly recognised within the Ansaldo STS Group as an inviolable right of the workers, and it has never been exposed to risks and/or sabotage of any kind.

CHILD LABOUR

The staff of the Ansaldo STS Group are hired by virtue of a regular employment contract, in compliance with the laws, collective agreements, internal agreements and applicable regulations. Specifically, the Group does not allow or tolerate any employment relationship - not even when established by external collaborators, suppliers or business partners - which breaches the current regulations governing the employment of minors, women or immigrants.

FORCED LABOUR

Within the Ansaldo STS Group the risk of forced labour is absent. In addition, the Group also requires its contractors and sub-contractors to ensure the same irreproachable conduct in order to contribute to the abolition of such unlawful practices.

BRIBERY

Since the start of its operations in 2006, the Ansaldo STS Group has adopted the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001, which deals, inter alia, with bribery offences; during the 2004-2005 period such Model was also adopted by the two Italian subsidiaries which were then incorporated into Ansaldo STS effective from 1 January 2009. In the case of acts of bribery (which have never occurred so far in the Group), the reaction would be the disciplinary sanction as required by the Model, which also provides for dismissal without notice.

The risk areas, which include both those exposed to direct risks and those which support the commission of bribery offences, and which are subject to the formalities required by the Organisation, Management and Control Model are: sales, management of orders, sites, administration, finance and control, quality, HR and soft loans.

All the employees are given an information notice whenever the Model is subsequently updated. Certain employees, who represent about 25% of the workforce and who have been identified as operating within the areas subject to the risk of crime, or executives and middle managers of the company, received a specific e-learning training for about 1.5 hours.

Recruitment and selection

The Ansaldo STS Group has entered into Framework Agreements with the Universities of Naples, Genoa, Turin, Potenza, Dresden and China. These relationships allow young people to join the company already starting from the period of preparation of their degree thesis and/or of the PhD. To this recruiting channel must be added the employment agencies which are partners of Finmeccanica (the major of which are: Adecco, Randstad and Manpower), used to find young new graduates; some head hunters belonging to specialist staff recruitment companies, used especially as regards high profile positions. The selection process is carried out at the company's offices and it consists of a motivational interview with the Human Resources function, a technical interview with the area manager and a background interview with the head of the company. Once this process is concluded, the three interviewers share and prepare a valuation report on the candidate.

In 2009 the following employment agreements were entered into by the Ansaldo STS Group as a whole (this data refers to the number of employment agreements which became effective in 2009, and not to the number of hires): 7 executives, 12 middle managers, 361 white collars and 72 blue collars.

Training and development

The market scenarios, which significantly changed during the last two years, see the Ansaldo STS Group facing commercial, technological and managerial challenges which call for organisational and management actions capable of redirecting the corporate culture, of adjusting its professional system and updating its distinctive skills.

In this framework, professional, managerial and specialist training has represented, and will represent, even more in the future, a key lever to enhance human resources and adapt their skills to the contexts offered by the market, through the search for a continuous improvement of the quality standards of training activities.

The basic approach is to translate the strategic objectives of the company into consistent operating procedures, through the development of "core" skills, on one hand (which are necessary to allow the control over working activities), and, on the other hand, through the requirement to comply with the distinctive values from a managerial point of view.

The investment in training, which is also made in line with the initiatives promoted by the Corporate area of Finmeccanica, is developing through initiatives related to four main areas of issues:

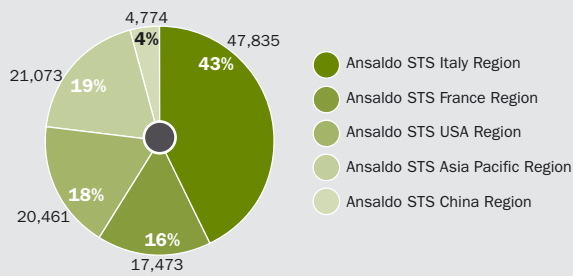
- \ regulatory training;
- \ language training;
- \ managerial training;
- \ technical-specialist training.

These types of training are in part cross-sector, in that they are aimed at different targets, especially where they deal with the compliance with specific regulations and updates of common interest, and in part are specific to functions, where they are focused on developing specialist skills.

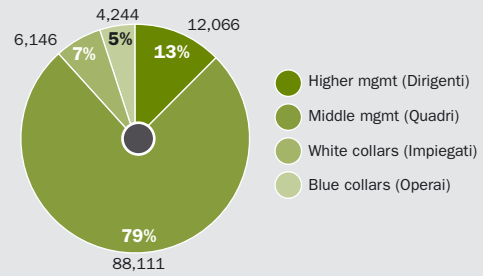
In addition the Group offers specific training initiatives dedicated to certain categories of the company's workforce, such as executives, middle managers under development and young people with potential, ensuring paths functional to the career development or to the enhancement of the skills necessary to control the responsibilities linked to the role.

Below is a summary of the training hours, equal to a total of 111,615, broken down by Region of the Ansaldo STS Group, professional qualification and training categories:

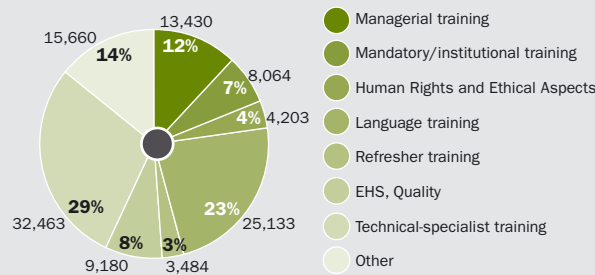
Number of training hours



Number of training hours by professional qualification



Number of training hours by training category



STAFF ASSESSMENT, DEVELOPMENT AND ENHANCEMENT PLAN

The appraisal of performance is one of the fundamental tools to manage the development of human resources. It is increasingly becoming a structured and uniform process at international level. Once it is in full operation, it will be applied to all the resources of the Ansaldo STS Group according to a global scheme including a phase where the objectives are formally assigned, a coaching phase, based on the continuous monitoring of the performance by the direct responsible manager, a final assessment phase, supported by cross-evaluations which allow a comprehensive vision of the individual performances.

The main driver of this process is the manager-staff communication, which is considered crucial to sharing not only the targets to achieve, but also the development prospects of the resources. The allocation of targets and its subsequent assessment represent, in fact, an important passage in order to weigh expectations and competencies and to work together, through transparent and structured feed-backs, with a view to the improvement and development of the resources.

The final assessment also includes the considerations related to the extent to which the resources actually apply corporate values: *"customer focus, innovation & excellence, people, integrity, team spirit."*

In general, the development of resources, besides being supported by the appraisals of performance, is also supported by assessments of the potential, which are applied in specific phases of the professional path of the resources (e.g.: to assess their eligibility for promotion to greater responsibilities). This process is generally carried out by external assessors who are specialised in the subject. The outcome of such assessments is returned, in the form of a structured feed-back, to the persons concerned and to their managers, and represents

a guideline for the creation of dedicated paths of competence development, aimed at filling the gaps found. There are different types of action: attendance at training and/or development courses, coaching, inclusion in corporate projects, etc.).

The assessment of performance and potential, together with the assessment of the organisational positions held, represent the main references to support promotions to managerial categories, such as "middle manager" and "executive" positions. An overall assessment of the specialist role-specific skills and of the autonomy/responsibility levels is also a reference to support promotions to higher professional categories.

Below is the table reporting the number and percentages of employees included in the assessment system of the entire Ansaldo STS Group:

	No. of employees included in the assessment system	Total no. of employees	% of employees included in the assessment system
Higher management	120	120	100%
Middle management	390	409	95%
White collars	1,890	3,314	57%
Blue collars	152	496	31%

Due to the influence of the Anglo-Saxon culture in the Americas, Asia Pacific and China regions, almost all of the employees are included in performance appraisal systems. This is also due to the fact that the employment relationships are individual and little regulated from a contractual/legal perspective and that there are no automatic pay increases.

As regards Central, Eastern Europe & Middle East and Western Europe & North Africa, Regions characterised by a higher level of contractual regulation (although different from Country to Country, as is the case, for instance, for Italy and France), the number of employees included in the performance appraisal system is lower, although continuously and steadily increasing. Specifically, all of the Italian and French executives are included in the system, whereas, as regards the other categories, some criteria for the inclusion in the performance appraisal process have been defined and formalised in annual guidelines. They are:

- a. almost the entire middle management;
- b. all the managers responsible for units formalised from an organisational perspective;
- c. the "talents" identified through preliminary processes of assessment of the potential;
- d. white collars who are considered to be of "key" importance, for the current year, due to their involvement in critical/strategic projects (discretionary decision by the direct responsible manager).

Internationalisation and multicultural environment

The reorganisation currently in progress will deeply modify the operational structure of the Ansaldo STS Group, transforming it from a pure holding into an operating company, the functions of which will be allocated responsibilities at worldwide level and no longer only in the individual countries. As a consequence, it is necessary to encourage knowledge, communication and exchanges between the resources of the Group's different sites worldwide. Significant internal mobility processes, which involved all of the functions, were implemented and promoted. Of the different projects, the so-called Columbus Project is worth mentioning. Launched in 2007, this project is intended for young resources who have high potential and expertise and are available for travel/transfers, motivated and oriented to an international career. This is a structured process which provides for: a 5-day training course on the different cultures of the Countries where the Group is active, with the in-class participation of foreign employees and/or resources with similar experiences; the secondment abroad for a period of up to one year on a specific work project of the related function. To date, 9 resources have been involved in this second phase: 6 Italians and 3 foreigners.

In addition, within the context of the change in progress, international mobility was strongly encouraged in support of the activities of the Change Team, an internal operational board set up for the purpose of managing the change based on cross-sector and international skills and experiences. Resources from different geographical areas moved to offices other than their own to work on the delivery of specific objectives linked to the new organisation. This has led to a constructive exchange based on the recognition of multiculturalism and diversity as enriching factors for the development of the company.

Of the staff working in Central, Eastern Europe & Middle East, Regions, 17 are permanently seconded abroad, particularly in China, Germany, Russia, Australia, Denmark, Romania and Tunisia. 9 employees of Ansaldo STS France are permanently located in Australia, China, UK, Korea and Arab Emirates.

Of the staff working in the Americas, 6 work in China and Italy on a permanent basis, while 13 employees of Ansaldo STS Asia Pacific work in India, Malaysia and Botswana. Finally, 9 resources from Ansaldo STS China work in Italy, USA and France.

Internationalisation and multiculturalism are also achieved thanks to the use of resources of different nationality: in Italy there are 17 employees who are nationals of the following Countries: Bosnia, Ecuador, Israel, Malaysia, Morocco, Mexico, the Netherlands, Spain, Turkey, Hungary, UK, Greece, India, Romania, Tunisia. In France, 27 employees are nationals of the following Countries: Malaysia, Australia, Ireland, Italy, Morocco, Tunisia, Algeria, Portugal, Spain, Congo, Germany, Denmark, Belgium, Korea.

In the United States it is illegal to keep a record of the citizenship/nationality of the employees. However, it is possible to report that there are employees from at least 20 different countries.

Of the 64 employees working in China, 10 are of Italian, French and American nationality. Finally, of the employees from the Asia Pacific Region, 3288 are of a nationality other than that of the Country where they work.

Number of employees who participated in internationalisation and multiculturalism programmes, broken down by professional category (unit of measurement: no.)

CATEGORY	2009									
	Ansaldo STS Italy Region		Ansaldo STS France Region		Ansaldo STS USA Region		Ansaldo Asia Pacific Region		Ansaldo China Region	
	Males	Women	Males	Women	Males	Women	Males	Women	Males	Women
Higher management	3	1	2	0	2	2	0	0	0	0
Middle management	3	0	2	1	0	0	0	0	0	0
White collars	8	4	12	3	2	1	9	3	0	0
Blue collars	1	0	0	0	0	0	0	0	0	0
TOTAL	15	5	16	4	4	3	49	3	0	0

Health and safety⁹

The Ansaldo STS Group adopted a policy for workers' health and safety that goes beyond the classic concept of prevention of occupational injuries and diseases, but, rather, focuses on the continuous improvement of the health of all workers, defined as the complete physical, intellectual and social well-being.

8. Specifically, the majority of the 328 employees working in a Country different from that of their nationality is related to Botswana and Australia, whereas in the other Countries of the Asia Pacific Region mainly local workers are employed.

9. For more detailed information, reference is made to the section "Environment, Health and Safety."

Industrial relations

The industrial relations system of the Ansaldo STS Group is based on two levels of participation, due to the existence of different operating offices of the Company located in several national geographic areas:

1. Strategic Observatory;
2. National Coordination.

STRATEGIC OBSERVATORY

In order to analyse the market scenario and the competitive positioning of the business areas of Ansaldo STS, a Strategic Observatory has been established which is made up of 6 members selected by the trade unions (3 national secretaries and 3 members of the National Coordination) and the company's top management.

Within the context of the activities of the Observatory, which meets annually (usually within the first quarter), the company's Management provides appropriate information on:

- \ corporate strategies;
- \ the main organisational changes;
- \ employment trends.

The observatory may also meet on the request of one of the parties if, during the year, any significant changes should occur with respect to the issues discussed in the annual meetings.

NATIONAL COORDINATION

The National Coordination board of the Bargaining Units of FIM, FIOM and UILM, represented in the local Operating Units, was established for the purpose of guaranteeing to the bargaining units an appropriate knowledge on any issues related to technological, organisational and production-related changes, horizontal mobility, investment and employment programmes, professional training projects and production decentralisation policies.

The National Coordination, which is made up of a maximum of 15 bargaining agents elected in the RSUs (Rappresentanze Sindacali Unitarie, Unitary Bargaining Units) of the different company offices, is one of the national parties involved in the integrative 2-level bargaining and in restructuring and reorganisation processes (if any).

Finally, a system is envisaged for labour relationships with the individual RSUs of the production offices in relation to specific issues related to the individual sites.

In Italy, the data related to the trade unions may be gathered from the trade union subscriptions deducted from the pay envelopes (check-off). There is no such deduction abroad and therefore the Ansaldo STS Group is not able to report any specific data.

The Trade Unions represented in the Ansaldo STS Group are the following: FIOM-CGIL (with 7 union representatives), FIM-CISL (with 10 union representatives) and UILM-UIL (with 5 union representatives). The workers who are members of a Trade Union represent about 36% of the total workforce and are broken down as follows: FIOM: ABOUT 15%, FIM: ABOUT 12%, UILM: ABOUT 9%.

Internal communication

The strategic importance of internal communication is continuously increasing within the Ansaldo STS Group. This is mainly due to the need to transmit, in a transparent and fair manner, the organisational change in progress, which implies an integration of the management and operating processes at international level.

The internal communication tools which have been established at global level are:

- \ periodic communications from the CEO, aimed at notifying quarterly business results;

- \ ASTSnews: a monthly online newsletter, through which the main news concerning projects, successes, progresses in the change management process, etc. are notified;
- \ video messages related to contents of a higher strategic profile, which should be delivered in a more efficient and direct manner (e.g. videos on corporate values, videos on the reasons underlying the change, etc.);
- \ periodic surveys, through which it is possible to monitor the level of satisfaction of the resources on certain issues which are deemed to be strategic for the success of the company (e.g. motivation, readiness to change, professional ambitions, relationships with the managers). This tool is part of a structured process which always provides for the return of the main results identified and the presentation of the improvement actions identified to overcome the "criticalities" detected;
- \ global intranet: this is a project which is currently being implemented, which will be able to transmit all the information of a global nature and to manage the spreading of knowledge according to procedures linked to the community of practices;
- \ ASTSchannel: monitors installed in all of the company's locations for the purpose of transmitting continuous updates on the performance of the company.

Climate analysis

The Ansaldo STS Group has always monitored the corporate climate, which is considered to be one of the "thermometers" to measure peoples' satisfaction as regards their working environment and professional expectations.

In the recent years, Ansaldo STS, in cooperation with Finmeccanica, which has standardised an actual procedure for reporting the corporate climate through the "Business Culture Project", has been able to analyse this element of the company's environment, by annually issuing to the entire workforce dedicated questionnaires focusing on some areas of specific interest to be developed within a context of "continuous improvement."

Thanks to the FFDB project, this process was integrated with an additional tool for analysing and verifying corporate expectations, which is more focused on the organisational change currently in progress. In this regard, in 2009 the Group launched a series of communication initiatives with the intent to "engage" people in talks and survey their level of knowledge of, and involvement in, both the company and the Fast Forward Project. For this purpose, the Surveys have been used as a privileged instrument of investigation. The Surveys, which are strictly anonymous, are addressed to all the employees of Ansaldo STS worldwide. The questionnaire is available in four languages (Italian, English, French, Spanish) and the results are analysed by aggregating the data by Region, function, Seniority and length of service in the company.

Generally, the questionnaires are comprised of two macro sections. The first is designed to analyse the corporate culture in terms of performance and motivation; specifically as regards: objectives and ambitions, responsibilities and cooperation, management of performance and incentives, managerial and relational skills of the managers.

The second is aimed at assessing the effectiveness and satisfaction with respect to the communication initiatives launched. Four Surveys have been launched so far, which have been supported by specific promotion campaigns (posters, communications from the CEO) and which have always recorded a rate of response of above 60%. Following the analysis of the data, improvement actions were taken with regard to the critical areas identified.

Litigation management

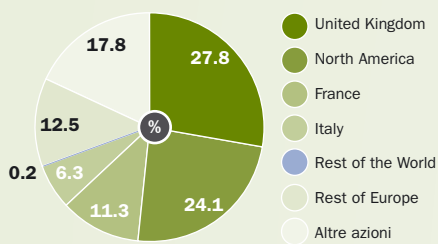
The kind of relationship which the Ansaldo STS Groups maintains with its employees, together with the high cultural level of the employees themselves, contribute to a relaxed climate, characterised by an extremely low rate of trade union disputes. Such a context allows the resolution of any problems of the employees through a direct employee-company relationship, with low recourse to the intervention of trade unions. The only strikes declared refer to general political/trade union issues, which in any case are not directly related to the company.

IDENTITY CARD

PARTNERS AND SHAREHOLDERS IN NUMBERS

- \ The share capital of Ansaldo STS is equal to EUR 50 million
- \ Finmeccanica holds a 40% stake
- \ Free float is 60% and is broken down as follows:

Distribution of Shares (of September 2009)



LENDERS IN NUMBERS

- \ Net financial position (liquidity) (EUR 278.8 million).
- \ EUR 1.5 billion of guarantees issued.
- \ 37 issuing Banks
- \ 23 Insurance Companies.

