

# Bit Market Services

Informazione Regolamentata n. 0804-8-2016	Data/Ora Ricezione 18 Gennaio 2016 16:10:53	MTA - Star
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Societa' : ANSALDO STS

Identificativo : 68133

Informazione  
Regolamentata

Nome utilizzatore : ANSALDON07 - Razeto Andrea

Tipologia : IROP 04

Data/Ora Ricezione : 18 Gennaio 2016 16:10:53

Data/Ora Inizio : 18 Gennaio 2016 16:25:54

Diffusione presunta

Oggetto : Ansaldo STS—Supplement to the statement  
by Board of Directors approved on  
Dec.30,2015-English translation of press  
release disseminated on Jan14,2016

*Testo del comunicato*

Vedi allegato.

**SUPPLEMENT TO THE STATEMENT BY THE BOARD OF DIRECTORS OF ANSALDO STS S.p.A. APPROVED ON DECEMBER 30, 2015 IN ACCORDANCE WITH ART. 103, PARAGRAPHS 3 AND 3-BIS, OF LEGISLATIVE DECREE NO. 58 DATED FEBRUARY 24, 1998, AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED (“TUF”) AND ART. 39 OF THE CONSOB REGULATION ADOPTED THROUGH RESOLUTION NO. 11971 DATED MAY 14, 1999 (THE “ISSUERS REGULATION”), AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED, RELATING TO THE MANDATORY TENDER OFFER LAUNCHED BY HITACHI RAIL ITALY INVESTMENTS S.R.L. – A COMPANY OWNED BY A SOLE QUOTAHOLDER, IN ACCORDANCE WITH ARTS. 102 AND 106, PARAGRAPH 1-BIS, OF THE TUF – CONSOB’S REQUEST FOR A SUPPLEMENT PURSUANT TO ART. 114 OF THE TUF**

\* \* \* \* \*

## **INTRODUCTION**

On January 13, 2016, the Board of Directors of Ansaldo STS S.p.A. (“**Ansaldo STS**” or the “**Issuer**”) received the request from Consob to supplement in respect of the statement approved by such Board of Directors on December 30, 2015 pursuant to art. 103, paragraphs 3 and 3-bis, of the TUF and art. 39 of the Issuers Regulation (the “**Statement**”) relating to the mandatory public tender offer (the “**Offer**”) launched by Hitachi Rail Italy Investments S.r.l. (the “**Offeror**”), in accordance with arts. 102 and 106, paragraph 1-bis, of the TUF, with reference to the fairness opinion rendered by Lazard S.r.l. (“**Lazard**”) on December 28, 2015 acting as independent financial advisor of the Board of Directors, attached to the Statement.

In particular, Consob asked the Issuer’s Board of Directors of the Issuer to supplement the Statement with information that provides an explanation:

1. of the results deriving from the application of each valuation method;
2. of the main sources used to determine the material data elaborated during the valuation processes;
3. of the relative importance attributed to each of the valuation methods used;
4. of the main parameters (or variables) used as a reference for the application of each method;

Therefore, on the basis of the above-mentioned requests by Consob for a supplement, the following is noted.

## 1. Results deriving from the application of each valuation method

The following table summarizes the results of the analyses performed by Lazard.

<b>Analyses utilized</b>	<b>Implied minimum value per share of the Issuer (in Euro)</b>	<b>Implied maximum value per share of the Issuer (in Euro)</b>
Discounted Cash Flow Analysis	8.98	10.12
Comparable Companies Analysis	7.77	9.66
Precedent Transactions Analysis	8.68	9.87

<b>Additional analyses performed</b>	<b>Implied minimum value per share of the Issuer (in Euro)</b>	<b>Implied maximum value per share of the Issuer (in Euro)</b>
Analysis of the Issuer's 52-Week Trading Prices	6.42	9.02
Analysis of Equity Analyst Target Prices	8.85	9.85
Analysis of the Premium Paid in Precedent Transactions	8.68	10.35

## 2. Main sources used to determine the material data elaborated during the valuation processes

As indicated in the fairness opinion, in connection with such opinion, Lazard has:

(a) reviewed public information, also through specialized databases, including but not limited to, (i) annual reports and financial information with respect to listed companies, (ii) consensus of equity research analysts related to estimates of economic and financial figures of listed companies, (iii) press releases and documents related to precedent transactions, (iv) website of prof. Damodaran with reference to certain market parameters and (v) trading share prices obtained from commonly used primary databases (Bloomberg, Factset), and

(b) reviewed information provided by the management of Ansaldo STS, including the 2015-2019 Business Plan approved in July 2015 by the Board of Directors of Ansaldo STS.

### 3. The relative importance attributed to each of the valuation methods used

With regard to the fairness opinion rendered by Lazard, it used the following valuation methodologies: (i) Discounted Cash Flow Analysis, (ii) Comparable Companies Analysis and (iii) Precedent Transactions Analysis, and for control and informational purposes, it performed analyses of the Issuer's prices, analyses of the target price of equity research analysts and analyses of the premium paid in precedent transactions.

### 4. The main parameters (or variables) used as a reference for the application of each method

<b>Analyses utilized</b>	<b>Main parameters (or variables) used</b>
Discounted Cash Flow Analysis	<ul style="list-style-type: none"> <li>▪ Discount rate in the range between 8.40% and 8.90%</li> <li>▪ Terminal value calculated applying (i) EV/EBITDA multiple of 8.4x and (ii) perpetual growth rate in the range between 1.75% and 2.25%</li> </ul>
Comparable Companies Analysis	<ul style="list-style-type: none"> <li>▪ Median of the 2016E and 2017E EV/EBITDA multiple equal to 8.4x and 7.9x, respectively</li> <li>▪ Median of the 2016E and 2017E EV/EBIT multiple equal to 10.9x and 9.9x, respectively</li> </ul>
Precedent Transactions Analysis	<ul style="list-style-type: none"> <li>▪ LTM EV/EBITDA multiple in the range between 9.7x and 11.0x</li> <li>▪ LTM EV/EBIT multiple in the range between 11.0x and 12.7x</li> </ul>

<b>Additional analyses performed</b>	<b>Main parameters (or variables) used</b>
Analysis of the Issuer's 52-week Trading Prices	<ul style="list-style-type: none"> <li>▪ Minimum and maximum Ansaldo STS share price registered in the 12 months preceding the transaction announcement</li> <li>▪ Volume weighted average price of Ansaldo STS registered in the following periods preceding the transaction announcement: 1 month, 2 months, 3 months, 6 months and 12 months</li> </ul>
Analysis of Equity Analyst Target Prices	<ul style="list-style-type: none"> <li>▪ Target price as suggested by the equity research analysts, adjusted for the dividend approved and paid by Ansaldo STS on May 20, 2015</li> </ul>
Analysis of the Premium Paid in Precedent Transactions	<ul style="list-style-type: none"> <li>▪ Average and median of precedent transactions of listed Italian companies with a value greater than Euro 100 million</li> </ul>

\* \* \* \*

For further information, see the Statement attached hereto.

Genoa, January 14, 2016

**Schedules**

- Issuers' Statement approved by the Board of Directors of Ansaldo STS on December 30, 2015

**STATEMENT OF THE BOARD OF DIRECTORS OF**

**ANSALDO STS S.P.A.**

*Pursuant to Article 103, paragraphs 3 and 3-bis, of Legislative Decree No. 58 dated February 24, 1998, as subsequently amended and supplemented and Article 39 of the Consob Regulation adopted through resolution no. 11971 dated May 14, 1999, as subsequently amended and supplemented, in connection with the*

**MANDATORY PUBLIC TENDER OFFER ON ALL SHARES OF THE COMPANY**

**LAUNCHED BY HITACHI RAIL ITALY INVESTMENTS S.R.L. a company with a sole shareholder**

*Pursuant to Articles 102 and 106, paragraph 1-bis, of Legislative Decree No. 58 dated February 24, 1998, as subsequently amended and supplemented*

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## DEFINITIONS

<b>Share or Shares</b>	Each (or in the plural form, depending upon the context, all or part) of the 119,868,919 ordinary shares of Ansaldo STS forming the subject matter of the Offer, having a nominal value per share of Euro 0.50, listed on the Electronic Stock Market ( <i>Mercato Telematico Azionario</i> ), representing 59.93% of the Issuer's share capital as of the Date of the Statement. The 80,131,081 ordinary shares of the Issuer, representing 40.07% of the Issuer's share capital, already held by the Offeror as of the Offer Document Date, are not yet covered by the Offer.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., with registered office at Piazza degli Affari, 6, Milan.
<b>Issuer's Statement or Statement</b>	This statement drafted pursuant to Article 103, paragraph 3, of the TUF and Article 39 of the Issuers' Regulation, approved by the Issuer's Board of Directors on December 30, 2015.
<b>Announcement pursuant to Article 102 TUF</b>	The notification issued by the Offeror on 2 November 2015, pursuant to Article 102, paragraph 1, of the TUF and Article 37, paragraph 1, of the Issuers' Regulation, concerning the ensuing obligation to launch the Offer.
<b>Consob</b>	The <i>Commissione Nazionale per le Società e la Borsa</i> , with registered office at Via G .B. Martini 3, Rome.
<b>Agreement with Finmeccanica</b>	The binding agreement between Finmeccanica and Hitachi, Ltd. for the purchase by Hitachi, Ltd. – or another party entirely controlled by Hitachi, Ltd. and indicated by Hitachi, Ltd. pursuant to Article 1401 of the Italian Civil Code – of the entire shareholding held by Finmeccanica in the Issuer, totaling 80,131,081 ordinary shares of the Issuer, representing 40.07% of the Issuer's share capital entered into on February 24, 2015.
<b>Price</b>	The amount of Euro 9.50 that the Offeror will pay in cash to those who will have accepted the Offer for each Share tendered to the Offer which is purchased by the Offeror.
<b>Price cum dividend</b>	The purchase price agreed for each share of the Issuer by Hitachi and Finmeccanica pursuant to the Agreement with Finmeccanica, equal to Euro 9.65, prior to the approval of the distribution of the dividend by the Issuer's shareholders' meeting held on April 23, 2015, with ex-dividend date falling on May 18, 2015 and payment date falling on May 20, 2015.
<b>Date of the Statement</b>	December 30, 2015, the date of approval of this Statement by the Board of Directors of Ansaldo STS.
<b>Offer Document Date</b>	December 9, 2015, date of publication of the Offer Document pursuant to Article 38 of the Issuers' Regulation.



<b>Delisting</b>	The delisting of Ansaldo STS' shares from the Electronic Stock Market ( <i>Mercato Telematico Azionario</i> ).
<b>Offer Document</b>	The Offer Document prepared by the Offeror pursuant to Articles 102 of the TUF and 38 of the Issuers' Regulation.
<b>Issuer or Ansaldo STS</b>	Ansaldo STS S.p.A., a company established under Italian law, with registered office at via Paolo Mantovani, 3-5, 16151, Genoa, with entirely subscribed and paid-in share capital of Euro 100,000,000.00, comprised of 200,000,000 ordinary shares, having a nominal value of Euro 0.50 each, registered with the Companies Register of Genoa at no. 01371160662, the shares of which are listed on the STAR segment of the MTA market.
<b>Finmeccanica</b>	Finmeccanica S.p.A., a joint stock company established under Italian law, with registered office at Piazza Monte Grappa, 4, 00195, Rome, registered with the Companies Register of Rome at no. 00401990585.
<b>Ansaldo STS Group</b>	Ansaldo STS and the companies directly and/or indirectly controlled by it.
<b>Hitachi Group</b>	Hitachi Ltd. and the companies directly and/or indirectly controlled by it, excluding the Issuer.
<b>Hitachi, Ltd. or Hitachi</b>	Hitachi, Ltd., a company established under Japanese law in 1920, with share capital of ¥ 458,790,991,613.00, with registered office at 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8280, Japan, the shares of which are listed on the Tokyo Stock Exchange, Inc., to be considered as a person acting in concert with the Offeror within the meaning set forth in Article 101-bis, paragraph 4-bis, letter b), of the Consolidated Finance Act ( <i>TUF</i> ), in the capacity as the party that controls the Offeror indirectly.
<b>Lazard</b>	Lazard S.r.l., appointed on December 18, 2015 as independent financial advisor pursuant to Article 39, paragraph 1, letter d), of the Issuers' Regulation. In this respect, see the declarations made by the independent directors and provided under Paragraph 3.2.2 below.
<b>Electronic Stock Market, <i>Mercato Telematico Azionario</i> or MTA</b>	The Electronic Stock Market organized and managed by Borsa Italiana.
<b>Bank of America Merrill Lynch</b>	Merrill Lynch International, Milan Branch, appointed by the Issuer's Board of Directors on March 13, 2015 as independent financial advisor, pursuant to Article 39, paragraph 1, letter d), of the Issuers' Regulation.
<b>Offeror</b>	Hitachi Rail Italy Investments S.r.l., a company established under Italian law with registered office at Via Tommaso Gulli, 39, 20147, Milan, with issued share capital of Euro 10,000.00, registered with the Companies Register of Milan at no. 09194070968.
<b>Offer</b>	The mandatory public tender offer for all the Shares, launched by the Offeror pursuant to Articles 102 and 106, paragraph 1- <i>bis</i> of the TUF, as

well as applicable implementing provisions set forth in the Issuers' Regulation, as described in the Offer Document.

