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ANSALDO STS: STRATEGIC ALLIANCE WITH CHINESE IT GIANT INSIGMA

- **Awarded first contract in China for Communications Based Train Control (“CBTC”) signalling system**
- **The contract is worth over USD 10 million for Ansaldo STS**
- **The Group strengthens its presence in China**

Ansaldo STS (STS:MI), through its subsidiary, Union Switch & Signal International (USSI), signed an industrial and commercial collaboration agreement with the Chinese company Zhejiang Zheda Insigma Group Company Ltd. (“Insigma”) specialising in application software and Information Technology networks and infrastructures.

The subject of the agreement is the alliance between the two groups to provide mass transit signalling control systems throughout China. In particular, Ansaldo STS, will carry out a part of the work awarded to Insigma, which acts as the Prime Contractor, and will give Insigma a licence for the Chinese territory to use key components of the CBTC system designed and developed by Ansaldo STS as part of the automatic train control systems for mass transit projects. The initial term of the alliance is for ten years.

The first project covered by the agreement, already awarded to Insigma, is the construction of the signalling system of Line 1 of the Shenyang Metro Line Company totalling 28 km. The value of the project for Ansaldo STS is over USD 10 million.

Partnerships with Chinese companies, such as the agreement between Insigma and Ansaldo STS, are necessary to adequately cope with the challenges of the Chinese rail and metropolitan transport market, which is on the rise.

Over the next five years about 1,000 km of metropolitan lines are planned to be constructed in the main Chinese towns with total investments of around USD 50 billion and, as estimated by *World Railway Market Weekly*, before 2020 5,000 km of new metropolitan lines might be built in the main 25 towns of the country.

The value of the signalling systems for this market is estimated to be around USD 400 million for projects during the next two years, and a forecast of additional USD 1 billion projects until 2011.

With this agreement, which follows other recent important achievements in China (the most recent of which is a 30 million Euro contract to provide the signalling system for the Shitai dedicated passengers line in North East China), Ansaldo STS strengthens its presence in this country and in the entire Asia-Pacific area that is considered as being a major developing area for the rail and metropolitan transport business. In this area the Group has recently acquired significant contracts also in India, South Korea, Malaysia and Australia.

Investor Relator**Andrea Razeto tel. +39 010 6552068**investorelations@ansaldo-sts.com[web: www.ansaldo-sts.com](http://www.ansaldo-sts.com)**PMS****Giancarlo Fre tel. +39 06 48905000****Andrea Faravelli tel. +39 02 48000250**g.fre@pmsgroup.com

Ansaldo STS S.p.A., listed on Borsa Italiana since 29 March 2006 (ticker: STS), is the parent of a group of companies operating in the rail and metro transport systems sector. Ansaldo STS controls Ansaldo Signal N.V., a Dutch company that is the parent of a group operating in the rail and metro signalling sector, and Ansaldo Trasporti-Sistemi Ferroviari S.p.A., an Italian systems/technology integration company that operates in the 'turnkey' rail and metro transport systems sector. Ansaldo STS, which is headquartered in Genoa, is present in 18 countries and has 3,962 employees. In 2006 the company posted revenues of EUR 928 million with a gross operating margin of EUR 85 million and a net profit of EUR 46 million.