

ANSALDO STS S.p.A.

REGISTERED OFFICE IN VIA PAOLO MANTOVANI 3-5

SHARE CAPITAL EUR 100,000,000.00 FULLY SUBSCRIBED AND PAID IN

REGISTRATION NUMBER IN THE COMPANIES REGISTRY OF GENOA AND FISCAL CODE 01371160662

SUBJECT TO THE MANAGEMENT AND COORDINATION OF HITACHI LTD.

Ordinary and Extraordinary General Shareholders' Meeting

11 May 2017

Report of the Board of Directors

*drafted pursuant to Article 73 of the regulation implemented by Consob with resolution No. 11971/1999, on
the*

Fourth item on the agenda of the Ordinary session:

"4. Authorisation to purchase and dispose of own shares. Related and consequent resolutions."

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Dear Shareholders,

the Ordinary General Meeting has been convened to discuss and resolve on the purchase and disposal of own shares, pursuant to the terms and conditions as specified below; this is the reason why we request a resolution for a new authorisation to purchase and dispose of own shares under the terms set out as follows.

Reasons for the proposed authorisation

The request for authorisation to purchase and dispose of own shares is based on the advisability of vesting the Board of Directors with the power to purchase and dispose of the purchased shares, in compliance with the applicable laws and market practices recognised by Consob, for the share-based incentive plans approved by the Company.

Maximum number of shares involved in the authorisation proposal

At the date of this report, the Company's share capital is represented by 200,000,000 (two hundred million) ordinary shares, each of which with a nominal value of EUR 0.50 (zero point fifty), for a total value of EUR 100,000,000.00 (one hundred million), fully subscribed and paid in.

We therefore propose that the General Meeting authorises the purchase of own shares in one or more transactions, up to the maximum of no. 300,000 ordinary shares, corresponding to 0.15% of the share capital.

The purchase operations will take place within the limits of the profits available for distribution and the available reserves, resulting from the most recent approved Financial Statements.

The authorisation includes the power to dispose of the shares in a portfolio at a later date, also before having reached the maximum quantity of shares that can be purchased.

Further useful information for the assessment of compliance with Article 2357, Paragraph 3, of the Italian Civil Code

At the date of this report, neither the Company nor the subsidiaries hold shares in the Company. Specific instructions will be issued to subsidiaries to ensure that they promptly report any purchases of shares carried out pursuant to Article 2359-*bis* of the Italian Civil Code.

Term for which the authorisation is requested

The authorisation to purchase own shares is requested for a period of 18 (eighteen) months from the date of approval by the General Meeting.

The authorisation for the disposal is requested for an unlimited period of time.

Minimum and maximum price

Purchases must be made on price conditions conforming to the provisions of Article 3, Paragraph 2 of Delegated Regulation (EU) No. 2016/1052 of the European Commission of 8 March 2016. In particular, this article states that the issuer must not purchase shares at a price which is higher than the highest price of the last independent trade and the highest current independent bid on the Electronic Share Market (MTA) organised and managed by *Borsa Italiana S.p.A.*

Shares for share-based incentive plans will be assigned free of charge to the beneficiaries of such plans in accordance with the terms and procedures set out in the plan regulations.

For further information on such plans, please see the information documents prepared in accordance with Article 84-*bis* of the Issuers Regulations, available on the Company website www.ansaldo-sts.com.

Procedures through which the purchases and disposal of own shares are carried out

The purchase transactions will be carried out in accordance with the provisions of Article 132 of Legislative Decree No. 58/98, of Article 144-*bis* of the Issuers Regulations and of any other Italian or European applicable legislation, as well as of the accepted market practices recognised by Consob.

In particular, own shares shall be purchased in accordance with the operating procedures under Article 144-*bis*, paragraph 1, point b) of the Issuers Regulation. Own shares may be purchased according to other procedures if these are permitted by Article 132, Paragraph 3 of Legislative Decree No. 58/98, or any other provisions from time to time applicable at the time of the transaction.

Disposals of shares may be carried out, in one or more transactions, even before reaching the number of own shares that may be purchased. Such disposal may be made in the ways deemed most appropriate in the interest of the Company, and in any event in accordance with the applicable legislation and accepted market practices. Therefore, shares relating to share-based incentive plans will be assigned in accordance with the procedures and on the terms specified by the regulations on the plans.

Information on the purchase of shares for the purpose of reducing the share capital

Please note that the purchase of own shares, under this request for authorisation will not be used to reduce the share capital.

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On the basis of the above, we submit the following resolution for your approval:

“The ordinary General Meeting of Ansaldo STS S.p.A.,

- having examined the proposal of the Board of Directors;*
- having considered the provisions of arts. 2357 and 2357-ter of the Civil Code, 132 of Legislative Decree No. 58/1998 and 144-bis of the Issuers Regulation, as well as any other applicable laws,*

resolved

1. *to authorise the purchase, in one or more transactions, for a period of eighteen (18) months from the date of this resolution, of ordinary shares of Ansaldo STS S.p.A. in accordance with the procedures specified below:*

- the maximum number of shares to be purchased is equal to no. 300,000 ordinary shares, corresponding to 0.15% of the share capital;*
- the purchases must be made at price conditions conforming to the provisions of Article 3, Paragraph 2 of Delegated Regulation (EU) No. 2016/1052 of the European Commission of 8 March 2016 and in any event in accordance with the conditions and limits established by Consob on accepted market practices, where applicable;*

- *the purchases must be made in accordance with the procedures under Article 144-bis, Paragraph 1, point b) of the Issuers Regulations;*
2. *to authorise the disposal of own shares, in one or more transactions, without time limits, in the manner considered most appropriate in the interest of the Company and in accordance with applicable legislation, in accordance with the procedures specified below:*
 - *shares purchased may be disposed of also before reaching the maximum quantity of purchases which this resolutions relates to;*
 - *shares relating to share incentive plans will be allocated free-of-charge to the beneficiaries of the plans in accordance with the procedures and on the terms specified by the regulations on such plans;*
 3. *to grant to the Board of Directors, the Chairman and the Chief Executive Officer on its behalf, acting independently, all the broadest powers necessary to give concrete and complete implementation to the resolutions referred to in the above points and to notify the market in relation to them, in accordance with applicable legislation.”*

Genoa, 13 April 2017

For the Board of Directors

The Chairman

(Alistair Dormer)