**Independent Directors' Opinion**

The reasoned opinion providing evaluations on the Offer and on the fairness/congruousness of the Price, approved on December 16, 2015, drafted by the Issuer's independent directors who are not related parties of the Offeror, within the meaning set forth in Article 39-*bis* of the Issuers' Regulation. The fairness opinion rendered by the financial advisor Royal Bank of Canada on November 29, 2015 is included as a schedule to the Independent Directors' Opinion together with the subsequent letter dated December 16, 2015 whereby the same Royal Bank of Canada has confirmed the content of its *fairness opinion*.

**Shareholding**

The 80,131,081 ordinary shares of the Issuer, representing 40.07% of Ansaldo STS' share capital acquired by the Offeror on November 2, 2015, pursuant to the Agreement with Finmeccanica.

**Persons Acting in Concert**

Collectively, the persons acting in concert with the Offeror pursuant to and for purposes of Article 101-*bis*, paragraph 4-*bis*, lett. b) of the TUF and, namely, Hitachi Ltd., Hitachi Europe Ltd., Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l., insofar as they control the Offeror, directly or indirectly.

**Issuers' Regulation**

The Consob Regulation adopted by resolution No. 11971 dated May 14, 1999, as subsequently amended and supplemented.

**Royal Bank of Canada**

RBC Europe Limited, independent financial advisor of the Issuer's independent directors appointed pursuant to Article 39-*bis*, paragraph 2, of the Issuers' Regulation.

**TUF**

Legislative Decree No. 58 dated February 24, 1998, as subsequently amended and supplemented.

## INTRODUCTION

By its Announcement pursuant to Article 102 of the TUF, on November 2, 2015 the Offeror announced to Consob and the market, pursuant to and for purposes of Article 102, paragraph 1, of the TUF and Article 37 of the Issuers' Regulation, the necessary legal conditions for the launch of a mandatory public tender offer, pursuant to and for purposes of Articles 102 and 106, paragraph 1-*bis*, of the TUF, had been met. Such offer concerns all of the ordinary shares of Ansaldo STS, excluding the shares held, directly or indirectly, by the Offeror. The Announcement pursuant to Article 102 TUF was sent to the trade union representatives of the Issuer's workers/employees pursuant to Article 102, paragraph 2, of the TUF.

On the basis of what was stated in the Announcement pursuant to Article 102 of the TUF, the obligation to launch the Offer arose as the result of its finalizing, on November 2, 2015, the purchase of the Shareholding representing 40.07% of the Issuer's share capital, under the Agreement with Finmeccanica.

In particular, the Offeror stated in the Offer Document that the obligation to launch the Offer pursuant to Article 106, paragraph 1-*bis*, of the TUF, arose upon occurring the following events:

- On February 24, 2015, Hitachi, Ltd. and Finmeccanica entered into the Agreement with Finmeccanica, pursuant to which Hitachi, Ltd. undertook to purchase from Finmeccanica, and Finmeccanica undertook to sell to Hitachi, Ltd., the Shareholding. Such acquisition was subject to conditions precedent consisting in obtaining certain authorizations from the European Commission, the South Korean antitrust authority, the Chinese antitrust authority, the United States CFIUS (Committee on Foreign Investment in the United States) and the French Ministry of the Economy, Industry and Digital Affairs.
- Under the Agreement with Finmeccanica, Hitachi, Ltd. was entitled, pursuant to Article 1401 of the Italian Civil Code, to appoint another entity as party to the Agreement with Finmeccanica (the "**Designated Entity**") and purchaser of the Shareholding, on condition that: (i) such designation was notified to Finmeccanica, along with a written deed for unconditional acceptance by the Designated Entity of such appointment and all of the terms and conditions of the Agreement with Finmeccanica; (ii) the Designated Entity was a company wholly controlled, directly or indirectly, by Hitachi, Ltd.; and (iii) Hitachi, Ltd. remained jointly liable to Finmeccanica with regard to all obligations arising under the Agreement with Finmeccanica.
- On September 8, 2015, the Offeror was established by Hitachi Rail Italy Holdings S.r.l. (a company indirectly and wholly controlled by Hitachi, Ltd., as specified in Section B, Paragraph B.1 of the Offer Document) by notarial deed drafted by Notary Simone Chiantini and registered with the Companies Register of Milan on September 11, 2015. The Offeror's share capital is entirely held by Hitachi Rail Italy Holdings S.r.l.
- On October 26, 2015, the Offeror executed a written deed for unconditional acceptance of its appointment as Designated Entity and all of the terms and conditions of the Agreement with Finmeccanica (the "**Acceptance**").
- On October 26, 2015, Hitachi, Ltd. notified Finmeccanica of the Offeror's appointment as Designated Entity and provided the Acceptance to Finmeccanica.
- On October 27, 2015, the last condition precedent for finalizing the acquisition of the Shareholding under the Agreement with Finmeccanica was satisfied.
- On November 2, 2015, the Offeror purchased the Shareholding and issued an announcement pursuant to Article 102, paragraph 1, of the TUF and Article 37, paragraph 1 of the Issuers' Regulation.
- On November 4, 2015, the Offeror filed with Consob the Offer Document pursuant to Article 102, paragraph 3, of the TUF.

- On December 5, 2015, Consob approved the Offer Document pursuant to Article 102, paragraph 4, of the TUF.

The Offer is launched by Hitachi Rail Italy Investments S.r.l., a company indirectly controlled by Hitachi Ltd., which, therefore, is to be considered as a Person Acting in Concert with the Offeror (along with the other Persons Acting in Concert).

According to the indications provided by the Offeror in the Offer Document, the Offer concerns a total of 119,868,919 Shares of the Issuer, representing 59.93% of the Issuer's share capital and corresponding to all of the ordinary shares of the Issuer excluding the shares of the Issuer already held, directly or indirectly, by the Offeror as of the Offer Document Date.

As indicated in the Offer Document, in particular, as of the Offer Document Date, the Offeror holds 80,131,081 shares of the Issuer, representing 40.07% of the Issuer's share capital, purchased by the Offeror, on November 2, 2015, under the Agreement with Finmeccanica. Moreover, on the Offer Document Date, the Issuer does not hold any treasury shares.

As indicated in the Offer Document, since the Offer is mandatory pursuant to Article 106, paragraph 1-*bis*, of the TUF, it is not subject to any condition in order to be valid and effective. More specifically, the Offer is not conditional upon achieving a minimum threshold of subscriptions and is addressed indiscriminately to all of the holders of the Shares under the same terms and conditions. As provided in the Offer Document, moreover, there are no conditions imposed by law that must be met in order for the Offer to be valid and effective.

As provided in the Offer Document, the Offer is addressed indiscriminately and on the same terms, to all the Issuer's shareholders and launched exclusively in Italy and in the United States of America. The Offer is launched in the United States of America pursuant to Section 14(e) of the U.S. Securities Exchange Act, and of the Regulation 14E under the U.S. Securities Exchange Act, under the exemptions provided under Rule 14d-1(d) of the U.S. Securities Exchange Act, and, in any event, in compliance with Italian law. For the notice directed at holders of the Shares who are residents of the United States of America, see paragraph A.12 of the Offer Document. The Offer has not been and will not be launched or disseminated in Canada, Japan or Australia or in any other country in which such dissemination is not permitted without authorization from the competent authorities or the fulfillment of other requirements by the Offeror (collectively, the "**Other Countries**"), or using national or international communications or trade/commercial instruments of the Other Countries (including, by way of example, the postal services, fax, telex, e-mail, telephone and the internet), or through any body of any of the financial intermediaries of the Other Countries, or in any other manner.

The Offer Document clarifies that a copy of the Offer Document, or part of it, as well as copy of any subsequent document that the Offeror will draft in relation to the Offer, are not and will not be sent to, nor are or will be communicated or disseminated in any other way whatsoever, whether directly or indirectly, in the Other Countries. Whoever in the Other Countries receives such documents shall not distribute, send or mail them (whether using postal service or by any other means of communication or trade).

The Offer Document indicates that possible subscriptions to the Offer which are the result of solicitation activities in breach of the limitations described above will not be accepted.

The Offer Document also clarifies that it does not constitute an offer of financial instruments directed at parties that reside in the Other Countries and will not be interpreted as such. None of the financial instruments will be offered or purchased in the Other Countries without (i) a specific authorization in compliance with the domestic applicable laws of those countries or (ii) a derogation to such legal provisions.

Finally, the Offer Document clarifies that subscriptions to the Offer by residents in the Other Countries may be subject to special obligations or restrictions provided under the applicable laws or regulations. It is the exclusive responsibility of subscribers to the Offer to comply with those legal provisions and to verify their existence and applicability before tendering in the Offer, possibly consulting with their own consultants.

\* \* \*

Since the Offeror holds a shareholding exceeding 30% of the Issuer's share capital, the Offer falls under the situation referred to in Article 39-*bis*, paragraph 1, letter a), point 1), of the Issuers' Regulation. Therefore, prior to the approval of the Issuer's Statement, Ansaldo STS' independent directors, who met on December 16, 2015, rendered a reasoned opinion providing their evaluations on the Offer and the Price, as described below (Paragraph 3.2.3).

On December 30, 2015, the Board of Directors met in order to examine the Offer and approve that Statement which, pursuant to and for purposes of Article 103, paragraph 3, of the TUF and Article 39 of the Issuers' Regulation, provides all the information that may be useful to evaluate the Offer and the Board's opinion on the same.

To glean complete and exhaustive information on the legal framework, as well as the terms and conditions of the Offer, reference must be made solely to the Offer Document published by the Offeror in accordance with the applicable legal requirements. Therefore, this Statement is not intended, in any respect whatsoever, to replace the Offer Document and does not constitute in any way whatsoever, nor may it be construed as, a recommendation to accept or to decline the Offer.

\* \* \*

## 1. Description of the Board of Directors' meeting held on December 30, 2015

### 1.1. Attendees at the Board of Directors' meeting

The following directors attended the Board of Directors' meeting held on December 30, 2015, convened at Harwell, Oxfordshire, England, at which the Offer was examined and this Issuer's Statement was approved pursuant to Article 103, paragraph 3, of the TUF and Article 39 of the Issuers' Regulation:

Alistair Dormer *	Chairman	Attending in person
Karen Boswell *	Vice Chairman	Attending by conference call
Stefano Siragusa *	Chief Executive Officer and General Manager	Attending by conference call
Bruno Pavesi *	Independent director	Attending by conference call
Giovanni Cavallini **	Independent director	Attending by conference call
Giulio Gallazzi **	Independent director	Attending by conference call
Mario Garraffo ***	Independent director	Attending by conference call
Paola Giannotti **	Independent director	Attending by conference call
Alessandra Piccinino ****	Independent director	Attending by conference call

\* Taken from the slate of candidates designated by Hitachi, Ltd., delivered to Finmeccanica on September 2, 2015 and filed by Finmeccanica on September 7, 2015.

\*\* Taken from the slate submitted by a number of institutional investors on September 3, 2015.

\*\*\* Appointed by the Board of Directors' meeting held on November 25, 2015, pursuant to Article 2386 of the Italian Civil Code.

\*\*\*\* Appointed by the Board of Directors' meeting held on November 9, 2015, pursuant to Article 2386 of the Italian Civil Code.

On behalf of the Board of Statutory Auditors, Giacinto Sarubbi (Chairman), Renato Righetti and Maria Enrica Spinardi attended by conference call.

### 1.2. Specification of personal or third parties' interests in connection with the Offer

At the beginning of the discussion on this item on the agenda related to the examination of the Offer and the approval of the Issuer's Statement, the following statements were made:

More specifically, it should be noted that:

- Alistair Dormer stated, pursuant to Article 2391 of the Italian Civil Code and Article 39, paragraph 1, letter b) of the Issuers' Regulation, that he holds the role of Chairman of the board of directors of Hitachi Rail Europe Ltd. and of Vice President and Executive Officer of the Rail Systems business of Hitachi, Ltd.;
- Karen Boswell stated, pursuant to Article 2391 of the Italian Civil Code and Article 39, paragraph 1, letter b) of the Issuers' Regulation, that she holds the role of managing director of Hitachi Rail Europe Ltd.