PROJECTS AND HIGHLIGHTS

Investor Day: the annual communication meeting of Ansaldo STS with the financial community where the strategic plan is illustrated to the operators in the industry.

Open dialogue with the financial community on sustainability issues.

32 days of Road Shows in the main European centres.

12 days of Road Shows in the main US centres.

SUMMARY OF FUTURE COMMITMENTS

- \ To expand the base of investors concerned by our financial communications.
- \ To increase the interest of the Ethical Funds by complying with their valuations.
- \ To maintain transparency and timeliness in the communication with the financial community.

INVESTOR RELATIONS

Partners and Shareholders

The corporate governance system of Ansaldo STS is focused on the maximisation of the value for shareholders, on monitoring corporate risks, on transparency to the market and reconciliation of the interests of all the components of the shareholder base, particularly as regards retail shareholders¹⁰.

Ansaldo STS is the only company listed on both the official list of the Milan Stock Exchange, the FTSE MIB, which includes the major companies by market capitalisation, and the Star segment, which includes companies of excellence for specific requirements (Liquidity, Corporate Governance and disclosure Transparency).

The inclusion in the FTSE MIB segment in 2009 offers a higher visibility to Ansaldo STS, and a wider audience of investors; the listing on the Star segment confirms the company positioning amongst the highly ethical companies in Italy.

Share capital and dividends

The subscribed and paid-up share capital of Ansaldo STS amounts to EUR 50,000,000. The share capital is divided into 100,000,000 ordinary shares with a unit value of EUR 0.50 each. No other categories of shares have been issued, nor any financial instrument which may be converted into or exchanged for shares.

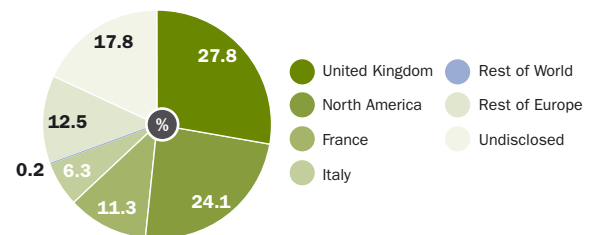
Ansaldo STS is subject to the direction and coordination activities of Finmeccanica SpA, pursuant to and for the purposes of article 2497 of the Italian Civil Code.

As at December 2009, according to the data reported in the Register of Shareholders and taking account of notices received pursuant to Article 120 of the TUF (*Testo Unico della Finanza*, Consolidated Act on Finance) and of any other information received, the following entities hold, directly or indirectly, company shares which represent 2% or more of the share capital:

Shareholder	% of Capital
Finmeccanica S.p.A.	40,06
FIL Investments International Ltd.	4,86
Altrinsic Global Advisors LLC	2,09
Threadneedle Asset Management Ltd.	2,07
William Blair Capital Management LLC	2,34

Distribution of Share (free float, as of September 2009)

In September 2009, the free float was broken down by geographical areas as follows:



The Shareholders' Meeting of Ansaldo STS was called on 22 and 23 April 2010 to resolve on a capital increase, without payment, pursuant to article 2442 of the Italian Civil Code, for a total amount of EUR 50,000,000 and, thus, from the current amount of EUR 50,000,000 to EUR 100,000,000, through the allocation of revenue reserves to equity, to be carried out in five annual tranches of EUR 10,000,000 each, through the issue of a total of 100,000,000 ordinary shares of the Company with a par value of EUR 0.50 each, in favour of the shareholders of the Company.

10. See Chapter on Governance and organisation, paragraph "Protection of minority shareholders."

EARNINGS PER SHARE AND DIVIDEND

Ansaldo STS started to distribute dividends in the 2007 financial year, one year after its listing on 29 March 2006. The distribution of dividends has always shown a slight increase compared to the profit achieved, starting from 34.5% in 2006 up to 35.2% in 2009.

(in Euros)	2009	2008	2007	2006
<i>Basic EPS and Diluted EPS</i>	0.88	0.78	0.58	0.43
<i>Dividend per share</i>	0.31	0.27	0.20	N.A.

Investor Relations activity

In order to establish a continuous and professional relation with the majority of Shareholders, institutional investors and general public investors, Ansaldo STS has created a specific corporate "Investor Relations" Function, with a Manager fully dedicated to such activity.

First of all, this Function provides the key elements so as the financial market may get a perception of the Company which is consistent with the intrinsic value of the Group's activities. The aim is to develop a transparent and continuous dialogue with the Italian and international financial community, based on a clear strategic vision of the businesses of the Company and their development.

The Investor Relations Function maintain a continuous liaison with Shareholders and Analysts also through the drafting of Guidance and a thorough monitoring of the consensus estimate.

During the year, different events are organised, which are aimed at establishing and maintaining an active relationship between Ansaldo STS and the financial community, through the presentation and review of its annual and half-year economic and financial results and their expected development (Guidance).

2009 has been a year of intense activities. Two conferences were organised: the first one on the occasion of the publication of the 2008 results (Milan) and the second, the so-called Investor conference (London and New York), for the purpose of updating the market on the strategy, organisation and vision of the business according to Ansaldo STS. In addition, note that many road shows were held in 18 different cities in Europe and North America and the participation in the major conferences/events organised by Borsa Italiana and by the brokers in several centres around the world, ensuring the presence and availability of the management in the different areas of interest.

Finally, there is a daily and continuous work: the dialogue with the financial community through the arrangement of conference calls and direct contacts with the management, which make it possible for Ansaldo STS to be recognised as a company available in terms of communication and contact.

In 2009, through its investor relations activity, Ansaldo STS met, for different reasons, approximately 300 institutional investors. This data is in line with the activities of the previous year and confirms the dedication and transparency of the management towards the financial community as a sustainable principle of the corporate strategy.

The road-shows and each meeting are always attended by the Investor Relations Manager, who involves, for different purposes and depending on the event, the top management: CEO, CFO and Directors of business units, as well as some managers of the Group, ensure their availability to meet the financial community. This Function, therefore, adopts a policy in line with the best practices of listed companies, ensuring the exchange of information between the management and the financial market, in order to seize any opportunities and needs which may arise from a communication increasingly focused and efficient.

Below is the table reporting a summary of the main events and contacts and reflecting a careful monitoring of the activities of the function in question.

WEEK / DATE	IR NEWS / MAIN ACTIVITIES	WEEK / DATE	IR NEWS / MAIN ACTIVITIES
Week 3	Jan 13: Conference Call, IR Jan 15: Investor local visit, Genoa, IR	Week 22	May 26 Conference, London, IR
Week 4	Jan 22: Investor Meeting, Milan, Broker	May 25 -29	May 29 IV Mid & Small Caps Conference, Nice, CFO IR
Jan 19 -23	Jan 23: Investor Meeting, Genoa, IR	Week 25	June 15: Analysts Presentation, Milan, CFO IR
Week 5	Jan 27: Investor Meeting, Genoa, IR	june 15 - 19	June 16: Road Show, London, CFO IR June 18: Meeting with, Genoa, CFO IR
Jan 26 - 30	Jan 28: Conference Call, Genoa, IR Jan 28: Conference Call, Genoa, IR Jan 28: Conference Call, Genoa, IR Jan 29: Investor Meeting, Milan, Broker Jan 30: Conference Call, Genoa IR	Week 28	July 8: Road Show, Amsterdam, IR
Week 6	Feb 4: Investor Meeting and site visit, Naples, IR	July 6 - 10	
Feb 2 - 6		Week 29	July 13: Conference Call, Genoa, IR
Week 7	Feb 9 - 11: Road Show, London, CFO IR, Broker	July 13- 17	July 15: Road Show, Zurich, IR
Feb 9 - 13		Week 30	July 13: Conference Call, Genoa, IR
Week 8	Feb 16: Investor Meeting, Milan, CFO IR	July 20 - 24	
Feb 16 - 20	Feb 18: Conference Call, Genoa, CFO IR	Week 31	H1 Results & Analysts Call, CEO CFO IR
Week 10	March 3: Conference Call, Genoa, IR	July 27 - 31	Road Show, Paris, BU Director IR
Mar 2 - 6	March 9: Year End Conference, Milan, CEO CFO Directors IR	July 31	
Week 11	March 10 - 11: Road Show, Netherlands Bruxelles, IR, Broker	Week 37	September 8: Investor Meeting, Milan, IR
Mar 9 - 13	March 12: Broker Meeting and site visit, Genoa, CFO IR	September 7 - 11	
Week 12	March 15 - 20: Road Show, Chicago Boston, CFO IR, Broker	Week 38	September 15: Sell Side Meeting, London, CEO CFO IR
Mar 16 - 20		September 14 - 18	
Week 13	March 23: EMEA Conference, Paris, BU Director IR	Week 39	September 22: Pan European Forum, London, CFO IR
Mar 23 - 27	March 24 -25: Star Conference, Milan, CEO CFO IR, Borsa Italiana March 26: Broker Meeting and site visit, Genoa, CFO IR March 27: Conference Call, Genoa, IR	September 22 - 26	September 23-24: Road Show, London/Edinburgh, IR
Week 14	March 31: Road Show. Madrid, IR, Broker	Week 41	October 4 - 10: Road Show Toronto, San Francisco, New York, Boston, CFO IR
Mar 30 - Apr 3		October 5 - 9	
Week15	April 6: Italian Investor Conference, New York, Borsa Italiana, CFO IR	Week 43	October 20 - 21: Road Show, London, CFO IR
Apr 6 - 10	April 7 - 10: Road Show, Kansas City, Austin, San Diego, CFO IR	October 19 - 23	October 23: Road Show, Frankfurth, BU Director IR
Week 16	April 17: Conference Call, Genoa, IR	Week 44	October 30: Investor Meeting and site visit, Genoa, CFO IR
Apr 13 - 17		October 26 - 30	
Week 18	Q1 Results & Analysts Call, CEO CFO IR	Week 45	3Q Results & Analysts Call, CEO CFO IR
April 27- 30		November 2 - 6	
Week 20	May 13 - 14 Road Show, Wien, IR	Week 47	II Investor Conference 2009 London, New York, Chairman CEO CFO Directors Manager IR
May 11 - 15		November 16 - 20	
Week 21	May 22 XII Italian Conference, Rome, CFO IR	Week 49	December 1: Mid Cap Forum, Paris, IR
May 18 -22		December 30 - 4	December 3: Analyst Meeting with and site visit, Genoa, IR
		Week 50	December 8: European Capital Goods Conference, London, CEO CFO IR
		December 7 - 11	
		Week 51	December 16 : Rail Seminar, Paris, BU Director IR
		December 14 -18	December 17 : Investor Meeting and site visit, Genoa, IR December 18 : Investor Meeting and site visit, Genoa, IR

One of the characteristics of the management of Ansaldo STS is its caution in forecasting the future performance of the company, only disclosing to the markets objectives which are actually achievable and thus showing a responsible attitude.

In support of the possible assessment of the actions of the management and of its performance, the necessary assessment elements are provided periodically, through the disclosure of a 3-year plan (on the occasion of the investor day/conference), the visibility and an interim review of the guidance.

Transparency and accuracy of information

Ansaldo STS pursues its mission ensuring the full transparency of the decisions taken and providing the market with all the necessary elements which would allow the investors to base their decisions on complete and accurate information. Therefore, all the Group's communications are characterised not only by the strict compliance with legal and regulatory provisions, but also by a clear language, by the comprehensiveness of the information, by the timeliness and equality of information to all of the investors.

The communication of the Group-related information outside the Group itself is only made by the functions in charge of such activity and according to the applicable corporate procedures aimed at ensuring their truthfulness and correct disclosure.

Particular attention is paid to the dissemination of communications related to extraordinary transactions effected by the Company, solicitations for investment, Takeover bids and Share-for-Share Offers, or any commercial initiatives, treatments and agreements of a particular importance.

As regards the communication to the market of new contracts awarded to Ansaldo STS, the Company has adopted the well-known procedure according to which any contract with a value exceeding EUR 10 million is promptly disclosed by means of a press release to the market, after the formalisation and signing of such contract. In addition, specific protocols provide for verification and control elements, so as to ensure that the corporate communications required by law, the information to shareholders or to the public as regards the Company's position and the expected economic, financial and equity outlook (of both the Company and the Group), the prospectuses required for the purposes of solicitations for investment, are always truthful and complete, and that they present true facts, even though they are still being assessed, so as not to mislead the intended recipients of the disclosure.

Likewise, the transactions on financial instruments, both listed and unlisted, effected on behalf or in the interests of Ansaldo STS, are based on the principles of accuracy, compliance with applicable laws and regulations, effectiveness and transparency, so as to allow market players to get a full and accurate understanding of the transaction and of its underlying reasons, in view of a conscious investment decision and for the protection of investments.

FOCUS

Dialogue with the financial community on sustainability issues

Ever since the IPO – Initial Public Offering which presented Ansaldo STS to the financial market there have been meetings with ethical funds and other parties which identified an environmentally-friendly sustainable relation between business and profit in the Group activities. The type of the relevant sector and the availability of the management drove the interest of some French, English and US ethical funds in the Ansaldo STS stock.

Thus, the Investor Relations function has been immediately involved in an active dialogue with international players specialised on this issue, through specific references to the Governance, the social and environmental aspects of the operations and the relationships with stakeholders.

This natural relationship between the function and the parties mentioned above is also confirmed by the great number of requests from European and North American funds handled by the Investor Relations department.

In the second half of 2008 the first summary report from a French institution which deals with the certification of ethical finance, was completed.

On this occasion, a direct auditing was carried out, through a visit at a railway control station constructed by Ansaldo STS, meetings with the managers and the collection of data concerning the activities of the Board of Directors and the Corporate Governance strategy, a meeting with the internal bargaining units which was not attended by the Personnel Management department so as to ensure maximum objectivity, and, finally, with the managers responsible for environmental policies and the certifications of production sites.

The report was positive both in terms of past and current actions taken to reconcile the process for the economic-financial growth of the Group and the environmental impacts and social environments.

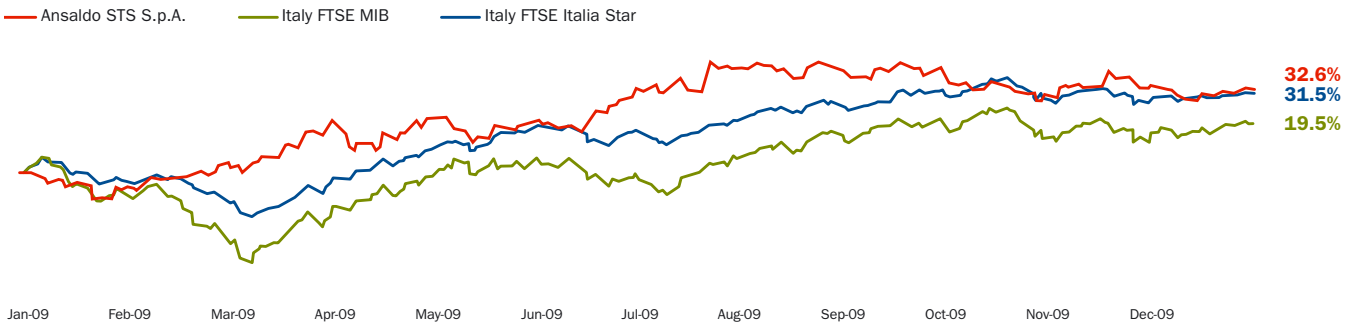
The creation of the Investor Relations function triggered the preparation of this first sustainability report, which is the result of the interaction with the external market and of the collection of a great number of requests for discussion on the issues in question.

The financial communication related to these issues is characterised by the specific focus on the availability of the information and promptness of the replies, as well as by the openness to discussion. Establishing a permanent confidence relationship in pursuing sustainability policies is one of the objectives of Ansaldo STS, and it is reflected in the considerable dedication with which the different corporate functions translate the programmes into daily actions.

Stock performance and rating from analysts

In the period from 2 January to 30 December 2009, the official price of the stock rose from EUR 10.02 to EUR 13.25, up by 32%, with a maximum of EUR 14.42 (official closing price on 23 July 2009) and a minimum of EUR 8.94 (22 January 2009).

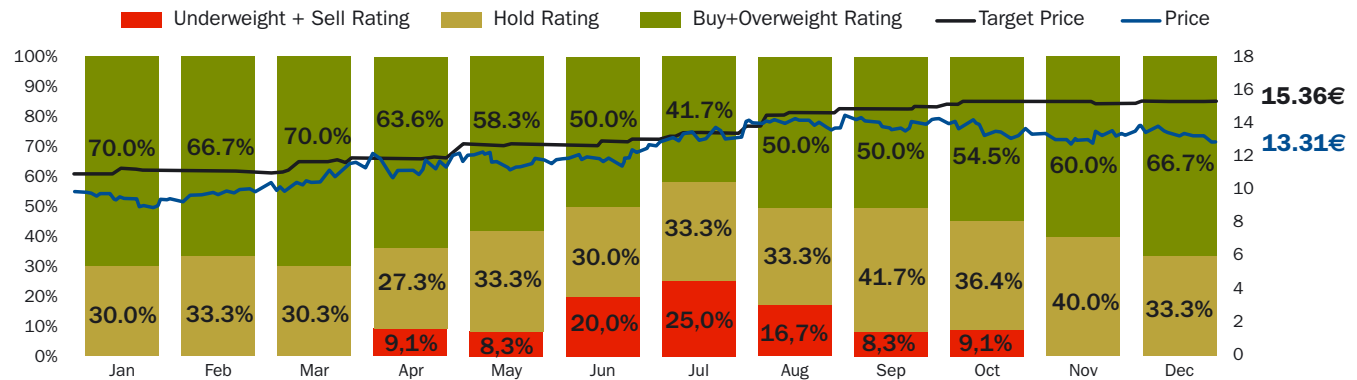
2009 Relative Share Price vs. Indexes (Rebased)



Average daily volumes for the period in question were equal to 413,389 traded shares.

The stock performance has, almost always, shown a trend opposite to that of the relevant indexes, ranking, at the end of the period, sixteenth amongst the shares of the FTSE MIB index, which rose by 20%, compared to a 31% increase in the FTSE Italia STAR index.