- Stefano Siragusa stated, as far as relevant and to ensure the utmost transparency *vis-à-vis* the market, pursuant to Article 2391 of the Italian Civil Code and Article 39, paragraph 1, letter b) of the Issuers' Regulation, that (1) he is the assignee of no. 18,298 ordinary shares of the Issuer, accrued pursuant to the 2014 – 2016 stock grant plan of the Issuer and that will be allocated during the month of April 2017, in compliance with the three-year vesting period envisaged by the same plan; (2) upon request of the Board of Directors of Ansaldo STS, he attended certain meetings between Hitachi and the *management* of Ansaldo STS, also in his capacity as member of the clean team representing Ansaldo STS (see paragraph 4 below); (3) on December 21, 2015, the Board of Directors of Ansaldo STS (a) having received the favorable opinion from the Nomination and Remuneration Committee and the favorable opinion from the Related Parties Committee, has resolved, unanimously, that the possible resignation by Mr. Siragusa (i) with effective date after March 30, 2016 and (ii) following the presentation to the Board of Directors of Ansaldo STS of the proposal regarding the 2015 Financial Statement, will be deemed as resignation for just cause; (b) has also resolved to amend the agreement entered into by Mr. Siragusa on November 3, 2015, concerning his employment relationship with the Company, in accordance with the foregoing.; (c) has clarified that in case of resignation submitted in accordance with the foregoing, Mr. Siragusa will be entitled to the indemnity for termination set out in the aforementioned agreement.

For the sake of completeness, please note that the directors Mr. Alistair Dormer, Mr. Stefano Siragusa, Mr. Ryoichi Hirayanagi, Ms. Karen Boswell, Ms. Barbara Poggiali and Mr. Bruno Pavesi were appointed as directors of the Issuer, on 2 November 2015, upon designation by Hitachi, following the resignation of the directors Mr. Sergio De Luca, Mr. Domenico Braccialarghe, Ms. Alessandra Genco, Mr. Stefano Siragusa, Ms. Barbara Poggiali and Mr. Bruno Pavesi (the last three subsequently reappointed).

Again, for the sake of completeness, the Shareholders' Meeting on November 2, 2015 further resolved in favor of the proposal presented by Finmeccanica related to the waiver of the corporate liability action against all the outgoing directors for the activities performed by each director during the respective term of office, from their first appointment, pursuant to Article 2393, paragraph 6 of the Italian Civil Code.

As indicated in the Offer Document, please note that, pursuant to the Italian law, and specifically the Regulation adopted by CONSOB with resolution No. 17221 of 12 March 2010, as subsequently amended and integrated (the "**Related Parties Regulation**"), the Offeror, following the acquisition of the Shareholding, became a related party to the Issuer, insofar as it holds a shareholding greater than 20% of the share capital of the Issuer.

The members of the management and supervisory bodies of the Offeror, as of the Date of the Statement, qualify as related parties to the Issuer, pursuant to the Related Parties Regulation.

As provided in the Offer Document with reference to the relevant direct or indirect shareholders of the Offeror, as at the Offer Document Date, the following companies qualify as related parties to the Issuer under the Related Parties Regulation, insofar as they indirectly hold, through the Offeror, a shareholding greater than 20% of the share capital of the Issuer as at the Offer Document Date: Hitachi, Ltd., Hitachi Europe Ltd., Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l..

### 1.3. Documentation examined

In assessing the Offer and the Price fairness and for the purposes of approving this Statement, the Board of Directors has examined the following documentation:

- the Announcement pursuant to Article 102 TUF through which the Offeror announced to the public that the conditions triggering the obligation to launch the Offer pursuant to Article 106, paragraph 1-*bis* of the TUF had been met;

- the Offer Document, as submitted by the Offeror to Consob on November 4, 2015 and sent to Ansaldo STS on November 5, 2015 and, subsequently, in its final version sent to Ansaldo STS on December 5 2015 and published on December 9, 2015;
- the fairness opinion issued on December 15, 2015 by Bank of America Merrill Lynch, independent financial advisor of the Board of Directors pursuant to Article 39, paragraph 1, letter d) of the Issuers' Regulation, attached hereto as schedule A;
- the fairness opinion issued on December 28, 2015 by Lazard, independent financial advisor of the Board of Directors pursuant to Article 39, paragraph 1, letter d) of the Issuers' Regulation, attached hereto as schedule B. In this respect, see the declarations made by the independent directors, provided at Paragraph 3.2.2 below;
- the Independent Directors' Opinion pursuant to Article 39-*bis* of the Issuers' Regulation, attached hereto as schedule C;
- the fairness opinion issued on November 29, 2015 by Royal Bank of Canada, independent financial advisor of the Issuer's independent directors pursuant to Article 39-*bis*, paragraph 2, of the Issuers' Regulation, and the subsequent letter dated December 16, 2015 whereby the same Royal Bank of Canada has confirmed the content of its *fairness opinion*, attached to the Independent Directors' Opinion.

## 2. Data and elements useful for evaluating the Offer

For a complete and detailed understanding of all of the terms and conditions of the Offer, see the contents of the Offer Document and, more specifically, the Sections and Paragraphs of the Offer Document referred to below:

- Section A –Warnings;
- Section B, Paragraph B.1 –Offeror;
- Section B, Paragraph B.2.5 – Recent trend and outlook;
- Section C – Categories and amount of financial instruments involved in the Offer;
- Section E – Price per share for the financial instruments and its determination;
- Section F – Terms and conditions of the Offer subscription, date and method of payment of the consideration and return of the securities involved in the Offer;
- Section G – Financing arrangements, performance guarantees and future plans of the Offeror.

## 3. Board of Directors' Evaluations on the Offer and on the fairness/congruousness of the Price

### 3.1. Evaluations on industrial and business-related aspects

The Board of Directors acknowledges the reasons underlying the transaction and the future plans of the Offer described in Section G, Paragraph G.2, of the Offer Document, which contemplate, *inter alia*, the acquisition of the entire share capital of Ansaldo STS and the Delisting, in order to enable the Hitachi Group to fully integrate the Issuer's business decidedly and effectively.

In the Offer Document it is stated that if the Delisting were not to be accomplished upon conclusion of the Offer, the Offeror will consider proceeding with a merger by incorporation of Ansaldo STS into the Offeror or into another non-listed company belonging to the Hitachi Group, giving rise to the consequent Delisting of Ansaldo STS' shares (the "**Merger**"). In this event, please note that the Merger would be subject to the



rules regarding transactions with related parties as set out by the Related Parties Regulation and the related procedure adopted by Ansaldo STS. As a result, the applicable safeguarding provisions aimed at ensuring the substantive and procedural fairness of the transaction would apply.

The Offeror has also stated that it will evaluate proceeding with a merger by incorporation of the Issuer into the Offeror or a non-listed company of the Hitachi Group even if the shares have already ceased to be listed on the MTA. In order to enable the group resulting from the integration of the Issuer into the Hitachi Group to benefit from a more efficient corporate and economic structure, other extraordinary transactions will also be evaluated, such as other intercompany mergers and transfers of assets or businesses, the reorganization of the business and the consolidation of certain functions. In this event, please note that the merger (if any) of Ansaldo STS into a company of the Hitachi group *post Delisting* would be subject to the rules regarding transactions with related parties as set out by the Related Parties Regulation and the related procedure adopted by Ansaldo STS. As a result, the applicable safeguarding provisions aimed at ensuring the substantive and procedural fairness of the transaction, would apply provided that at that point-in-time Ansaldo STS is still a company with widely-dispersed shares.

According to explanations given in the Offer Document, the strategy pursued by the Hitachi Group in the rail sector is aimed at seizing expansion opportunities, with a focus on: (i) globalization, implementing its worldwide organization; (ii) transformation, through the completion and reinforcement of its business portfolio achieving global solutions within the rail sector; and (iii) innovation, through state-of-the-art technological developments.

Based upon the information provided in the Offer Document, the acquisition of the Shareholding and the Offer fall within the above-mentioned strategy and aim to create a new business model that takes advantage of a privileged global platform in order to sustain future projects of the Hitachi Group in the area of rail solutions.

The reasons underlying the Acquisition and the Offer, described in the Section G, Paragraph G.2.1 of the Offer Document, consist of three main strategic goals:

- Increase the company's size: the new combined company will outshine its immediate competitors by size and will position Hitachi among the top five operators at the worldwide level, with the ambition of challenging the largest market leaders.
- Keep-up with the consolidation trend in the rail sector: the worldwide rail sector is characterized by a clear trend toward consolidation, with sector specialists being surpassed/replaced by global conglomerates. It is envisaged that the Acquisition and the Offer will create a completely integrated company, at a global level, with a broader reach/scope and stronger market position in the rail signaling and in global rail solutions.
- Pursue strategic alignment: there is a strong link between the strategic aims of Hitachi for the rail business and the business acquired. More specifically:
  - Development of a global organization: it is expected that the broad coverage of various markets will lead to a rise in sales, greater profit margins, economies of scale and recognition at the worldwide level. It is also expected that geographical diversification will allow for the attenuation of the various risks associated with depending excessively upon specific markets.
  - Transformation of the business model/portfolio: it is envisaged that the combination will create a global operator that is completely integrated, improving the capacity to access new markets. It is expected that diversification of the business model will lower the risk profile and boost growth and profitability.

- Innovation: the integration may allow for a more efficient and effective allocation of funds for Research & Development and a rise in the budget for Research & Development in absolute terms, in line with the Hitachi's innovation policy.

According to what is represented in the Offer Document, the Offeror envisages that the Shareholding acquired will play a fundamental role in the future integrated business: it will play a leading role in the supply of advanced rail systems and solutions, capable of proposing integrated "turnkey" projects. In order to facilitate the exchange of technical know-how (in both directions) and take advantage of opportunities in an integrated manner, the Offeror stated in the Offer Document that Hitachi will enlarge the current management bodies by appointing expert personnel from Hitachi.

In the Offer Document it is also stated that (i) after the incorporation of the Issuer's business into the Hitachi Group, the latter will expand its market position not only in Europe but also at a worldwide level, resulting in the supply chain being improved – with a particular focus on the areas of Research and Development, distribution, logistics and products – and that (ii) such improvement will generate, in turn, significant benefits for European and worldwide clients, thanks to the combined group's new capacity to guarantee high levels of innovations, technological development, leadership, quality of products and services for clients/customers.

According to indications stated in the Offer Document, the launch of a positive integration between the Issuer and Hitachi will take place through the positioning of expert leaders within the Hitachi Group in the Issuer's current structure. Hitachi also expects to contribute human capital to the organization so as to increase results and guarantee quality, support for the distribution chain and financial controls.

Hitachi intends to fund the investments necessary to sustain the integrated group's capacity to offer rail systems to a worldwide client base using cash flows generated from its business operations. Based upon indications provided by the Offeror, as at the Offer Document Date, the boards of directors of Hitachi and the Offeror have not made any decision on commitments concerning significant investments other than the ordinary investments necessary to conduct the business operations in the industrial sector in which the Issuer operates.

With respect to the Offer, please note that the Issuer's strategic vision over the course of the last several years, which emerged on the occasion of the approval of its Strategic Plans, had brought to light the need to identify a solution that guarantees access to technological skills and to a global commercial network, with a view to creating a global fully integrated player capable of competing with its main competitors in the sector, while in the meantime ensuring the company's solidity over the long term.

### 3.2. Assessment on the Price fairness

#### 3.2.1. *Main information on the Price set forth in the Offer Document*

The Board of Directors acknowledges that the Price offered by the Offeror to each shareholder who accepts the Offer, according to what is indicated in Section E of the Offer Document:

- Is equal to Euro 9.50 per Share tendered to the Offer;
- Corresponds to the purchase price agreed by Hitachi Ltd. and Finmeccanica under the Agreement with Finmeccanica, equal to Euro 9.65 (the "**Price cum dividend**") minus the value of the dividend approved by the Shareholders' Meeting held on April 23, 2015, equal to Euro 0.15 per share (as announced in the joint press release published on March 9, 2015 and March 6, 2015, respectively, by Hitachi, Ltd. and by Finmeccanica on their respective websites [www.hitachi.com](http://www.hitachi.com) and [www.finmeccanica.com](http://www.finmeccanica.com));

- considering the mandatory nature of the Offer and the structure of the transaction giving rise to the obligation to launch the Offer, was set in accordance with Article 106, paragraph 2, of the TUF, pursuant to which the Offer must be launched at a price not lower than the highest price paid by the Offeror and/or by the persons acting in concert with the Offeror for the purchase of the Issuer's shares over the twelve months preceding the date of the Announcement pursuant to Article 102 of the TUF. In the present case, the Price is equal to the price paid by the Offeror for the acquisition of the Shareholding under the Agreement with Finmeccanica. According to the information provided in the Offer Document, neither the Offeror nor persons acting in concert with the Offeror have concluded any other purchase of shares of the Issuer in the twelve months preceding the date of the notification referred to in Article 102, paragraph 1, of the TUF;
- must be considered net of any stamp duties, if due, and fees, commissions and expenses that will be borne by the Offeror, while the substitutive tax on capital gains, if due, will be borne by the persons who subscribe to the Offer.

In addition, the Board of Directors acknowledges that, according to what is represented by the Offeror in the Offer Document:

- the Offeror did not obtain any expert estimates (fairness opinions) from independent parties experts for the purposes of the above-mentioned evaluation or a verification of its fairness/congruousness. Such valuation is based exclusively on the value assigned by the Offeror to the Issuer's shares for the purposes of the acquisition of the Shareholding and was determined on the basis of an analysis performed autonomously, availing itself of support material obtained from various external and internal sources, autonomously elaborated by the Offeror. Such documentation was merely for support to the Offeror in making its evaluation and was not issued by independent parties.
- The analyses performed by the Offeror for the purposes of its valuation include both key and market methods, such as: the analysis of the Issuer's prospects for earnings and cash flows expected over the next few years (known as the *Discounted Cash Flows* methods), implicit premiums paid in previous Italian public tender offers, target prices indicated by financial analysis for the Issuer, the multiples paid in comparable transactions and market multiples for comparable listed companies.

In the Offer Document is indicated that, ultimately, the Offeror concluded that the most relevant analyses for the purpose of determining the value of the Issuer's shares were:

- (i) *Discounted Cash Flows*: the sum of the expected cash flows and the terminal value of the Issuer, based upon the perpetual growth method (assumed to be in the range between 1.5% and 2.0%), elaborated by starting with publicly available information, including the consensus of research analysts, for which the discounted present value was calculated by applying a *Weighted Average Cost of Capital* (assumed to be in the range between 7.5% and 8.0%) and taking into account the potential synergies expected. This approach was deemed relevant by the Offeror because it allows for the inclusion of estimates on the Issuer's generation of cash over the medium/long-term (estimates based upon the consensus of the research analysts);
- (ii) Target prices: observations of the target prices published by research analysts (Mediobanca, Banca IMI, Banca Akros (ESN), Kepler Cheuvreux, Natixis, Exane BNP Paribas, Intermonte, Hammer Partners, Equita, Banca Aletti). This approach was considered relevant by the Offeror since the analysts follow the Issuer closely and their target prices are generally based upon fundamental analyses on the company in question, as well as an important reference point for investors;
- (iii) Implicit premiums paid in previous public tender offers: application of the implicit premiums paid in previous public tender offers for majority shareholdings in Italy at the unaffected market price of the Issuer. This approach was considered relevant by the Offeror since it

constitutes a reference point linked to market values represented by Stock Exchange prices of the company being appraised.

According to the Offer Document, the Offeror concluded that the evaluation methods based upon the multiples of comparable transactions and on market multiples for comparable listed companies were less relevant. This consideration is linked to the general limited comparability of the Issuer with other companies operating in the same sector broadly considered. This limited comparability is due to, among other things, differences in the adopted business models, product portfolios, main markets, profitability and, in the case of comparable transactions, expected synergies;

- the value range resulting from the three analyses described above ranges from a minimum of Euro 8.1 to a maximum of Euro 10.7 per share of the Issuer. Therefore, the Price *cum* dividend of Euro 9.65 is positioned on the higher end of the range, the mid-point of which is Euro 9.4;
- the Price *cum* dividend grants to the market a premium equal to approximately 22% with respect to the weighted average price of the Issuer's ordinary shares in the last year preceding the first announcement of the Acquisition on February 24, 2015;
- as an exception to what is described in the Offer Document, no further agreements were entered into, nor was payment of any additional consideration agreed upon, including in-kind, which could be relevant to determine the Price.

As indicated in the Offer Document, on November 10, 2015 and on November 11, 2015, two requests for an increase in the Price pursuant to Article 106, paragraph 3, letter d) of the TUF and article 47-*sexies* of the Issuers' Regulation (collectively, the "**Requests**") were filed with Consob by, respectively, Amber Capital UK LLP and Amber Capital Italia SGR S.p.A., and Bluebell Partners Ltd.

Upon receiving the Requests, Consob commenced on, respectively, November 10, and November 11, 2015, two administrative proceedings pursuant to Article 10 of the general Regulation on administrative proceedings of Consob passed by resolution No. 18388 dated November 28, 2012, which have not yet concluded. According to the information set forth in the Offer Document, the Offeror, within five days of receipt of the notification of commencement of such administrative proceedings, provided to Consob written observations and documents.

The decision on the increase in the Price must be made by Consob by means of a reasoned ruling issued before the closing of the Offer, in accordance with Article 47-*sexies*, paragraph 6, of the Issuers' Regulation. If the reasoned ruling is not issued earlier, during the Subscription Period, the Consob may suspend the Offer, if this is necessary in order to carry out further verifications.

In consideration of the foregoing, the Offer Document states that the Price may be increased by means of a reasoned ruling issued by Consob in accordance with Article 47-*sexies* of the Issuers' Regulation, before the closing of the Subscription Period of the Offer.

For the sake of completeness, as at the Date of the Statement the Board of Directors has not taken into account the content of the two procedures commenced, respectively, by Amber Capital SGR and Amber Capital UK LLP as well as by Bluebell Partners Ltd for increasing the Price of the Offer pursuant to Article 47-*sexies*, paragraph 6, of the Issuers' Regulation being such procedures still ongoing and taking into consideration that the Issuer did not and could not have access to information and data other than that publicly available; therefore, it is not possible for the Board to carry out an autonomous assessment on the existence or otherwise of the grounds for these Requests.

Set forth below is a summary of the information illustrated in paragraph E.3 of the Offer Document, "*Comparison between the Price and some indicators related to the Issuer*".

The following table sets forth the main indicators related to the Issuer with reference to financial years ended on December 31, 2014 and December 31, 2013.

<i>(In millions of EUR, except the values per share indicated in € and the number of shares)</i>	2013	2014
Number of issued shares <sup>(1)</sup> (a)	180,000,000	200,000,000
Number of treasury shares <sup>(1)</sup> (b)	3,155	1,405
Number of trading shares (c = a - b)	179,996,845	199,998,595
Dividends per share (€)	0.16	0.15
Net Profit (net loss) per share pertaining the shareholders of the Issuer <sup>(2)</sup>	0.42	0.38
Cash flow per share <sup>(3)</sup> (€)	0.51	0.49
Shareholders' equity per share	2.77	2.87

Source: Issuer filings and public information

(1) Shares representing the share capital of the Issuer at the end of the financial year

(2) Computed on the basis of the trading shares at the end of the financial year

(3) Sum of Net Profit (net loss) per share pertaining the shareholders of the Issuer, depreciation, amortization and impairment losses, as reported in the Issuer filings

According to the Offer Document, the Issuer's multipliers were compared with similar multiples calculated for years 2013 and 2014, related to a sample of international listed companies featuring characteristics similar to those of the Issuer, such as relevant sector, operating/business characteristics and size. However, as described in Section E, Paragraph E.1 of the Offer Document, the Offeror concluded that the method of evaluation based upon multiples of comparable listed companies is scarcely relevant given the general limited comparability between the Issuer and the other companies operating in the same sector broadly considered.

According to the Offer Document, for the purposes of such comparison and considering the nature of the Issuer's business and the multipliers generally used by financial analysts, the following metrics were used:

- (i) EV/Revenues, which represents the ratio between the Enterprise Value, calculated as the algebraic sum of market capitalization, net financial indebtedness, pension-related obligations, net shareholders' equity pertaining to third parties and subtracting the value of shareholdings in affiliates, appraised using the net equity method, and the Revenues;
- (ii) EV/EBITDA, which represents the ratio between the Enterprise Value and EBITDA or Gross Operating Margin;
- (iii) EV/EBIT, which represents the ratio between the Enterprise Value and EBIT (Earnings before interest and Taxes, defined as operating earnings before interest and taxes);
- (iv) P/E, which represents the ratio between market capitalization and the net results of operations pertaining to the Issuer's shareholders.

The Offer Document contains the following table which indicates the multipliers EV/Revenues, EV/EBITDA, EV/EBIT and P/E related to the Issuer with reference to years ended on December 31, 2013 and 2014, on the basis of the value of the Issuer's economic capital ((€1,900 million, Price multiplied by the number of shares issued, net of treasury shares, as set forth in the most recent financial statements published before the Offer Document Date) and net financial indebtedness (-€277 million), pension obligations (€33 million) net shareholders' equity pertaining to third parties (€0 million) and shareholdings in affiliates (-€69 million), as set forth in the most recent financial statement published prior to the Offer Document Date. The use of the multipliers P/Cash Flow and P/BV (Price/Net Shareholders' Equity) does not provide significant

indications for the evaluation of companies belonging to the sector of reference, as confirmed by the fact that even the research analysts generally do not use them when appraising the Issuer's shares. Moreover, the multipliers P/BV are also affected by the different accounting treatments of a number of items and may therefore be misleading. For these reasons, the multipliers P/Cash Flow and P/BV were not included.

<b>Multiples<sup>(1)</sup></b>	<b>2013</b>	<b>2014</b>
EV/Sales	1.29x	1.22x
EV/EBITDA	12.0x	10.9x
EV/EBIT	13.5x	12.2x
P/E	25.2x	22.4x

Source: Issuer filings and public information

(1) Multiples computed on the basis of a number of shares outstanding net of treasury shares as per latest available published financial reports before the Offer Document Date

According to the Offer Document, the Issuer's multipliers were compared with similar multipliers calculated for years 2013 and 2014, related to a sample of international listed companies operating in the same sector as the Issuer and considered potentially comparable and, in certain cases, only partially comparable:

- (i) Faiveley Transport S.A. (France): founded in 1919, it operates in the supply of components for rail vehicles through four divisions: services division (revenues 2014: 42%); breaks and safety division (revenues 2014: 24%); access and mobility division (revenues 2014: 14%); energy and comfort division (revenues 2014: 20%). Faiveley operates in 24 countries, with a strong presence in Europe (revenues 2014: 61%), a significant presence in Asia and the Pacific regions (revenues 2014: 22%) and in the Americas (revenues 2014: 16%), and a minor presence in other countries (revenues 2014: 1%). Faiveley Transport has approximately 5,700 employees as at March 31, 2015<sup>(1)(2)</sup>.
- (ii) Schaltbau Holdings AG (Germany): founded in 1929, it develops and distributes components and systems employed in transport technologies and industrial applications. The company operates through three divisions: technology and mobile transport division (revenues 2014: 43%); fixed transport technologies division (revenues 2014: 32%), which comprises the two segments of rail infrastructure and break systems; components division (revenues 2014: 24%). The group generates most of its revenues in Germany (revenues 2014: 39%) and in the rest of Europe (revenues 2014: 40%), but is also present in China/Hong Kong (revenues 2014: 15%), North America (revenues 2014: 4%) and in other countries (revenues 2014: 3%). Its core markets include: rail sector (revenues 2014: 63%); capital assets (revenues 2014: 22%); automobile sector (revenues 2014: 15%). Schaltbau has 2,651 employees as at December 31, 2014;

<sup>1</sup> The breakdown of Faiveley's revenues for 2014 refers to the year ended on March 31, 2015.

<sup>2</sup> In the Offer Document, it is stated that on October 6, 2015, Wabtec Corporation announced that it had signed an agreement with the Faiveley family for the acquisition of the latter's shareholding (approximately 51%) in Faiveley Transport S.A.. The transaction has not yet been completed due to, among other reasons, the need to obtain authorizations from certain antitrust authorities. In the event that the transaction is completed, the price agreed would imply a EV/EBIT LTM multiplier for the target company of 17.4x. However, in the Offer Document, it is pointed out that the Offeror does not hold that the multiplier implicit in such transaction constitutes a relevant point of reference for the price paid for the acquisition of the Shareholding due to the limited comparability between the Issuer and Faiveley Transport S.A.. Such limited comparability is due to, among other things, the adoption of different business models, different product portfolios, main markets, profitability and synergies expected from the acquisition. Moreover, the transaction was announced after the finalization of the Agreement with Finmeccanica.