TGP & Price Share Trend nel 2009



Factset source (third part analysis)

In the fourth quarter of the year, the stock performance reported average closing values equal to EUR 13.48 (max EUR 14.32, min EUR 12.76) and average daily volumes of 357,925 traded shares.

Thus, analysts' valuations reached an average consensus, in terms of objective price, equal to EUR 15.47, updated after the issue of the latest coverage ratio from a broker (9 December 2009).

The Ansaldo STS stock is still perceived by the market as a defensive and anti-cyclic stock, as is evident given the relevant business, in a sector in continuous expansion, also pointing out the ability of the Management to seize new and significant opportunities at global level.

Lenders

TREASURY MANAGEMENT AND CAPITAL RAISING

Treasury activities relate to financing and investment transactions in the short term (liquidity management) or with an expiry of one year or less, and to the management of current accounts and banking transactions of Ansaldo STS, as well as to the transfer of funds, both intragroup and with third parties.

The capital raising activities refer to the long-term financing of Ansaldo STS and its subsidiaries. Capital raising may be defined as a financing transaction through financial instruments with an original term, upon maturity, of over one year.

In Ansaldo STS these activities are organised and carried out centrally by the Group's Finance and Treasury Function, which is responsible for the activities of capital raising, investment and treasury.

The financial capacity (intended as the capacity to finance current operations and investments) of both the Group and its individual subsidiaries, must be guaranteed at any time; therefore, the centralisation of capital raising, investment and treasury activities is possible as long as it does not hinder the compliance with the minimum financial capacity requirement.

The subsidiaries are not authorised to enter into any financial transaction with third parties without the prior approval of the Group's Finance and Treasury Function and are required to transmit any positive balances to Ansaldo STS S.p.A. (through the cash pooling agreements). Capital raising, investment and treasury requirements are monitored on the basis of the information provided by the subsidiaries, which include the budget, the financial plan and the updated annual forecasts.

As regards Capital Raising activities, the objective of Ansaldo STS is to minimise the aggregate weighed average cost of capital in the medium / long term. The weighed average cost of capital includes the cost of Equity, the cost of short-and long-term borrowing and the cost of Working Capital.

FOREIGN CURRENCY TRANSACTIONS AND FOREIGN EXCHANGE RISKS

Long-term borrowing and investments in foreign currencies, as well as short-term transactions (liquidity management) in foreign currencies, are only permitted in those currencies for which Ansaldo STS has frequent cash flows. Furthermore, these transactions must always comply with the restrictions imposed by the Group policies on foreign currency exposure.

The Ansaldo STS Group focuses its foreign exchange risk management on the achievement of two objectives. The first is to limit potential losses (as defined in terms of cash flow rather than in accounting terms) generated by adverse exchange fluctuations against the relevant currency of ASTS and its subsidiaries. The second is to limit costs, either actual or forecasted, connected to the implementation of the foreign exchange risk management policies.

Foreign exchange risks must be hedged only when they have a material impact on the cash flows in the relevant currency.

The subsidiaries are not permitted to carry out any foreign exchange risk management transactions directly with the banks. The latter may submit a "deal request" (hedge request and hedge documentation) to the Group's Finance and Treasury function: in relation to the deal requests received from the subsidiaries it carries out back-to-back transactions. Furthermore, the fair value hedging of currency current accounts is carried out.

Partner banks play a key role in hedging foreign exchange risks in a reliable and impartial manner, as described in the following paragraph.

RELATIONSHIPS WITH BANKS

Good and well-established relationships with the banks represent a corner stone of the strategy of Ansaldo STS. This objective is achieved through a multi-product approach in terms of management of:

- \ activities related to exchange rates (FX, Derivatives, etc.);
- \ bonding (guarantee management);
- \ treasury (management of receipts, payment of taxes, cash pooling, etc.);
- \ liquidity (deposits, current account overdrafts);
- \ investment banking (M&A, structured finance);

also for the purpose of avoiding the concentration of one specific activity (e.g. guarantee management) to one individual bank, while achieving cost efficiency. The turnover of services required between the banks will be made during the year according to how frequently the different banking products are needed. The Ansaldo STS Group maintains relationships with the major banks worldwide, such as Bancalntesa, CitiGroup, ING, Calyon, JP Morgan Chase, HSBC, Nordea.

The Group's Finance and Treasury function is responsible for giving mandates for "primary" banking relationships, which include (short and long term) payables, investments, bank guarantees, bonds, project financing, documentary credits, treasury operations, treasury management – liquidity management, payments and receipts – and financial advisory services.

The counterparties which imply a counterparty risk for Ansaldo STS must have a long-term credit rating of at least A+/Aa (Moody's, S&P). In exceptional cases transactions may be entered with counterparties assessed on the basis of the rating assigned to investments. The limits for each counterparty as regards deposits, investments and derivatives are determined based on the credit rating and the financial statements.

For each financial product and service at least two counterparties are invited to submit a quotation. In the case of frequent transactions in the money market and/or minor transactions in foreign currencies one single quotation may be sufficient. In the case of several competitive price offers, the decision on the counterparty may be taken based on the existing relationships. Counterparties representing key relationships are invited to specific meetings at least once every two years.

TYPES OF GUARANTEES, BONDS AND THEIR AMOUNT

Ansaldo STS adopts urgent policies in relation to the management of parent guarantees, both direct and indirect, and as regards the issue of bank and insurance guarantees with reference to the subsidiaries, for the purpose of:

- \ identifying the form of guarantee and financing to be issued and the terms of hedging financial risks arising from contracts, as well as the most appropriate banking counterparties;
- \ managing at a centralised level and/or coordinating the preparation of direct and indirect guarantees and the structured finance for sales activities with the aim of facilitating the proper conclusion of such transactions within the policies defined by the Group as to the relationships with counterparties and the risk profiles;
- \ maintaining a minimum level of guarantee instruments, in order to ensure continuity of ongoing transactions and the ability to finance new transactions, if required;
- \ minimising the cost of the guarantees given by the Group and optimising work loads by leveraging the specific competencies of each organisation.

Ansaldo STS issues different types of guarantees and bonds in favour of its customers, such as: bid bonds, advanced payment bonds, performance bonds, retention money bonds and warranty bonds.

There are two main types of guarantees which may be issued:

1. Direct guarantees: are issued directly by Ansaldo STS S.p.A. in favour of the customer, without involving the bank. This category of guarantees includes the Parent Company Guarantee (PCG) which represents the undertaking to fulfil, for another Group company, its financial obligations in the event that the latter does not discharge such obligations;
2. Indirect guarantees: are issued through a bank in favour of the beneficiary. Generally, the customer prefers to apply for an indirect guarantee, even during the tender phase, by reason of the presence of the bank.

In percentage terms, more than 90% of the guarantees issued for the Group companies is made of indirect guarantees.

The Treasury and Finance function has negotiated a certain amount of credit lines with several banks, in order to support the requirements of the Group for bonds and guarantees, which are useful in facilitating the growth of the business: without the ability to obtain guarantees, no contracts could be entered into with the customers. The policy of continuing to use some local guarantees is due to the need to maintain, during periods of crisis, the greatest possible number of facilities.

Indirect Securities are used in order to ensure the participation of subsidiaries in:

- 1) offers / performance of contracts, related to minor orders and absent any complex clauses concerning guarantees.
- 2) offers / performance of contracts, related to major orders and with complex clauses concerning the guarantees and the performance in exotic countries.

Generally, the subsidiary may use two types of guarantee allocation:

- \ "granting of credit" which represents the most popular method used: in this case the bank issues an *ad-hoc* guarantee for a specific project;
- \ "umbrella", where the subsidiary may use a maximum number of small guarantees up to a given limit of amount.

The most popular guarantee instrument is the advance payment bond, which allows the purchaser to recover an advance payment relating to a job order or a new order, in the event that the supplier does not fulfil its contractual obligations.

At 31 December 2009 the aggregate amount of guarantees was equal to EUR 1.5 billion.

The main issuers are:

- \ 37 Banks (37% of the amount of guarantees used);
- \ 23 Insurance Companies (42% of the amount of guarantees used).

The table below reports the guarantees outstanding as at 31 December 2009:

Guarantees	Business Unit Signalling (€/000)	Business Unit Transportation Solutions (€/000)	Total (€/000)
Guarantees issued by Finmeccanica (Parent Company Guarantees) and Finmeccanica Finance S.A. (advance payment bonds, performance bonds, retention money bonds) for commercial transactions	95.1	78,424.0	78,519.1
Guarantees issued by Ansaldo STS and Ansaldo Signal NV (Parent Company Guarantees) for commercial transactions	72,264.2	-	72,264.2
Guarantees and bonds (advance payment bonds, performance bonds, bid bonds, retention bonds) issued by banks or insurance companies for commercial transactions	662,212.2	618,490.8	1,280,703.0
Direct guarantees and other securities issued by Finmeccanica and Ansaldo STS, banks or insurance companies NOT for commercial transactions (financial or tax transactions)	23,798.2	7,973.2	31,771.4
Total	758,369.6	704,888.0	1,463,257.6

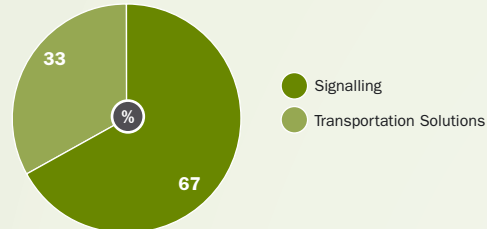
IDENTITY CARD

CUSTOMERS IN NUMBERS

Transportation Solutions

- \ Order backlog of EUR 2,048.1 million (+11.1% compared to 2008).
- \ new orders of EUR 632.5 million (+85% compared to 2008).

Orders: EUR 1,786 million



Signalling

- \ Order backlog of EUR 1,980.2 million (+30% compared to 2008).
- \ New orders of EUR 1,243.0 million (+29% compared to 2008).

PROJECTS AND HIGHLIGHTS

The matrix management of projects, with the definition of the Project Team, allows Ansaldo STS to perceive and satisfy the needs of the customer in the best possible way.

The acquisitions of the Taipei and Riyadh projects (**Transportation Solutions**) and of the two railway projects in Libya (**Signalling**) definitively consolidated the worldwide leadership of Ansaldo STS in the driverless rail metro industry, even with CBTC technology.

The acquisition of the Operation & Maintenance contract for additional 5 years (+ an option for other 3 years) related to the driverless metro of Copenhagen, confirms the excellent performance achieved by Ansaldo STS and the confidence placed by the customer.

SUMMARY OF FUTURE COMMITMENTS

- \ Sharing of customer satisfaction monitoring procedures in order to strengthen an even more effective method.
- \ To strengthen our role as a global player in the business segments of metros and High Speed railway systems (**Transportation Solutions** and **Signalling**) thanks to the recent successes achieved and to the confidence placed by our customers.

RELATIONS WITH CUSTOMERS AND MARKETS

Features of the Customers

The Ansaldo STS Group mainly operates for public customers such as national and regional operators of railway infrastructures, national and regional operators of railway traffic, municipal administrations and the main public transport companies.

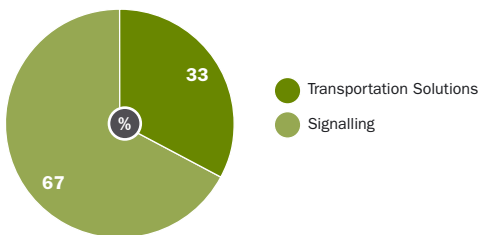
Private customers mainly include the US railway operators, mining companies and the major Contractors which are awarded contracts for infrastructural works.

Market performances

REVENUE

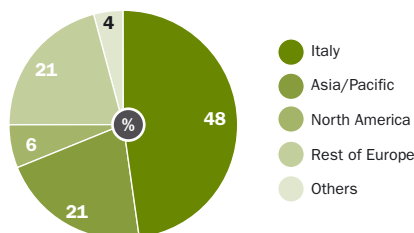
At 31 December 2009 overall revenues amounted to EUR 1.176 million. EUR 804 million of which were achieved by the **Signalling** Business Unit and EUR 417 million by the **Transportation Solutions** Business Unit.

Breakdown of revenue by Business Unit

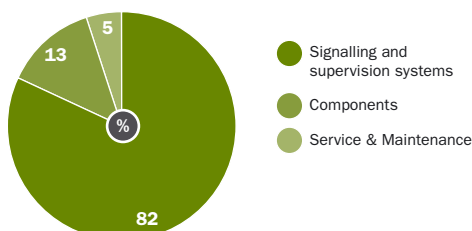


Below is reported the geographical breakdown of overall revenues and the breakdown by type of product and type of order for the **Signalling** Business Unit and the **Transportation Solutions** Business Unit, respectively.

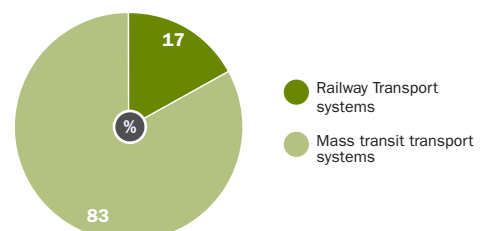
Breakdown of revenue by geographical area



Signalling Business Unit - EUR 804 million of revenue by type of product



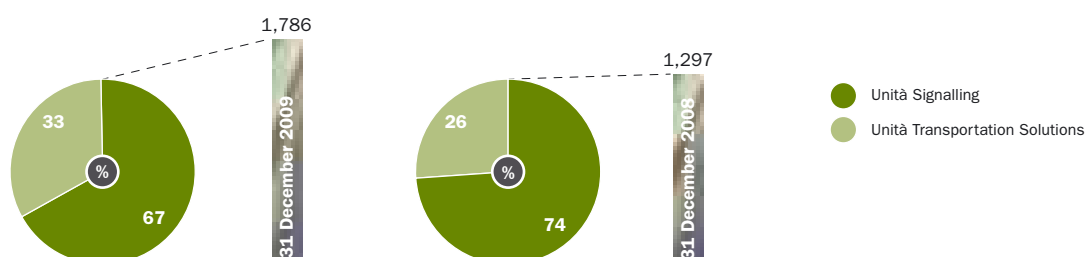
Transportation Solutions Unit - EUR 417 million of revenue by type of order



ORDERS

Orders at 31 December 2009 amounted to EUR 1.786 million compared to EUR 1.297 million at 31 December 2008. The increase (equal to EUR 489 million) is exceptional for both the **Transportation Solutions** Business Unit and the **Signalling** Business Unit.

Orders 2009-2008: contribution from business units (EUR million)



Below are reported the main orders acquired by the **Transportation Solutions** Business Unit in 2009.

Country	Project	Customer	Value (EUR millions)
Taiwan	Taipei Circular Line - phase 1	SEMPO	214.2
Saudi Arabia	Riyadh Women's University	Min Finance Saudi Arabia	148.8
Italy	Naples Metro L1: Dante - Garibaldi	Naples Municipality	59.6
Italy	HSL Italy Variation	Iricav/Saturno	38.6
Denmark	Copenhagen – variation	Metroselskabet	10.0
Italy	Rome Metro Line C(T2 Section)	Roma Metropolitana	30.0
Malaysia	North extension variation	MMC Garuda	28.8
Italy	Vesuviane - variations	Circumvesuviana	25.9
Greece	Thessaloniki - variation	Attico Metro	10.0
Australia	Sistema di trasmissione delle Comunicazioni RGPS	BHP Billiton	7.0

Below are reported the main orders acquired by the **Signalling** Business Unit in 2009, including the orders acquired by the **Transportation Solutions** Business Unit.

Country	Project	Customer	Value (EUR millions)
Libya	Ras Ajdir – Sirt / Al Isha – Sabha lines	Libyan Railways	541.0
Italy	HSL To-Mi, Rm-Na, Bo-Fi variations	Saturno	47.2
United States	Total Components / Service & Maintenance	Various	36.0
France	Total Other Components / Service & Maintenance	Various	34.6
Spain	Maintenance HSL Madrid – Lerida	ADIF	31.3
Italy	Total Components / Service & Maintenance	Various	29.6
Australia	Various ARTC Projects (11 orders)	ARTC	22.1
United States	LIRR Harold Interlocking	LIRR	19.4
India	Mumbai Monorail (3 Orders)	SCOMI	19.1
Italy	ACS Palermo	RFI	19.0
United States	PATH Control Centre	PATH	18.3
United States	NYCT Lexington and 5th Avenue	NYCT	17.9
Germany	ATC On Board n.30 Velaro Train	Siemens	16.8
United Kingdom	Cambrian Line	NR	13.0
Australia	Maitland to Branxton BiDirectional Construction	ARTC	12.5
Italy	SCMT – Service & Maintenance SSB – ETR 500	Trenitalia	12.1
Australia	Richmond Line Alliance	TIDC	11.6
Australia	Clearways 3 Kingsgrove to Revensby	TIDC	11.4
China	Hangzhou Line 1	Insigma	11.1
United States	PAAC North Shore Connector	PAAC	9.8

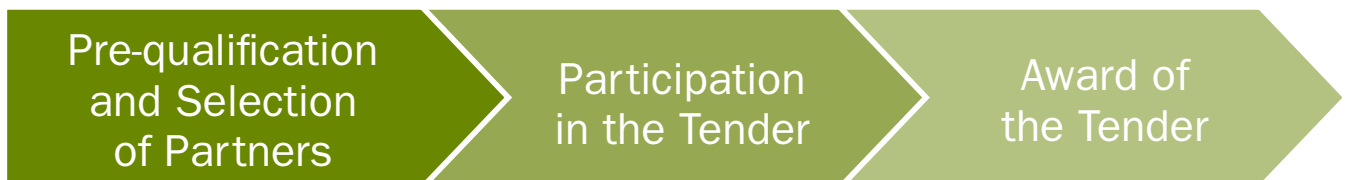
Competitive tenders

Normally, the Group is awarded contracts in Europe and outside Europe mainly by participating in public or private competitive tenders for the supply of Signalling systems, components and services, or for the supply of Transportation Systems and Operation & Maintenance services.

The Company participates in competitive tenders by submitting its offer through its operating companies which participate in the competitive procedures either individually or in association with other operators.

In this second case, based on the provisions laid down in the call for tenders or because of specific strategic decisions, the participating companies may: (a) enter into a partnership establishing unincorporated entities, and then (i) form a joint venture abroad and (ii) establish a temporary consortium in Italy – RTI – (in these cases it is necessary to appoint a representative company to which a special, collective mandate with power of attorney is given to submit the offer and manage relationships with the customer); (b) incorporate an entity with an independent legal personality which plays the role of Contractor, in the form of a consortium in Italy, or of a company in Italy and abroad ("Project Company").

This chart outlines the phases for being awarded the tender, which will be followed by the implementation of the order.



PRE-QUALIFICATION AND SELECTION OF PARTNERS

Within the context of the competitive tenders for the award of the contract, the Group companies – either individually or in association with other operators – are preliminarily subject to a pre-qualification stage aimed at identifying the entities admitted to participate in the tender, and, if found to be eligible, they are entitled to participate in the tender and submit their technical-economic offer.

PARTICIPATION IN THE TENDER

Once it is decided to submit the offer, the Group company which participates in the tender internally appoints the Proposal Manager, who will be responsible to coordinate all the activities for the preparation of the offer price estimate, and the Offer Project Engineer, who will be responsible for the technical coordination of all the phases of the development of the specific design.

The Group company will then take care of the configuration of the product to be offered, in order to make it competitive in technical and economic terms, and will subsequently estimate costs.

The offer is then submitted to the customer, together, if required, with the insurance or bank guarantee (bid bond) in support of the credibility of the offer submitted.

AWARD OF THE TENDER

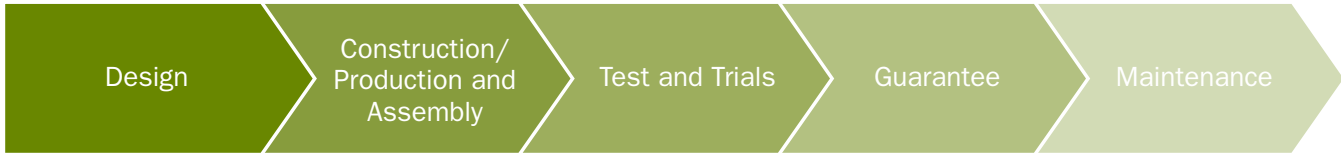
After having reviewed the offers received and assessed the technical-economic specifications of each of them, the customer awards the tender.

The contract being awarded provides, in some cases, that the customer will pay a percentage of the consideration agreed for performing the project by way of an advance payment. This advance payment is guaranteed by the Group companies through the submission of an insurance or bank first-demand guarantee (the so-called "*advance payment bond*").

Furthermore, the Group companies are generally required to provide an additional insurance or bank first-demand guarantee to secure the good and prompt performance of the works (the so-called "*performance bond*").

PERFORMANCE OF THE PROJECT

This chart outlines the phases of construction of a Signalling system or a complete Transport System.



Generally, the performance of projects concerning the supply of Signalling and Transportation systems has a multi-year term. For each project, a team and a team leader are appointed: the Project Manager, who supervise the entire project management, including the economic-financial aspects connected to its performance.

The Project Manager represents, as regards the project under his/her responsibility, the link to the customer in his/her capacity as the person delegated to represent the company, and he /she is also required to supervise the progress of all the activities for the performance of the project in accordance with the commitments undertaken with the customer, in order to ensure compliance with the contract terms, the expected profitability margins and the quality of the product.

The progress of all performance activities is monitored using IT technologies for the control of the project, in terms of both costs and revenues.

Product innovation and quality of relationships

The sustainability of Ansaldo STS business is based on two fundamental elements:

- \ the excellence and the **innovative content** of its products;
- \ the **quality of the relationships** with its customers.

PRODUCT INNOVATION

The Ansaldo STS Group is constantly committed to provide its customers and end users (passengers and freight) with the best products with the highest safety, the best system solutions, the use of the best designing methods and procedures, the best manufacturing methods and processes available, in any case consistently with the commitment to reduce energy consumption, as well as the direct and indirect impact on the environment.

This commitment and the relevant results are essentially achieved by Ansaldo STS by enhancing its offer as regards:

- \ **Cost reduction and system integration**, by means of powerful technological platforms, integrating more than one function into the same subsystem, reducing the size of the equipment and of their connectors, using simple and effective programming, test, verification, validation and commissioning systems.

- \ **Reduction of energy consumption**, using the latest technologies available, as well as implementing the highest possible integration of the components on the same chip by widely using FPGA and the physical integration of the subsystems. Another way to curb energy consumption in the railway control system is to reduce the quantity of equipment used to safely manage train movements. The most recent ATP – Automatic Train Protection – system, applied by Ansaldo is based on the GPS – Global Positioning Satellite – system. It replaces the wayside equipment for detecting moving trains, an expensive method which requires higher energy consumption; this function is now safely carried out on board the train. In fact, the safe calculation of the position of the train is made by appropriately combining the signals received from the geostationary GPS satellites (in future, the Galileo satellites) with those from the traditional tachometers.
- \ **Higher performances, reliability and availability of products and solutions** of the Group. This is made possible thanks to the use of redundant platforms which provide "fault tolerant" configurations, i.e. capable of continuing to function also in the event of failure in some sections, together with maintenance staff adequately equipped with sophisticated diagnosis tools, both fixed and portable, which immediately detect the failure and send an alarm to the operator. In addition, in order to ensure the safety and reliability of the service for the end user, the maintenance staff may intervene on the units with failures by replacing the same without any disruption in the correct functioning of the entire system.
- \ **Safety systems which**, developed in strict compliance with the IEC/CEN/CENELEC standards, provide solutions which ensure the highest level of safety and MeanTime Between Hazardous Events.
- \ **Assistance to or total replacement of the driver** using the automatic train operation (ATO) technology. This system is intended to autonomously perform part or all of the operations so as to leave the driver only with the responsibility of opening and closing doors. Although this system is widely used in metro trains, the Ansaldo STS Group is the first to apply this system also in the traditional railway sector.
- \ **Implementation of products and management of production plants according to the most recent and restrictive standards** of the ISO 14000 rule. All this for the purpose of taking all necessary measures aimed at protecting the environment not only during production, but also by planning the final disposal of the product at the end of its life.
- \ **To provide safe environments for its customers and end users** through a dedicated network of sensors which constantly monitor the railway areas dedicated to control activities and by granting access to restricted areas (e.g. operating control centres, galleries, technical rooms, etc.) to authorised personnel only. These networks of sensors are active 24 hours a day and 7 days a week through the use of Closed Circuit Television (CCTV) systems and of highly sophisticated expert systems which are capable of also detecting unattended luggage, activating the playback function in case of investigations, thus providing all passengers with a safer and more controlled environment.
- \ **Reliable and efficient hourly traffic**. This type of tools provide a great number of advantages for the environment. They may provide the most efficient timetable for all the trains which use the railway infrastructure and, in particular, determine which are the best points for stopping, crossing, overtaking and relevant journey times, in order to reduce waiting times and consumption to the minimum. To prevent and provide pro-active measures in order to combat traffic jams caused by train delays, maintenance activities, whether scheduled or not, natural disasters, as well as work shifts of the staff on board the trains. All of the foregoing provides an excellent support to the staff who manage the traffic on the railway line and who has to deal with unforeseen changes in the timetable, while ensuring passengers the punctuality of trains at each station and ensuring that the goods transported reach their final destination in time. This type of supporting instruments have also evidenced a considerable fuel reduction, increasing the average speed of the trains, as well as reducing the consumption of fuel due to accelerations which are soon followed by sudden stops because of temporary slowdowns or red traffic lights.

QUALITY OF CUSTOMER RELATIONS

The Ansaldo STS Group focuses its entire strategy on Customer satisfaction: the ability to understand and satisfy the needs and expectations of the customer is in fact the first of the values underlying the corporate culture.

Generally, each customer has an internal counterparty within Ansaldo STS, a specific Project Manager for the performance of its contract. This counterparty is responsible for ensuring the satisfaction of the customer and adequately facing the problems that might arise during the development of the project.

The organisation of Proposal and Project Management activities is essential to implement a project in compliance with the quality requirements of the products and services offered and with the ability to provide them in accordance with time and economic limits. For this purpose, the Project Management represents a vital tool to guarantee the interests of the stakeholders of Ansaldo STS, meaning both the shareholders, who are mainly interested in the economic result of the business, and the customers, who are interested in receiving a high quality response within the time limits set and in a manner which is consistent with the transport requirements of a city or, more in general, of the community.

As regards this last issue, the most significant evolution which characterised the market trends in the last few years has led to the gradual shift from the supply of products and technologies to the request from customers for transportation solutions which effectively satisfy the needs expressed by local and national institutions. This new type of offer requires the ability to work alongside the customers, seen less as buyers and more as partners, in the management of a project during the entire life cycle, also acting, where necessary, within the context of Project Financing activities and then with the contribution of private financing and the subsequent involvement not only in design and implementation activities, but also in the subsequent phase of management and maintenance.

The context in which Ansaldo STS operates is characterised by Customers who are mainly represented by public entities and by multi-year projects, and thus it is subject to a great variety of external factors such as, but not limited to, the macroeconomic scenario and the consequent availability of financing sources, the need to operate, especially as regards the projects related to urban public transport, in urban centres with a great number of interferences which might impact on the regular implementation of a project.

It is clear that in such a context, the Project Management skills and processes are essential for the achievement of the preset objectives and to ensure the sustainability vis-à-vis Stakeholders. For this purpose, it is necessary to identify and monitor any uncertainties which are typical of this business and, more in general, to manage risks.

Ansaldo STS, in accordance with the policies of Finmeccanica, implemented appropriate Lifecycle Management and Risk Assessment procedures for the purpose of monitoring the performance of the projects through a regular comparison between physical and accounting progress and the consequent identification of any divergences according to the "Earned Value" techniques and with the consequent identification of appropriate action plans aimed at maintaining the objectives of the project.

The Risk Assessment process provides for any and all significant risks to be identified starting from the offer stage, and to be monitored during the entire life cycle of the project, for the purpose of promptly detecting any possible mitigating actions to be taken.

The effort to consolidate a corporate Project Management culture at Ansaldo STS is also confirmed by the considerable participation in the training programmes of the Finmeccanica Group, such as the "Project Management Programme" which is aimed at strengthening and consolidating the key skills for programme management, the systematisation of Group methodologies, and which has led to the certification of the professionalism of the Project Manager on the part of Entities recognised at international level (PMI, IPMA).

In order to ensure business sustainability, risk management activities are focused not only on the projects but they have recently been extended, through the implementation of the "Enterprise Risk Management (ERM)" methodology, also to process risks, thus rendering Risk Assessment an integral part of the management process of the company.

Ethics in business

Within the context of its business relationships, Ansaldo STS adopts the principles of loyalty, fairness, transparency, efficiency, compliance with law and with the values expressed in the Ethics Code and openness to the market, and requires a similar conduct from all of those with whom it maintains business and/or financial relationships of any kind whatsoever; for this purpose, it pays the utmost attention in selecting contractual counterparties, suppliers and business partners.

The relationships that the Company maintains with public officers or persons in charge of public services - who operate on behalf of the Public Administration, both central and local, or of legislative bodies, EU institutions, international public organisations and any other foreign Country - with magistrates, public supervisory authorities and any other independent authorities, as well as with private partners who operate a public service concession, are established and managed in full compliance with applicable laws and regulations, with the principles laid down in the Ethics Code and in the specific protocols, so as not to jeopardise the integrity and reputation of both parties.

Particular care and attention are paid to the transactions related to: competitive tenders, contracts, authorisations, licenses, concessions, applications and/or management and utilisation of public loans however denominated (granted either by national entities or by the European Union), project management, relations with supervisory authorities or any other independent authorities, representatives of the Government or of other Public Administrations.

Within the context of relations with Italian and foreign Institutions, Ansaldo STS is committed to represent its interests and expresses its needs in a fair and transparent manner, in strict compliance with the principles of independence and impartiality of the decisions of the Public Administration, so as not to deceive it or mislead it.

As regards the relations with Italian or foreign Public Administrations, Ansaldo STS undertakes not to improperly influence the activities, choices or decisions of the counterparty, by offering, for instance, illegal benefits consisting of sums of money or any other profits, employment opportunities or assignment of advisory activities, etc., directed to the public person or to his/her relatives or to any other person (either natural or legal) related thereto. Any requests for or offers of money or favours of any kind (including, but not limited to, gifts or premiums of a considerable value) unduly made to, or by, those who act on behalf of Ansaldo STS within the context of relations with the Public Administration (either Italian or of foreign countries) or with private entities (either Italian or foreign) are immediately disclosed to the Supervisory Board and to the competent corporate functions for the application of the consequent measures.

Communication activities

The purpose of the communication to the Customer and, more in general, to the market, is to contribute to creating value, improving the perception of the ASTS brand with the many professional figures who participate in the decision making process as regards investments and the main operations.

The "product" of Ansaldo STS, which consists of innovative systems with a high technological content, often performs "Vital" functions for the integrity of the infrastructures and the safety of the users, with a useful life of some decades. Communication activities are thus numerous and diversified in form and content so as to match the different professional profiles of their intended recipients.

The communication of an "Institutional" nature is aimed at the top management of the main national railway companies and at the Public Administrations of the urban areas interested in transportation solutions, at the operating units of the customers in charge of the performance of contracts, at the technical/contractual Supervisory Boards appointed by the Customer or required under local regulations, at any professional Associations in the industry and at the Opinion Makers.

The objective of technical/commercial communication is to inform the different professional profiles which are more involved in the phases of: qualification with the Customer, design, implementation, commissioning, approval, after-sales service, staff training and workers' safety at the sites.

These objectives are pursued by creating a working community that, leveraging the sense of belonging, is able to adjust timing and procedures of the responses to the market; by participating in the exhibitions of the sector; through the presence of institutional and product-specific advertising on specialist magazines, integrated with editorial activities for an in-depth analysis of the issues; corporate current affairs press published on the website, the publication of leaflets and video related to sales and marketing activities, training of customers' staff, workers' safety at the sites.

Litigation management

Disputes between Ansaldo STS and its Customers are mainly of a "physiological" nature, i.e. that they mainly refer to financial claims of Ansaldo STS submitted in the form of reserves for extra-costs incurred within the context of the works carried out in the implementation of the projects assigned to it. The claims submitted from time to time will lead to actions brought before courts or arbitration panels specified in the contract, unless they are absorbed in the context of subsequent amending, supplementing deeds or settled by means of amicable settlements.

The number of the aforesaid proceedings always remains well below the physiological average compared to the number of contracts in place. Nevertheless, Ansaldo STS often tries to reach settlement agreements, considering that:

- a) settlement is a normal instrument to resolve disputes arising for reservations;
- b) settlements represent an excellent way to improve relations with the customers involved in the aforesaid disputes, as well as an added value, where, as in the case of Ansaldo STS, the Customer is usually perceived as a privileged partner with which significant long-term relationships must be established.

Currently Ansaldo STS S.p.A. is involved in 16 civil, administrative and arbitration judicial proceedings (as both plaintiff and defendant), 5 of which are arbitration proceedings, 7 are judicial proceedings brought against Ansaldo STS, while the remaining are proceedings brought by Ansaldo STS.

The company is not involved in any criminal proceeding.

Specifically, as regards the most significant proceedings brought against Ansaldo STS S.p.A., the Company has appeared in:

- \ 3 civil proceedings with an aggregate maximum value of approximately EUR 130 million, related to the refund of higher amounts or damages;
- \ 4 administrative proceedings with an individual aggregate value exceeding EUR 2.5 million related to the cancellation of deeds of approval of work-related projects.

As regards, on the other hand, the proceedings brought by Ansaldo STS, the company has appeared in:

- \ 4 civil proceedings with an aggregate value of approximately EUR 63 million, related to requests for higher charges and damages for any reason whatsoever;
- \ 5 arbitration proceedings with an aggregate value exceeding EUR 47 million, related to the acknowledgement of claims, higher fees, higher charges and damages for any reason whatsoever.

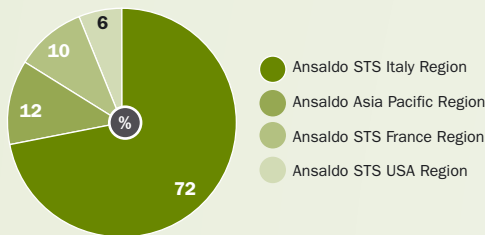
The disputes for considerable amounts are monitored on a quarterly basis according to the procedures in force, and the existing communication flow ensures a prompt disclosure of any significant updates and the proper circulation of the related news for the corporate accomplishments.

IDENTITY CARD

SUPPLIES IN NUMBERS

- \ EUR 680 million of overall supplies.
- \ EUR 350 million for materials and services
- \ EUR 330 million for "turnkey" contracts and subcontracts.

Geographical breakdown of supplies



PROJECTS AND HIGHLIGHTS

The organisational change of Ansaldo STS as a starting point for a better strategic management of the Group's purchases.

Careful selection and qualification of suppliers and contractors based on objective, transparent and verifiable evaluations.

Qualification criteria which take account of the existence of quality, safety and environmental management systems.

SUMMARY OF FUTURE COMMITMENTS

- \ To improve supply management thanks to the benefits of the "Global Procurement" supported by the new organisation.
- \ To improve the definition of the criteria for compliance with environmental requirements for all the suppliers who work on behalf of Ansaldo STS.
- \ To also manage those environmental issues which are indirectly generated by our activities.

(*) **The Regions are defined as follows.**

- Ansaldo STS Italy Region includes: Italy, Denmark, Finland, Germany, the Netherlands, Romania, Czech Republic, Tunisia, Turkey and Greece.
- Ansaldo STS France Region includes: France, Finland, United Kingdom, Ireland, Spain, Portugal and Sweden.
- Ansaldo STS USA Region includes: USA and Canada.
- Ansaldo Asia Pacific Region includes: Australia, Malaysia, Taiwan, South Africa, India and Botswana.