- (iii) Nippon Signal Co., Ltd. – Nippon Signal – (Japan): founded in 1928, it operates in the production and sale of rail signaling systems, traffic information, automatic collection of tickets, micro-electromechanical information and systems in Japan. The company operates through two divisions: traffic and transport infrastructures division, which offers products related to rail signaling (revenues 2014: 41%) and traffic systems (revenues 2014: 13%); ICT solutions division (revenues 2014: 46%), which offers automatic collection of tickets, control and parking systems. Nippon Signal has 2,848 employees as at March 31, 2015<sup>(3)</sup>;
- (iv) Vossloh AG (Germany): founded in 1872, it handles the production of locomotives and the supply of rail infrastructure services. The company operates through four divisions: exchange systems division (revenues 2014: 36%); blocking systems division (revenues 2014: 25%); rail services division (revenues 2014: 5%); transport division, which is considered as a non-core business, (revenues 2014: 34%). Vossloh has a strong presence in Europe (revenues 2014: 63%), a significant presence in Asia (revenues 2014: 17%) and in the Americas (revenues 2014: 13%) and a minor presence in other countries (revenues 2014: 7%). Vossloh has 5,925 employees as at December 31, 2014.

Comparable companies <sup>(1)</sup>	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
	2013	2014	2013	2014	2013	2014	2013	2014
Faiveley Transport <sup>(2)</sup>	1.06x	1.00x	9.5x	9.7x	11.2x	11.5x	15.5x	14.9x
Schaltbau	1.21x	1.10x	10.5x	12.3x	13.2x	17.2x	12.4x	10.6x
The Nippon Signal <sup>(2)</sup>	0.76x	0.70x	8.8x	7.5x	10.9x	9.2x	21.9x	18.3x
Vossloh	0.88x	0.86x	9.7x	15.3x	14.7x	n/m	22.8x	n/m
<b>Mean</b>	<b>0.98x</b>	<b>0.92x</b>	<b>9.6x</b>	<b>11.2x</b>	<b>12.5x</b>	<b>12.7x</b>	<b>18.1x</b>	<b>14.6x</b>
<b>Median</b>	<b>0.97x</b>	<b>0.93x</b>	<b>9.6x</b>	<b>11.0x</b>	<b>12.2x</b>	<b>11.5x</b>	<b>18.7x</b>	<b>14.9x</b>
<b>Ansaldo STS <sup>(3)</sup></b>	<b>1.29x</b>	<b>1.22x</b>	<b>12.0x</b>	<b>10.9x</b>	<b>13.5x</b>	<b>12.2x</b>	<b>25.2x</b>	<b>22.4x</b>

Source: Issuer and other company filings and public information

(1) Multiples computed on the basis of a number of shares outstanding net of treasury shares as per latest available published financial reports before the Offer Document Date, on the basis of market capitalisations as of 23 February 2015

(2) Financials calendarised as of 31 December. Financial year end for Faiveley Transport and Nippon Signal is 31 March

(3) Multiples computed on the basis of a number of shares outstanding net of treasury shares as per latest available published financial reports before the Offer Document Date, on the basis of the Consideration

Set forth below is what is illustrated in paragraph E.4 of the Offer Document, “*The monthly rate-weighted arithmetic mean of official prices registered by the Issuer’s ordinary shares over the twelve months preceding the date of the announcement of the Acquisition*”.

The following table sets forth the monthly rate-weighted arithmetic means of the official prices of the Issuer’s ordinary shares registered in each of the twelve months preceding 23 February 2015 (the last Trading Day before February 24, 2015, the date on which a press release was issued to the market announcing the execution of the Agreement with Finmeccanica), and therefore over the period from February 24, 2014 until February 23, 2015, compared with the Price *cum* dividend. For the purpose of this comparison, the Price *cum* dividend was used since the reference period falls before May 18, 2015 (or, in other words, the Dividend payment date approved by the Issuer’s Board of Directors on April 23, 2015, as announced by the Issuer in its press release dated April 23, 2015 and available on the website [www.ansaldo-sts.com](http://www.ansaldo-sts.com)).

<sup>3</sup> The breakdown of Nippon Signal’s revenues for 2014 refers to the year ended on March 31, 2015.

Month	Average price per share (in EUR)	Difference between the Consideration <i>cum</i> <i>dividend</i> and the average price per share  (in EUR)	Difference between the Consideration <i>cum</i> <i>dividend</i> and the average price per share  (in % in respect of the average price)
24 February - 28 February 2014	7.36	2.29	31.2%
March 2014	7.39	2.26	30.6%
April 2014	7.14	2.51	35.1%
May 2014	6.95	2.70	38.9%
June 2014	6.83	2.82	41.3%
July 2014	7.20	2.45	34.0%
August 2014	7.58	2.07	27.4%
September 2014	8.58	1.07	12.5%
October 2014	8.82	0.83	9.4%
November 2014	8.50	1.15	13.6%
December 2014	8.32	1.33	16.0%
January 2015	8.58	1.07	12.4%
1 February – 23 February 2015	8.80	0.85	9.7%

Source: Bloomberg

The official closing price of the Issuer's ordinary shares registered on February 23, 2015 was Euro 8.81.

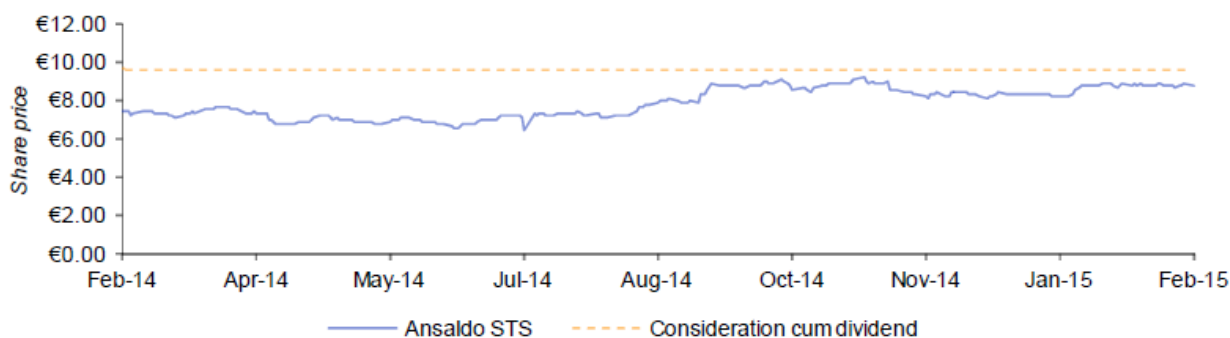
The following table presents a comparison between the Price *cum* dividend and (i) the official closing price of the Issuer's ordinary shares registered on February 23, 2015 and (ii) the rate-weighted arithmetic mean of the official prices of the Issuer's ordinary shares as at 1, 3 and 6 months and 1 year prior to February 23, 2015:

Date	Price per share (in EUR)	Difference between the Consideration <i>cum</i> <i>dividend</i> and the average price per share  (in EUR)	Difference between the Consideration <i>cum</i> <i>dividend</i> and the average price per share  (in % in respect of the average price)
Official price on 23 February 2015	8.81	0.84	9.5%
1 month before	8.79	0.86	9.8%
3 months before	8.51	1.14	13.3%
6 months before	8.58	1.07	12.5%
1 year before	7.88	1.77	22.4%

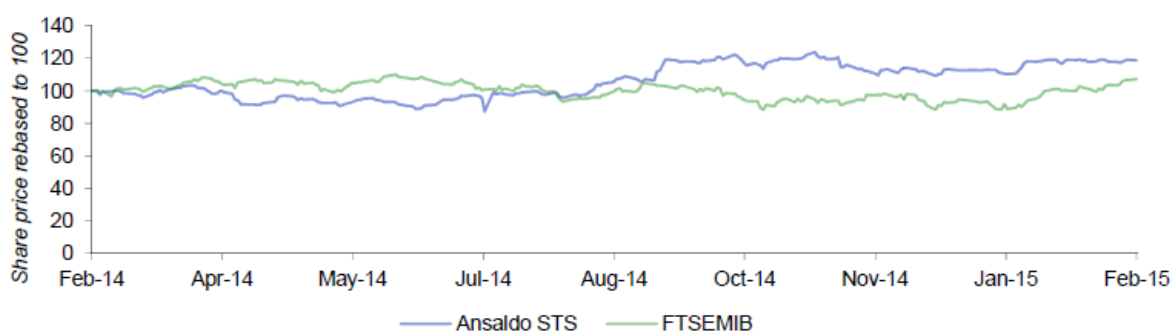
Source: Bloomberg

The following charts illustrate the trend of the official price of the Issuer's ordinary shares over the period of twelve months from February 24, 2014 up to February 23, 2015 (the last Trading Day before the announcement of the Agreement with Finmeccanica):





Source: Bloomberg



Source: Bloomberg

As announced to the market by the Issuer in a press release available on the website [www.ansaldo-sts.com](http://www.ansaldo-sts.com) and set forth in paragraph E.5 of the Offer Document (“*Indication of the values assigned to the Issuer’s shares on the occasion of the financial transactions concluded last year and over the course of the current year*”), on April 28, 2015, the Issuer purchased 138,244 ordinary shares of the Issuer at a price of Euro 9.503 per share, as part of the share repurchase program authorized by the Issuer’s shareholders’ meeting held on April 23, 2015. The same shares were later assigned to the employees in accordance with the stock grant plan. The remaining 1,405 treasury shares held by the Issuer were later sold in September 2015, at the price of Euro 9.495 per share. As a result, on the date hereof, no treasury shares exist in the portfolio.

For the sake of a full of disclosure, it should be noted that on July 14, 2014, the Issuer finalized/concluded the fifth and last tranche of the free share capital increase, as resolved by the extraordinary shareholders’ meeting held on April 23, 2010. Following the conclusion of the above-mentioned fifth tranche, the Issuer’s capital is Euro 100,000,000.00 divided into 200,000,000 ordinary shares having a nominal value of Euro 0.50 each.

### 3.2.2. Methods used and summary of the conclusions reached by the independent experts appointed by the Board of Directors

#### The Bank of America Merrill Lynch’s fairness opinion

On March 13, 2015, the Board of Directors appointed Bank of America Merrill Lynch as the independent financial advisor pursuant to Article 39, paragraph 1, letter d), of the Issuers’ Regulation, who was tasked with issuing an opinion on the financial Price fairness.

The independent financial advisor Bank of America Merrill Lynch rendered its fairness opinion on December 15, 2015.

As indicated in that fairness opinion, Bank of America Merrill Lynch and its affiliates provide a full range of services including banking and securities brokerage services and are engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage and direct investing activities. They also perform investment services and corporate and private banking activities, manage asset and investments and provide financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. Bank of America Merrill Lynch has declared that, in the ordinary course of their businesses, Bank of America Merrill Lynch and its affiliates may invest directly or on behalf of customers or manage funds that entail long or short-term positions, as well as other financial positions; they may also deal with transactions involving shares, bonds or other securities or financial instruments (including derivatives, bank loans or other obligations) of Ansaldo STS, Finmeccanica, the Offeror and certain of their respective affiliates.

Furthermore, Bank of America Merrill Lynch has declared that (along with its affiliates) it has provided in the past, are currently providing, and may provide in the future, investment banking, commercial banking and other financial services to Finmeccanica and its affiliates and has received or may receive in the future compensation for the performing these services, which may have included or include acting as (i) joint global co-coordinator in connection with a Finmeccanica Eurobond issued in 2013; (ii) mandated lead arranger in connection with a revolving credit facility in favor of Finmeccanica executed in 2014; (iii) joint dealer manager in connection with a capped tender offer targeting classes of senior notes denominated in EUR and GBP launched by Finmeccanica in 2015; (iv) joint book-runner in connection with a bond offering for Consorcio Nuevo Metro de Lima, a consortium including AnsaldoBreda S.p.A. in 2015.

In addition, Bank of America Merrill Lynch and its affiliates have provided in the past, are currently providing, and may provide in the future, investment banking, commercial banking and other financial services to Hitachi Limited and its affiliates and have received or may receive in the future compensation for performing these services, which may have included or include acting as (i) co-lead manager in connection with the secondary offering of West Digital Corp shares held by Hitachi Limited in 2014 and (ii) financial adviser to Hitachi Data Systems, a wholly-owned subsidiary of Hitachi Limited, in connection with the acquisition of Pentaho in 2015.

As indicated in the fairness opinion of Bank of America Merrill Lynch, the bank has declared that, among other things, it has:

- a) reviewed certain publicly available business and financial information relating to Ansaldo STS;
- b) reviewed certain internal financial and operating information with respect to the business, operations and prospects of Ansaldo STS furnished to or discussed with Bank of America Merrill Lynch by the management of Ansaldo STS, including certain financial forecasts relating to Ansaldo STS prepared by the management of Ansaldo STS (such forecasts, the “**Ansaldo STS Forecasts**”);
- c) discussed the past and current business activities, operations, financial condition and prospects of Ansaldo STS with members of senior management of Ansaldo STS;
- d) compared certain financial information of Ansaldo STS with similar information of companies it deemed relevant;
- e) compared certain financial terms of the Offer to financial terms, to the extent publicly available, of other transactions it deemed relevant;
- f) reviewed the Announcement pursuant to Article 102 TUF dated 2 November 2015 and the Offer Document; and
- g) performed such other analyses and studies and considered such other information and factors as it deemed appropriate.