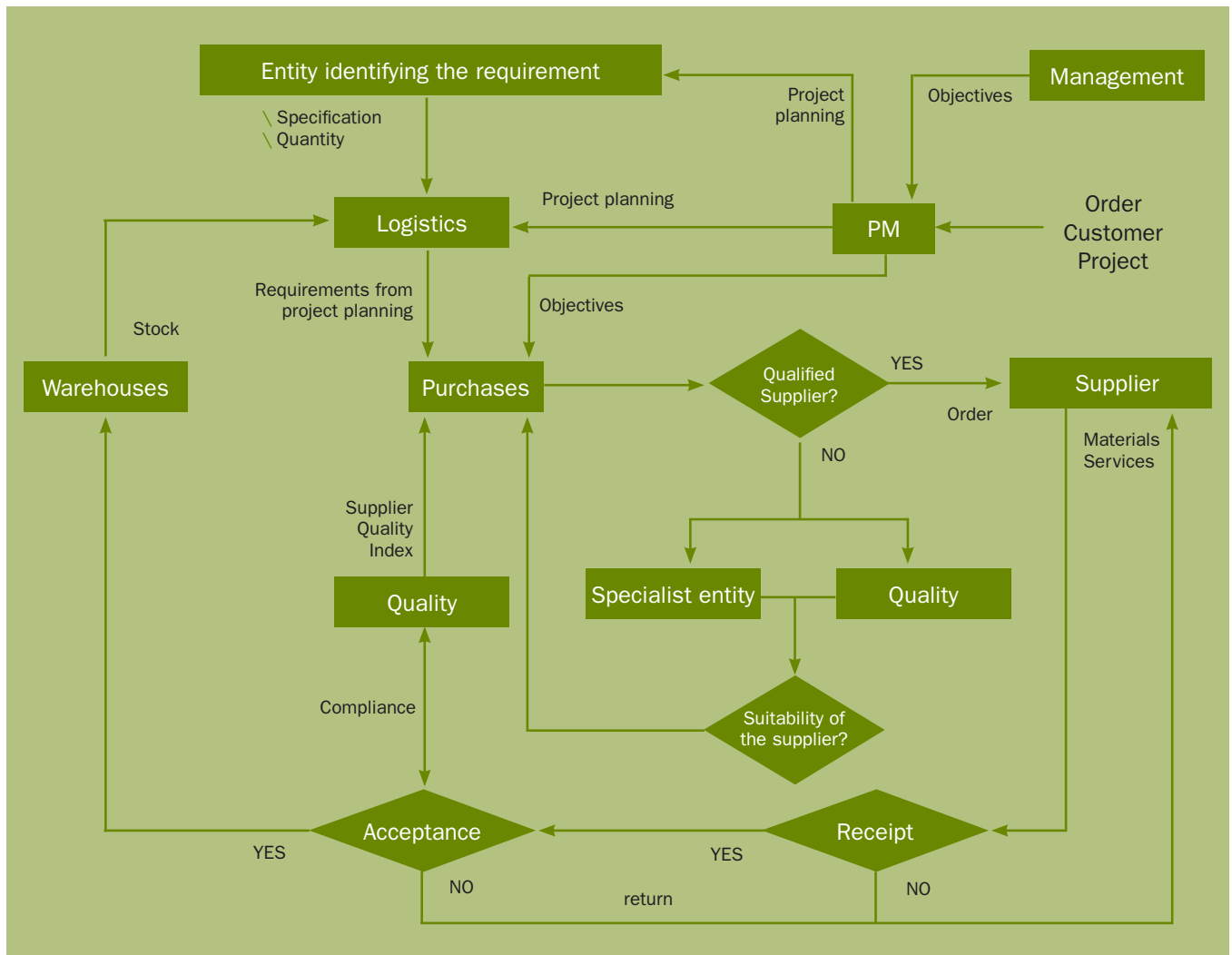
SUPPLY CHAIN MANAGEMENT

Supply management

Ansaldo STS considers the process for managing the entire supply chain as a critical factor of success for its business. A strategic management of purchases entails a wider vision of the process, throughout the entire value chain, from the definition of product and service specifications to the delivery.

The type of management adopted by Ansaldo STS is interfunctional and requires the involvement and approval of all the entities involved in the overall logistic process, each for the part that falls under its competence.

Below is reported the general layout showing the interfunctionality of the process.

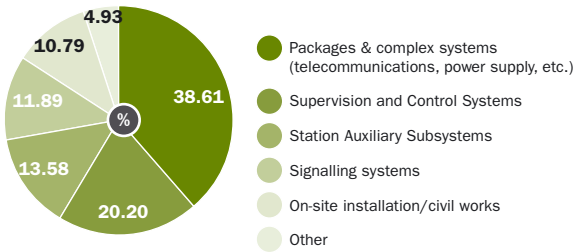


COSTS AND TYPES OF PURCHASES

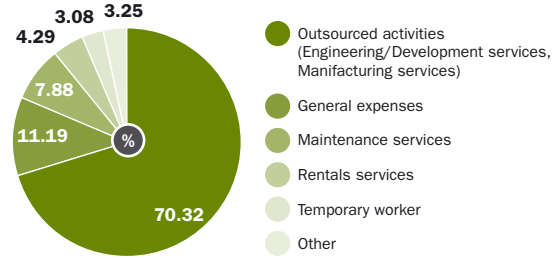
An efficient management of purchases is essential to ensure and further improve the profitability of Ansaldo STS. Costs for raw materials and consumables used and purchase of services from third parties represent the most important cost item of the income statement, on average (2007-09) equal to EUR 650 million per year, with a weight of 61% on revenues.

SUPPLIES BY GEOGRAPHICAL SOURCE (EUR)	Ansaldo STS Italy Region	Ansaldo Asia Pacific Region	Ansaldo STS France Region	Ansaldo STS USA Region	TOTAL
Materials and services	184,319,597	67,662,283	61,638,405	38,592,815	352,213,100
"Turnkey" and subcontracts	296,698,798	17,225,709	4,128,261	2,188,132	320,240,900
TOTAL	481,018,395	84,887,992	65,766,666	40,780,947	672,454,000

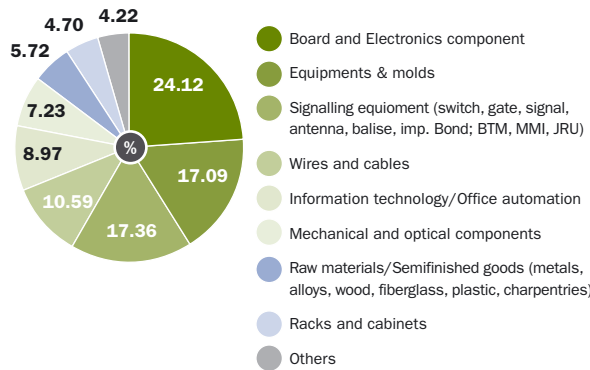
Total EUR 320 million "Turnkey" and Subcontracts Expense by category



Total EUR 192.5 million Expense of Services by category



Total EUR 159.7 million Expense of Materials by category



FOCUS

Organisational change and strategic management of purchases

The organisational change that Ansaldo STS is currently undergoing represents the starting point for a better strategic management of the Group's purchases. The strategies which may be implemented in the next years are the following:

Alignment of projects: alignment of the purchase process and optimisation of volumes according to the state of progresses of the projects;

Cross-project optimisation: implementation of cross-project framework agreements with strategic suppliers, in order to get the benefits of volumes leverage and reduce the performance time of the projects;

Business Driven: concentration with the different market units of the dealings on goods and services common at a business unit level, maintaining a high flexibility;

Design-to-Cost: optimisation of platform costs through the standardisation of the components during the design phase, which may be realised also thanks to greater cooperation between the Purchasing, Engineering and Production functions.

Integrated Supply Chain management: involvement of suppliers in the product development processes, leveraging their specific skills in order to both reduce costs and streamline development processes;

Global Sourcing: implementation of global sourcing policies, leveraging the global foothold as regards non-critical products and, in any case, in line with the flexibility of Ansaldo STS.

Selection and qualification of suppliers

The selection of the suppliers and the process which leads to the purchase of assets, goods and services take place in accordance with the principles of the Ethics Code of conduct and of the internal quality procedures, as well as in compliance with environmental, health and safety regulations currently in force.

Within the context of relations with suppliers and contractors, just as for all of those entities with which commercial and financial relations of any kind are maintained, Ansaldo STS demands conduct based on the principles of loyalty, fairness, transparency, efficiency, compliance with law.

For this purpose, suppliers and contractors are selected on the basis of objective, transparent and verifiable assessment criteria, in accordance not only with the principles of the Ethics Code, but also with all the procedures envisaged in the specific protocols, in written form, and in line with the existing hierarchical structure.

The selection is based only on objective parameters such as quality, appropriateness, price, professionalism, competence, efficiency, and only where appropriate guarantees are given as regards the honesty of the supplier, provider or advisor.

SUPPLIERS OF MATERIALS AND SERVICES

Essentially, this relationship is based on the correct management of the supply in terms of quality, economic convenience, compliance with delivery time limits and checks for compliance with the requirements related to the assets purchased. The relations with these suppliers as regards sharing of information and/or critical issues concerning the construction of other systems and, in general, of the entire project to which such supplies refer, are limited.

PACKAGES/SUBCONTRACTS

The purchase of a package is intended as the appointment for the implementation of a "turnkey" system which shall be properly integrated with the rest of the technologies comprising the entire Project. In this case, the contractor is not considered to be a "simple" supplier but a real "partner" and thus it must be, inevitably, an integral part of all the phases of the implementation of the entire project, from the preliminary design to the commissioning phases.

Therefore, such "contractors" work alongside all the entities of Ansaldo STS (PM, Engineering, Quality, Logistics, Constructions) throughout the process and, just in line with the principles of fairness and transparency mentioned above, they are informed of the actual progress of the other technologies, of any possible critical issues regarding the project, and are invited to attend the meetings held with other constructors and with the end Customer.

The process of selection and evaluation of the suppliers is developed through the following sentences, in accordance with the procedures for its management.



The Procurement function of Ansaldo STS selects potential suppliers of materials/services, particularly those related to Packages/Contracts, with the support of the other corporate functions (Engineering, Administration & Finance, Legal Affairs, Quality, HSE, Constructions).

Throughout the entire assessment process, the company checks for compliance of the suppliers with the expected requirements, thus determining the possible approval and the inclusion in the list of qualified suppliers to which purchase orders may be issued.

According to the importance of the commodity classes, the assessment methods used range from the mere analysis of the documents required and received from the supplier, to the preparation of an assessment report following a visit to the supplier in question.

An inspection may be requested:

- \ by the Procurement function in order to better assess the reliability of "strategic" suppliers;
- \ by the interested functions when no sufficient information is available;
- \ by the Quality function when the judgement on the organisational system or on the Quality Management System or on the overall skills of the suppliers, appears not to be satisfactory in light of the type and relevance of the supply.

The assessment team reviews the different corporate areas according to the type of purchase (materials, services, packages, etc.), based on the processes required (design, supply, assembly, etc.) and, finally, based on the relevance of such purchases.

QUALIFICATION CRITERIA

The Procurement function, availing itself of the technical and specialist skills of the Corporate Entities involved, assesses the potential suppliers on the basis of very detailed requirements whose main categories are outlined below:

- \ economic and financial position;
- \ management, commercial and logistic organisation;
- \ production potential;
- \ the existence of any Quality Management Systems certified by accredited bodies;
- \ the existence of any Environmental Management Systems and Health and Safety Systems certified by accredited bodies;
- \ the availability to accept inspections;
- \ certification from RFI (Rete Ferroviaria Italiana) or other Bodies;
- \ identification and traceability of production lots.

Contractual instruments

Ansaldo STS uses different supporting contractual instruments depending on the goods and services purchased from a given supplier.

As regards the commodity classes correlated to basic services such as ICT (Information & Communication Technology), energy supply, Global Service and logistics (warehouse outsourcing, transport contracts) Ansaldo STS uses framework agreements defined at Finmeccanica Group level (Finmeccanica Group Services).

As regards standard materials and services, preference is given to all those initiatives which favour permanent relationships (framework agreements, partnerships, Memoranda of Understanding, etc.) with selected suppliers, periodic controls of the processes of the suppliers, as well as regular controls of the supplies, so as to be able to monitor the ethics, suitability, reliability and punctuality of the suppliers.

As regards project-specific materials and services, Ansaldo STS uses Purchase Orders (OdA) which, in their standard model, summarise the general terms and conditions of supply, the provisions of law to comply with – with specific regard to Workers' and Personal Data Protection – and the provisions of the Ethics Code. The wording of the Purchase Order describes the features and requirements, quantities and delivery times of the materials and services purchased, referring, where applicable, to specific documents related to technical specifications of the more complex Equipment.

As regards the "turnkey" Packages/Contracts, Ansaldo STS enters into ad-hoc contracts which require the Contractors to undertake the implementation of the system or service assigned using their structure and resources, and at their own risk. The most important issues unequivocally defined by the sections of such contracts include:

- \ the purpose of the work;
- \ the list of the entire contractual documentation;
- \ financial consideration;
- \ obligations and duties of the supplier;
- \ provisions of law to comply with;
- \ terms of payment;
- \ procedures for managing variations;
- \ penalties imposed for non-compliance with the performance requirements s required;
- \ guarantees (sureties) and insurances required;
- \ procedures for managing disputes.

Furthermore, the entire "contractual documentation" should be attached to the contract, which is usually comprised of the Main Contract (entered into between Ansaldo STS and its Customer), the technical documents that define in detail the Purpose of the Work, the detailed Programmes of the project, the Ethics Code of ASTS, the documents required under applicable laws (PSC, specimen of the declarations to be made as regards workers' protection), etc..

Monitoring Activities

Suppliers are constantly monitored through the contacts between them and the functions of Ansaldo STS with which they interact (Procurement, PM, Engineering, Quality, Logistics, Constructions).

At least once a year, those members of the staff who are in contact with the suppliers take part in the "Vendor rating" process, which analyses the conduct and the related performance within the context of the supplies awarded, in order to update the assessment of the suppliers and determine whether they can continue to be included in the lists of ASTS suppliers. The valuations expressed are based on four significant indexes: Quality, Punctuality, Flexibility and Costs.

Any partial assessment is determined based on the weighted average of the opinions expressed by the various corporate Entities. On the basis of these opinions, a report is prepared on the quality ratios of the suppliers and, by means of an appropriate weighted average formula, a value is determined for each supplier.

Only for the suppliers of strategic materials this monitoring process takes place on a quarterly basis and the parameters taken into account are the following:

- \ Price (calculated as the change compared to the cost of the product);
- \ Quality (calculated as the percentage of defects detected);
- \ On-Time delivery.

E-Procurement platform

In 2008, an e-procurement platform was developed by Finmeccanica Group Services and made available to all the Group companies. It is specifically dedicated to the trading activities such as requests for offers and online auctions.

Even though the volumes purchased through this platform are still limited compared to the aggregate volume, the growing trend is considerable. In fact, the volumes went from EUR 500 thousand in 2008 to approximately EUR 9 million in 2009.

The use of the platform, especially as regards materials, offers many advantages in terms of standardisation of relations and instruments, greater transparency and traceability of negotiations, structured communication to the suppliers, significant economic savings, paperless management of the entire process.

Litigation management

Generally, the disputes between ASTS and its Suppliers/Contractors may relate to breaches of contract by the aforesaid counterparties, which are attributable to both framework agreements (if any) for works/supplies, and to individual orders issued by ASTS in favour of such counterparties. Even though it is unlikely to achieve a complete prevention of such disputes, ASTS endeavours to periodically improve the contents of its general terms and conditions and, whenever possible, to standardise sub-supplies. This proved to be a virtuous path, since there are currently no disputes pending between ASTS and its suppliers and Contractors.

Given the development of the activities abroad, ASTS tends to include arbitration clauses in the relevant contracts, with the intent of both preventing any elusive conduct from the suppliers (supported by the governing law which, in these cases, is almost always the local one), and avoiding any discrepancies between the main contract with the customer and the subcontracts which could give rise to actual procedural problems in recovering the amounts due.

IDENTITY CARD

NUMBERS

EUR 584 thousand of 2009 overall expenses related to the community, including:

- \ EUR 387 thousand for initiatives in favour of the territory where the company is located;
- \ EUR 109 thousand for the sponsoring of events;
- \ EUR 42 thousand for economic contributions to cultural events;
- \ EUR 41 thousand for donations to humanitarian, environmental and cultural events.

PROJECTS AND HIGHLIGHTS

Ansaldo STS coordinates the Protectrail project financed by the European Union within its security initiatives.

It actively cooperates in the implementation of three 2-level University Masters.

It has framework agreements in place with Italian Universities, which provide for three-year PhDs, research contracts, a number of doctoral thesis and apprenticeships.

It finances humanitarian, environmental and cultural activities; in 2009, particularly, in favour of populations affected by natural disasters.

It continuously finances non-profit organisations and Specialist healthcare centres, for the benefit of those suffering from serious illnesses.

SUMMARY OF FUTURE COMMITMENTS

- \ To continue cooperating with Italian and European Union authorities and with Universities in favour of research.
- \ To continuously support social, cultural and environmental initiatives promoted by Associations and Institutions.

EXCHANGE RELATIONSHIPS WITH THE COMMUNITY

Institutional relations management model

The management of the relations with Public Institutions, local and territorial authorities, essential to the existence of the Group under many aspects, falls, at Ansaldo STS, under the responsibility of the External Relations Manager, as well as all the Communication and Image activities and the media relations. Considered together, these topics represent in fact the corporate identity of Ansaldo STS and contribute, each in its context, to build its reputation, a very important intangible value to which the overall credibility of the company and the quality of the relationships with its shareholders and stakeholders are linked.

Even though the management model of Ansaldo STS acknowledges wide operational independence to the different foreign Market Units, the coordination of the commitments of the Group on this issue, so as to make it consistent and to enhance it, represents one of the main activities of the Central External Relations Management, whose specific mission is to:

- \ ensure uniformity of the Group's approach, for the purpose of protecting and strengthening interests and contractual power;
- \ control relationships with the different local institutions;
- \ follow, together with the sales area, the decision-making procedure related to some key measures for the Group;
- \ promote framework agreements, programme agreements and other local exchanges;
- \ define and develop adequate information tools;
- \ ensure the strictest ethical compliance when approaching institutions and local authorities;
- \ monitor and strengthen the image of the Group by means of appropriate communication campaigns and activities with the media;
- \ organise regular meetings for sharing strategies;
- \ provide the other corporate units, particularly as regards the sales area, with the tools necessary to perform their duties.

Another key tool for the functioning of institutional relations is the so-called " Professional Family", i.e. the network of colleagues that do the same job in the different Market Units around the world.