As indicated in the fairness opinion of Bank of America Merrill Lynch, in forming its opinion, they have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with the same Bank of America Merrill Lynch and have relied upon the assurances of the management of Ansaldo STS that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the Ansaldo STS Forecasts, Bank of America Merrill Lynch has declared that it was advised by Ansaldo STS, and assumed, that they have been reasonably prepared based on the most accurate estimates available and good faith judgements of the management of Ansaldo STS as to the future financial performance of Ansaldo STS. In the fairness opinion, it is also stated that the Ansaldo STS Forecasts – which, as instructed by Ansaldo STS, Bank of America Merrill Lynch used for the purpose of forming its opinion – do not take into consideration any synergies or benefits that may be derived from any future business arrangement or strategic partnership with the Offeror, any of its affiliates or shareholders, or any other person; in this respect, Ansaldo STS requested that Bank of America Merrill Lynch formed its fairness opinion based on the assumption that there are no such synergies or benefits. Bank of America Merrill Lynch has not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Ansaldo STS, nor has made any physical inspection of the properties or assets of Ansaldo STS. Bank of America Merrill Lynch has not evaluated the solvency or fair value of Ansaldo STS or the Offeror under any laws concerning bankruptcy, insolvency or similar matters. Bank of America Merrill Lynch has declared it assumed, as instructed by Ansaldo STS, that the Offer will be completed in accordance with its terms, without waiver, modification or amendment of any material term (including, without limitation, any increase or reduction of the Price pursuant to Articles 47-bis and ff. of the Issuers' Regulation), condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Offer, no delay, limitation, restriction or condition, including any amendments or modifications that might have an adverse effect on Ansaldo STS, or the expected positive results of the Offer will be imposed.

For the purpose of its analysis Bank of America Merrill Lynch has taken into consideration the value of Ansaldo STS net debt and other relevant financial statements items as at 30 September 2015.

Discounted cash flow: Bank of America Merrill Lynch has performed a discounted cash flow analysis of the Ansaldo STS Forecasts. Such Ansaldo STS Forecasts do not take into consideration any synergies or other benefits that may be derived from any future business combination or strategic partnership with Hitachi Rail Italy Investment S.r.l., any of its affiliates or shareholders, or any other person. Using this methodology, the implied price per ordinary share ranges from Euro 9.2 to Euro 10.4;

Market prices (before the "Announcement Date" of the acquisition of the Shareholding, *i.e.* before February 24, 2015): Bank of America Merrill Lynch has analyzed the past trading performance of the Shares in the twelve calendar months before the Announcement Date. Using this methodology, the price per ordinary share ranges from Euro 6.5 to Euro 9.2;

Comparable companies' trading multiples: Bank of America Merrill Lynch has compared certain financial and stock information for Ansaldo STS with similar financial and stock market information for certain selected companies which have been considered comparable to Ansaldo STS and whose securities are publicly traded. Bank of America Merrill Lynch has calculated the valuation multiples of such companies based on 2016 EV/EBITDA and EV/EBIT and it has applied such multiples to Ansaldo STS relevant metrics. Using this methodology, the implied price per ordinary share ranges from Euro 7.1 to Euro 8.8 when applying the EV/EBITDA multiple and Euro 7.0 to Euro 9.3 when applying the EV/EBIT multiple;

Past transactions: Bank of America Merrill Lynch has reviewed the financial aspects of certain selected merger and acquisition transactions which were announced during the last ten years, in which the companies being acquired operated mainly or secondarily in the signaling businesses, and which have been considered comparable to Ansaldo STS. Bank of America Merrill Lynch has used estimates of the EV/LTM EBITDA multiples paid by the buyer in each one of these transactions, and has applied such multiples to

Ansaldo STS relevant metrics. Using this methodology, the implied price per ordinary share ranges from Euro 8.3 to Euro 10.4.

In addition, for reference purposes, Bank of America Merrill Lynch has also reviewed the following market information, not considered part of its financial analysis: (i) research analysts' target prices for Ansaldo STS; (ii) premiums paid in precedent completed mandatory tender offers in Italy and (iii) market prices following the Announcement Date.

The fairness opinion of Bank of America Merrill Lynch is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to Bank of America Merrill Lynch as at, the date thereof.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth in the fairness opinion, on December 15, 2015 Bank of America Merrill Lynch is of the opinion that the Price to be received in the Offer by the holders of Shares is fair, from a financial point of view, *vis-à-vis* the holders of the Shares other than the Offeror.

For further information, see Bank of America Merrill Lynch's fairness opinion (attached hereto as schedule A).

### **The Lazard's fairness opinion**

On December 18, 2015, Lazard has been appointed as an independent financial advisor pursuant to Article 39, paragraph 1, letter d), of the Issuers' Regulation, and tasked with issuing an opinion on the financial fairness of the Price. Lazard has declared that other companies of the Lazard Group are currently providing financial services to Hitachi, Ltd. on matters unrelated to the Offer for which they will receive customary fees, and that they provided in the past financial advisory services to companies of the Hitachi Group for which they have received customary fees. Moreover, Lazard has declared that the latter or other companies of the Lazard Group may provide in the future financial advisory services to Ansaldo STS and/or Offeror and/or their respective affiliates for which they may receive customary fees. In addition, as declared by Lazard, certain companies of the Lazard Group may trade in the shares and other securities of Ansaldo STS or affiliates of the Offeror directly and on behalf of their customers, and accordingly, may at any time hold a long or short position in such securities; they may also trade and hold securities on behalf of Ansaldo STS, the Offeror and/or certain of their respective affiliates. Lazard has declared that the foregoing relationships do not undermine the independence and the autonomy of judgment of Lazard in carrying out its task.

The independent financial advisor Lazard rendered its fairness opinion on December 28, 2015. In this respect, see the declarations made by the independent directors, provided below.

As indicated in the fairness opinion, in connection with the same opinion, Lazard has:

- (i) reviewed the financial terms and conditions of the Offer as set forth in the Offer Document;
- (ii) reviewed certain publicly available business and financial information relating to Ansaldo STS;
- (iii) reviewed various financial forecasts and other data provided to Lazard by Ansaldo STS relating to the business of Ansaldo STS;
- (iv) held discussions with members of the senior management of Ansaldo STS with respect to the business and prospects of Ansaldo STS;
- (v) reviewed public information with respect to certain other companies operating in businesses it believes to be generally relevant to evaluating the business of Ansaldo STS;
- (vi) reviewed the financial terms of certain transactions involving companies in businesses it believes to be generally relevant to evaluating the business of Ansaldo STS;
- (vii) reviewed past stock prices trends and trading volumes of the Shares; and
- (viii) conducted such other financial studies, analyses and investigations as it deemed appropriate.

As indicated in the fairness opinion, in preparing it, Lazard has assumed and relied upon, without independent verification, the accuracy and completeness of all of the foregoing information, including, without limitation, all the financial and other information and reports provided or discussed with Lazard and all representations made to the same. Lazard has declared that it has not undertaken any independent investigation or appraisal of such information, reports or representations. Lazard has declared it has not provided with, obtained or reviewed on behalf of the Issuer any specialist advice, including but not limited to, legal, accounting, actuarial, environmental, information technology or tax advice, and accordingly the fairness opinion of Lazard does not take into account the possible implications of any such specialist advice.

Lazard has declared it assumed that the evaluation of assets and liabilities and the profit and cash flow forecasts, including future capital expenditure projections made by the management of Ansaldo STS are fair and reasonable. Lazard has not independently investigated, valued or appraised any of the assets or liabilities (contingent or otherwise) of Ansaldo STS or the solvency or fair value of Ansaldo STS, and it has not been furnished with any such valuation or appraisal. At the direction of the Issuer, Lazard has relied upon the financial forecasts and projections provided by Ansaldo STS in its analyses, which forecasts and projections reflect the estimated future results of operations of Ansaldo STS on a standalone basis and do not take into account any synergies or other benefits that may be realized from the Offer or from any business arrangement or strategic partnership with the Offeror. With respect to the financial forecasts and projections used in its analyses, Lazard has declared that it has assumed, with the Issuer's consent, that they have been reasonably prepared based on the most accurate estimates and judgments of the management of the Issuer available at the date of the *fairness opinion* with respect to the future results of operations and financial condition and performance of Ansaldo STS; it has also assumed, with the Issuer's consent, that such financial forecasts and projections will be realized in the amounts and at the times contemplated thereby. Lazard has declared that it assumes no responsibility or liability for and expresses no opinion as to any such forecasts, projections or the assumptions on which they are based. In preparing its opinion, Lazard has assumed that the Offer will actually be completed under the terms and conditions described in the Offer Document without any waiver or modification of any of its material terms or conditions. Lazard has declared that it has also assumed that no governmental, regulatory or other approvals and consents will be required in connection with the completion of the Offer other than those which have been obtained, and in any event that any such other approvals and consents will be obtained without affecting the positive result for the Issuer's shareholders deriving from the Offer (other than the Offeror or any of its affiliates).

The fairness opinion of Lazard is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to Lazard as at, the date thereof.

Based upon the analysis carried out by Lazard – which include, among others, the analysis of discounted cash flows, the trading multiples of comparable companies and the precedent transactions multiples – and based upon the qualifications and hypothesis expressed in the aforementioned fairness opinion, Lazard is of the opinion, as at December 28, 2015, that the Price to be paid in the Offer is fair, from a financial point of view, *vis-à-vis* the holders of the Shares (other than the Offeror or any of its affiliates).

For further information, see Lazard's fairness opinion (attached hereto as schedule B)

With respect to the appointment of Lazard as an independent financial advisor pursuant to Article 39, paragraph 1, lett. d) of the Issuers' Regulation by the Chief Executive Officer Stefano Siragusa, in agreement with the Chairman Alistair Dormer, and with respect to the use of Lazard and the *fairness opinion* rendered by the same on December 28, 2015 as a support to the Board for the purpose of assessing the Offer (such resolution having been approved by the Board of Directors of December 30, 2015 by the directors Alistair Dormer and Karen Boswell, both having stated that they hold interests pursuant to Article 2391 of the Italian Civil Code, Mario Garraffo and Alessandra Piccinino with the abstention of the director Stefano Siragusa and the contrary vote of the directors Giovanni Cavallini, Bruno Pavesi, Paola Giannotti and Giulio Gallazzi and with the exercise of the double voting by the Chairman Alistair Dormer), the independent directors Giovanni Cavallini, Giulio Gallazzi, Paola Giannotti and Bruno Pavesi note that: (1) none of the

directors of Ansaldo STS has ever communicated to the Board of Directors the need to have another financial *advisor*; (2) during the Board of Directors of Ansaldo STS of December 21 2015, even though this was not an item on the agenda, the Chairman Alistair Dormer informed that the Chief Executive Officer Stefano Siragusa, in agreement with the Chairman Alistair Dormer, has appointed Lazard, as a financial *advisor* of the Issuer, appointment that the Chief Executive Officer Stefano Siragusa has made autonomously as, in his opinion, this fell within his remit. The above independent directors pointed out that the Chairman, Alistair Dormer declared that he holds several offices within the Hitachi group, as specified in greater detail in the Issuer's Statement (see paragraph 1.2.) and that, when he appointed Lazard, the Chief Executive Officer, Stefano Siragusa, together with the directors, the committees and the Chairman Alistair Dormer, was re-defining the timing for a possible exit from the Ansaldo STS group, by keeping the economic exit conditions unaffected as specified in paragraph 1.2. of the Issuer's Statement; (3) at Ansaldo STS's Board of Directors' Meeting of December 21, the independent directors Giovanni Cavallini, Giulio Gallazzi, Paola Giannotti and Bruno Pavesi declared to be against the appointment of an additional advisor in general and of Lazard in particular, and maintained that the expected timing and methods were inappropriate. However: (i) Lazard's appointment was for quite a short period (from December 18 to 28, 2015) if one considers the Christmas holidays and even more so when compared to the time (of some months) granted for the other two financial advisors, the Bank of America Merrill Lynch and Royal Bank of Canada; and (ii) considering the limited time, it was impossible to analyze in detail the documents provided by Lazard by holding meetings with it as occurred with the other two financial advisors, the Bank of America Merrill Lynch and Royal Bank of Canada. For these reasons, the independent directors, Giovanni Cavallini, Giulio Gallazzi, Paola Giannotti and Bruno Pavesi, maintain that Lazard's work cannot be attributed with the same value as the fairness opinions released by the Bank of America Merrill Lynch and Royal Bank of Canada

The independent directors, Mario Garraffo and Alessandra Piccinino, held that, for the sake of providing complete information and transparency on the market, this Communication should include the opinion issued by Lazard on December 28, 2015, on the Chief Executive Offer's request in agreement with the Chairman, Alistair Dormer, after the Royal Bank of Canada had issued a "non -fairness" opinion on November 29, 2015 and the Bank of America Merrill Lynch had issued a "fairness" opinion on December 15, 2015. However, these directors did not have the time nor the opportunity to discuss with Lazard the assumptions on which its opinion was based and the methodology used in drafting the opinion. According to these directors, given Lazard's high reputation (Lazard is one of the leading investment banks globally), it is important that the market be aware of this opinion.

### *3.2.3. Independent Directors' Opinion*

Pursuant to Article 39-*bis* of the Issuers' Regulation, the fact that the Offeror holds a shareholding exceeding 30% of the Issuer's share capital requires that the Issuer's independent directors who are not related parties of the Offeror, must draft a reasoned opinion setting outlining their evaluations on the Offer and on the fairness/congruousness of the Price.

The Issuer's independent directors, pursuant to above-mentioned Article 39-*bis* availed themselves of the support from the independent advisor Royal Bank of Canada, which issued its fairness opinion on November 29, 2015, on the basis of their own evaluation and endorsing the conclusions of the independent advisor appointed by them.

As indicated in the foregoing fairness opinion, Royal Bank of Canada has declared it has carried out, among others, the following activities:

- (i) review of the financial terms of the Offer;
- (ii) review and analysis of (i) certain publicly available financial and other data with respect to Ansaldo STS; (ii) certain historical operating data relating to Ansaldo STS made provided by the Issuer or available from published sources;

- (iii) discussions with members of the senior management of Ansaldo STS with respect to the business prospects and financial outlook of Ansaldo STS as a standalone entity, taking into account their commercial evaluations.

In its fairness opinion Royal Bank of Canada has indicated that, in the context of its analysis, it has *inter alia*: (i) undertook a discounted cash flow valuation of Ansaldo STS based upon the projections provided by the Issuer; (ii) compared the financial metrics of selected past transactions with the financial metrics applicable to the Price; and (iii) compared the premiums paid in selected past transactions with the premium applicable to the Price. In addition, for reference purposes, Royal Bank of Canada in its fairness opinion has (i) compared selected market valuation metrics of Ansaldo STS and other comparable publicly traded companies with the financial metrics applicable to the Price; (ii) reviewed research analysts' target prices for the Issuer; and (iii) observed the historical trading performance of the Issuer shares for the 52 week-period before the announcement of the transaction on 24 February, 2015

The main methods used by Royal Bank of Canada are described below:

**Discounted cash flow:** the discounted valuation methodology was applied to the Business Plan (approved by the Board of the Issuer on 6 March 2015). The 2015 forecast has been updated as per latest management guidance as at Q3 2015. The Business Plan does not include any synergies or other benefits that may be derived from any future business arrangement or strategic partnership with Hitachi, any of its affiliates or shareholders, or any other person. The estimated present value of the unlevered, after tax free cash flows from 1 October 2015 up to 31 December 2019, and the terminal value thereafter using both the growth rate in perpetuity and terminal year multiple methodologies were calculated.

**Past Transaction Multiples:** the financial aspects of certain selected transactions that were completed during the period from 2000 up to 2015 were reviewed. The Royal Bank of Canada used estimates of the EV/EBITDA and EV/EBIT multiples paid by the relevant buyer for those transactions and applied such multiples to the Issuer's relevant metrics.

**Past Transaction Premiums:** the premiums paid in public offers of significant size and with similar features in Italy during the last five years were examined. The Royal Bank of Canada applied such premiums to the share price of the Issuer as at market close on 31 July, 2014, considered to be the last date when the share price was unaffected by possible speculative effects concerning the offer. A similar analysis was performed, after adjusting the unaffected share price in line with the movement in the FTSE MIB index since that date, to account for the passage of time.

The following table summarizes the results of the analysis referred to above:

Methodology	Minimum Implied Value per	Maximum Implied Value per
	Issuer Ordinary Share	Issuer Ordinary, Share
Discounted cash flow (growth rate in perpetuity methodology)	€10.09	€11.54
Discounted cash flow (terminal year multiple methodology)	€9.67	€10.12
Past transaction multiples	€9.62	€11.63
Past transaction premiums (applied to unaffected share price)	€8.94	€13.52
Past transaction premiums (applied to the index correlated unaffected share price)	€9.81	€14.84

In its fairness opinion Royal Bank of Canada has indicated that in carrying out the activities it employed several evaluation methodologies and no one method of analysis should be regarded as singularly relevant with respect to the overall conclusion reached. Each methodology has shown strengths and weaknesses and the nature of the available information may further affect the value of specific techniques.

Royal Bank of Canada has underlined in its fairness opinion that the conclusions it has reached are based on all the analysis and factors presented, taken as a whole and also based on its own experience and judgment.

Royal Bank of Canada has also specified that such conclusions may involve subjective judgment and qualitative analysis. Therefore in the fairness opinion of Royal Bank of Canada it is underlined that the latter gives no opinion as to the specific value or merit of any one of the analyses.

In its fairness opinion Royal Bank of Canada has indicated that the analysis carried out is subject to certain limitations; please refer to the same document for a detailed analysis of such limitations.

For the sake of completeness, please note that in its fairness opinion Royal Bank of Canada has not indicated to have provided or to provide as at the date of the same fairness opinion investment banking or commercial banking services or other financial services for the benefit of Finmeccanica group or the Hitachi group.

On the basis of its experience as an investment bank and subject to what is stated in the fairness opinion, including the assumptions and limitations set forth therein, the Royal Bank of Canada concluded that, as at the date of its fairness opinion, the Price is inadequate from a financial standpoint *vis-à-vis* the Issuer's shareholders.

On December 16, 2015, Royal Bank of Canada, based on the financial information available as at November 2015 provided by the Issuer, has confirmed the content of its fairness opinion, on the understanding that there has been no material change in management's expectations regarding the future financial performance of Ansaldo STS that would make it necessary to change such fairness opinion.

On December 16, 2015, Giovanni Cavallini, Giulio Gallazzi, Mario Garraffo, Paola Giannotti, Bruno Pavesi and Alessandra Piccinino, in their capacity as independent directors of the Issuer, rendered their reasoned opinion on the Offer and on the Price pursuant to Article 39-*bis* of the Issuers' Regulation, being of the opinion:

- (i) unanimously, that the Offer complies with the requirements provided by the applicable laws and regulations on mandatory tender offers and it does not contain any ancillary or accidental element which influences its essential content; and
- (ii) by a majority (in the persons of the independent directors Giovanni Cavallini, Giulio Gallazzi, Paola Giannotti and Bruno Pavesi) that the Price of the Offer is not fair, from a financial point of view, *vis-à-vis* the holders of Ansaldo STS shares (other than the Offeror);
- (iii) while the independent directors Mario Garraffo and Alessandra Piccinino were of the opinion that the Price of the Offer is fair as at the announcement date of the Hitachi transaction, pointing out that it would be advisable to consider the *pro rata* net income accruing until the date of actual payment of the Ansaldo STS shares. This conclusion was reached taking into consideration the period between the announcement of the transaction by Hitachi and Finmeccanica on February 24, 2015, and the possible payment date of the Ansaldo STS shares tendered to the Offer, if any, as well as the economic trend of Ansaldo STS, which, according to the data and the information made available to them, appears to be positive.

For further information, see the Independent Directors' Opinion and the fairness opinion of the independent expert appointed by the same (attached hereto as schedule C).

#### **4. Indication on the participation on the part of the members of the Board of Directors in the negotiations for the conclusion of the transaction**



Alistair Dormer, Chairman of the Board of Directors of Ansaldo STS, appointed director by the Shareholders' Meeting on November 2, 2015, took part in the negotiations for closing the transaction in the context of which the Offer was launched in his capacity as Chairman of the Board of Directors of Hitachi Rail Europe Ltd. and Vice President and Executive Officer of the Rail Systems business of Hitachi, Ltd.

No other member of the Board of Directors in office as at the Date of the Statement took part, in any capacity whatsoever, in the negotiations for closing the transaction in the context of which the Offer was launched by the Offeror.

The Board of Directors highlights that the process of seeking out potential industrial partners was managed by the shareholder Finmeccanica, without involving Ansaldo STS' management. On February 20, 2015, the Board of Directors of Ansaldo STS – upon acknowledging that Finmeccanica had identified Hitachi as counterparty in the context of its process of divesting the transport business already commenced by the same – authorized the opening for Hitachi and its consultants/advisors of a virtual data room, and has entrusted the Chief Executive Officer, Mr. Siragusa, with the organization and management of the same, and the holding of meetings between Hitachi and Ansaldo STS' management, with the fulfillment of certain conditions including the execution of a specific confidentiality agreement between the Issuer and Hitachi. In accordance with the resolutions passed by the Issuer's Board of Directors at the meetings held on February 20, March 25, April 23 and May 5 2015, a "clean team" procedure was also implemented such that the exchange of confidential information would be limited to a predetermined group of external consultants/advisors and representative of the management of the companies involved in the transaction, including the Chief Executive Officer, Mr. Siragusa.

## **5. Updating of information made available to the public and announcement of material events pursuant to Article 39 of the Issuers' Regulation**

### **5.1. Information on material events that occurred after the approval of the most recent financial statements or the most recent interim report published**

On October 30, 2015, the Board of Directors approved the Interim Report as at September 30, 2015. A copy of such Interim Report is available at the Issuer's registered office and on its website at the page <http://www.ansaldo-sts.com/en/investor-relations/financial-reports> and on the authorized storage system available at [www.emarketstorage.com](http://www.emarketstorage.com).

Except for what is described below, no material events have occurred after the approval of the Interim Report.

As announced on December 22, 2015, Ansaldo STS was awarded a USD 338 million contract from the Massachusetts Bay Transportation Authority (MBTA) to furnish a complete Positive Train Control (PTC) system on their entire Commuter Rail network.

### **5.2. Information on the Issuer's recent performance and future prospects, to the extent they are not outlined in the Offer Document**

Except for what is described below, there is no further information on the Issuer's recent performance and future performance with respect to what is set forth in Section B, Paragraph B.2.5, of the Offer Document and the Directors' Report as at September 30, 2015 and Paragraph "Outlook", of the Interim Report as at September 30, 2015 approved by the Board of Directors on October 30, 2015.

On October 30, 2015, the Board of Directors approved the Interim Report as at September 30, 2015. A copy of such Interim Report is available at the Issuer's registered office and on its website at the page <http://www.ansaldo-sts.com/en/investor-relations/financial-reports> and on the authorized storage system available at [www.emarketstorage.com](http://www.emarketstorage.com). Except for what is described below, no material events have occurred after the approval of the Interim Report.

As announced on December 22, 2015, Ansaldo STS was awarded a USD 338 million contract from the Massachusetts Bay Transportation Authority (MBTA) to furnish a complete Positive Train Control (PTC) system on their entire Commuter Rail network.

Please find below a preliminary estimate of the key consolidated data as at December 31, 2015, based on management data available as at the Date of the Statement. These preliminary estimates, in essence, confirm or improve the guidance for 2015, announced by Ansaldo STS on February 11, 2015, as approved by the Board of Directors of the Issuer on the same date and revised by the same Board on July 29, 2015. More specifically:

- New orders: approximately Euro 1,300 million; achievement of the minimum threshold under the guidance (Euro 1,300 – 1,700 million);
- Order backlog: approximately Euro 6,350 – 6,370 million; in line with the guidance figures (Euro 6,300 – 6,800 million);
- Revenues: approximately Euro 1,370 – 1,390 million; the production volume is expected to stand at the highest level under the guidance (Euro 1,300 – 1,400 million);
- ROS: approximately 9.8%; the value of profitability is expected to stand above the guidance figures (equal to approximately 9.6%);
- Net financial position: Euro (310) – (330) million; the achievement of the highest level of the guidance (Euro 280 – 320 million) is confirmed. A further improvement compared to the guidance is possible, but not certain, in connection with certain proceeds expected for the last day of 2015.

As of today, the Board of Directors has commenced the activities related to the examination and approval of the guidelines of the budget and of the business plan. As usual, the 2016 guidance will be approved and announced to the market in the first months of the next year.

## **6. Effects produced by the successful outcome of the Offer on Ansaldo STS' employment levels and on the locations of its production sites**

As states in the Offer Document, the Offeror expects that Hitachi's technical know-how will complement the Issuer's team and that in order to support a successful integration between the Issuer and Hitachi, experienced Hitachi leaders will be to deploy to the Issuer's existing structure. In the same Offer Document it is stated that Hitachi also plans to contribute human capital across the organization to enhance results and guarantee quality assurance, supply chain support and financial control.