Relations with national public and European Union institutions

Currently Ansaldo STS has in place:

- \ 2 projects financed in Italy by the Ministry for Research (of which the Security-related SAFER project is worth mentioning, which is coordinated by Ansaldo STS and which sees the participation of many Finmeccanica companies);
- \ 3 projects financed by the Ministry for Productive Activities, included in the context of the plan Industry 2015 Sustainable Mobility (of which, the SITRAM project is worth mentioning, which concerns a catenary-free tram system with high power efficiency);
- \ 1 project financed by the Ministry of Environment: Piezorail, related to the utilisation of piezoelectric devices to recover energy in the railway transport;
- \ 2 projects financed by the Liguria Region (see the paragraph "Districts").

In addition, Ansaldo STS is currently involved in 9 projects financed by the European Union within the context of the seventh framework programme, 6 of which were approved in 2009.

Of these projects, the most significant are:

- \ the security-related PROTECTRAIL project, coordinated by Ansaldo STS, with the participation of primary railway operators such as the French, Italian and Polish railways, and the Finmeccanica companies Elsagdatamata and Selex SI;
- \ INESS project for the standardisation of the interfaces with the European Interlocking systems;
- \ GRAIL2 for the development of the use of satellite in railway signalling..

TECHNOLOGICAL DISTRICTS

Ansaldo STS participates in the District of the Liguria Region "Integrated Technological Intelligent Systems" together with other Finmeccanica companies active in the region. In this context, it participates in two research projects: ACIS (telecommunications and safety) and SINTESIS (security).

PARTICIPATION IN TRADE ASSOCIATIONS

Ansaldo STS is actively involved in the initiatives of the UNIFE (union of European railway industries), UNISIG (the European union industry of signalling) and UITP (international association of public transport), ANIE (National federation of electro-technical and electronic industries), AICQ (Italian association for quality culture) Italian partner of EFQM (European Foundation for Quality Management), Cosila (Consortium for safety at work) and the Manufacturers' Association/Confindustria.

In particular, as regards the UNIFE, Ansaldo STS cooperates to promote the extension of the rail transport system through the implementation of the technological standards (ERTMS, TSI) and the proposed European research projects aimed at improving safety, energy efficiency and respect for the environment, within the railway transport industry.

PARTNERSHIPS WITH UNIVERSITIES: TECHNOLOGICAL AND MANAGERIAL TRAINING

\ International Business Leadership

It is currently in progress since 1 July 2009 at the Ansaldo Foundation; it is attended by 20 middle managers from different companies active in the high-tech industry; 3 employees work for Ansaldo STS; Ansaldo STS cooperates in its implementation and with some teaching activities.

\ Sustainability, safety and security in transportation systems and infrastructures

It is currently in progress since 24 November 2009 at the Ansaldo Foundation; it is attended by 24 graduates, 7 of whom are already employed by Ansaldo STS, while another 9 are given the possibility of taking more than 400 hours of internship at the Company; Ansaldo STS cooperates in its implementation and with some teaching activities.

\ ICT and safety for the innovation of production environments and the development of new markets

It is currently in progress since 17 December 2009 at the Ansaldo Foundation; it is attended by 20 graduates; Ansaldo STS cooperates in its implementation and with some teaching activities, and gives 2 participants the possibility of taking more than 400 hours of internship at the Company.

Ansaldo STS is a member of the ISICT of Genoa, Istituto Superiore di Studi in Tecnologie dell'Informazione e della Comunicazione (institute of studies on Information and communication technologies). ISICT is a consortium established by the University of Genoa and by some Enterprises, Institutions and Entities operating in the territory of the Liguria Region. The purpose of the ISICT is to promote excellence training in the Information and Communication Technology sector.

Ansaldo STS participates in the proceedings of the Institute through its presence in the decision-making bodies and by cooperating with teaching activities to the education of the students.

AGREEMENTS WITH UNIVERSITIES

Ansaldo STS has in place Framework Agreements with the Italian Universities of Genoa, Naples, Turin and of the Basilicata Region, with which it has an active cooperation in the form of three-year PhDs, one- or two-year research contracts, as well as many doctoral thesis and apprenticeships.

It has entered into a framework agreement with the German University of Dresden, which has a great experience in Railway Signalling; it also develops cooperation relationships with the Universities of Rome and Milan.

Media relations

As regards communication with the media, ASTS relationships are mainly focused on those of an economic-financial nature:

- \ national news agencies, both non-specialist (including ANSA, Apcom, ADN-Kronos, AGI) and specialised in financial issues (including Radiocor, Mf Dow Jones, Reuters), as well as international agencies specialised in financial issues (Reuters International, Dow Jones, Bloomberg);
- \ newspapers (including Il Sole 24 Ore, MF, Finanza & Mercati, Italia Oggi);
- \ magazines (including Il Sole 24 Ore Plus, Milano Finanza, Borsa Finanza, CorrierEconomia, Repubblica Affari&Finanza, Economy, Il Mondo);
- \ radios (Radio 24);
- \ broadcasters (Class CNBC).

Relations with online economic and financial sites (including IlSole24Ore.com, Soldionline.it, Finanza.com, Virgilio Economia) are also developed.

Furthermore, continuous and successful relationships are maintained with the local media, with both business and news editorial staff, where the offices of Ansaldo STS are located, Genoa and Naples, or where the company develop its projects on the territory, such as in Rome, Milan and Brescia.

Finally, note the contacts established with the main international newspapers in the railway transport/signalling industry, such as Railway Gazette International and Railway Market.

RELATIONS MANAGEMENT

The management of media relations focuses on the "quality" of information, which must always meet the requirements of transparency, punctuality, truthfulness, usefulness and widespread dissemination. These features allow Ansaldo STS to ensure that its communication is always based on a constant equality of information to all the interested media.

In this regard, it should be pointed out that the equality of disclosure is the essential requirement that must be met as regards the communication of listed companies.

The direct relationship with the journalists is maintained at different levels: from the highest ones, Directors and Deputy Directors, to the intermediate, Central Editors in Chief and Senior Editors, to the ordinary Editors. In fact, it is necessary to maintain the relationship with all the players of the media industry in order to be able to provide constant support whenever any issues related to the Ansaldo STS business are dealt with.

QUALITY OF THE EXTERNAL COMMUNICATION

Each "Price Sensitive" communication from Ansaldo STS to the market (i.e. a communication which may significantly impact the stock performance in the Stock Exchange and which is disclosed through the NIS - Network Information System - of Borsa Italiana) is subject to a standard procedure which strictly links and coordinates the IR function, the internal communication function of Ansaldo STS and the external communication company. Each communication to the media is thus shared, verified and approved prior to its dissemination outside, thanks to a constant and accurate monitoring which involves, each with its specific duties, the three functions mentioned above.

Any contact with the media, both proactive and follow-up, concerning communications made to the market is shared between the internal communication function of Ansaldo STS and the external communication company so as to maintain the required overall uniformity and consistency of the information on the relationships of ASTS with the media.

Relationships with the community

Every year Ansaldo STS is strongly involved in several charity campaigns, financing humanitarian, environmental and cultural initiatives. In 2009, donations amounted to over EUR 150 thousand. The most significant of these at global level were those in favour of the populations affected by natural disasters, such as:

- \ Australia Red Cross- Donations for Victoria Fire Victims;
- \ FNM for Abruzzo.

Particularly important are the activities of financing non-profit organisations and specialist Healthcare centres, for the benefit of those suffering from serious illnesses, such as:

- \ AIDO (Associazione Italiana Donazione Organi);
- \ Leukaemia Lymphoma Society Donor Service;
- \ Cerebral Palsy Education Centre;
- \ Swedish Cancer Society;
- \ Kidney Health Australia – Kidney Kids Camps Car Rally 2009;
- \ Cerebral Palsy Education Centre;
- \ QLD Institute of Medical Research Trust;
- \ Associazione Gigi Ghirotti ONLUS;
- \ Istituzione David Chiossone;
- \ Associazione Meglio Insieme ONLUS;
- \ Centro Oncologico Ligure ONLUS;
- \ Telethon 2009.

Finally, in 2009 Ansaldo STS also supported cultural and social entities such as:

- \ Boy Scouts of America – Troup 560;
- \ Ecole Centrale Paris;
- \ Department of Education;
- \ Training & the Arts.

ENVIRONMENT, HEALTH AND SAFETY





IDENTITY CARD

ENVIRONMENT, HEALTH AND SAFETY IN NUMBERS

- \ 9 sites provided with ISO 14001-certified Environmental Management Systems.
- \ Tito production site with registration EMAS.
- \ 15 sites provided with OHSAS 18001-certified Safety Management Systems and similar.
- \ There is no judicial proceeding involving Ansaldo STS for offences related to health and safety at work.
- \ No environmental damage and no environmental claim.
- \ Accident frequency rates (*Indici infortunistici di Frequenza*, If = 7.40) and Accident severity rates (*Indici infortunistici di Gravità*, Ig = 0.05) of Ansaldo STS are considerably lower than those of its industry of reference.

PROJECTS AND HIGHLIGHTS

Strong commitment of the Management on EHS issues, so as to involve and support suppliers and partners, with EHS qualification requirements and specific initiatives.

Implementation of a governance model of the Carbon Management System for the climate-altering gas emissions.

Cooperation on projects (365 Safety Days) and partnerships (Masters) with Universities and Entities on safety and environment issues.

SUMMARY OF FUTURE COMMITMENTS

- \ To standardise management systems and EHS operating procedures of the Group.
- \ To organise the continuous sharing and exchange of the operational EHS best practices of the Group.
- \ To strengthen the process aimed at ensuring full compliance, at Group level, with laws, regulations and the standards of Ansaldo STS.
- \ To implement a common reporting system on the EHS performance at global level.

ENVIRONMENTAL POLICY

The decision to adopt and implement the Environmental Policy of the Ansaldo STS Group is the logical consequence of the Group's commitment to the development of products which are intended to increase the safety, effectiveness and efficiency of some of the most environmentally friendly transport systems available: rail transport systems, railways, metros and tram systems.

Developing ever higher performing products means, in environmental terms, an even more attractive offer of passenger and freight transport services: a safer, faster, more punctual and more frequent circulation of trains attracts a higher number of users, while significantly reducing the use of less environmentally friendly transport systems, thus contributing to protecting environment.

The Environmental Policy of Ansaldo STS envisages:

- \ the development of widespread environmental awareness amongst the workers of the Group;
- \ working in compliance with the legal provisions applicable to its procedures, through the formalisation of procedures which support the knowledge of the relevant legislative framework;
- \ the identification of significant environmental issues, for the reduction and monitoring of the relevant impacts on the environment, even under emergency conditions;
- \ informing the customers of the environmental issues related to the use and elimination of finished products;
- \ involvement of suppliers and contractors in the environmental issues, raising their awareness on this subject;
- \ the commitment to improving environmental performance through the achievement of increasingly ambitious targets and objectives, consistently with the technological progress of the sector and with the budgeted expenses;
- \ the definition of indicators for a straightforward monitoring of performances;
- \ starting an open dialogue with the Public Authorities, the communities and the public, aimed at raising awareness of the real environmental impacts and cooperating to update environmental regulations.

In line with the international regulatory framework and with the evolution of scientific knowledge on climate changes, the Ansaldo STS Group is committed to the improvement of its activities also for the purpose of reducing its overall impact in terms of climate-altering emissions in the atmosphere.

Management systems, certifications and registrations

The commitment of the Ansaldo STS Group to environmental issues has grown in the last few years alongside the evolution of its corporate policy and objectives. The decisions taken required a considerable investment of resources and a significant organisational effort, but led to the implementation of innovative industrial processes increasingly more sustainable from an environmental point of view and more responsible management procedures.

For this purpose, the Ansaldo STS Group has implemented a formalised environmental management system which provides for a dedicated structure and procedures defining the operational formalities of the process, and for the investments from time to time required to improve the environmental performance.

The ISO 14001 standard and the EMAS Regulation represent the model indicated by the Ansaldo STS Group to its subsidiaries for the development of management systems the certification of which represents the instrument to develop a permanent environmental awareness both with internal staff and with suppliers and subcontractors.

Market requirements and the resulting experiences for some of the subsidiaries has led to the development of environmental management systems and to the subsequent certification according to the ISO 14001 standard, which Ansaldo STS has undertaken to extend to all the Group companies.

The production plant of Tito Scalo was also awarded the EMAS (Eco Management and Audit Scheme) Registration, EC Regulation No. 761/2001; to date, it is currently being adjusted to the EC Regulation no. 1221/09 (see the specific box) and the possibility is currently being considered to extend it to the other production sites. The schedule below outlines the current status of the certifications obtained or being acquired.

Country	France	Italy	Pacific	Spain	Sweden	UK	USA
The company has formalised the environmental policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The company has formalised an environmental management system	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The environmental management system is ISO 14001 certified	Yes	Yes	No	Yes	Yes	Yes	No
The environmental management system is EMAS registered	No	Yes	No	No	No	No	No
The company intends to certify the management system	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Certification target date	2008	2003	2010	2009	2009	2004	2011

Certifications

At 31 December 2009, the 4 Italian sites were certified as regards Quality, Environment, Health and Safety. The 19 foreign sites are all certified as regards Quality, 11 as regards Health and Safety and 5 as regards Environment.

FOCUS

EMAS registration of the Tito Scalo plant

The plant of Tito Scalo (Province of Potenza) centralises all the production activities of the **Signalling** Business Unit Italy for which all the components and systems conceived, designed, verified and validated by the development units located at other sites are industrialised, manufactured and tested.

The products manufactured in this plant include: circuit boards, electronic devices and equipment such as, for example, ground traffic light signalling, impedance bonds (automatic block systems which ensure the safe management of distances between trains) and the Eurobalise (i.e. transponders installed along the railway lines, which transmit information which allows the protection of the movement of the train).

The plant adopts an Environmental Management System based on successive objectives and targets and on the principles under EC EMAS Regulation No. 761/2001, as subsequently adjusted to EC Regulation no. 1221/09 (Eco Management Audit Scheme) which is compliant with the UNI EN ISO 14001 standard, to ensure the absolute control of the environmental issues linked to its activities.

The environmental analysis has led to the identification of the following direct aspects and to the procedures for their management.

Aspect	Operating conditions		Procedure	Surveillance	Improvement plan
	normal	abnormal and emergency			
Use of electricity	S	-	-	-	X ₁
Waste production	S	-	X ₂	-	X ₃
Emissions in the atmosphere	S	S	-	X ₄	-
Ozone-depleting gases	-	S	-	X ₅	-
Fire risk	-	S	X ₆	X ₇	-

S = significant aspects in the operating conditions indicated;

Xn = management procedures for the aspects referred to, that is to say:

\ X₁ = for electricity consumption 3 performance indicators are defined in order to optimise the use of this resource;

\ X₂ = waste production is managed through a specific procedure that specifies the relevant operational and administrative formalities;

\ X₃ = as regards waste production, 5 performance indicators are defined in order to reduce such waste;

\ X₄ = as regards emissions in the atmosphere, a surveillance plan has been implemented which provides for the semi-annual monitoring of the parameters with reference to the applicable laws and permits held;

\ X₅ = as regards ozone-depleting gases, a surveillance plan has been implemented which provides for the monitoring (with different frequencies based on the quantity of gases in each plant) of the existence of possible leaks of such gases;

\ X₆ = fire risk is managed through specific risk assessment and emergency and administrative procedures which specify the operational formalities;

\ X₇ = as regards fire risk, a surveillance plan is implemented which provides for the monitoring of the fire prevention systems.

This assessment is reviewed on a regular basis and whenever a change occurs in the internal processes or in the legislative framework, in order to promptly identify any necessary adjustment to the Environmental Management System.

SCOPE OF APPLICATION OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

The Environmental Management System adopted by the Ansaldo STS Group Companies is applied to the following activities:

- \ as regards production sites (Riom, Batesburg and Tito Scalo), to the manufacturing of the products intended for safety, control and supervision systems supplied by the Ansaldo STS Group;
- \ as regards sites other than production sites, mainly to the following activities: design of signalling systems; safety, reliability and availability analysis; lab tests; project management and control; research and development; procurement; prevention and protection;
- \ activities related to the sites. The activities carried out directly by Ansaldo STS on site are related to the management and coordination, the monitoring and control of the manufacturing, the activation and commissioning of the systems, and their delivery to the customer. With reference to the environmental issues related to such activities, Ansaldo STS acts (as described in the procedure "On-site environmental management") starting from an initial environmental analysis of the works to be carried out on site and to be processed and agreed with the subcontractors; this activity is followed by an environmental monitoring plan which is able to ensure legal compliance on a continuous basis and to seize any and all opportunities to limit environmental impacts which the opening of a site would inevitably entail.

Implementation of regulations

The Environmental Management System of the Ansaldo STS Group has allowed operating process-related procedures to be defined – on the basis of the EMAS Regulation – which permit complete competence to be achieved as regards the legislative framework in which the processes performed and the products and services put on the market are included, so as to verify their adequacy and compliance.

In addition, according to these procedures, the Ansaldo STS Group is also required to rely on local advisors for the purpose of improving the competence relating to the legislative and regulatory framework applicable in the Country in question. In line with the Environmental Policy, the implementation of regulations in each Country where the Group is active is only the first step, necessary but not sufficient: the main commitment of Ansaldo STS is not simply limited to the compliance with the existing laws, regulations and directives, but to pursue a continuous improvement of the environmental performance linked to its products and production processes.

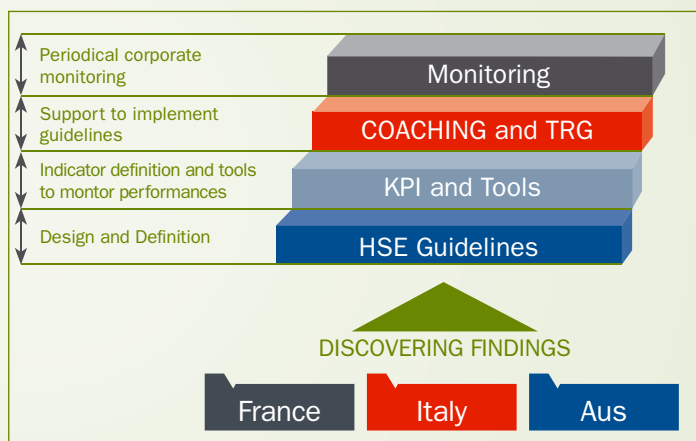
FOCUS

Project “HSE DISCOVERY PHASE”

The Ansaldo STS Group has started the project “**HSE DISCOVERY PHASE**”, related to the standardisation of legislative EHS requirements of different Countries. This project starts by analysing how the EHS issues are managed at the different sites of the Group, and identifying the best practices: the objective is to implement EHS policies based on such best practices, which are applicable to the entire Group and which allow the implementation of significant improvements in environmental, health and safety performances.