Moreover, in the Offer Document it is stated that Hitachi is considering various options to integrate the Issuer's business into and with the Hitachi Group in order to benefit from a more efficient corporate and business structure and that Hitachi will consider any necessary measure to improve the operational efficiency of the combined group, generating significant efficiencies that will benefit customers throughout Europe.

Finally, in the Offer Document it is stated that, as at the Offer Document Date, Hitachi and the Offeror have not made any decision with reference to the matters described above.

No opinion has been received from the trade union representatives of the Issuer's workers. If such opinion is issued, it will be made available to the public in compliance with applicable laws and regulations.

This Statement is sent to the trade union representatives of the workers in accordance with Article 103, paragraph 3-*bis*, of the TUF.

## 7. Information referred to in Article 39, paragraph 1, letter h), of the Issuers' Regulation

The Offeror stated in the Offer Document that it is assessing various options for the integration of the Issuer's business into the Hitachi Group. Such options may include extraordinary transactions (*business combinations*) such as intercompany mergers and transfers of businesses, as well as the reorganization of productive and distributive business operations and the consolidation of certain functions within the new combined group.

In particular, according to what is illustrated in the Offer Document, if upon the conclusion of the Offer a Delisting is not achieved, the Offeror will consider proceeding with the merger by incorporation of the Issuer into the Offeror or into another non-listed company of the Hitachi Group. This will result in the Delisting of the Issuer's shares. The Offeror has also stated in the Offer Document that it will consider proceeding with a merger by incorporation of the Issuer into the Offeror or a company of the Hitachi Group, also in the event that the Issuer's shares have ceased to be listed on the MTA.

As at the Date of the Statement, neither the Offeror nor the Issuer has made any formal decision on the matters described above.

The following table sets forth information on the Issuer's consolidated indebtedness as at September 30, 2015, compared to the data as of December 31, 2014, extracted from the Interim Report as of September 30, 2015, approved by the Board of Directors on October 30, 2015 (available to the public at the Issuer's registered office and on its website at the page <http://www.ansaldo-sts.com/en/investor-relations/financial-reports> and on the authorized storage system available at [www.emarketstorage.com](http://www.emarketstorage.com)).

<i>(€'000)</i>	<u>30.09.2015</u>	<u>31.12.2014</u>
Current loans and borrowings	2,245	5,363
Non-current loans and borrowings	-	-
Cash and cash equivalents	(237,253)	(270,067)
<b>NET CASH AND CASH EQUIVALENTS</b>	<b>(235,008)</b>	<b>(264,704)</b>
Related party loan assets	(2,945)	(10,709)
Other loan assets	(39,161)	(30,326)
Current financial assets at fair value through profit or loss	-	-
<b>LOAN ASSETS</b>	<b>(42,106)</b>	<b>(41,035)</b>
Related party loans and borrowings	321	10,351
Other current loans and borrowings	-	1,973
Other non-current loans and borrowings	-	-
<b>OTHER LOANS AND BORROWINGS</b>	<b>321</b>	<b>12,324</b>
<b>NET FINANCIAL POSITION</b>	<b>(276,793)</b>	<b>(293,415)</b>

The net financial position, positive cash, (prevalence of receivables and cash and cash equivalents over financial borrowings) of the Ansaldo STS Group as of September 30, 2015 is equal to Euro (276.8) million resulting in a decrease compared to the value, positive cash, as at 31 December 2014, equal to Euro (293.4) million and in an increase compared with Euro (210.6) million as at 30 September 2014.

The effects of a possible future merger on the Issuer's indebtedness, on the loan agreements in place and on the related guarantees/security interests, as well as the possible need to enter into new loan agreements will depend upon which non-listed company of the Hitachi Group will be the one to merge with the Issuer, the methods of implementing such merger and the suitability of the assets/capital and cash flows of the company surviving the merger to repay the indebtedness.

## 8. Board of Directors' Conclusions

The Board of Direction did not achieve the majority of votes in relation to the evaluation of the Price fairness.

Independent directors, Giovanni Cavallini, Giulio Gallazzi, Paola Giannotti and Bruno Pavesi, held that the Price is not fair.

Independent directors, Mario Garraffo and Alessandra Piccinino, held that the Price falls within a fairness range from a financial point of view.

The Vice Chairman, Karen Boswell and the Chief Executive Officer, Stefano Siragusa, held that the Price is financially fair.

The Chairman, Alistair Dormer abstained as he had participated in the negotiations with Finmeccanica to define the transaction within which the Offer was promoted.

More specifically:

- Independent directors, Giovanni Cavallini, Giulio Gallazzi, Paola Giannotti and Bruno Pavesi, having regard to:
  - the presentations prepared by the Bank of America Merrill Lynch and Royal Bank of Canada respectively in support of the fairness opinions issued by them;
  - the *fairness opinion* of the Royal Bank of Canada issued on November 29, 2015 and the subsequent letter from the Royal Bank of Canada of December 16, 2015;
  - the *fairness opinion* of the Bank of America Merrill Lynch issued on December 15, 2015;
  - the results of the *Impairment Test* contained in the minutes of Ansaldo STS's Board of Directors' Meeting of February 11, 2015 and the related support document named "Ansaldo STS – *Impairment Test* as of December 31, 2014";
  - the Offer Document in both the version filed with the CONSOB on November 4, 2015 and in the final version published on December 9, 2015;
  - the considerations concerning the possible positive effects on the evaluation of Ansaldo STS that may arise from: (a) the synergies that may be achieved through the integration of Ansaldo STS in the Hitachi Group, as described in the Offer Document; (b) the majority premium according to the market practice for similar operations; and (c) the pro rata profits accrued and to be accrued until the date in which the Ansaldo STS shares tendered to the Offer are actually transferred; and
  - considering that the WACC used by Hitachi to calculate the value of Ansaldo STS falls within a range between 7.5% and 8%, which is significantly lower than the WACCs used by the Royal Bank of Canada and Bank of America Merrill Lynch; therefore, if this WACC were to be used

instead of the WACCs used by Royal Bank of Canada and Bank of America Merrill Lynch, the value resulting from the analysis of the DCF in the studies of the two financial advisors would be higher;

consider the Price unfair.

- Independent directors, Mario Garraffo and Alessandra Piccinino, having acknowledged:
- the Offer and the terms and conditions thereof, as described in the Offer Document;
  - the fairness opinion issued by the Bank of America Merrill Lynch on December 15, 2015, in its capacity as independent financial advisor of the Board of Directors;
  - the opinion issued by Lazard on December 28, 2015, in its capacity as independent financial advisor of the Board of Directors, and with the specifications described under the paragraph “Lazard’s fairness opinion”;
  - the opinion of the independent Directors;
  - the fairness opinion issued by the Royal Bank of Canada on November 29, 2015, in its capacity as independent advisor of the independent directors, as well as the subsequent letter of December 16, 2015, by which the Royal Bank of Canada confirmed the contents of its fairness opinion;
  - having examined the methods, assumptions and final considerations of the fairness opinions issued by the Royal Bank of Canada and Bank of America Merrill Lynch, and having acknowledged the final considerations contained in Lazard’s opinion; and
  - not sharing the conclusions contained in the part of the Independent Director’s conclusions approved by the majority thereof,

held that the Price falls within a fairness range from a financial point of view.

Furthermore, those independent directors declared that they reached that conclusion based on the detailed analysis of the independent financial advisor, the Bank of America Merrill Lynch, the final considerations contained in the Bank of America Merrill Lynch’s fairness opinion and in Lazard’s opinion, based on the indications emerging from a series of criteria and analysis methodologies, which are generally accepted and commonly used in international practice (summarised and described above) and which these directors found convincing.

- The Vice Chairman, Karin Boswell, and the Chief Executive Officer, Stefano Siragusa, having acknowledged:
- the Offer and the terms and conditions thereof, as described in the Offer Document;
  - the fairness opinion issued by Bank of America Merrill Lynch on December 15, 2015, in its capacity as independent financial advisor of the Board of Directors;
  - the opinion of the independent Directors approved by the majority thereof;
  - the fairness opinion issued by the Royal Bank of Canada on November 29, 2015, in its capacity as independent advisor of the independent directors, as well as the subsequent letter of December 16, 2015, by which the Royal Bank of Canada confirmed the contents of its fairness opinion;

- (i) agreeing with the method, assumptions and final considerations contained in the Bank of America Merrill Lynch's fairness opinion;
- (ii) agreeing with the method, assumptions and final considerations contained in Lazard's fairness opinion; and
- (iii) not sharing the conclusions reported in the Independent Directors' Opinion nor the method, assumptions and final considerations contained in the Royal Bank of Canada's fairness opinion,

held that the Price is financially fair.

Furthermore, they declared that they reached that conclusion based on the detailed analysis of the independent financial advisors, the Bank of America Merrill Lynch and Lazard, based on the indications emerging from a series of criteria and analysis methodologies, which are generally accepted and commonly used in the international practice (summarised and described above) and which these directors found convincing.

The Offer Document indicates the Delisting among the Offeror's objectives and clarifies that such objective will be pursued through the exercise of the right provided under Articles 108 and 111 of the TUF and that, if the minimum shareholding threshold provided for the exercise of such rights is not reached, the Offeror will consider proceeding with the merger by incorporation of Ansaldo STS into the Offeror or into another non-listed company belonging to the Hitachi Group (the "**Merger**"). In such case, the Issuer's shares will cease to be listed on the Electronic Stock Market (*Mercato Telematico Azionario*) and, therefore, the Issuer's Shareholders who do not accept the Offer and who do not take part in the resolution approving the Merger will have solely a right of withdrawal pursuant to Article 2437-*quinquies* of the Italian Civil Code. This is because, in such a case, in the context of the Merger, they will receive in exchange shares of a non-listed company. In this regard, the Offer Document indicates that the liquidation value of the shares for which withdrawal is exercised will be determined in accordance with Article 2437-*ter* of the Italian Civil Code; this means making exclusive reference to the arithmetic mean of closing prices over the six months preceding the publication of the notice of call of the shareholders' meeting convened to express its decision on the Merger. Moreover, in the Offer Document, the Offeror has stated that it will consider proceeding with the merger by incorporation of Ansaldo STS into the Offeror or a non-listed company of the Hitachi Group even in the event that the Issuer's shares have already ceased to be listed on the Electronic Stock Market (*Mercato Telematico Azionario*). In such a case, the Issuer's shareholders would not have any right of withdrawal in connection with such merger.

Moreover, in any event of Merger or of any other merger of Ansaldo STS with a company of the Hitachi group post *Delisting*, such transaction would be subject to the rules regarding transactions with related parties as set out by the Related Parties Regulation and the related procedure adopted by Ansaldo STS and, therefore, the relevant safeguarding provisions, aimed at ensuring the substantive and procedural fairness of the transaction, would be applicable provided that on the date thereof Ansaldo STS' shares are still listed or Ansaldo STS is still a company with widely-dispersed shares.

With respect to the Offer, please note that the Issuer's strategic vision over the course of the last several years, on the occasion of the approval of its Strategic Plans, had brought to light the need to identify a solution that guarantees access to technological skills and to a global commercial network, with a view to creating a global fully integrated player capable of competing with its main competitors in the sector, while in the meantime ensuring the company's solidity over the long term. It should be noted that, in any case, the economic advantage deriving from accepting the Offer will have to be assessed by each individual shareholder when subscribing, taking into account the foregoing considerations, the trend in the share price, and the Offeror's statements and the information set forth in the Offer Document.

For the sake of completeness, as of the Date of the Announcement the Board of Directors has not taken into account the content of the two procedures commenced, respectively, by Amber Capital SGR and Amber Capital UK LLP as well as by Bluebell Partners Ltd for the increase of the Price of the Offer pursuant to Article 47-*sexies*, paragraph 6, of the Issuers' Regulation being such procedures still ongoing and taking into consideration that the Issuer did not and could not have access to information and data other than that publicly available; therefore, it is not possible for the Board to carry out an autonomous assessment on the on the existence or otherwise of the grounds for these Requests. The decision to increase the Price must be made by Consob by a reasoned ruling issued before the closing of the Offer, in accordance with Article 47-*sexies*, paragraph 6, of the Issuers' Regulation. If the reasoned ruling is not issued earlier, during the Subscription Period, the Consob may suspend the Offer, if necessary in order to carry out further verifications.

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This Statement, along with the schedules hereto, is published on the Issuer's website at [www.ansaldo-sts.com](http://www.ansaldo-sts.com).

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#### **Schedules**

- A. Merrill Lynch's fairness opinion dated December 15, 2015;
- B. Lazard's fairness opinion dated December 28, 2015;
- C. The Independent Directors' Opinion dated December 16, 2015, including the fairness opinion attached as a schedule issued by Royal Bank dated November 29, 2015 and the subsequent letter of the same advisor dated December 16, 2015.

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