Next steps of the project will be:

- \ to standardise the operating EHS system;
- \ to organise the continuous and constant sharing of operational practices between EHS offices and departments;
- \ to define a process which ensures full compliance at Group level as regards EHS issues;
- \ to implement a common reporting system on the EHS performance at global level.
- \ to integrate every EHS aspect within each phase of the definition of the supply;
- \ to define a set of performance indicators of the Group related to EHS issues.



Training in environmental issues

The Ansaldo STS Group considers training in environmental issues an increasingly important aspect. The promotion of the sense of environmental responsibility and the constructive dialogue with the staff on environmental issues mainly depend on the specific training process for all the employees who, according to their role, apply the principles set out in the Environmental Policy.

For these reasons, the Ansaldo STS Group implements training and information courses to raise awareness as to:

- \ the importance of complying with the Environmental Policy, the procedures and requirements of the Environmental Management System;
- \ significant environmental impacts, either real or potential, resulting from the activities and the benefits for the environment induced by the improvement of individual performances;
- \ roles and responsibilities to achieve compliance with the Environmental Policy, the procedures and requirements of the Environmental Management System, including readiness in case of emergency situations and ability to react;
- \ the potential consequences of any divergences from the specified operating procedures;
- \ the potential represented by the actual implementation of a joint quality, environmental and safety policy for the development of the business of Ansaldo STS and for the development of railway transport.

Education and training sessions are held by staff expert in the subject involved. The technical-specialist nature of the training programmes underlines the intention of the Ansaldo STS Group to specifically address those professional profiles who perform duties and activities potentially critical for the environment.

Environmental performances

The planning of future environmental strategies depends on the extent of the Company's environmental performances. For this purpose, the Ansaldo STS Group, thanks to the Environmental Management System and to the Initial Environmental Analyses developed for sites and yards, has defined and identified the specific environmental issues of its activities so as to control and reduce their impact on the environment.

The reporting perimeter of the environmental data relate to 23 sites of the Ansaldo ST Group:

- \ **Central, Eastern Europe & Middle East** – Italy: Naples, Genoa, Piosasco (Province of Turin), Tito Scalo (**production site**) (Province of Potenza). 4 sites from this Region are taken into account, for an aggregate of 121,921 square meters, 47% of which is comprised of areas covered by storages, warehouses, plants and offices (square meters 57,502). The number of employees is equal to 1,491 for an aggregate of 2,536,613 hours worked in 2009.
- \ **Western Europe** – France: Les Ulis, Riom (**production site**); UK: Bravington House (London); Ireland: Kerry; Spain: Madrid; Sweden: Solna (Stockholm). 6 sites from this Region are taken into account, for an aggregate of 44,695 square meters, 40% of which is comprised of areas covered by storages, warehouses, plants and offices (square meters 17,795). The number of employees is equal to 810 for an aggregate of 1,262,249 hours worked in 2009.
- \ **Asia Pacific** – Australia: Brisbane (office and factory), Perth, Sidney, Karratha, Melbourne, New Castle; India: Bangalore, Kolkata, Delhi, Chennai; Malaysia: Kuala Lumpur (office and factory). 13 sites from this Region are taken into account, for an aggregate of 52,719 square meters, 64% of which is comprised of areas covered by storages, warehouses, plants and offices (square meters 33,893). The number of employees is equal to 1,200 for an aggregate of 2,649,444 hours worked in 2009.

No plant is subject to the IPPC (Integrated Pollution Prevention and Control) directive; no site falls within the scope of the Seveso directive, as amended and supplemented, nor within the scope of the regulations under Legislative Decree no. 238/05 (Significant Accident Risk), as amended and supplemented.

No activities with an environmental impact are carried out at the sites of the Ansaldo STS Group, except for the French production site in Riom where some hazardous agents (solvents) are used, and for that of Tito Scalo¹².

The activities of the Ansaldo STS Group, therefore, have no particular impact on the environment nor as regards health and safety of the workers.

Below are illustrated the environmental performances, providing quantitative and qualitative data in relation to the direct and indirect environmental issues identified.

12. The chemical products used at the Tito Scalo plant are divided into those intended to be incorporated in the products of the plant and the consumables used in the manufacturing processes. Amongst the first there are resins, paints, tin alloys for electronic welding. As regards the reduction of hazardous products required by Legislative Decree no. 151 of 25 July 2005, even though the products of the Company do not fall within the scope of application of such decree (see ANIE Guidelines dated March 2006), the Company has arranged the gradual adoption of a welding process for circuit boards through the use of unleaded solders.

ENERGY CONSUMPTION

Energy consumption is an environmental aspect assessed and measured at all offices of the Ansaldo STS Group, as well as when the environmental aspects of the site-setup and of the implementation of civil and technological works are analysed.

For its own production and operational purposes, in 2009, the Ansaldo STS Group consumed energy resources for an aggregate of 10,695 TOEs (tonne of oil equivalent). This consumption is determined by: electricity drawn from the grid, methane gas, diesel for the production of energy, heat and for motor propulsion, petrol for motor propulsion and other fuels.

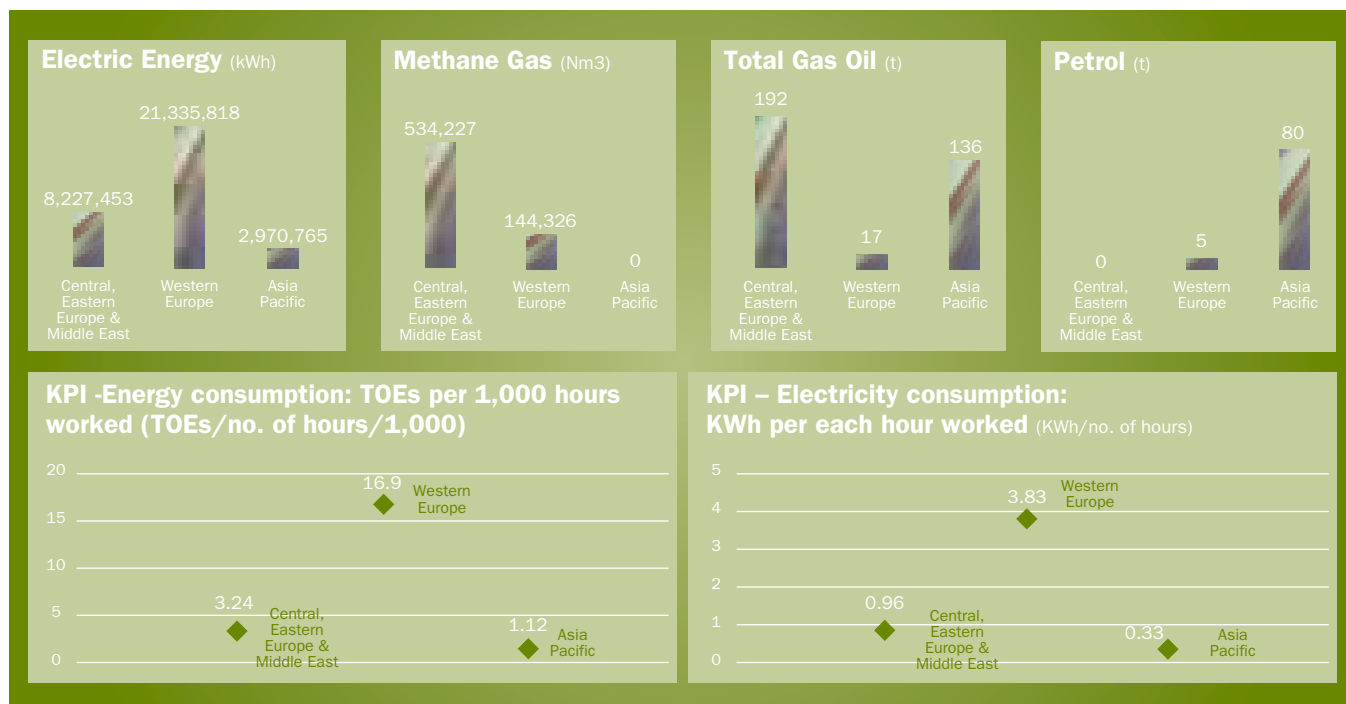
CONSUMPTION OF ENERGY RESOURCES	2009			TOTAL
	Central, Eastern Europe & Middle East	Western Europe	Asia Pacific	
Electricity (kWh)	8,227,453.00	21,335,818.00	2,970,765.00	32,534,036.00
Electricity (TOEs)	1,810.04	4,693.88	653.57	7,157.49
Methane (Nm ³)	534,227.00	144,326.00	0.00	678,553.00
Methane (TOEs)	438.07	118.35	0.00	556.41
Diesel for production of energy/heat (t)	3.50	8.40	15.88	27.78
Diesel for production of energy/heat (TOEs)	3.57	8.56	16.18	28.31
Diesel for motor propulsion (t)	188.97	8.70	120.34	318.01
Diesel for motor propulsion (TOEs)	192.56	8.87	122.63	324.05
Petrol (t)	0.00	5.20	79.66	84.86
Petrol (TOEs)	0.00	5.43	83.24	88.68
TOTAL ENERGY CONSUMPTION (TOEs)	2,444.23	4,835.09	875.63	8,154.94

Ansaldo STS is substantially an engineering and project management company, with few manufacturing activities, which are more often linked to tests and trials rather than being actual manufacturing activities, and thus energy consumption is essentially linked to the use of electronic, IT materials and to the use of equipment for developing and verifying the products, and from ordinary office activities.

For these reasons, the policies for the reduction of energy consumption are focused on the optimisation of consumption in offices, through: interventions for a better insulation of the buildings, the use of high-performance boilers, the implementation of the use of low consumption lamps (LEDs or high efficiency lamps) and with a prudential energy management policy, also through remote controls of machines, air-conditioning systems, lighting of the premises etc..

The extensive use of systems for the production of renewable energy is also being studied, such as hot water panels for domestic water supply (already implemented in some new constructions), or the installation of photovoltaic panels for the production of electricity.

As regards this last aspect, the preliminary study has just been terminated for the installation of a photovoltaic system of approximately 800 KW in Tito; this project is currently being developed both in technical terms and in terms of its economic return, and will be implemented through a project financing, together with other Finmeccanica companies.



All the preceding considerations serve as comment for the charts above.

In addition, Italian installations are characterised by a great number of test laboratories or departments, with thermostatic equipment with high electricity consumption, especially as regards the 100% tests on vital products, by means of thermal cycles intended for systems to be installed on board the trains or in extreme climate conditions.

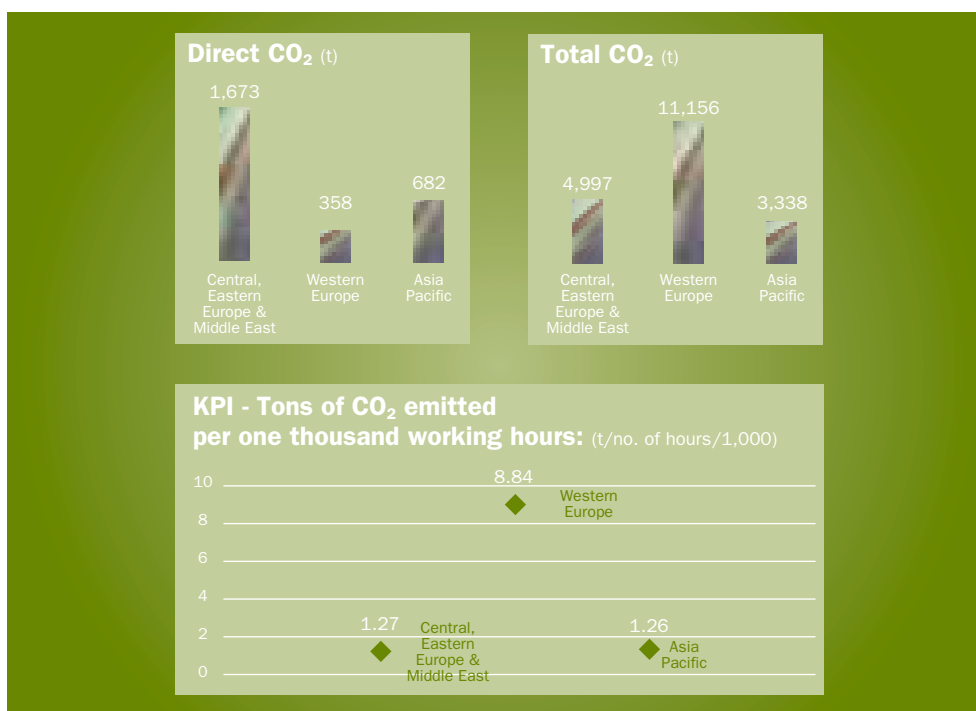
EMISSIONS IN THE ATMOSPHERE

The Ansaldo STS Group takes due account of the reduction of the emissions of greenhouse gases.

The main emissions in the atmosphere generated by the locations of the Group are mainly attributable to CO₂ emissions for the use of diesel for motor propulsion, especially at the production sites. In addition, there is also the emission of CO₂ indirectly generated as a result of electricity consumption.

EMISSIONS IN THE ATMOSPHERE	2009			TOTAL
	Central, Eastern Europe & Middle East	Western Europe	Asia Pacific	
CO ₂ (t) from diesel for production of energy/heat	11.11	26.65	50.39	88.15
CO ₂ (t) from methane gas	1,062.58	287.06	0.00	1,349.64
total CO ₂ (t) (except for CO ₂ from transports)	1,073.68	313.72	50.39	1,437.79
CO ₂ (t) from transports:				
CO ₂ (t) from petrol for motor propulsion	0.00	16.33	250.21	266.55
CO ₂ (t) from diesel for motor propulsion	599.59	27.61	381.84	1,009.04
total direct CO ₂ (t)	1,673.27	357.66	682.45	2,713.38
total indirect CO₂ - from electricity consumption	3,323.89	10,798.42	2,655.30	16,777.62
TOTAL CO₂ (t)	4,997.16	11,156.08	3,337.75	19,491.00

No plant of the Ansaldo STS Group has a power of more than 20 MW; therefore, the Group does not fall within the scope of application of the Emission Trading (Directive 2003/87/EC), instrument for the implementation of the Kyoto protocol for the reduction of CO₂ emissions.



Whilst in the past some actions for the monitoring and control of environmental parameters were adopted as a result of corporate policies, or simply to comply with laws and regulations, the control of greenhouse gas emissions is a recently implemented initiative, in accordance with the similar environmental policy promoted by the majority shareholder.

During the 2009 financial year, the methodologies were defined for collecting data, whereas in 2010 it will be possible to more accurately assess the impact of the activities of Ansaldo STS on these parameters and to direct the Company's decisions towards the reduction of the values measured.

EMISSIONS IN THE ATMOSPHERE	2009			TOTAL
	Central, Eastern Europe & Middle East	Western Europe	Asia Pacific	
SO ₂ (kg)	0.00	50.76	95.57	146.32
NO _x (kg)	844.55	333.75	148.92	1,327.22
CO (kg)	422.27	132.76	10.15	565.18
Volatile Organic Compounds (VOC - kg)	700.00	0.00	0.00	700.00
Volatile Inorganic Compounds (kg)	1.00	0.00	0.00	1.00
Heavy metals (Pb, Hg, Cd, Cr, As, Co, Ni) (kg)	0.01	0.00	0.00	0.01
Particulate	7.00	0.00	0.00	7.00

In Italy, the emissions in the atmosphere represent an environmental aspect which is assessed and measured at the production plant of Tito Scalo, at the Genoa site, and at the yards, both when analysing the environmental impact of the site-setup and during the implementation of civil and technological works. On the other hand, the analysis is not applicable in the plants of Piossasco and Naples.

In the building located in Genoa there are no systems for the reduction of the emissions in the atmosphere given that there are no plants which require such systems. The only existing emission point is at the service of the (external) generator provided with catalyst and compliant with the EEC regulations.

At the plant of Tito Scalo, on the other hand, there is an emission reduction system constructed in compliance with the current legislation. This system deals with solvents, dusts and lead/tin.

Furthermore, the combustion performances of the methane gas heating system are also monitored.

In Riom, varnishing filters are installed for the reduction of the emissions in the atmosphere containing mists, gases and fumes.

FOCUS

Ecological Footprint Management System

The ecological footprint measures the direct and indirect impact of the human activities on the environment in terms of quantity of greenhouse gases produced (UK Carbon Trust 2008).

The Ansaldo STS Group has adopted a management system which allows the development and implementation of policies and objectives aimed at reducing the ecological footprint, in terms of planning, measure, implementation and reporting. This instrument is based on the Carbon Management System implemented by Finmeccanica, to which Ansaldo provides the data for calculating its contribution to the emission of greenhouse gases of the Finmeccanica Group.

A management system for the ecological footprint ensures a high level of transparency in managing the processes of greenhouse gas emissions, allows constant and continuous compliance with laws governing polluting emissions, allows the identification of concrete measures aimed at reducing the emissions of greenhouse gases into the atmosphere, raises the awareness of the stakeholders of the Ansaldo STS Group on climate change issues.

Structure of the Ecological Footprint Management System:

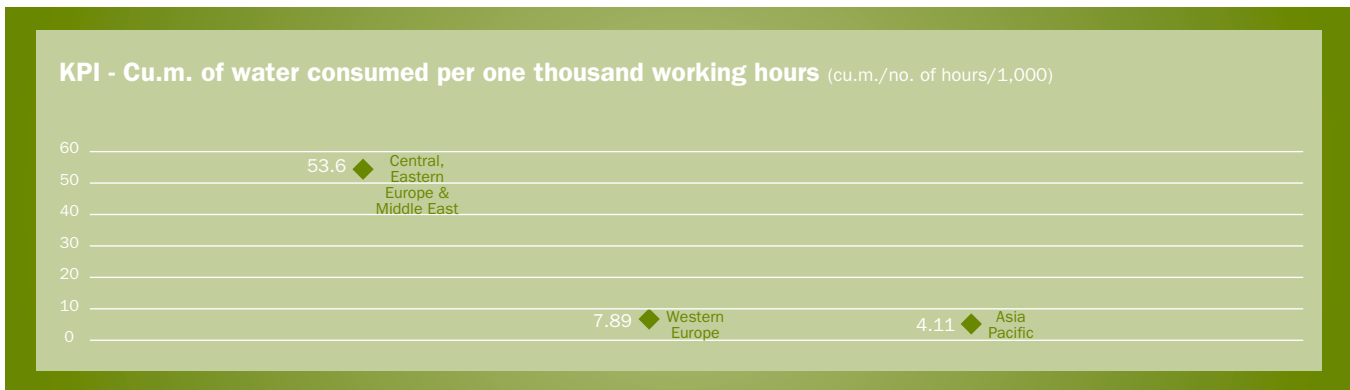
- \ Definition of the objectives of the CMS (Carbon Management System);
- \ Definition and implementation of a CMS governance model;
- \ Definition of objectives and responsibilities;
- \ Realisation of an implementation plan;
- \ Definition of key verification moments;
- \ Integration with the key business processes.

WATER WITHDRAWAL AND DISCHARGE

Water resources are managed being particularly careful to limit their consumption.

As an example, note the installation of photocell electronic taps (Italy), rainwater recycle projects (Riom) and projects for the replacement of the cooling towers by means of "dry" systems.

CONSUMPTION OF WATER RESOURCES	2009			TOTAL
	Central, Eastern Europe & Middle East	Western Europe	Asia Pacific	
From the water main (cu.m.)	76,004.00	9,955.40	8,517.20	94,476.60
From wells (cu.m.)	78,317.00	0.00	988.92	79,305.92
Other sources (cu.m.)	0.00	0.00	169.54	169.54
TOTAL (cu.m.)	154,321.00	9,955.40	9,675.66	173,952.06



Water consumption at the plant of Tito Scalo, for civil and industrial purposes, are extremely limited and water discharges are divided as follows: potable waters are discharged into the sewers, while industrial waters are used for fire prevention and gardening purposes, technological waters are discharged into the sewage system.

At the Genoa site, water is used for civil purposes only. Rain waters are discharged into the urban sewer system identified by the legal protocol, while sludge is discharged into the municipal sewage system.

In the building located in Piossasco, given that no industrial processes of any kind are carried out which provide for a generation, not even minimal, of liquid effluents, water discharges are comprised only of domestic sewage from sanitary ware, and industrial sewage from the drainage of the heating and air-conditioning systems of the buildings, as well as water used in cleaning floors.

Even in Naples no production activity is carried out which generates liquid effluents and water is discharged by AnsaldoBreda.

WASTE

Waste production is an environmental aspect assessed and measured at all offices of the Ansaldo STS Group, as well as at the sites, both when analysing the environmental impact of the site-setup and during the implementation of civil and technological works.

In all the locations of the Group, waste collection points have been arranged according to the type of waste and of the company layout.

Below is reported the waste production of the Ansaldo STS Group:

Waste	2009			TOTAL
	Central, Eastern Europe & Middle East	Western Europe	Asia Pacific	
Non-hazardous	285.15	234.94	153.77	673.86
Hazardous	19.03	13.11	0.00	32.14
TOTAL	304.19	248.05	153.77	706.01
Of which recovered	272.21	228.25	39.00	539.46
Disposed of in landfill	31.97	19.80	85.04	136.81



At the plant of Tito Scalo, the majority of waste produced is comprised of paper, cardboard, metals, mixed packaging, toners, welding waste, lubricants, WEEE, sanitary ware, fluorescent tubes, non-chlorinated solvents, other solvents and lead batteries.

As regards the site of Genoa, the type of waste produced has the typical features of office waste.

In the building located in Piosasco and in that located in Naples, the waste produced is comprised of: toners, paper packaging, cardboard, plastics, wood, composite materials and mixed materials, WEEE, cables, fluorescent tubes, septic tanks sludge and waste from sewage cleaning.

HAZARDOUS SUBSTANCES

In the entire Ansaldo STS Group, there are no hazardous substances of the R45 type (May cause cancer) and R49 type (May cause cancer by inhalation), but only a substance classified as R40 (Limited evidence of a carcinogenic effect) and there are no hazardous substances pursuant to Legislative Decree no. 238/05, as amended and supplemented.

The only substance classified as R40 is the dichloromethane, used in the cleaning process of the moulding machines at the French plant in Riom, at the end of a cycle carried out over the last few years for the replacement of hazardous substances with other just as efficient but not hazardous. A replacement programme is currently ongoing also for this substance.

A new product which is not classified as hazardous substance has been identified, and the results of the technical tests are very promising, so it is expected that the replacement will take place within 2010.

Ozone-depleting substances (R22, Freon, etc.) are present at the sites of Piosasco and Tito Scalo, where the company has arranged for plans for the disposal of the R22 air-conditioning systems.

Equipment, refrigeration and air-conditioning systems containing ozone-depleting substances in quantities exceeding 3 kilos are provided with the related installation booklets and are subject to control to identify any possible leaks according to the procedures and timetable specified under Presidential Decree no. 147/2006 and under the EC Regulation no. 1005/2009 of 16 September 2009 (ozone-depleting substances).

NOISE

At all of the sites of the Ansaldo STS Group, noise levels are always low and both external and internal noise levels are monitored according to the timetable specified under the legislation in force, in order to check for compliance with the limits applicable therein.

Based on the noise classification of the territory of the municipality of Genoa, the area where the building of Ansaldo is located is considered an area of intense human activity, belonging to category "A" as regards railway infrastructures.

The municipality of Piosasco, on the other hand, has not adopted the directives related to the acoustic zoning issued by the Piedmont Region; nevertheless, external measurements were carried out which evidenced a level of noise generated by the Piosasco site which is below the limits set under table 2 of the Prime Minister Decree of 1991, as amended and supplemented.

At the site of Naples some phonometric measurements were carried out in order to assess noise exposure of the staff working inside of the area under its competence.

Subcontractors carry out their phonometric measurements. When Ansaldo STS acts as a main contractor, it may require the subcontractors to provide the results of the measurements so as to monitor that there are no breaches of the limits.

Finally there are some Health and Safety Plans which provide that no noise limits must be exceeded in the entire site.

NON-COMPLIANCE/ ENVIRONMENTAL CLAIMS

No environmental claims were reported by the Authorities or by the communities involved.

INDIRECT ENVIRONMENTAL ASPECTS

The commitment of Ansaldo STS is also focused on the control of indirect environmental aspects through rules and actions concerning:

\ suppliers:

- selection criteria include environmental requirements;
- general purchase conditions require full legal compliance from the supplier as regards ethical, safety and environmental requirements;

\ products:

- they are conceived in compliance with the Environmental Policy;
- the Product Development entities are involved in an analysis that allows environmental aspects to be considered in every phase of the life cycle of the product, also involving the suppliers whenever necessary (disposal of hazardous products and waste at the end of the life cycle).

SAFETY AND HEALTH POLICY

To ensure and maintain a healthy and safe working environment, to prevent accidents, illnesses or damages to the health of employees, suppliers, customers and visitors represent one of the priorities of the business of the Ansaldo STS Group.

The Health and Safety Policy of the Ansaldo STS Group is based on the following structure used to define and review the improvement targets:

- \ to obtain the OHSAS 18001 certification for all the sites of the Ansaldo STS Group, continuously improving the effectiveness of the Safety and Health Management System at workplace (SGSL);**
- \ to further streamline the SGSL system, making it more accurate and adequate to the needs of the Company;**
- \ to continuously enhance the performance of the SGSL system not only in terms of prevention of accidents and occupational diseases, but also as regards the general well-being of the workers;**
- \ to adopt, for all of the risks linked to the working activity, assessment criteria which, in compliance with national laws in force, also take account of international best practices;**
- \ to increase training and information activities for all workers, with the aim of increasing their awareness of the risks connected to their activity;**
- \ to continue to develop activities in support of the spreading of a safety culture vis-à-vis all the suppliers and parties involved.**

This Policy is obviously based on compliance with all the requirements of the relevant rule OHSAS 18001 and on full compliance with the national regulations applicable on the issue, developing a program oriented to the continuous enhancement of health and safety standards.

Implementation of regulations

The Health and Safety Management System of the Ansaldo STS Group has led to the definition of operating process procedures which allow competence to be achieved on the legislative framework so as to be able to check for its adequacy and compliance.

In addition, according to these procedures the Ansaldo STS Group is also required to rely on local advisors provided with the necessary competence as regards the legislative and regulatory framework applicable in the Country in question.

The Ansaldo STS Group comprehensively applies the regulations under Legislative Decree no. 81/2008 for Italy, and similar regulations in other Countries where the Group is active, identifying and assessing risks on a continuous basis and implementing all the prevention and control measures.

The methodology applied for the identification of the risks and their assessment complies with the legislation in force, with the voluntary regulations adopted by the Ansaldo STS Group, with the working experiences capitalised, and has available control indicators for the risks that the organisation is able to monitor.

Training

The Company internally promotes, divulges and consolidates the health and safety culture through training activities aimed at increasing awareness of risks and the attitude towards a responsible conduct. For this reason, the Ansaldo STS Group promotes training, educational and information activities for the development of the skills of the staff which, through their activities, may influence safety and health at work.

	2009			
	Central, Eastern Europe & Middle East	Western Europe	Asia Pacific	TOTAL
Total hours of training on health and safety	6,455.00	3,268.00	5,330.50	15,053.50
Total hours of training	81,474.00	21,993.00	24,759.50	128,226.50
% of training on safety against total number of hours	7.9%	14.9%	21.5%	11.7%

Safety and health performance

The protection of health and the prevention of any form of accident or injury or occupational disease are considered by the Ansaldo STS Group as primary values, as stated in the Policy.

The historical trend of the performance indicators related to health and safety is analysed so as to be able to set the new targets to be achieved, also dividing them by risk factor and location of the injury.

Therefore, safety is a strategic must for the Ansaldo STS Group, and not only based on its mission, but also as a value that is to be guaranteed to all the workers who, with their daily actions, contribute to make it a guarantee for end users.

Overall, 19 accidents occurred (6 in Central, Eastern Europe & Middle East, 3 in Western Europe and 10 in Asia Pacific) excluding those still in progress, 10 of which caused disability of more than three days (6 in Central, Eastern Europe & Middle East, 2 in Western Europe and 2 in Asia Pacific).

The aggregate number of days of temporary disability resulting from each accident is equal to 124 (74 in Central, Eastern Europe & Middle East, 33 in Western Europe and 17 in Asia Pacific).

The data on the frequency and severity of accidents report extremely low values if compared to those of the construction segment (which show, in Italy for instance, a frequency index of approximately 50 and a severity index of 8.5).

Below are reported the accident frequency and severity rates:



Thus, given the low values of the accident frequency and severity rates, in order to acquire any information useful for the improvement, consistently with the Health and Safety Policy, Ansaldo STS also reports the so-called **Near Miss** (accidents with no consequences, resulting from undesired and unexpected situations which could have exposed people to some risks), so as to be able to collect and analyse data and information, and to identify in advance any possible solutions.

FOCUS

The 365 Safety Days Project

Substantially, the idea of the Project is to transmit messages, proposals, training, discussion and anything else linked to the aforementioned targets, with the symbol representing a van which transports the culture of and on safety.

In fact, an ad-hoc van will be prepared, bearing the images and the slogans of the 365 Safety Days campaign, which will be driven by the organisers of the Project who will travel to the main yards of the Ansaldo STS Group, where they will stop to share, with the staff of the sites, a day of information, dialogue and discussion on the main risks specific to the working place and on the correct approach to be adopted in order to avoid such risks.

Training will thus have a travelling nature, the company moves (and not only metaphorically) to spread culture and to propose concrete actions to enhance safety standards and levels at work.



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1.02	Main impacts risks opportunities	pages 27-35
2	Organisation profile	
2.01	Name of the organisation	cover
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2.03	Operational structure of the organisation	pages 18-20
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3.02	Date of publication of the previous Sustainability Report	page 7
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4.05	Link between remuneration (including the provisions in case of resignation) for the members of the Board of Directors, executives and higher middle managers, and the performances of the organisation (including environmental and social performances)	pages 40, 74
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4.07	Procedure for determining qualifications and experience required from the members of the Board of Directors	page 38
4.08	Definition of mission, values, codes of conduct and principles which are formulated internally within the organisation and which are relevant for the economic, environmental and social performances and their implementation progress.	pages 26, 28-33, 45
4.09	Procedures of the Board of Directors aimed at controlling the formalities for identifying and managing economic, environmental and social performances, including the relevant risks and opportunities and compliance with international standards, codes of conducts and principles declared	pages 30, 36, 43

GRI code	Description of the indicator	Page of the Sustainability Report
4.10	Procedures to assess the performances of the Board of Directors, especially depending on the economic, environmental and social performances	pages 39, 40
4.11	Explanation on the application (if any) by the organisation of the principle (or approach) of prudence	pages 36, 43
4.12	Signing or adoption of codes of conduct, principles and papers developed by external entities/associations and related to economic, social and environmental performances	pages 36, 40
4.13	Participation in national and international trade associations	page 119
4.14	List of stakeholders with which the organisation is actively involved	page 30
4.15	Principles to identify and select the main stakeholders to be actively involved with	page 30
4.16	Approach to stakeholder involvement activities specifying the frequency by type of activity developed and by group of stakeholders	pages 30, 44, 82, 83, 86, 89, 102
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STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)		
DMA EC	Disclosure on Management Approach EC	pages 28-30
DMA EN	Disclosure on Management Approach EN	pages 32, 33, 125
DMA LA	Disclosure on Management Approach LA	pages 67-85, 138-140
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STANDARD DISCLOSURES PART III: Performance Indicators		
EC	ECONOMIC	
EC1	Economic value directly generated and distributed, including revenue, operating expenses, remuneration to employees, donations and other investments in the community, retained earnings, payments to lenders and to the Public Administration.	pages 59, 60
EC2	Financial implications and other risks and opportunities of the activities of the organisation due to climate changes	page 27
EC8	Development and impact of investments in infrastructures and services provided mainly for "public utility" purposes, through commercial commitments, donations of products/services, pro-bono activities.	pages 60, 120-121
EN	ENVIRONMENT	
EN3	Direct energy consumption broken down by primary source of energy	page 130
EN4	Indirect energy consumption broken down by primary source of energy	page 130
EN6	Initiatives to provide energy-efficient products and services or based on renewable energy and subsequent reductions in energy requirements as a result of these initiatives	page 102
EN8	Total water withdrawal per source	page 134
EN16	Total direct and indirect emissions of greenhouse gases per weight	page 131
EN18	Initiatives to reduce the emission of greenhouse gases and results achieved	page 133
EN20	NO, SO, and other significant emissions in the atmosphere by type and weight	page 132
EN22	Total weight of waste by type and disposal method	page 135
EN26	Initiatives to mitigate the environmental impacts of products and services and level of mitigation of the impact	page 102
EN28	Monetary value of any significant fines, and number of non-monetary sanctions for non-compliance with environmental laws and regulations	No environmental damage and no environmental claim
EN29	Significant environmental impacts of the transport of products and goods/materials used in the activities of the organisation and travelling of staff	page 131

GRI CONTENT INDEX

GRI code	Description of the indicator	Page of the Sustainability Report
LA, HR, SO, PR	SOCIAL	
LA1	Total number of employees, broken down by types, type of contract and geographical distribution	page 68
LA2	Total number of staff and turnover rate, broken down by age, gender and geographical area	page 69, 70
LA3	Benefits for full time workers, but not for part-time and fixed-term contract workers, broken down by main production sites	page 74, 75
LA4	Percentage of employees covered by collective bargaining agreements	page 82, 83
LA6	Percentage of workers represented in the Health and Safety Committee, made up representatives of management and workers, established in order to control and advice on the programmes for the protection of workers' health and safety	page 82
LA7	rate of accidents at work, diseases, lost working days, absenteeism and total number of deaths, broken down by geographical area	page 139, 140
LA8	Education, training, advisory, prevention and risk control programmes launched in favour of the workers, of their respective families or of the community, as regards disturbances or serious illnesses.	page 78, 79
LA10	average number of training hours per year for employees, broken down by category of workers	page 79
LA11	programmes related to the management of skills and for the promotion of gradual training/refresher activities in support of the continuity of employment of the staff and for the management of the final phase of their careers	page 79, 80
LA12	Percentage of employees who regularly receive appraisals of performances and of the development of their careers	page 80
LA13	Composition of the corporate governance bodies and breakdown of the employees by category based on their gender, age, belonging to protected groups and other diversity indicators.	page 36
LA14	ratio between the basic salary of men and that of women within the same category	page 72
HR1	Percentage and total number of significant investment agreements which include clauses on human rights or which are subject to a related assessment (screening)	page 113
HR2	Percentage of the main suppliers and contractors who are subject to verifications on the issue of human rights and related actions taken	page 113
HR3	Total hours of training of the employees on policies and procedures related to all of the aspects of human rights which are relevant to the activities of the organisation and percentage of trained workers	page 79
HR4	Total number of episodes related to discriminatory practices and actions taken	none pages 76, 77
HR5	Identification of the activities where the freedom of association and collective bargaining may be exposed to significant risks and actions taken to defend such rights.	page 76, 77
HR6	Identification of the operations with a high risk of recourse to child labour and measures adopted to contribute to its elimination	page 76, 77
HR7	Activities with a high risk of recourse to forced or compulsory labour and measures taken to contribute to their abolition	page 76, 77
SO1	Nature, objective and effectiveness of any programme and activity which assesses and manages the impact of the operations on a given community, including the phases of the launching of the activity, operation and disposal	page 138
SO2	Percentage and number of internal divisions monitored for bribery-related risks	page 76, 77
SO3	Percentage of workers who have been trained on anti-bribery policies and procedures of the organisation	page 77
PR1	Phases of the life cycle of products and services for which the impacts on health and safety are assessed in order to promote their enhancement, and percentage of the main categories of products/services subject to such procedures.	page 102, 103
PR5	Customer satisfaction-related practices, including the results of the investigations underlying its measurement	page 104

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